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May 16, 1996

Mr. William F. Caton
Secretary
Federal Communications Commission
Room 222
1919 M Street, N.W.
Washington, D.C. 20554

Re: Implementation of the Local Competition Provisions in the Telecommunications Act of 1996; CC Docket No. 96-98

Dear Mr. Caton:

Enclosed herewith for filing are the original and sixteen (16) copies of MCI Telecommunications Corporation's Comments regarding the above-captioned matter. Pursuant to the Commission's request, MCI is also submitting by separate cover a 3.5 inch diskette using MS DOS 5.0 and WordPerfect 5.1 software, containing our enclosed comments

Please acknowledge receipt by affixing an appropriate notation on the copy of the MCI Comments furnished for such purpose and remit same to the bearer.

Sincerely yours,

Mary L. Brown

Mary L. Brown

Enclosure
MLB

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of:	)	
	)	
Implementation of the Local Competition Provisions in the Telecommunications Act of 1996	)))	CC Docket No. 96-98

COMMENTS OF MCI TELECOMMUNICATIONS CORPORATION

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May 16, 1996

Summary

In the Notice, the Commission correctly concludes that in order to achieve Congress' goals, as outlined in the Telecommunications Act of 1996, it is necessary to establish a "new regulatory paradigm for telecommunications." Under the new paradigm, federal and state regulators should partner to ensure that competition develops in local telecommunications markets, and that competition thrives in all telecommunications markets. First, the Commission should build upon those actions taken by the states that are consistent with the Act in developing national rules. Second, the Act recognizes that state commissions can expand upon the requirements established by the Commission, provided that state action is consistent with the statute's requirements and does not have the effect of decreasing the affirmative duty on the incumbent local exchange carrier (ILEC) created by the Commission's rules. State commissions can in turn build upon the national rules in a manner that is consistent with the Act. Specifically, state commissions should be afforded the opportunity to expand upon the national rules to address local conditions and promote competition in their respective regions. For example, states have authority under the 1996 Act to further unbundle ILEC networks and require additional points of interconnection.

The new regulatory paradigm must require all ILECs to interconnect with telecommunications carriers in a manner that permits all carriers to originate and complete calls in a technically and economically efficient fashion. Access to points of interconnection will not promote local telephone competition if new entrants are disadvantaged by the price terms and conditions of interconnection and the quality of service they receive while making use of those points of interconnection. Local exchange carriers should terminate one another's traffic using

reciprocal compensation arrangements that do not force new entrants to mirror the ILEC's network architecture or penalize them for choosing a difficult architecture. In-kind compensation (bill and keep) should be employed unless traffic is persistently out of balance.

The Commission's tentative conclusions relating to unbundled elements provide an excellent framework for identifying the ILEC network elements to be unbundled, but by themselves would not meet the Commission's obligations under the Act because they are insufficient to ensure nondiscriminatory access to those elements in a manner that allows requesting carriers to combine them to provide telecommunications services. The Commission must provide a dynamic definition of technical feasibility for the negotiating parties and state commissions. Technical feasibility exists where it is possible to access and connect to the ILEC network for the purposes of using an unbundled element under Section 251(c)(3) or interconnecting (including collocating) under Section 251(c)(2). Technically feasibly points of interconnection may be either physical, for facilities and equipment, or logical, for software and databases. Requiring the prior existence of back office processes for a finding of technical feasibility would represent an anticompetitive standard.

The distinction in the Act between a network element and a telecommunications service is straightforward. The different pricing standards in the Act for pricing unbundled network elements and pricing resold retail services reflect the fundamental difference between the purchase of a network element and the purchase of a retail service. Service classifications often have been deliberately designed to facilitate price discrimination, and occasionally subsidies as well. The price of an unbundled network element, on the other hand, must be set at economic cost both to

allow other carriers to make efficient buy/build decisions and to reduce the ILEC's ability to engage in anticompetitive strategic pricing. Jurisdictional distinctions should not interfere with pro-competitive, efficient, rational pricing. A central purpose of the Act is to eliminate uneconomic distortions caused by price regulation Prices for telecommunications services should reflect the costs of those services, as they would in a competitive market. This means prices should be set at total long service long run incremental cost (TSLRIC). This standard will allow the ILECs to recover the full, forward-looking costs of providing network elements including a reasonable return to capital. The TSLRIC study performed by Hatfield Associates implements the methodology properly and should serve as the standard for rates charged for unbundled elements. These rates should be established by the Commission as presumptive price ceilings.

As evidenced by the attached Hatfield study, access rates are currently well in excess of economic cost. The existence of the huge access revenue stream will increase further the incentive of ILECs to frustrate entry and competition by denying new local carriers the interconnection, access, and resale arrangements to which the Act entitles them. Unless the Commission takes steps to bring those access rates to cost, the market for access and long distance will be distorted and consumers will not reap the full benefits of competition.

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Attachment 1
The Cost of Basic Network Elements: Theory, Modeling and Policy Implications, Hatfield Associates, Inc. March 1996

Attachment 2
J. Christopher Frentrup
Pricing of Wholesale Services

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

MAY 16 1996

In the Matter of:	)	
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Implementation of the Local Competition Provisions in the Telecommunications Act of 1996	)	**CC Docket No. 96-98**
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COMMENTS OF
MCI TELECOMMUNICATIONS CORPORATION

I. Introduction

MCI Telecommunications Corporation (MCI), pursuant to the Notice of Proposed Rulemaking in the above-captioned docket,[1] hereby submits its Comments.[2] In the Notice, the Commission seeks comment on rules to implement Sections 251, 252, and 253 of the Telecommunications Act of 1996.[3]

In enacting the 1996 Act, Congress clearly intended to establish "a pro-competitive,

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[1] Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, CC Docket No. 96-98, FCC 96-182, released April 19, 1996 (Notice).

[2] Pursuant to the Commission's request, each paragraph is coded with the number that refers to the paragraph(s) in the Notice to which MCI responds.

[3] Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56. In our comments, MCI refers to the new statute as either "the 1996 Act" or "the Act."

deregulatory national policy framework" that would promote robust competition in all telecommunications markets.[4] As the Commission correctly notes, Congress entrusted to it the responsibility for establishing rules that will implement quickly and effectively the national telecommunications policy embodied in the 1996 Act. Current and future users and providers in all communications markets will be affected by the rules adopted by the Commission in this proceeding.

The Telecommunications Act of 1996 is the first major revision of telecommunications law since 1934. The Act removes legal and regulatory barriers which historically have prevented competitors from entering local telecommunications markets, and entrusted the Commission to establish rules that would open all telecommunications markets to competition. A tremendous amount is at stake in this proceeding, as the Commission lays the groundwork for how new entrants will enter local markets, and determines to what extent entrenched monopolies will maintain control of essential bottleneck facilities. If the Commission adopts policies that fail to open local telecommunications markets to competition, consumers will continue to be captive to monopoly ILECs. Only if the Commission adopts policies that promote and encourage the development of competition in local telecommunications markets, will consumers realize the benefits of competition, in the form of lower prices, greater choice, and technological innovation, in all markets.[5]

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[4] S. Conf. Rep. No. 104-230, 104th Cong., 2d Sess. 1 (1996) (Joint Explanatory Statement).

[5] Speech before the Newsweek Telecommunications Forum, Washington, DC, February 21, 1996 ("Implementing the Telecommunications Law of 1996: The Real Work

Throughout these Comments, MCI specifically notes which of the Commission's tentative conclusions will promulgate Congress' goals, and MCI advocates additional principles that the Commission must adopt to ensure that new entrants are afforded the opportunity to compete in local telecommunications markets. Also, by reference, MCI incorporates in its comments the positions expressed in the Telecommunications Carriers for Competition (TCC) filing that has been submitted in this proceeding. TCC represents a cross-section of the long-distance industry, from the largest to the smallest carriers. It has submitted comments that are fully consistent with MCI's positions.

II. National Rules Are the Best Means of Promoting Competition Throughout the United States

MCI agrees with the tentative conclusion in the Notice that:

- [26] A core set of national rules are needed to foster competition in all sectors of the telecommunications industry.

In addition, MCI advocates that the Commission adopt the following principles in its Order:

- [26-33] State rules that are consistent with the Act should be used to inform the Commission's selection of national rules.
- [27] The statute contemplates that state commissions can expand upon the requirements established by the Commission, as long as they remain consistent with the Act and do not diminish the affirmative duty on the ILEC created by the Commission's rules.

[26-33] In the Notice, the Commission correctly concludes that in order to achieve

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Begins")(delivered by FCC Chairman Hundt)

Congress' goals, as outlined in the Telecommunications Act of 1996, it is necessary to establish a "new regulatory paradigm for telecommunications."[6] Under the new paradigm, federal and state regulators should partner to ensure that competition develops in local telecommunications markets, and that competition thrives in all telecommunications markets. First, the Commission should build upon actions taken by the states that are consistent with the Act in developing national rules. Second, the Act recognizes that state commissions can expand upon the requirements established by the Commission, provided that state action is consistent with the statute's requirements and does not have the effect of decreasing the affirmative duty on the ILEC created by the Commission's rules. In that manner, state commissions can (and in turn should) build upon the national rules in a manner that is consistent with the Act. Specifically, state commissions should be afforded the opportunity to expand upon the national rules to address local conditions and to further promote competition in their respective regions. For example, states have authority under the 1996 Act to further unbundle ILEC networks and require additional points of interconnection.

[27, 28, 30] In order for facilities-based competition to develop throughout the country, new entrants will require a substantial infusion of capital. National rules will provide a level of clarity upon which new entrants and investors can evaluate risks and opportunities, and are necessary to provide the financial markets the certainty they require to make capital available to new entrants at affordable rates. Financial markets can be expected to respond to the existence of multiple sets of inconsistent state rules by demanding high premiums on new entrants' access to

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[6] Notice at para 2

capital, which would seriously hamper the construction of competitive facilities.

[30] National rules will permit all carriers to provide services in an efficient, competitively-neutral manner in all markets. This is because the elements of networks, by and large, are not designed on a "state" specific basis. State-specific rules leading to state-specific network standards and protocols would be devastating to facilities-based carriers that intend to offer nationwide, or even regionwide, service. Multiple solutions in different states will lead to unnecessary inefficiencies in competitors' networks. Competitors will have to support all solutions while each ILEC's network in a state needs to support only one solution. Multiple solutions, therefore, would increase competitors' costs relative to the ILEC.

[27] Implementing regulations must be enacted at the national level to give states unequivocal guidance in their roles as overseers of interconnection negotiations and arbitrations.[7] If states must individually interpret the requirements of the statute in the absence of national rules in the course of overseeing negotiations and arbitrations, there is a strong likelihood that different states will reach policy determinations that are at odds with each other, yielding inconsistent and conflicting interpretations of Section 251. Those inconsistencies will invite the aggrieved party to

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[7] The Commission asks whether the rules it creates for ILECs should also be applicable for competing carriers, relying on the theory that reciprocal obligations may cause negotiations to proceed more smoothly. Notice at para. 45. First, as a legal matter, the Congress has already provided the answer to this question in separating the obligations in Section 251(a) and (b) that apply to all carriers from the Section 251(c) obligations that apply to ILECs. The affirmative obligations that a carrier must meet depend upon whether a carrier is an incumbent. Second, the Commission should not burden new entrants with unnecessary regulatory requirements, since they have no market power. The best way to achieve successful negotiations is to equalize the parties' bargaining power by promulgating pro-competitive national rules.

seek Commission or court review as appropriate. The Commission and the court will be confronted with the problem of setting a national local competition policy in a case-by-case review. While this mechanism can be rightly labeled as highly inefficient, its most unfortunate result is that it prolongs uncertainty, producing confusion in the financial markets and confounding rational business planning. Further, if implementation of national policy is left to case-by case development, the number of procedural vehicles available, and the various state and federal venues that can be invoked, further complicate decision-making and increase the difficulty of producing a rational policy.[8]

[26] Section 251(d), Section 253, and the Joint Explanatory Statement are strong evidence that Congress intended the Commission to issue implementing regulations that would produce a market characterized by maximum consumer choice, low prices, advanced technologies, and universal service. Congress explicitly required the Commission to issue implementing regulations and directed that inconsistent state regulations would be considered preemptible or unenforceable. The Act's express guidance should be followed.

III. Sections 251 and 252 Establish a New Jurisdictional Framework For Interconnection Arrangements

MCI endorses the following tentative conclusions from the Notice:

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[8] These procedural mechanisms include, in addition to the Section 251 proceeding itself: (1) separate state-supervised arbitrations; (2) state policy decisions on key issues; (3) state approval of interconnection agreements; (4) Commission supervision of arbitrations, where states fail to act. (5) state review of "Statements of Generally Available Terms"; (6) Commission preemption proceedings; and (7) Commission action on Section 271 applications, including the application of the public interest standard.

- [37] Sections 251 and 252 apply to both interstate and intrastate aspects of interconnection agreements. Separate rules for interstate and intrastate agreements would be inconsistent with Congress' desire for a national policy framework.

- [36] The same core requirements should be applied to evaluate compliance with Section 251 and 252, whether an interconnection arrangement is imposed on the ILEC as a result of Commission or state regulatory action or unilaterally formulated by a Bell Operating Company in a statement of generally available terms.

- [39] Section 2(b) of the Communications Act of 1934 established the federal-state jurisdictional boundary under the 1934 Act, but does not control the specific jurisdictional requirements for Section 251 rates contained in the 1996 Act.

In addition, MCI believes that the final order should adopt the following findings:

- [41] The Commission has jurisdiction over complaint actions for any interconnection agreement, including those used exclusively for intrastate traffic.

- Nothing in the Commission's regulations is intended to limit the ability of any carrier to obtain relief under the antitrust laws.

- A copy of a federal complaint filed against a Section 252 arrangement should be sent by the filing party to the state jurisdiction so that both the states and the Commission can track complaint activity involving interconnection arrangements.

[37]The Commission has correctly analyzed the new jurisdictional relationship created by the Act with respect to interconnection agreements. Because the technical feasibility and cost of providing a particular arrangement do not depend on whether the requesting carrier uses that arrangement to provide interstate or intrastate services, there is no policy basis for distinguishing between interstate and intrastate rates. As a legal matter, by expressly preempting state and local legal requirements that create barriers to providing "intrastate" as well as "interstate" telecommunications services, Section 253 makes it clear that Sections 251 and 252 apply to intrastate

services -- any state legal requirement inconsistent with the pro-competitive requirements of Sections 251 and 252 would be preempted under Section 253.[9] The legislative history confirms this interpretation.[10] Section 2(b) of the Communications Act of 1934, 47 U.S.C. Section 152(b), which prescribes the jurisdictional boundaries that existed prior to the 1996 Act, does not alter this analysis. Settled principles of statutory construction establish that the specific controls the general, and the later controls the earlier.[11] Furthermore, it is highly unlikely that, in an environment of increased vertical integration of services, interconnection arrangements will be used exclusively for jurisdictional specific traffic.

[41] There can be no question that where an interconnection arrangement is used to transmit interstate traffic (as the great majority will be), the Commission has the jurisdictional authority over a complaint concerning that arrangement. In addition, nothing in Section 251 and 252 limits the Commission's authority under Section 208 with respect to interconnection arrangements used exclusively for intrastate traffic. Any contrary conclusion would be inconsistent with Section 601(c)(1) of the Act.

[41, 157] There also can be no question that state rules that are not inconsistent with the

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[9] See also Sections 251-253 and 276(b)(1)(A-B) (requiring Commission regulations relating to "intrastate" payphone calls).

[10] See, e.g., S. 652, 104th Cong., 1st Sess. § 3 ("Some States have begun to open local telephone markets to competition" but "national policy framework is needed to accelerate the process").

[11] See Stendor Enterprises, Ltd. v. Armtex, Inc., 947 F. 2d 727, 732, (4th Cir. 1991); Redhouse v. C.I.R., 728 F. 2d 1249, 1253 (9th Cir. 1984); Mesa Petroleum Co. v. F.E.R.C., 688 F. 2d 1014, 1016, (5th Cir. 1982)

Commission's implementation regulations can be enforced in state complaint actions. For that reason, MCI suggests that a party filing a complaint with the Commission concerning an interconnection arrangement created pursuant to Section 252 should deliver a copy to the relevant state commission. The same requirement should apply to a party filing a complaint with a state. This will allow both jurisdictions to track the complaint activity involving interconnection arrangements in the other jurisdiction.

[41] A carrier injured, or threatened with injury, by a completed or imminent violation of Section 251 by any ILEC may seek relief under the plain terms of Section 208. The private right of action for damages and attorneys' fees under Sections 206-209 of the 1934 Act, as amended, protects and compensates victims of any ILEC conduct that violates the Act. That carriers seeking interconnection, access, and resale have a range of remedies under Sections 206-209 and 252 promotes the purposes of the Act. In addition, carriers have the full range of remedies created under the antitrust laws, and the Commission should clarify that nothing in its regulations is intended to limit the ability of any carrier to obtain relief under the antitrust laws. [12]

[36] Whether an interconnection arrangement is imposed on the ILEC as a result of Commission or state regulatory action or unilaterally formulated by a Bell Operating Company (BOC) in a statement of generally available terms, the same core requirements should be applied to evaluate compliance with Section 251 and 252. Different local competition rules should not be invoked based on the presence or absence of a competitor actively seeking to conclude an interconnection agreement.

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[12] See Section 601(b)(1)

IV. National Rules Are Needed for Unbundled Elements, Interconnection for Exchange Service and Exchange Access, Reciprocal Compensation, and Collocation

[56]Telecommunications carriers need to interconnect to ILECs' networks for three reasons: (1) for access to ILECs' unbundled network elements needed to provide telecommunications services; (2) where the carriers are local providers, to terminate local calls made by their customers to ILECs' customers and to receive the local calls made by ILECs' customers to their customers (exchange service); and (3) where the carriers are long distance providers, to reach their customers to originate long distance calls as well as to terminate long distance calls made by their customers (exchange access). When interconnection for the termination of local service occurs between two local carriers, they are performing the same functions for one another, and compensation takes on a reciprocal, rather than a purchaser/seller relationship. Collocation represents but one of several ways to achieve interconnection needed for unbundling, exchange of local traffic, or exchange of long distance traffic; a telecommunications carrier should not have to collocate at an ILEC facility in order to interconnect to the ILEC's network. Under Section 251(c) of the Act, ILECs must provide interconnection for the transmission and routing of telephone exchange service and exchange access and for access to their unbundled elements wherever it is technically feasible to do so.

A. Technical Feasibility Must Be Broadly Construed in All Contexts to Achieve the Pro-competitive Goals of the Act

MCI agrees with the tentative conclusions of the Notice that:

- [57] A particular point will be considered technicially feasible if an ILEC currently provides, or has provided in the past, interconnection to any other carrier at that point, and all ILECs that employ similar network technology should be required to make interconnection at such points available to requesting carriers.

- [56,58] An ILEC has the burden of proof if it attempts to deny a new entrant's request for interconnection on the grounds that its desired point of interconnection (POI) may harm the network or is not technically feasible.

- [87] ILECs have the burden of proving that it is technically infeasible to provide access to a particular element; the unbundling of a particular network element by one LEC (for any carrier) evidences the technical feasibility of providing the same or similar element on an unbundled basis in another, similarly structured LEC network.

- [94] The unbundling of local loops is technically feasible.

- [98] The unbundling of switching capability is technically feasible.

- [104] The unbundling of local transport and special access facilities is technically feasible.

In addition, MCI believes that the Commission should rule that:

- [56] Technical feasibility exists where it is possible to access and connect to the ILEC network for the purposes of using an unbundled network element under Section 251(c)(3) or interconnecting (including collocating) under Section 251(c)(2). Technically feasible points of interconnection may be either physical, for facilities and equipment, or logical, for software and databases.

- [56] Operations support systems for order processing, provisioning and installation, trouble resolutioin, maintenance, customer care, monitoring service quality, recording, and billing need not be in place in order to make the determination that a specific interconnection or unbundled element is technically feasible.

- [57] ILECs are required to make publicly available immediately all their existing and historical interconnection agreements, including ILEC to ILEC agreements.

- [56] If an ILEC claims that it is not technically feasible to interconnect at a point in its network, or to provide a particular element, requested by a telecommunications carrier, a regulatory determination of the validity of the claim must be made within 30 days of either party seeking arbitration.

- [77] It is technically feasible to unbundle all the network elements listed in Table 1, and these represent the minimum set of unbundled elements that the Commission should

require ILECs to make available to all telecommunications carriers.

[56-57, 87] The Notice tentatively concludes that the minimum federal standard for technical feasibility should encompass all points where interconnection currently occurs or has occurred in the past. This is an insufficient standard for an industry characterized by rapid technological change that is creating new opportunuties for competition -- which the Act specifically is intended to foster. Competitive provision of telecommunications services requires interconnection, and will be impeded if ILECs are able to delay or deny interconnection at new points on their networks. MCI believes that it is essential for the Commission to provide a dynamic definition of technical feasibility for the negotiating parties and state commissions. Technical feasiblity exists where it is possible to access and connect to the ILEC network for the purposes of using an unbundled network element under Section 251(c)(3) or interconnecting (including collocating) under Section 251(c)(2). Technically feasible points of interconnection may be either physical, for facilities and equipment, or logical, for software and databases. To the extent an ILEC itself has the ability to separate its network into elements or subelements (e.g., separate its loop facilities into loop distribution, digital loop carrier, and loop feeder modules), this demonstrates the technical feasibility of providing those unbundled elements or subelements.

[56] Operations support systems (including back office processes and other business processes) needed for a unbundled, competitive environment need not be in place for a finding of technical feasibility; these of course will not exist in the current bundled, monopoly environment. These operations support systems are so essential for access to network elements that MCI views

them as network elements themselves, to which nondiscriminatory access is necessary. MCI's experience is that ILECs inevitably claim unbundling is not technically feasible in the foreseeable future because of the lack of these operations support systems to support order processing, provisioning and installation, trouble resolution, maintenance, customer care, monitoring service quality, recording, and billing.[13] Nor do the ILECs have any incentive to develop those systems. Requiring the prior existence of operations suppport systems for a finding of technical feasibility would represent an anticompetitive standard.

[57, 87] The Commission correctly has tentatively concluded that if an ILEC has ever provided interconnection to another carrier at a particular point, then interconnection at that point will be considered technically feasible, and all ILECs that employ similar network technology should be required to make interconnection at such points available to requesting carriers. Historically, such interconnection most frequently has occurred between adjacent ILECs for the exchange of local traffic within Extended Area Service (EAS) areas. Some ILECs refuse to make their ILEC-to-ILEC interconnection agreements available either to new entrants or to State commissions, thus denying both competitors and regulators information about technically feasible points of interconnection.[14] Recently, Ameritech has attempted to abrogate longstanding

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[13] See, e.g., March 19, 1996 letter from Paul J. Calabro, Managing Director, State Regulatory Planning, NYNEX, to the parties in New York State Public Service Commission Case 95-C-0657, and the attachment entitled "Bulk Capacity Local Switching Service," in which the response to a preliminary description of an unbundled local switching element was that "it does not appear to be [feasible] in the near-term."

[14] For example, U S West refuses to make its ILEC to ILEC interconnection agreements available to MCI or to the Oregon Public Utility Commission.

agreements with adjacent ILECs under which traffic was exchanged at meet points under a bill-and-keep arrangement to avoid providing the same interconnection arrangements to new entrants. In order for new entrants to have information on existing interconnection arrangements during negotiations and for State commissions to be able to judge the technical feasibility of new entrants' interconnection proposals against facts about historical and current arrangements, the Commission must require ILECs to make publicly available all their existing and past interconnection agreements immediately.

[56] ILECs will have the incentive to delay interconnecting competing carriers to their network or unbundled network elements. Therefore, a process is needed to ensure that, if an ILEC alleges that a proposed interconnection would place the network at risk or is not technically feasible, a determination of the validity of the allegation is made within 30 days of either party seeking arbitration. If the ILEC fails to provide information necessary for a State commission to make that determination, then the proposal will be presumed to be technically feasible and the ILEC will have to meet all requirements for implementing the interconnection or unbundling.

[87] As described in Table 1, MCI believes that it is technically feasible today to provide the core group of network elements it proposes for unbundling. The Commission should identify these as the elements that ILECs must make available to all telecommunications carriers. Diagram 1 provides a schematic diagram of these elements.

TABLE 1
UNBUNDLED NETWORK ELEMENTS TECHNICALLY FEASIBLE TODAY

Network Element and Description	Technical Feasibility
The Local Loop element consists of four subelements that must be unbundled: Network Interface Device/Unit: the point of demarcation between the end user's inside wiring and the unbundled loop Loop Distribution: the portion of the outside plant cable from the Network Interface or building entrance terminal at the customer's premise to the terminal block appearance on the distribution side of a Feeder Distribution interface. Digital Loop Carrier/Analog Cross Connect: the equipment used to assign and connect multiple incoming Loop Distribution elements to an equal or smaller number of Loop Feeder Channels. Loop Feeder: the physical facility between the Digital Loop Carrier or Feeder Distribution interface and the main distribution or other designated frame within the central office or similar environment	Technically, it is not a problem to unbundle each of these subelements of the Local Loop. In fact, ILECs construct their networks by connecting these subelements. Where there is Loop Feeder, it connects to the Digital Loop Carrier, which connects to the Loop Distribution. All of these connections are made via some sort of patch panel (MDF or DS1 frame, for instance); a purchasing carrier's subelements can easily meet the ILEC's subelements at the patch point. Where there is no Loop Feeder, the Loop Distribution is patched to the ILEC's class 5 switch via the MDF. Again, the purchasing carrier's subelements meet the ILEC's subelements at the patch point, in this case the MDF. Further development is needed of recording capability at the Digital Loop Carrier. The Network Interface Device/Unit is a passive or active unit that patches customer-supplied inside wire to the ILEC's Loop Distribution (or conceivably directly to the Loop Feeder). Again, as this is a patch point, the purchasing carrier can very easily utilize this subelement to connect its distribution network to the customer's inside wire.
The Unbundled Local Switching element consists of three subelements for which there should be separate charges plus the signaling/databases needed to create and bill a call path. The three subelements are: Line Port: the physical connection between the customer's local loop and the end office	The Unbundled Local Switching element is purchased as a minimum block of line ports, a minimum level of trunk port capacity, and a minimum level of busy hour switch capacity; the purchasing carrier will connect at line ports and trunk ports but allow the ILEC to determine how call paths will be set up. Line and trunk ports are very discrete

switch or remote switching system.

Trunk Port: the physical connection between the end office switch or remote switching system and decidated or common transport.

Switching capacity: the capacity of the switching functions -- switch matrix and processor -- used to connect line ports to line ports, line ports to trunk ports, trunk ports to line ports, and trunk ports to trunk ports.

network subelements managed within the ILEC's operation at the subelement level. A port is hardwired to a patch panel of some sort, which serves as the interface point for the purchasing carrier's line or trunk. Pricing for the switching capacity intially will be in terms of lines and minutes of use, requiring basic measurements that the ILEC performs today. There would not be separate pricing for signaling/ databases, although ILECs already are capable of measuring and billing database dips and C7 messages processed (or proxies for these). ILECs construct their network by connecting these subelements; switching has already been offered to AT&T in the form of a Shared Network Facilities Agreement upon the divestiture of the Bell System.

The Transport Function consists of
Dedicated Interoffice Trunks, with and without electronics;
Common Interoffice Trunks;.
Mulitplexing/Digital Cross Connect.

These subelements currently have defined physical points of interconnection.

Tandem/Transit Switching: the establishment of a temporary path between switching offices through a third switch.

This is a discrete function performed with the tandem switch, from an incoming port to an outgoing port. The purchasing carrier's facilities would interface on a DS1 frame or patch panel to the appropriate switch ports. This element currently exists as a stand-alone element in the ILEC network.

Signaling Network and Databases: this function enables the exchange of Signaling System 7 (SS7) messages among switching elements and database elements

SS7 interconnection standards are in place and used today, and interconnection is routinely accomplished between carriers. Provision of access to switching functions not provided today (e.g., for AIN interconnectivity) and/or provision of access to databases not currently provided (e.g., 911 databases, local number portability database) are technically feasible, but may