ciated with unbundling loops and ports" and applauds that agency for continuing to "grappl[e] with [unbundling] issues."[31] As indicated above, the DPUC likewise has put in place a network element unbundling program that requires SNET to provide all CLECs with loops, ports, inter-wire-center transport, and meet-point transmission facilities on an unbundled basis. Certainly other States will be quick to implement similar provisions in the context of a set of FCC guidelines and time deadlines.

Not only would the costs created by rules requiring LECs to sell numerous discrete physical network elements to CLECs plainly outweigh the benefits, the Commission's two proposals for defining circumstances in which a LEC would be deemed to meet its obligation to provide a network element on a "nondiscriminatory basis" also are misplaced. As the first alternative, the Commission states that it might deem a LEC's provision of an unbundled element as discriminatory if an end user customer of the CLEC subscribing to that element "could perceive any differences in the quality of service provided by . . . [the CLEC] as compared with [service provided by] another [carrier].[32] Such a rule would be unworkable since a CLEC's service could be of inferior quality for reasons that have nothing to do with the quality of the specific network element it obtains from the LEC. Moreover, a FCC rule that deems a LEC's unbundled offering to a CLEC to be discriminatory merely because a CLEC customer "perceives" the CLEC's service as

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[31] Notice at ¶96.

[32] Id. at ¶91.

inferior would be unfair if the LEC's unbundled offering is not inferior by all reasonably objective measures even though the CLEC customer has a different perception.

The FCC's alternative proposal for defining the circumstance in which a LEC would be deemed to provide an unbundled element on a discriminatory basis is unworkable for the same reasons. That proposal would consist of a rule which states that the LEC's unbundled offering would be deemed discriminatory if it is harder for an end user of the CLEC to switch exchange carriers than it is for telephone customers generally to switch interexchange carriers.[33] Even if that were the case, it usually would have nothing to do with the question of whether a particular unbundled element is provided by the LEC on a discriminatory basis.

The Commission likewise should refrain from defining the manner in which unbundled elements must be made available. The agency asks for suggestions about how it could define the amount of time an incumbent LEC should have to provide an element once a CLEC has requested that element;[34] how it could define technical specifications for the LEC/CLEC interface for each network element to which the CLEC subscribes;[35] how it could define the minimum acceptable interval governing the LEC's maintenance and service of a network element to which a CLEC subscribes;[36] and how it should

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[33] Id.

[34] Id. at ¶79.

[35] Id.

[36] Id. at ¶¶79, 89.

measure whether a LEC has provided an element on a nondiscriminatory basis.[37] But none of these matters is conducive to Federal rules. Instead, these are matters best left to LEC/CLEC negotiations and to public utility commission oversight of those negotiations. Moreover, Federal regulations defining technical interface specifications indisputably would be counterproductive because they would retard development of new technologies.

While SNET urges the Commission not to require massive network unbundling for reasons described above, the company would not object to a simple rule setting forth several requirements the agency proposed in its Notice, as follows:

- A LEC must unbundle its network into each of the following components: (1) local loops,[38] (2) local switching,[39] and (3) network elements corresponding to the current interstate switched access transport and special access rate elements.[40]
- Public utility commissions may require a LEC to further unbundle its network at any time in the future in any way which is technically feasible.[41]
- The LEC will have the burden of proof to demonstrate technical infeasibility in any dispute over whether interconnection at a particular point is technically feasible.[42]

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[37] Id. at 91.

[38] Id. at ¶94.

[39] Id. at ¶98.

[40] Id. at ¶105.

[41] Id. at ¶78.

[42] Id. at ¶87. For reasons indicated above, the FCC should make clear that CLECs must comply with the same unbundling requirements applicable to LECs.

The first element of this rule -- requiring unbundled offerings consisting of several specific network elements -- is consistent with Congressional intent. Although nothing in the Act requires that the Commission define specific network elements that must be offered on an unbundled basis, each network element described in SNET's proposal is either identified in the Joint Explanatory Statement which accompanies Section 251 as the type of unbundling Congress had in mind,[43] or is already required by the FCC's interstate access rules. The second element of this proposed rule -- permitting public utility commissions to mandate further unbundling -- is consistent with the plain meaning of the unbundling provision. By its terms, that provision requires LECs to sell network elements on an unbundled basis if "technically feasible", and Sections 251 and 252 are intended to give exchange service competitors and State regulators substantial authority to implement the requirements in Section 251 to meet local conditions as indicated above. The third element of this proposed rule -- requiring LECs to bear the burden of proof to demonstrate technical infeasibility -- likewise is consistent with this same Congressional intent to give exchange service competitors and State regulators primary responsibility to implement Section 251.

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[43] See Joint Explanatory Statement of the Committee of Conference, supra, at 116 (indicating that it may be reasonable for LECs to offer local loops and switching as separate network elements). The Commission also should clarify the term "technically feasible" in ways that USTA proposes in its comments filed today. SNET already has summarized those proposals in Part I above discussing the Commission's proposal to implement Section 251(c)(2).

IV. Regulations to Implement the Requirements in Sections 251(c)(2) and 251(c)(3) Concerning the Pricing of Interconnection and Unbundled Network Elements

The Commission next requests comments on whether the pricing standard in Section 252(d)(1) requires that it mandate that LECs use some specific formula to establish the price for the network interconnection and unbundled network elements which are provided pursuant to Sections 251(c)(2) and 251(c)(3). That provision (Sec. 252(d)(1)) states that the price a LEC charges for interconnection and unbundled network elements shall be . . . based on cost (determined without reference to a rate-of-return or other rate-based proceeding) . . . and may include a reasonable profit."[44]

While it is appropriate for the Commission to establish certain pricing guidelines as discussed below, we strongly object to one of the Commission's proposals. Rather than apply the cost-based pricing standard in Section 252(d)(1) to a LEC's separated costs (i.e., the costs allocated by the jurisdictional separations rules for recovery from those who subscribe to intrastate services), the Commission instead proposes to impose that pricing standard to the LEC's unseparated costs.[45] Having interconnected with the LEC's network (either pursuant to Section 251(b) or

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[44] The Commission also requests comment on whether to require that LECs set the price they charge for collocation under the pricing standard in Section 252(d)(1) even though that provision, by its terms, purports to establish the pricing standard for interconnection and unbundled network elements alone. Notice at ¶122. The Commission should not adopt this proposal. Rather than requiring LECs to use the standard in Section 252(d)(1) to set the price for collocation, Section 251(c)(6) instead requires only that the price for collocation be "just . . . [and] reasonable."

[45] Id. at ¶¶84, 120.

through purchase of unbundled network elements under Section 251(c)(3)), the CLEC then would provide both exchange service and interstate access service, rather than exchange service alone, at a price based on the standard in Section 252(d)(1).

The Commission's plan to require that a LEC price interconnection arrangements and unbundled network elements under the Section 252(d)(1) standard based on unseparated cost so that the subscribing CLEC may use the interconnection arrangement or unbundled element to provide <u>any</u> service is based on an erroneous assumption. According to the Commission, Sections 251(c)(2) and 251(c)(3) require that a LEC provide a CLEC with interconnection and unbundled elements under the Section 252(d)(1) pricing standard for provision of any telecommunications service, including exchange access service.

In fact, while CLECs may use the interconnection arrangement or unbundled elements they obtain under Section 251(c) to provide both exchange service and exchange access service, Section 251(g) makes plain that the agency may not require a LEC to permit a CLEC to use these arrangements or network elements for provision of exchange access service under the pricing standard in Section 252(d)(1) in the absence of access charge reform. Instead, Section 251(g) makes clear that the Commission may require only that a CLEC providing both exchange and exchange access service <u>via</u> the arrangements it obtains under Sections 251(c)(2) or (3) must pay

under the Section 252(d)(1) standard to the extent it provides exchange service:

> "[E]ach local exchange carrier . . . shall provide exchange access [service] . . . in accordance with the same equal access . . . obligations (including receipt of compensation) that apply . . . on . . . [February 7, 1996] . . . until such . . . obligations are explicitly superseded by regulations prescribed by the Commission after such date of enactment." (emphasis added).

The legislative history associated with Section 251 confirms that the Commission may not impose the pricing standard in Section 252(d)(1) to interstate exchange access service in the absence of access charge reform. Thus, in describing Section 251 of S. 652 -- the provision on which Section 251(c) of the Act is based -- the Conference Committee Report states that "nothing in this section is intended to affect the Commission's access charge rules."[46] Similarly, the Senate Commerce Committee Report on S.652 stated that "nothing in Section 251 is intended to change or modify the FCC's rules at 47 CFR 69 et seq. regarding the charges that an interexchange carrier pays to local exchange carriers for access to the local exchange carrier's network."[47]

Not only does Section 251(g) of the Act prohibit the Commission, in the absence of access charge reform, from requiring LECs to provide CLECs with interconnection and unbundled network elements for provision of interstate access service under the pricing standard in Section 252(d)(1), the Fifth Amendment of the United

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[46] Joint Explanatory Statement of the Committee of Conference, supra, at 117.

[47] S. Rep. No. 23, 104th Cong., 1st Sess. at 22 (1995).

States Constitution does too. The Fifth Amendment provides that "private property shall [not] be taken for public use without just compensation." The Supreme Court has ruled that a Federal policy which prohibits a utility from recovering its costs constitutes a taking of private property without just compensation in violation of the Fifth Amendment.[48] Requiring LECs to provide CLECs with interconnection and unbundled network elements for provision of interstate access service under the pricing standard in Section 252(d)(1) would be tantamount to an FCC order prohibiting LECs from recovering their costs. This is because the pricing standard in Section 252(A)(1) requires LECs to provide interconnection and unbundled network elements based on "cost . . . [plus] a reasonable profit" whereas the FCC's access charge rules require LECs to provide interstate access service substantially above cost and other services substantially below cost in order to meet the FCC's "universal service" objectives.[49] Requiring LECs to price interstate access service at cost plus a reasonable profit without simultaneously eliminating the obligation LECs have under the access charge rules to price other services below cost would be tantamount to a

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[48] Duquesne Light Co. v. Barasch, 488 U.S. 299, 307-08 (1989).

[49] Section 254 of the Act requires that the FCC issue an order by May 8 of next year reconsidering the need to continue existing subsidies, but the Act does not mandate that the FCC's existing policy requiring that LECs provide these subsidies be reduced or eliminated at any specific time in the future. In the Notice, the Commission states only that it recognizes that its access charge rules need to be reformed and it promises to begin an investigation of various reforms "in the very near future." Notice at ¶165.

policy prohibiting LECs from fully recovering their costs since it would deprive them of revenue necessary to finance the FCC's universal service programs.

Once it is understood that the requirement of Section 252(d)(1) to provide interconnection and unbundled network elements based on cost means separated costs (i.e., that portion of the cost of the interconnection arrangement or network element which is allocated by jurisdictional separation rules to a State utility commission for cost recovery purposes), the Commission may appropriately clarify Section 252(d)(1) in order to guide competitors and State regulators on how to determine price based on these separated costs. But the agency must keep three facts in mind as it considers what clarifications are appropriate, as follows:

- The Commission may not lawfully clarify Section 252(d)(1)'s pricing standard in any way that has the effect of substantially eliminating the discretion of competitors and State regulators to determine the appropriate rate levels, structures, or formulas in specific situations. This is because Federal rules prescribing rate levels, structures or formulas would come perilously close to a Federal rate prescription notwithstanding the fact that the Act requires that the price of interconnection and unbundled network elements be set through private negotiation (Section 252(a)(1)) subject to "[d]eterminations by a State commission of the just and reasonable rate for the interconnection of facilities and equipment for the purposes of [§252(c)(2)], and the just and reasonable rate for network elements for the purposes of [§251(c)(3)]." (emphasis added.)

- Any "clarification" by the Commission of Section 252(d)(1) that substantially removes the discretion of competitors and State regulators to determine rate levels, structures, or formulas also would be contrary to the public interest because it would not take into account local conditions or variations in competitiveness of particular services. Prices would be too high in some States and for some services. Prices would be too low in

other States and for other services. Artificially high prices would invite competitive losses as new entrants provide those services below the LEC's mandated price, while artificially low prices would invite inefficient entry into the exchange market.

- Any price ceiling adopted by the Commission must permit recovery of the LEC's total costs, including joint and common costs and embedded costs.

Additional comment is warranted on this last requirement -- that the price of unbundled network elements and interconnection arrangements be permitted to recover the LEC's total costs. USTA's comments filed today explain in detail why a requirement that price be based on either long run incremental cost ("LRIC") or total service long-run incremental cost ("TSLRIC") would not permit the LEC to recover its total costs. As the USTA comments demonstrate, requiring LECs to set prices based on LRIC or TSLRIC would not permit a LEC to recover total costs because it would bar the LEC from recovering either joint and common costs or embedded costs, much less provide for a reasonable profit. The USTA comments also demonstrate that setting price based on TSLRIC would raise confiscation problems under the Fifth Amendment and would be contrary to the public interest by providing incentives for inefficient investment.

Prohibiting LECs from recovering a reasonable portion of joint and common costs in the price they charge for unbundled network elements and interconnection arrangements also would be arbitrary and capricious because it would be inconsistent with the FCC's longstanding policy. Just last week, for example, the Commission opened a rulemaking proceeding to determine a reasonable allocation

between telephony and video of the joint and common costs of the new broadband networks many LECs are deploying.[50] In opening that proceeding, the agency recognized that sound economics required that it permit a reasonable allocation of joint and common costs:

> "Economists would say that in order to give . . . [LECs] the proper incentives to build multi-service facilities . . . cost allocated to each individual service . . . should be less than stand-alone cost but greater than the incremental cost".[51]

SNET wishes to comment on one other matter dealing with implementation of the pricing standard in Section 252(d)(1). While that standard governs many LEC interconnection arrangements, it does not govern interconnection arrangements with CMRS licensees. When a CMRS licensee interconnects with a LEC, the price of the interconnection arrangement is governed by Section 332(c)(3) of the Act rather than by Section 252(d). Section 252(d) is not applicable to any LEC/CMRS interconnection arrangement since Section 332(c)(3), by its express terms, bars public utility commissions from regulating any prices charged by CMRS licensees, including prices involving CMRS/LEC interconnection arrangements:

> "[N]o State . . . shall have <u>any</u> authority to regulate the . . . rates charged by any [CMRS licensee]." (emphasis added.)

As indicated above, by contrast, Section 252(d) requires that public utility commissions exercise considerable authority in

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[50] <u>Allocation of Costs Associated with Local Exchange Carrier Provision of Video Programming Services</u>, CC Dkt. No. 96-112 (rel. May 10, 1996).

[51] <u>Id</u>. at ¶20.

establishing the price of an interconnection arrangement between a LEC and a non-CMRS licensee for the provision of exchange service.

V. Regulations to Implement the Resale Provisions of Section 251(c)(4)

The Commission next asks about what regulations it should adopt to implement two aspects of Section 251(c)(4). That provision requires first that LECs offer at a "wholesale" price any telecommunications service it provides at retail to end users. Second, the provision permits LECs to escape this resale requirement in certain circumstances since it states that LECs must comply with the resale obligation subject to conditions or limitations which are not "unreasonable or discriminatory". In the Notice, the Commission requests comments on the "conditions and limitations" for which an exemption is appropriate. It also requests comments on how to define the "wholesale" price.

With respect to the question of which retail services offered by LECs to end users should be subject to the resale requirements in subsection (c)(4), the Commission already recognizes that valid reasons justify exempting certain services. Thus, it proposes to prohibit CLECs from obtaining, under subsection (c)(4), any service offered at a subsidized price to one category of retail customer for resale to another category of customer.[52] The agency should implement its proposal in this regard.

SNET urges the Commission also to give public utility commissions discretion to prohibit a CLEC from using the resale provi-

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[52] Id. at ¶176.

sions in subsection (c)(4) in a situation where the utility commission concludes that failure to prohibit resale would substantially increase the losses suffered by the LEC in providing the subject service at retail. Public utility commissions are in a far better position than the FCC to make this determination since they, not the FCC, control a LEC's rates and rate structures for the vast majority of services that will be subject to subsection (c)(4).

While it may appear superficially that a LEC would never suffer losses in providing service at wholesale which exceed any losses it would suffer by offering the same service at retail, that is not so. LECs often have the ability to recoup losses they suffer from a subsidized retail offering by selling profitable services to the same end users who subscribe to the subsidized offering. A LEC may lose the ability to recoup its losses in this manner to the extent a CLEC serves those end users by reselling the LEC's subsidized services. This is because the LEC then may lose its business relationship with those end users. A public utility commission should have authority to prohibit a CLEC from subscribing to a service under subsection (c)(4) when the LEC can demonstrate that its increased losses will be substantial.

A public utility commission also should have discretion to prohibit a CLEC from using subsection (c)(4) to resell a discounted rate plan or service package, so long as the service(s) on which the plan or package is based already is (are) available for resale. The utility commission should have this discretion since a requirement to offer discounted rate plans and retail service "packages"

for resale under subsection (c)(4) would discourage competition in the offering of such plans and packages. Competition in the retail market would be hurt by such resale because LECs would have substantially less incentive to offer such plans and packages. Moreover, innovation in the retail market would be harmed, and ultimately consumers would suffer. This is because an obligation to resell a discounted rate plan or service package to competitors at wholesale would greatly reduce (perhaps eliminate) the LEC's ability to gain customers by offering such plans. An example may be useful. SNET today offers a number of custom calling features both separately and in a package to its retail exchange customers. SNET proposes that it offer each individual feature to CLECs at wholesale so that the CLECs may choose their own packages and pricing plans. But SNET proposes not to offer its package of such services at wholesale for reasons described above. This approach would support the development of competition because all functionality would be available at wholesale, while fostering innovation and customization at retail.

While the Commission has long required carriers to permit resale of any interstate service, including a service offered under a discounted rate plan, that existing resale policy does not jeopardize competition in the interstate discounted rate plan market. Indeed, much of the competition that now exists in the interstate market involves competition in the discounted rate plan market. MCI's "Friends and Family" is one example. That service is generally perceived as an innovative marketing package of a

service already provided by MCI. This existing resale policy does not jeopardize competition in the discounted rate plan market since the existing policy, unlike subsection (c)(4), does not require carriers to sell their discounted plans to resellers at a wholesale price.

Public utility commissions also should have discretion to prohibit CLECs from using the resale provisions in subsection (c)(4) to resell a LEC's promotional offerings or market trials. Requiring LECs to provide these services to resellers at a wholesale price would seriously discourage LECs from offering promotional rates or market trials for the same reason that the wholesale offering of discounted rate plans would have this result. This is because promotional offerings and market trials, like discounted rate plans, almost always involve the provision of service at a discounted price.

Not only should the Commission give public utility commissions discretion to prohibit CLECs from reselling the services described above under the resale provisions in subsection (c)(4), it also should clarify the manner in which the "wholesale" rate should be calculated for services that are subject to resale under subsection (c)(4). In its comments filed today, USTA has offered several suggestions for ways in which the Commission could provide guidance on this issue. SNET agrees with those suggestions.

VI. Regulations to Implement the Procedures in Section 251(f)(2) for Exempting LECs with Fewer than Two Percent of the Country's Local Access Lines from the Requirements of Sections 251(b) and 251(c)

The FCC next asks whether it should adopt regulations implementing Section 251(f)(2). That provision requires State public utility commissions either to exempt a LEC from a requirement of Section 251(b) and (c) or to modify application of that requirement if an exemption or modification is in the public interest and is necessary either (1) "to avoid significant adverse impact" on telecommunications service customers, (2) to "avoid imposing a requirement that is unduly economically burdensome", or (3) to "avoid imposing a requirement that is technically infeasible".

The Commission should clarify four aspects of Section 251(f). First, it should require that a public utility commission grant an exemption or modification based on "technical infeasibility" if compliance would be technically difficult or otherwise technically unreasonable. While this would impose a less stringent burden on a LEC seeking an exemption or modification for technical infeasibility under Section 251(f) than under Sections 251(b) or (c), Congress plainly intended that this be the case. Section 251(b) already provides for an exemption from the obligation to provide number portability based on technical infeasibility. Similarly, Section 252(c) already provides an exemption based on technical infeasibility from obligations to interconnect, provide unbundled network elements, or provide physical colocation. Congress would not have provided for an exemption or modification in Section 251(f) based on technical infeasibility unless it had intended the

term "technical infeasibility" as used there to be defined differently than the term as used in subsections (b) and (c).

Second, the Commission should clarify that a public utility commission must provide the requested relief based on "economically burdensome" impact to the petitioning LEC if the LEC demonstrates that the subject requirement would cause it significant revenue loss or would impose on it significant costs. The Commission might further indicate that the following factors are relevant considerations: (1) the petitioning LEC's relatively small size is a factor in determining whether the revenue loss or added cost is significant; (ii) the requirement imposes a significant revenue loss if it has the effect of requiring the subject LEC to provide a service at a price which is below that LEC's total cost to provide that service; and (iii) the requirement imposes a significant cost if the LEC demonstrates that it has no reasonable way fully to recover its total costs in complying with the requirement.

Third, the Commission should clarify a public utility commission's authority to provide for "modification" of any requirement of Section 251(b) or (c) in two respects. It should make plain first that the authority to provide for a "modification" of a requirement is independent of the authority to provide for "suspension" of that same requirement. Clearly, Congress would not have stated that public utility commissions have power to provide either for "suspension" or "modification" if it had intended those two words to have the same meaning. The Commission next should make clear that the authority to grant a "modification" gives the public

utility commission broad discretion to change the nature of any requirement imposed by subsections (b) and (c) in some substantive way. Among other things, the authority to modify a requirement of these provisions would include the power to impose a similar, but less burdensome requirement than the requirement specified on the face of subsections (b) or (c).

Finally, the Commission should clarify a public utility commission's authority to "suspend enforcement of the requirement" pending a final decision on the LEC's petition in three ways. First, it should clarify that enforcement must be suspended if the petitioning LEC makes a prima facia case in its petition for the relief which the petition requests. The Commission also should make clear that enforcement of the provision will be suspended automatically until the agency decides whether that prima facia case has been made. Finally, the Commission should make clear that a decision to suspend enforcement of the requirement pending

issuance of a final decision on the LEC's petition will be effective until the order disposing of the petition is no longer subject to reconsideration or review, including court review.

CONCLUSION

The Commission can speed the development of competition in the exchange service market by implementing Sections 251 and 252 of the Act in the manner described above.

Respectfully submitted,

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UNBUNDLING AND RESALE STIPULATION

WHEREAS, the Department of Public Utility Control ("DPUC or Department") instituted a docket entitled "DPUC Investigation Into the Unbundling of The Southern New England Telephone Company's Local Telecommunications Network, Docket No. 94-10-02 ("the Docket");"

WHEREAS, Section 3 of Public Act 94-83, C.G.S. 16-247b, requires The Southern New England Telephone Company ("SNET") to unbundle the noncompetitive and emerging competitive functions of its local telecommunications network that are used to provide telecommunications services;

WHEREAS, the Department's decision in Docket No. 94-07-04 requires that SNET provide a resale local service offering;

WHEREAS, Certified Local Exchange Carriers ("C-LECs") are interested in purchasing unbundled elements and SNET's resale local services;

WHEREAS, each of the undersigned represents and warrants that he or she is duly authorized to sign this Stipulation on behalf of his or her respective companies.

NOW, THEREFORE, the parties hereby agree and stipulate as follows:

1. ELEMENTS TO BE UNBUNDLED

The parties agree that the following elements will be unbundled according to the following subcategories as a part of the first phase of unbundling:

A. Loop

1. The loop is a transmission path between the Minimum Point of Presence (MPOP) at an end user location and the Main Distributing Frame (MDF) in the SNET designated serving central office.

2. Loop Subcategories

(a) 2 wire voice grade/POTS

(b) 2 wire ISDN digital grade

(c) 4 wire DS-1 digital grade

B. Port

1. The port is the point of interface/access connection to the SNET public switched network. Port switching functions provide for the establishment of a temporary path between two ports within the switch (intra-office) and between the port and the interoffice facilities that interconnect switching offices (inter-office). The line side port includes:

(a) Dial tone/ringing;
(b) Dial pulse/DTMF recognition;
(c) Call completion;
(d) Complete dial plan as resident in the switch = Extended Local Calling Area, 1 + Intrastate Calling when available, and Interstate Carrier Selection;
(e) Access to E-911;
(f) Access to SNET operator services including SNET Directory Assistance;
(g) Mandated blocking options;
(h) Telephone number;
(i) Access to Vertical features associated with the port type;
(j) Call Detail required to bill end users; and
(k) Access to Telecommunications Relay Service.

2. <u>Port Subcategories</u>

(a) 2 wire analog line side/POTS

(b) 2 wire ISDN digital line side

(c) 2 wire analog trunk side/DID

(d) 4 wire digital trunk side/DID

C. These elements will be made available where facilities and equipment are available. Additionally, a separate technical standards document of associated unbundled elements will be developed. The parties recognize that the technical standards will be amended from time to time.

D. SNET will file a tariff for these elements in the Second Quarter of 1995, using SNET's current cost methodology. If the current cost methodology changes as a result of the Department's decision in Docket No. 94-10-01, SNET will propose to amend its tariffs as appropriate.

2. INTERCONNECTION OF UNBUNDLED ELEMENTS

The following methods define the interconnection of unbundled elements:

A. Crossconnect Terminations

Unbundled loops and ports will be interconnected with the C-LEC's physically collocated space at the interface level of the unbundled network element. The interface level of the Crossconnect Terminations includes: 2 wire analog, DS-1 and DS-3. See Sec. 14 of SNET's State Access Tariff.

B. Multiplexing

Where facilities and equipment are available, SNET provided multiplexing (including DS-1 to Voice Grade (VG)/ISDN, VG/ISDN to DS-1, DS-1 to DS-3 and DS-3 to DS-1) before hand-off to the collocated space will be an available option.

C. Transport to Distant Central Office

Transport (including 2 Wire Analog, BRI-ISDN, DS-1 and DS-3 (with or without multiplexing option)) provided by SNET to another SNET wire center where the C-LEC is collocated is an available option.

D. Collocation

SNET will provide collocation under the terms and conditions provided in Sec. 14 of SNET's State Access Tariff.

E. New interconnection elements which do not currently exist in the State Access Tariff will include:

1. A 2 wire crossconnect termination will be added to the Expanded Interconnection Tariff (Section 14 of SNET's State Access Tariff) to support 2 wire analog and BRI-ISDN unbundled elements.

2. Interwire center transport of BRI-ISDN unbundled elements.

3. PROCESS FOR REQUESTS FOR FURTHER UNBUNDLING AND RESALE

The parties propose the following process to review requests regarding unbundling of noncompetitive and emerging competitive functions of a local telecommunications network and resale of noncompetitive and emerging competitive local services. The process will work as follows:

A. Any telecommunications company making a bona fide request regarding the unbundling of a noncompetitive or emerging competitive network element or resale of a noncompetitive or emerging competitive service will first communicate that request to the local provider. The request will be in the following form:

1. The request will be in writing.
2. The request will specifically identify the underlying facts, the specific issues to be resolved, and the requester's proposed resolution of that issue.
3. Any other material deemed necessary to support the request will be included as appendices.

B. Within 40 days of the filing of the request, the requestee will respond, unless the 40 day period is extended by mutual agreement. The response will be in the following form:

1. The response will be in writing.
2. The response will specifically identify any underlying facts on which the response is based and will provide SNET's specific response to the issues raised in the request.
3. Any other material deemed necessary to support the response will be included as appendices.

C. If the requestee fails to respond within 40 days or within the time frame mutually agreed upon, or refuses to grant the request, the carrier who initiated the request may then file a request with the Department, to establish a docket and hearing date.

4. RESALE OF LOCAL SERVICE

A. SNET will file a resale local service tariff with the Department that will include, at a minimum, the capabilities and functionalities that will allow the C-LECs to provide Basic Telecommunications Service as defined in Docket No. 94-07-07 and further defined below:

1. Provision of a single party, voice grade access line with an associated 7-digit identification number;
2. Touch-Tone equivalent calling and Automatic Number Identification (ANI) capability;
3. Automatic access to the first switching point in the user's presubscribed carrier's system; (Local service carrier will provide

automatic access to the first switching point in the users presubscribed carriers' systems by directing traffic to the presubscribed carriers' facilities);

4. The ability to receive without additional charge any call irrespective of the network on which the call originates; (The end user will have the ability to receive calls, without an additional charge, irrespective of the network on which the call originates);
5. Presubscribed access to a preferred intrastate long-distance carrier and a preferred interstate long-distance carrier; (End users will have presubscribed access to a preferred intrastate long-distance carrier (when available) and a preferred interstate long distance carrier);
6. Dial access to emergency services under generally accepted dialing protocols (e.g., 911 and 0 minus for human assistance);
7. Dial access to telecommunications assistance services (e.g. 411 and Operator) (Operator includes automated assistance such as credit card and/or human assistance such as busy line verification);
8. Dial access to statewide telephone relay services;
9. White pages (alpha) directory listing;
10. Privacy protections (e.g., *67, Per-Line blocking and Missed Called Dialing Blocking);
11. Compliance with explicit and implicit service standards to be established in a future docket regarding service standards; and
12. A usage element, either flat rate or measured, by the NXX prefix of the provider. (Calling within a geographic area identified by a NXX prefix which is charged to the end user by either a flat rate or measured rate).

B. In addition to the capabilities and functionalities in Section 4.A. and the Vertical Features (as described in Section 4.C.), SNET's resale local service tariff will include the following features and functions:

1. SNET Directory Assistance and Toll and Assist Operators;
2. Local calling area;
3. Reference of Calls;
4. Yellow page listing for business; and
5. Provision of E-911

C. Vertical Features will be available with the purchase of SNET's resale local service.

D. SNET will offer resellers blocks of one hundred consecutive numbers.

E. SNET is currently developing a resale tariff that will be consistent with the terms in Sections 4.A., 4.B. and 4.C. SNET has not made any decisions with respect to pricing and structure of resale service(s). SNET will file a

resale local service tariff by the end of Second Quarter 1995 or 30 days after filing its unbundled network elements defined in Sections 1.A. and 1.B., whichever is later.

F. SNET will charge resellers for the Subscriber Line Charge and E-911 surcharge.

G. SNET and the C-LECs will continue to work cooperatively to provide C-LECs with other resale services that may be necessary to provide local service to their end users. For example, C-LECs may request a resale local service offering that may not include all of the features and functions in Section 4.B.

H. SNET will provide billing detail consistent with the type of service (flat or measured) provided to the reseller. Other billing arrangements may be requested for an additional charge.

5. E-911

The following describes the manner in which facilities-based C-LECs will interface with the E-911 network:

A. The C-LEC will interface its trunks to the SNET E-911 tandem(s).

B. Updates to the E-911 database will be made by electronic dial-up connection to the E-911 database.

C. C-LECs can input/update listings directly into the E-911 database. Any C-LEC input/update errors discovered by SNET's error correction programs will be sent back to the C-LEC for correction.

D. SNET will charge participating C-LECs for E-911 database setup and maintenance.

E. E-911 personnel, network and database funding is under investigation by the E-911 Task Force created by Senate Bill 198. If E-911 funding becomes the responsibility of telecommunications companies, any funding mechanism should be implemented in a competitively neutral manner.

6. NOTIFICATION TO APPROPRIATE STATE/FEDERAL AGENCIES OF OPERATIONS IN STATE