Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of	)	
	)	
Implementation of the Local Competition Provisions of the Telecommunications Act of 1996	)	CC Docket No. 96-98
	)	
Interconnection between Local Exchange Carriers and Commercial Mobile Radio Service Providers	)	CC Docket 95-185

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COMMENTS OF WORLDCOM, INC.
ON PETITIONS FOR RECONSIDERATION AND/OR CLARIFICATION

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SUMMARY

In its Comments on Petitions for Reconsideration and/or Clarification of the Commission's First Report and Order implementing sections 251 and 252 of the Telecommunications Act of 1996, WorldCom supports the proposals of various parties requesting reconsideration and/or clarification that will further promote competition in the local exchange. WorldCom also urges the Commission to reject requests for reconsideration and/or clarification that will undermine the pro-competitive goals of the Congress and the Commission.

WorldCom opposes an ILEC request that the Commission rule that common transport may only be purchased in conjunction with local switching and tandem switching. Instead the Commission should clarify that ILECs must provide requesting carriers with the option to obtain common transport between two end offices in the same manner that ILEC traffic is routed. Failure to require common transport to be provided in this fashion will preclude new entrants from having the same transport options as the ILECs and will lead to network inefficiencies.

WorldCom supports parties that request the Commission to impose compliance reporting requirements on the ILECs. Reporting requirements are necessary to ensure compliance with the order and are deregulatory because they provide parties with information necessary to act as private attorneys general.

WorldCom urges the Commission to reject requests that it extend the transitional imposition of access charges on the

purchasers of unbundled network elements or permit state commissions to exercise their own discretion to apply access charges during the transition. The Commission only decided to permit the imposition of access charges -- a clear violation of the pricing standards for network elements contained in the 1996 Act -- for a limited time to achieve a limited purpose. The Commission should not approve any further extension of that unlawful conduct.

WorldCom supports parties who requesting that the list of required unbundled network elements be expanded. Specifically, WorldCom supports the inclusion of the components of subloop unbundling,as well as cross-connect and multiplexing equipment. WorldCom also agrees with parties requesting that the Commission clarify the status of network interface devices. WorldCom opposes requests that the Commission reconsider its decision to include directory assistance and operator services among the list of network elements.

WorldCom urges the Commission to require that TELRIC cost studies are fully filed on the record in state proceedings and that all affected parties have an opportunity to review those studies. WorldCom also supports requests that the Commission adopt rules to ensure ILECs do not manipulate the Commission's TELRIC pricing rules. The Commission should also clarify that recurring charges for OSS should be included in the rate for the underlying network element. It is also critically important that the Commission adopt rules to ensure that the imposition of

excessive and unjustified non-recurring charges are not permitted to undermine the statutory mandate for cost-based rates or the Commission's efforts to promote competition in the local exchange as directed by the 1996 Act.

WorldCom believes that the Commission correctly interpreted the wholesale pricing standard of 252(d)(3) and, therefore, should reject requests to reconsider that interpretation. The Commission should, however, reconsider its decision to allow ILECs to restrict the resale of promotional offering, since the Act requires all ILEC retail services to be made available for resale. The Commission should also reconsider its approach to grandfathering ILEC retail services that are withdrawn to ensure that competitors have a reasonable opportunity to resell those services.

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COMMENTS OF WORLDCOM, INC.
ON PETITIONS FOR RECONSIDERATION AND/OR CLARIFICATION

Pursuant to § 1.429 of the Commission's Rules, 47 C.F.R. § 1.429, WorldCom, Inc. ("WorldCom") hereby submits the following comments on petitions for reconsideration and/or clarification submitted by other parties in regard to the Commission's First Report and Order[1] in the above captioned proceeding.

I. THE COMMISSION SHOULD CLARIFY THAT ILECS MUST PROVIDE A USAGE OPTION FOR REQUESTING CARRIERS TO OBTAIN TRANSPORT BETWEEN ILEC END-OFFICES ON A NETWORK ELEMENT BASIS

In its own Petition for Clarification,[2] WorldCom seeks clarification of several issues regarding the appropriate definition of the transport options available as network elements pursuant to section 251(c)(3) of the Telecommunications Act of

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[1] Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, CC Docket 96-98, First Report and Order, FCC 96-325 (rel. August 8, 1996)("First Report and Order").

[2] Petition for Clarification of WorldCom, Inc., CC Docket No. 96-98, filed September 30, 1996 ("WorldCom Petition").

1996.[3] Among these, WorldCom seeks Commission clarification that a requesting carrier which purchases local switching from an incumbent local exchange carrier ("ILEC") at one end office should be able to purchase transport over common circuits directly to another end office without the requesting carrier's traffic being forced to transit a tandem. This option is necessary so that a requesting carrier providing service using the local switching element is able to use the same routing options for its local traffic that the ILEC uses for its own traffic.

The Local Exchange Carriers Coalition ("LECC"), in its petition for reconsideration and clarification, asks the Commission to clarify that "shared transmission facilities may be provided to a requesting carrier only in conjunction with local switching and tandem capability."[4] The LECC states that this clarification is necessary because "transmission facilities are 'shared' only if they are associated with switching capability."[5]

By tying the provision of shared transmission facilities to both local switching and tandem capability, however, the clarification sought by the LECC is over-broad and

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[3] Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 ("1996 Act").

[4] Petition of the Local Exchange Carrier Coalition for Reconsideration and Clarification, CC Docket No. 96-98, filed September 30, 1996 ("LECC Petition") at 33 (emphasis added).

[5] Id.

would unnecessarily and anti-competitively constrain the ability of requesting carriers to purchase access to shared transmission facilities between two end offices as a network element pursuant to section 251(c)(3). When a requesting carrier purchases local switching from an ILEC at an end office, there is no technical hurdle to prevent the requesting carrier's local traffic from being routed over the same direct trunk groups that the ILEC may use to connect the originating end office to other end offices within the local exchange. Since local switching is purchased and performed at the originating switch, there is no need for the requesting carrier's traffic bound for end offices to which direct trunk groups exist to be routed instead to a tandem and then redirected to the terminating end offices.

Adoption of the LECC clarification would have severe anticompetitive consequences because it would preclude requesting carriers purchasing unbundled local switching from using the same transport options available to the ILEC. Such a practice would have a number of serious consequences for the network cost and efficiency of both the ILEC and the requesting carrier. First, each requesting carrier purchasing local switching would be required to establish unique trunk groups to the serving tandem reserved exclusively to its use. This would force new entrants needlessly to incur cost where such trunk groups could not be justified under standard traffic engineering practices. In addition, it would increase the cost to the ILEC because the ILEC's trunk groups would operate less efficiently as the new

entrant's traffic is removed from trunk groups already sized to handle this traffic load.

Second, in order to implement such a restrictive transport regime, each unbundled local switching element would need to provide its requesting carrier with custom routing for local traffic. The Commission is aware that custom routing for operator and directory traffic will rely initially on the use of line class codes until new local switching software is developed to support the multi-vendor market structure contemplated by the 1996 Act. Line class codes, however, are not infinite; requiring that this resource be exhausted more rapidly, solely to support fewer transport choices, is contrary to the Commission's pro-competitive framework and the basic objectives of the 1996 Act.

The Commission's First Report and Order clearly intends that entrants have access to the most efficient transport routings and the same economies as the ILEC itself.[6] Requesting carriers purchasing unbundled local switching must have access to the same routing options that the ILEC has established for its own traffic or these principles will be violated. Further, while customized routing of local traffic should be an option for carriers -- and WorldCom would strongly encourage the development of software which removes any capacity limitations caused by the interim reliance on line class codes -- requiring the customized routing of local traffic will have adverse consequences for entrants, ILECs and, most importantly, consumers.

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[6] First Report and Order, at ¶ 11.

The clarification sought by the LECC should be rejected. Instead the Commission should clarify that ILECs must provide common transport (i.e., the use of existing trunk groups) to requesting carriers for the transport of traffic between two end offices even when not routed through a tandem. The provision of shared transmission facilities in this manner is technically feasible and will place the requesting carriers on a more equal footing to compete with the ILECs. This approach is also consistent with the Commission's philosophy of requiring the ILECs to share their network economies of scale with new entrants.[7]

II. THE COMMISSION SHOULD IMPOSE COMPLIANCE REPORTING REQUIREMENTS ON ILECS AND SHOULD CLARIFY AN ILECS DUTY TO NEGOTIATE IN GOOD FAITH

In its petition for clarification, WorldCom asked the Commission to clarify its rules concerning ILEC provision of operations support systems ("OSS") to requesting carriers by imposing reporting requirements on the ILECs. Specifically, WorldCom recommended that the Commission: (1) require all ILECs to submit a report by December 1, 1996, regarding their OSS compliance efforts, (2) require that ILECs purporting to be in compliance with the non-discrimination requirement file a report containing all technical specifications and other information necessary to establish compliance and permit requesting carriers to access the OSS systems as quickly as possible, and (3) require

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[7] First Report and Order, at ¶ 11.

ILECs to submit quarterly reports for a period of at least three years showing on a quantitative and qualitative basis that requesting carriers are obtaining non-discriminatory access to OSS functions.[8]

In a similar vein, the Association for Local Telecommunications Services ("ALTS") urges the Commission to require ILECs to file reports concerning their compliance with the 1996 Act and the Commission's implementing regulations.[9] Although ALTS' recommendation that the ILECs file compliance information with the Commission covers a wider range of reporting than the WorldCom suggestion of reports concerning OSS compliance, WorldCom agrees with ALTS that such broad reporting should be required. The information that can be gained from such broad compliance reporting will be very helpful to the Commission as it deals with enforcement issues in the future. Broad reporting can also assist affected parties in acting as private attorneys general to securing their rights without the need for regulatory intervention by the Commission. WorldCom supports ALTS' call for the Commission to require broad compliance reporting by the ILECs.

With regard to OSS, both the LECC and Sprint Corporation ("Sprint") argue that the January 1, 1997 date by which the Commission requires ILECs to make OSS available to new

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[8] WorldCom Petition at 9.

[9] Petition for Clarification and Reconsideration by the Association for Local Telecommunications Services, CC Docket No. 96-98, filed September 30, 1996 ("ALTS Petition") at 16.

entrants is unrealistic and should be delayed.[10] Given the Commission's very strong findings regarding new entrants need for access to OSS,[11] WorldCom believes that a blanket delay or stay of the OSS implementation date as requested by the LECC and Sprint is entirely unwarranted. If an ILEC can offer specific and compelling reasons why it cannot meet the January 1, 1997 date, the correct procedure would be for the ILEC to request a time certain waiver of the Commission's rules. Because the Commission has found that OSS is a required network element that must be provided by ILECs to requesting carriers, WorldCom believes that a Bell operating company seeking to enter the interLATA long distance market must provide full access to its OSS before filing an interLATA application pursuant to section 271 of the 1996 Act. This is true even if the Commission decides here to forestall the date by which ILECs generally must offer access to OSS.

ALTS and MFS Communications Company, Inc. ("MFS") each raise separate issues regarding an ILECs duty to negotiate in good faith. ALTS requests that the Commission "make it clear that refusal of an incumbent local exchange carrier to include any ordinary commercial enforcement mechanisms in its interconnection agreements is a violation of the duty to bargain

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[10] LECC Petition at 4; Sprint's Petition for Limited Reconsideration and/or Clarification, CC Docket No. 96-98, filed September 30, 1996 ("Sprint Petition) at 5.

[11] See First Report and Order at ¶ 518.

in good faith."[12] MFS asks the Commission to rule that "a carrier violates the duty to negotiate in good faith by refusing to enter into an agreement that complies with valid and effective Commission regulations or orders based on a contention that such regulations or orders are subject to petitions for reconsideration and/or judicial review."[13] These suggestions are reasonable and will facilitate negotiations between ILECs and new entrants; they should be adopted by the Commission.

III. THE COMMISSION SHOULD NOT EXTEND THE TRANSITIONAL IMPOSITION OF ACCESS CHARGES ON THE UNBUNDLED LOCAL SWITCHING ELEMENT AND SHOULD NOT PERMIT STATES UNFETTERED DISCRETION TO APPLY INTRASTATE ACCESS CHARGES DURING THE TRANSITION

The LECC and the Washington Utilities and Transportation Commission ("Washington UTC") each raise issues regarding the Commission's transitional plan to impose the full common carrier line charge ("CCLC") and seventy-five percent of transport interconnection charge ("TIC") on requesting carriers that use the unbundled local switching element to provide interexchange access. The LECC argues that the Commission should eliminate the date certain termination of the transitional mechanism (June 30, 1997) and instead maintain the transition scheme until access reform is fully implemented.[14] The Washington UTC, for its part, asks the Commission to give state

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[12] ALTS Petition at 18.

[13] Petition for Partial Reconsideration and Clarification of MFS Communications Company, Inc., CC Docket No. 96-98, filed September 30, 1996 ("MFS Petition") at 2.

[14] LECC Petition at 12-13.

commissions the discretion to determine when and how intrastate access charges apply to unbundled switching or other interconnection rates.[15]

As a preliminary matter, WorldCom observes that §§51.515(b) and 51.515(c) of the Commission's rules, which implement the transition mechanism, are among the rules that have been stayed by the Eighth Circuit Court of Appeals.[16] Although §51.515(a), which prohibits ILECs from assessing interstate or intrastate access charges on the purchasers of network elements, has also been stayed, §51.309, which permits the use of network elements to provide interexchange service and entitles a telecommunications carrier purchasing a network element to "exclusive use" of that facility, has not been stayed. The imposition of access charges exceeding the cost-based rate of an element, determined pursuant to section 252(d)(1) of the 1996 Act, would improperly infringe on that exclusive use. Unless or until the stay is removed, ILECs that impose access charges upon the purchasers of unbundled network elements would violate, at a minimum, §51.309 of the Commission's rules.

The stay notwithstanding, WorldCom strongly disagrees with the Commission's transitional plan to apply a portion of access charges to requesting carriers that use unbundled

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[15] Petition for Reconsideration of Washington Utilities and Transportation Commission, CC Docket No. 96-98, filed September 30, 1996 ("Washington UTC Petition") at 11.

[16] See Iowa Utilities Bd. v. FCC, No. 96-3321 (8th Cir. Oct. 15, 1996).

switching to provide interexchange access.[17] The application of access charges above and beyond the forward-looking cost of any network element is a clear violation of the requirement contained in section 252(d)(1) of the 1996 Act that the rates for network elements be based on cost. Once a requesting carrier has paid the forward-looking cost of a network element, the requesting carrier should be entitled to full use of the element without having to pay any additional rates to the ILECs. The imposition of additional rates, such as those included in the Commission's transitional mechanism, will enable ILECs to violate the 1996 Act by over-recovering their costs of providing network elements.[18]

The LECC's request that the Commission eliminate the date certain termination of its transition plan represents a blatant attempt by the ILECs to continue this over-recovery for as long as possible. Even though the Commission erred in imposing the transition plan, the Commission wisely set a date certain for it to end. Requesting carriers know that they will not be forever burdened by these above-cost access charges and thus can plan their entry into the local marketplace with greater certainty. Further, if the Commission were to adopt the LECC

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[17] Although WorldCom strongly disagrees with the Commission's transitional application of access charges to the unbundled switching element, WorldCom did not seek reconsideration of that issue and does not here ask for such reconsideration. The appropriateness of the Commission's transition plan is one of the issues raised before the Eighth Circuit Court of Appeals in Competitive Telecommunications Association v. FCC, No. 96-3604.

[18] First Report and Order at ¶ 363.

proposal that the transition would only end upon full implementation of access reform, the ILECs would lose all incentive to cooperate in that proceeding and would have every reason to drag out the implementation of access reform. Moreover, as noted by the Commission, in its recent remand of the Commission's access transport reform proceeding the Court of Appeals for the D.C. Circuit expressed its disfavor with interim plans that lack a definitive end date.[19]

With respect to the Washington UTC's request that state commissions be granted the discretion to determine when and how intrastate access charges should be applied to unbundled network elements, it is sufficient to repeat that it is contrary to the 1996 Act for access charges to be imposed on purchasers of network elements who are already paying the full forward-looking cost of those elements. The Commission should not compound the error it has already made with its transitional mechanism by now permitting state commissions the discretion to impose additional above-cost charges of their choosing on network elements. In designing the transitional scheme, the Commission stated that it sought to create a limited remedy to what it saw as a specific timing issue.[20] Grant of the Washington UTC's request would far exceed the limited nature of the Commission's transition plan.

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[19] See Competitive Telecommunications Association v. FCC, No. 96-1168.

[20] First Report and Order at ¶ 724.

Thus, the requests for reconsideration of the Commission's transition plan by the LECC and the Washington UTC should be rejected.

IV. THE COMMISSION SHOULD EXPAND THE LIST OF UNBUNDLED NETWORK ELEMENTS TO BE MADE AVAILABLE TO REQUESTING CARRIERS BY ILECS

Several parties request that the Commission reconsider or clarify its decisions in the First Report and Order regarding the facilities that ILECs must make available to requesting carriers as network elements. MFS and MCI ask the Commission to reconsider its decision to not include subloop unbundling among the network elements that must be provided.[21] In the First Report and Order the Commission found that subloop unbundling could provide significant benefits to new entrants[22] but declined to order subloop unbundling because of alleged network reliability concerns.[23] MFS and MCI present compelling arguments that lay to rest these unfounded network reliability concerns. WorldCom joins with MFS and MCI in urging the Commission to order subloop unbundling and to include the feeder, feeder/distribution interface (FDI), and distribution components of the loop as individual network elements that must be made available to requesting carriers by ILECs.

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[21] MFS Petition at 9-11; MCI Petition at 16-20.

[22] First Report and Order at ¶ 390.

[23] First Report and Order at ¶ 391.

MFS and ALTS ask the Commission to clarify that cross-connect facilities are unbundled network elements that must be made available to requesting carriers.[24] In addition, ALTS asks the Commission to clarify that multiplexing equipment is a required network element.[25] WorldCom agrees that the Commission should clarify the status of both cross-connect facilities and multiplexing equipment by including them on the list of required network elements contained in 47 CFR § 51.319. WorldCom also agrees with MFS that the Commission should clarify that the network interface device is both an integral part of an unbundled local loop and a separate network element that must be provided by ILECs to requesting carriers.[26]

Conversely, the LECC argues that directory assistance and operator services should not be considered network elements pursuant to section 251(c)(3) of the 1996 Act but rather should be retail services under section 251(c)(4).[27] However, the Commission was correct in the First Report and Order when it found that directory assistance and operator services fell squarely within the definition of "network element."[28] The Commission concluded that unbundling directory assistance and operator service as separate elements "will be beneficial to

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[24] MFS Petition at 8; ALTS Petition at 8.

[25] ALTS Petition at 7.

[26] See MFS Petition at 4.

[27] LECC Petition at 27.

[28] First Report and Order, at ¶¶ 534-540.

competition and will aid the ability of competing providers to differentiate their services from the incumbent LECs."[29] Obviously, treating these elements only as resale services would obviate these crucial benefits. Because the Commission properly included directory assistance and operator services as network elements under section 251(c)(3), the Commission should reject the LECC's request for reconsideration of this issue.

V. PRICING OF NETWORK ELEMENTS

Several parties raise issues concerning the pricing of unbundled network elements made available pursuant to section 251(c)(3) of the 1996 Act that are worthy of reconsideration or clarification by the Commission.

A. TELRIC cost studies used in state proceedings to establish the rates for unbundled network elements should be fully on the record and available to all other parties without restriction on use in any Section 252 arbitration proceeding involving any of the same parties

In the First Report and Order, the Commission determined that the rates for network elements provided by ILECs to requesting carriers should not exceed the elements' TELRIC. The rules adopted by the Commission provide that "[a]n incumbent LEC must prove to the state commission that the rates for each element it offers do not exceed the forward-looking economic cost per unit of providing the element, using a cost study that complies with the [TELRIC] methodology" established by the

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[29] First Report and Order, at ¶ 536.

Commission.[30] The rules also require that state proceedings to review a TELRIC study "shall provide notice and an opportunity for comment to affected parties."[31]

MFS and AT&T each seek clarification of various aspects of these rules. MFS raises the concern that in many states TELRIC studies are being submitted in arbitrations involving just two parties and that states are limiting the ability of other affected parties to participate in the review of the TELRIC studies. MFS recommends that state commissions be "required to conduct consolidated or generic proceedings in which all interested parties have an opportunity to contest the TELRIC studies."[32] WorldCom agrees that this approach will ultimately reduce litigation costs and will produce more consistent outcomes in the arbitrations. This MFS clarification should be adopted.

Both MFS and AT&T express concerns regarding the restrictions that ILECs are placing upon their TELRIC studies that limit the opportunity of new entrants to fully review the studies and that prevent their use in other arbitration proceedings.[33] The Commission should adopt the clarifications proposed by MFS and AT&T.

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[30] 47 C.F.R. § 51.505(e).

[31] 47 C.F.R. § 51.505(e)(2).

[32] MFS Petition at 19.

[33] MFS Petition at 19; AT&T Petition at 25.

B. The Commission should limit ILEC opportunities to manipulate the Commission's TELRIC pricing guidelines

In the First Report and Order the Commission established pricing guidelines based on forward-looking economic costs to reflect the efficient pricing that would occur in a competitive market.[34] The purpose of these pricing guidelines is to ensure that competitors can obtain network elements at a fair price while ensuring that ILECs have the opportunity to recover their efficiently incurred costs.[35] In order for the benefits of the Commission's pricing guidelines to be realized, however, ILECs must not have the ability to manipulate the pricing guidelines to recover more than the appropriate forward-looking economic costs.

AT&T and MCI ask the Commission to clarify the methodology to be used in TELRIC studies to determine unit costs. Both AT&T and MCI indicate that ILECs are inappropriately inflating their unit costs above true economic cost by dividing future network projections by current demand.[36] Such manipulation of fill factors undermines the Commission's TELRIC pricing guidelines and should not be tolerated. As AT&T suggests, the ILECs should either size an efficient network to meet current demand and divide by current demand to determine the unit price, or the ILECs should size an efficient network to meet

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[34] First Report and Order at ¶ 620.

[35] First Report and Order at ¶ 740.

[36] AT&T Petition at 22; MCI Petition at 30.

future demand and divide by that future demand to determine the unit cost.[37] The Commission should adopt the AT&T and MCI clarifications.

AT&T also asks the Commission to clarify that current prescriptions for all aspects of depreciation rates are presumptively valid and that the ILEC bears the burden of proving that higher capital costs or shorter asset lives are justified.[38] AT&T notes that, despite the Commission's clear expression of this intent in the First Report and Order, "some incumbent LECs apparently feel free to go forward in arbitration proceedings as if no presumption existed."[39] Manipulation of asset lives and depreciation rates by ILECs also undermines the Commission's TELRIC pricing rules and should not be permitted. The Commission should adopt AT&T's clarification.

C. The Commission should clarify that recurring charges for OSS should be built into the rates for associated network elements and that the interim default rates established by the Commission for network elements already reflect such costs

In the First Report and Order, the Commission ordered ILECs to make operational support systems ("OSS") available to requesting carriers. AT&T points out that "some of the same personnel and facilities used to provide the elements themselves are also used to provide operations support for those

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[37] AT&T Petition at 24.

[38] AT&T Petition at 22.

[39] AT&T Petition at 21.

elements."[40] Therefore, AT&T is correct that little is to be gained by attempting the difficult task of separating the costs of OSS from the underlying network elements. As requested by AT&T, the Commission should clarify that recurring charges for OSS should be built into the permanent rates for the underlying network elements and that the proxies adopted by the Commission already include OSS costs.

D. Non-recurring charges imposed by ILECs should not be permitted to undermine the Commission's policies to promote competition in the local exchange

ALTS and AT&T raise one of the most significant problems with the pricing of unbundled network elements: the lack of rules governing the imposition of non-recurring charges.[41] In establishing its TELRIC pricing guidelines and its interim proxy pricing, the Commission took significant steps to ensure that recurring charges for network elements will be fair to both new entrants and to ILECs. The Commission should not permit those efforts to be rendered meaningless through ILEC imposition of non-recurring charges that effectively discourage entry into the local market.

AT&T cites many examples of ILEC proposals to impose excessive non-recurring charges that bear little or no relationship to forward-looking economic cost.[42] In addition,

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[40] AT&T Petition at 28.

[41] See ALTS Petition at 3-5; AT&T Petition at 8-20.

[42] AT&T Petition at 9-10.

in its proposed General Statement of Terms and Conditions, Ameritech Illinois has included a $33,668.81 one-time fee per switch per carrier for "Billing Development" associated with unbundled local switch usage.[43] Charges of this unwarranted magnitude can only prevent competition from gaining hold in the local exchange market.

AT&T asks the Commission to clarify that non-recurring costs should be determined in accordance with the same TELRIC principles that apply to one-time costs of constructing loops, switches, and other network facilities and recovered in an efficient, competitively neutral and nondiscriminatory manner; further, that ILECs should only recover the forward-looking costs of one-time activities and transactional non-recurring activities that an efficient provider would undertake.[44] AT&T also asks the Commission to use the current "PIC" charge as a rebuttable presumption to be use in TELRIC cost studies and as a default proxy ceiling for any non-recurring activity that can be performed through electronic means.[45] For non-recurring activities that are not software-based, AT&T asks the Commission to establish default proxy ceilings to apply until state commissions can conduct the necessary TELRIC costs studies.[46]

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[43] Ameritech Illinois Advice No. 5473, filed September 27, 1996 in Ill. C.C. No. 20, Part 19, Section 3, Original Sheets No. 30 and No. 33.

[44] AT&T Petition at 11-17.

[45] AT&T Petition at 18-20.

[46] AT&T Petition at 20.