been careful to distinguish between the legal standard that BST must meet in order to show compliance with the competitive checklist set forth in 47 U.S.C. § 271(c)(2)(B), and the higher standard that BST has set for itself in seeking to accommodate the desires of certain large CLECs, such as AT&T. Although AT&T and other CLECs may ultimately be BST's competitors, AT&T and other CLECs will also be BST's customers. Therefore, BST will undoubtedly provide AT&T and others with services that go beyond that which is required by the Act.

The competitive checklist is simply the minimum standard that BST must meet in order to seek permission to enter the interLATA long distance market. Although that minimum standard has already been reached, BST's testimony shows that it will continue to upgrade and to enhance its systems. However, the Commission does not construe the continuing improvement of certain aspects of BST's interfaces as an admission that the systems do not already fulfill the competitive checklist. The protestations of AT&T and others notwithstanding, the fact is that the electronic interfaces for pre-ordering, ordering and provisioning, maintenance and repair, and billing are operational and comply with the competitive checklist today. These interfaces are discussed briefly below.

1. Pre-ordering

Ms. Calhoun's testimony established that BST's electronic interfaces for preordering comply fully with the requirements of

the Act and the FCC Order. The LENS interface permits CLECs to obtain, in substantially the same time and manner as BST, the following:

(1) address validation;

(2) telephone number selection, including special number assignment;

(3) product and service selection;

(4) due date information; and

(5) customer record information.

LENS is a graphic "point and click" interface which CLECs may use region-wide for both residence and business support. In contrast, BST personnel must use at least two systems, one supporting residence and one supporting business.

In addition, BST has agreed to provide AT&T with a customized pre-ordering interface designed to AT&T's specifications, which goes beyond the requirements of the Act. BST's willingness to accommodate AT&T should not be construed as proof that LENS is non-compliant. The Commission recognizes that while AT&T criticizes LENS as being a non-industry standard interface, there is currently no industry standard for pre-ordering. Thus, AT&T's own customized interface is not an industry standard.

2. Ordering and Provisioning

BST's ordering and provisioning systems accumulate and format the information, such as pre-ordering information, needed

to enter an order in BST's Service Order Control System ("SOCS"). Without repeating the detailed discussion of these systems set forth in Ms. Calhoun's testimony, the Commission does emphasize that BST employs two industry-standard ordering systems, depending upon the type of service ordered. The first is the EDI interface for resale orders and simple unbundled network elements, such as unbundled ports. EDI permits CLECs to order for resale 30 retail services that account for most of BST's retail revenue. These orders can be entered into SOCS without manual intervention. EDI also can be used to support orders for unbundled local loops, unbundled ports, interim number portability, and local loop/interim number portability combinations.

Additionally, EDI allows CLECs to place orders for four "complex" services, such as PBX trunks or SynchroNet® service. Other complex services, such as SmartRing® service, not currently supported by EDI are handled in the same manner for both CLEC customers and BST retail customers. BST witness Jane Sosebee described the significant amount of manual paper work and telephone calling necessary to process some complex service orders for BST's retail customers. The fact that a CLEC customer may have to experience this same manual ordering process for these same services does not place the CLEC at a competitive disadvantage with BST.

BST's existing EXACT interface also allows CLECs to order interconnection trunking and other more infrastructure-type unbundled network elements. The Commission notes that the EXACT ordering system is the same industry-standard interface used by BST for processing access service requests from interexchange carriers.

The testimony of Ms. Calhoun and Mr. Stacy demonstrated that these systems are operational and are capable of processing a sufficient number of orders to permit meaningful competition in South Carolina. The Commission observes that BST's harshest critic of the capacity of these systems--AT&T--did not produce a policy witness in these proceedings whom the Commission could question regarding AT&T's plans to begin offering local service in South Carolina. AT&T's claims of "insufficient capacity" ring hollow when AT&T is not willing to even share with the Commission its plans to provide South Carolinians with a choice of local service providers.

The capacity of the EDI ordering system, including the mechanized order generation capability, has been verified as being at least 5,000 local service requests per day, which is the capacity for which this system was initially designed based on forecasted ordering volumes supplied by CLECs themselves to BST. Additional capacity is available for rapid turn up that would double the capacity to 10,000 orders per day. As Mr. Stacy confirmed, CLEC ordering activity to date has not come close to

approaching the forecasted volume. Compliance with the Act does not require BST to build out capacity for which there is no reasonable expectation at this time. BST will continue to forecast ordering volumes based on CLEC input. Also, although EDI is the industry standard interface for CLEC ordering, BST has made ordering an additional optional capability available through its LENS interface.

3. Maintenance and repair.

Ms. Calhoun testified that CLECs may access maintenance and repair information in substantially the same time and manner as BST. For design circuits, BST provides CLECs with the same real-time electronic trouble reporting interface that is available to interexchange carriers. CLECs also have access to the same local exchange service trouble reporting system that BST uses for its retail customers -- the TAFI system. The TAFI system, which analyzes troubles, initiates testing, and provides CLECs with recommendations for clearing the trouble, is the same as the TAFI system used by BST. The only difference is an electronic and nearly instant security check that verifies that a CLEC is accessing only its customers' information.

Mr. Stacy testified that BST tested the CLEC version of TAFI to ensure it functioned properly before offering it to the CLECs. From March 17 through April 16, 1997, a group of BST repair attendants used the CLEC version of TAFI to process about

10,000 trouble reports from real customers. The CLEC version of TAFI worked in the same time and manner as BST's TAFI.

TAFI currently will support 65 simultaneous users with the volume of 1300 troubles per hour. BST is in the process of activating a second processor that will double the capacity to 130 simultaneous users. Furthermore, a "hot spare" for TAFI that can be activated almost immediately and would increase capacity by an additional 65 users for a combined total of 195 simultaneous users and 3900 troubles handled per hour. The current capacity far exceeds usage to date and forecasted usage in the immediate future.

4. Billing

CLECs have electronic access to daily billable usage data, through which CLECs have access to the data they need in substantially the same time and manner as BST. Mr. Stacy testified that these billable usage files are generated through the same mainframe-based systems that have been used to bill for IXC's for quite some time. With existing spare capacity, BST has identified no constraints to its capacity to process daily usage files for CLECs.

5. Bona Fide Request Process

Though not specifically addressed in the Act, the Bona Fide Request process provides a method by which BST can satisfy its duty under the Act to provide nondiscriminatory access to network elements as requested by any telecommunications carrier. The

Commission agrees that this is appropriate for inclusion in the Statement to recognize that new entrants may, over time, desire additional capabilities not specifically mentioned in the checklist.[4]

BST has jointly developed a Bona Fide Request process with AT&T to request a change to services and elements including features, capabilities or functionality. The Bona Fide Request process was not a subject of dispute in the BST-AT&T arbitration. This process is available to any new entrant with a need for interconnection or unbundled capabilities not included in the Statement. This process addresses procedures and time frames for requests such that each party fully understands the progress of each request.

In sum, the Commission concludes that BST's Statement provides CLECs with nondiscriminatory access to network elements in accordance with the requirements of the Act.

Checklist Item No. 3: Nondiscriminatory access to poles, ducts, conduits, and rights-of-way in accordance with the requirements of Section 224

In Section III of the Statement, BST offers access to poles, ducts, conduits and rights-of-way to any CLEC via a standard license agreement. Mr. Milner testified that, as of the hearing,

[4] Further, the Commission has not addressed bona fide requests in either generic proceedings or arbitration proceedings. Handling of bona fide requests has not been an issue for arbitration between the parties. BST has, however, negotiated agreements with new entrants that provide for handling of such requests. The inclusion of such a process should also provide assurance to the parties operating under the Statement that they will be able to request additional capabilities over time.

13 CLECs have executed license agreements with BST to allow them to attach their facilities to BST's poles and place their facilities in BST's ducts and conduits. Nine of those license agreements are with CLECs who are authorized to provide service in South Carolina. Further, Mr. Milner noted that BST has been providing cable television companies and power companies with access to poles, ducts, conduits and rights-of-way in South Carolina and throughout its region for many years. No party to this proceeding introduced any evidence to dispute BST's testimony that access to poles, ducts, conduits and rights-of-way is functionally available from BST.

Checklist Item No. 4: Local loop transmission from the central office to the customer's premises, unbundled from local switching and other services

The local loop is a dedicated facility, (e.g., a cable pair) from the customer's premises to the main distribution frame of the serving central office. This checklist item, as well as checklist items 4-7 and 9-12, are functions and capabilities associated with a switch, and thus are only necessary for a facilities-based CLEC that has its own switch. By choice, no CLEC has placed a switch in South Carolina, although ACSI has stated its intention of doing so at some indefinite time in the future. The CLEC's failure to request these items does not translate into a failure to meet the checklist because, as Mr. Milner and Mr. Scheye testified, each of these functions and features is available in the Statement.

In Section IV of the Statement, BST offers several loop types that CLECs may request in order to meet the needs of their customers. According to Mr. Milner, BST has technical service descriptions outlining unbundled loops and subloops that are available from BST, and BST has implemented procedures for the ordering, provisioning, and maintenance of unbundled loops and subloops. While as of yet no CLEC in South Carolina has requested any unbundled loops from BST, as of June 1, 1997, BST had provisioned 2,654 unbundled loops to CLECs in its nine-state region.

Further, Mr. Milner testified that BST has also conducted testing to verify that unbundled local loop transmission is available to CLECs. Specifically, BST has tested the availability of 1) 2-wire and 4-wire unbundled voice loops; 2) 56 Kbps and Basic Rate Interface unbundled digital loops; 3) unbundled DS1 with bundled interoffice transport; 4) ADSL capable loop; and 5) HDSL 2-wire and 4-wire capable loops. BST has generated orders for these items and those orders flowed through the BST system in a timely and accurate fashion. Based upon the record before it, the Commission concludes that BST has met this checklist item.

Checklist Item No. 5: Local transport from the trunk side of a wireline local exchange carrier switch unbundled from switching or other services

There are two types of local transport--dedicated and common. Dedicated transport is used exclusively by a single

carrier for the transmission of its traffic. For example, a CLEC switch can connect directly to a BST switch through the use of dedicated transport. Common transport is used to carry the traffic of more than a single company for the transmission of their aggregate traffic. Common transport can connect a BST end office to another BST end office or to a BST tandem. When a tandem switch is involved, a separate charge for tandem switching would apply in addition to the transport rates. This is similar to the application of a tandem switching charge for interconnection at a tandem switch.

BST offers unbundled local transport in Section V of its Statement with optional channelization for such local transport from the trunk side of its switch. BST offers both dedicated and common transport for use by CLECs, including DS0 channels, DS1 channels in conjunction with central office multiplexing or concentration, and DS1 or DS3 transport. Mr. Milner testified that BST has technical service descriptions outlining both dedicated and shared interoffice transport, and has procedures in place for the ordering, provisioning and maintenance of these services. While no CLEC in South Carolina has yet requested dedicated local transport from BST, BST has provided 716 dedicated trunks providing interoffice transport to CLECs in BST's nine-state region as of June 1, 1997. Further, BST has tested its methods and procedures for these services and has demonstrated its ability to place these facilities in service and

generate a timely and accurate bill for them. The Commission concludes, therefore, that unbundled local transport is functionally available and that BST has met this checklist item.

Checklist Item No. 6: Local switching unbundled from transport, local loop transmission, or other services

Mr. Scheye testified that local switching is the network element that provides the functionality required to connect the appropriate originating lines or trunks wired to the main distributing frame, or to the digital cross connect panel, to a desired terminating line or trunk. The most common local switching capability involves the line termination (port) and the line side switching (dial tone) capability in the central office. The functionality includes all of the features, functions, and capabilities provided for the given class of service, including features inherent to the switch and the switch software and includes vertical features, such as Call Waiting. It also provides access to additional capabilities such as common and dedicated transport, out-of-band signaling, 911, operator services, directory services, repair service, etc. The CLEC in purchasing unbundled local switching will determine which vertical features it wishes to activate and which additional unbundled elements it wishes to use in conjunction with the unbundled switching.

In Section VI of the Statement, BST offers a variety of switching ports and associated usage unbundled from transport,

local loop transmission and other services. These include a 2-wire and 4-wire analog port, 2-wire ISDN digital and 4-wire ISDN DS1 port, and 2-wire analog hunting. Additional port types are available under the Bona Fide Request process.

Mr. Milner testified that BST has technical service descriptions and procedures in place for the ordering, provisioning and maintenance of its switching services. Further, BST has tested its methods and procedures for these services and has demonstrated its ability to place these facilities in service and to generate a timely and accurate bill for them. While no CLEC has yet ordered unbundled switch ports in South Carolina from BST, BST had 26 unbundled switch ports in service as of June 17, 1997, thus evidencing the functional availability of unbundled local switching from BST. Although Mr. Hamman testified that BST had failed to make direct (selective) routing available to AT&T, the record reveals that AT&T has not requested the use of selective routing in South Carolina. Mr. Milner specifically testified that BST could provide selective routing in South Carolina upon request. Further, there was no evidence presented to demonstrate that BST would refuse such a request from AT&T once it was made.

Mr. Milner testified that BST has tested its selective routing service, which allows CLECs to route O+, O-, and 411 calls to an operator other than BST's or to route 611 repair calls to a repair center other than BST's through the use of line

class codes (until they are exhausted). Thus, the Commission finds that BST has met this checklist item.

Checklist Item No. 7: Nondiscriminatory access to 911 and E911 services, directory assistance, and operator call completion services

As explained by Mr. Scheye, BST's Statement offers local exchange providers nondiscriminatory access to 911 and E911 service, thereby allowing any CLEC customer to call in the event of an emergency. Access to these services is offered to both facility-based providers and resellers. In Section VII of the Statement, BST offers to perform directory assistance and other number services on behalf of facilities-based CLECs, which allow end user customers in exchanges served by BST to access BST's directory assistance service by dialing 411 or the appropriate area code and 555-1212. BST also offers CLECs access to BST's Directory Assistance database under the same terms and conditions currently offered to other telecommunications providers. BST makes available its operator services in the same manner that it provides operator services to its own customers. In addition, BST offers Centralized Message Distribution System - Hosting and Non-Sent Paid Report System processing. BST's provision of 911, directory assistance, and operator call completion services is consistent with orders of this Commission.

Mr. Milner testified that, as of June 1, 1997, BST had 166 trunks in service connecting CLECs with BST's E911 arrangements. BST also has had experience loading data for 14 CLECs into BST's

E911 databases. In addition, and also as of June 1, 1997, BST had over 362 directory assistance trunks involving CLECs in service throughout the BST region. Moreover, BST has for many years provided comparable directory assistance to independent local telephone companies in South Carolina, as well as to IXCs. BST also has offered its Directory Assistance Database Service (DADS) regionally since 1993, and currently provides DADS to 11 customers.

BST also has offered its Direct Access to Directory Assistance Service (DADAS) since 1996, and has one customer. Facilities-based CLECs can obtain access to operator call processing by connecting their point of interface via a trunk group to BST operator services system. As of June 1, 1997, there were 174 such trunks in place, plus 38 verification trunks in place, serving CLECs in BST's nine-state region. Further, BST has tested its methods and procedures for these services and has demonstrated its ability to place these facilities in service and generate a timely and accurate bill for them. The record demonstrates that BST has met this checklist item.

Checklist Item No. 8: White pages directory listings

BST arranges with its directory publisher to make available White Pages directory listings to CLECs and their subscribers which include the subscriber's name, address, and telephone number. CLEC subscribers receive no less favorable rates, terms and conditions for directory listings than are provided to BST's

subscribers (e.g., the same information is included, the same type size is used, and the same geographic coverage is offered). BST is providing White Pages directory listings to CLECs and their subscribers, with thousands in place today. No party introduced evidence to dispute that BST has met this checklist item.

Checklist Item No. 9: Nondiscriminatory access to telephone numbers

BST, as the North American Numbering Plan Administrator for its territory, ensures that CLECs have nondiscriminatory access to telephone numbers for assignment to their customers. At such time as BST is no longer the NANP Administrator, BST will comply with the final and non-appealable guidelines, plan, or rules adopted pursuant to 47 U.S.C. § 251(e), which addresses the creation or designation by the FCC of numbering administrator(s). BST has established procedures to provide nondiscriminatory NXX code assignments to CLECs. As of June 23, 1997, BST had activated a total of 496 NPA/NXX codes for CLECs throughout the BST region and 25 such codes in South Carolina. The Commission concludes that CLECs have nondiscriminatory access to telephone numbers from BST and that BST has met this checklist item.

Checklist Item No. 10: Nondiscriminatory access to databases and associated signaling necessary for call routing and completion

Mr. Scheye testified that BST's Statement provides access to the signaling elements necessary for call routing and completion,

including Signaling Links, Signal Transfer Points, and Service Control Points (databases). The SCPs/Databases to which CLECs have access include, but are not limited to, Line Information Database ("LIDB"), Toll Free Number Database, Automatic Location Identification and Data Management System, Advanced Intelligent Network ("AIN").

Mr. Milner testified that BST has technical service descriptions that outline access to these databases and has procedures in place for the ordering, provisioning and maintenance of these services. From January through April, 1997, CLECs across BST's nine-state region made approximately 8 million queries to BST's 800 database, thus demonstrating its functional availability. Further, BST's LIDB received more than 129 million queries from others during January through April 1997. Testing of BST's AIN Toolkit 1.0, which provides a CLEC with the ability to create and offer AIN-service applications to their end users, confirmed that service orders flowed through BST's systems properly and that accurate bills were rendered. Finally, BST's signaling service is also functionally available, as demonstrated by the fact that as of June 1, 1997, one CLEC is interconnected directly to BST's signaling network, and 7 other CLECs have interconnected using a third-party signaling hub provider which, in turn, accesses BST's signaling network. BST has satisfied this checklist item.

Checklist Item No. 11: Interim number portability

Number portability is a service arrangement that allows customers to retain their existing telephone numbers when switching from one carrier to another carrier. In its Statement, BST offers Remote Call Forwarding (RCF) and Direct Inward Dialing (DID) as two forms of interim number portability. These arrangements are expressly specified in checklist item 11 and comply with the FCC's July 2, 1996 First Report and Order in CC Docket No. 95-116 (Number Portability Order). Further, BST has tested its methods and procedures for these services and has demonstrated its ability to place these facilities in service and generate a timely and accurate bill for them. BST has demonstrated its operational experience in providing these methods of number portability. As of June 10, 1997, BST had ported 5,861 business and 29 residence directory numbers in its region.

Mr. Hamman for AT&T testified that BST has not complied with this checklist item because BST had not made a privately negotiated form of number portability (route indexing-portability hub) ready for use by AT&T. Mr. Hamman confuses BST's obligation to comply with a checklist item with BST's contractual commitments to AT&T. The fact that BST may negotiate multiple forms of interim number portability with CLECs does not translate into an obligation to include all of those methods in its Statement. Based upon the record before this Commission, it is

undisputed that BST's Statement offers the two forms of interim number portability specified in checklist item 11 and, accordingly, the Commission finds that BST's interim number portability offer complies with checklist item 11.

Checklist Item No. 12: Nondiscriminatory access to services or information necessary to implement local dialing parity in accordance with the requirements of Section 251(b)(3)

Dialing parity permits local service subscribers to dial the same number of digits to place a local call, without the use of an access code, regardless of their choice of local service provider. Mr. Scheye provided undisputed direct testimony that BST will interconnect with CLECs so that the same number of digits that are dialed by a BellSouth retail customer may be used by the CLEC customer to complete a call. BST is providing local dialing parity. No party introduced evidence to dispute that BST has met this checklist item. Accordingly, the Commission finds that BST has met this checklist item.

Checklist Item No. 13: Reciprocal compensation arrangements in accordance with the requirements of Section 252(d)(2)

This checklist item requires that reciprocal compensation arrangements for exchange of traffic between local carriers must comply with Section 252(d)(2) of the Act. Under Section 252(d)(2), each carrier must receive mutual and reciprocal recovery of costs associated with the transport and termination on each carrier's facilities of calls that originate on the

network facilities of the other carrier. The costs shall be based on the reasonable approximation of the additional costs of terminating such calls.

In its March 10, 1997 Order in Docket No. 96-358-C (the BST-AT&T Arbitration), the Commission ordered the use of rates within the FCC proxy rates for interconnection between BST and AT&T. As established by Mr. Scheye, BST has incorporated those rates into the Statement in this proceeding. The Commission therefore concludes that BST's reciprocal compensation arrangements are in full compliance with this checklist item.

Checklist Item No. 14: Telecommunications services are available for resale in accordance with the requirements of Sections 251(c)(4) and 252(d)(3)

In its Statement, BST offers its tariffed retail telecommunications services for resale to other telecommunications carriers that will, in turn, sell such services to their end user customers. The Statement outlines specific limitations on resale generally (e.g., prohibition against cross-class selling) and on the resale of specific services (e.g., short-term promotions, grandfathered services, contract service arrangements, etc.). In the Statement, BST offers the wholesale discount of 14.8%, the discount established by the Commission for both residential and business customers as required by Order No. 97-189. These discounts, as well as the resale limitations, are consistent with this Commission's Order No. 97-189.

Mr. Milner testified that BST has developed technical service descriptions and the ordering, provisioning and maintenance procedures for 50 of its "top" retail telecommunications services. As of May 15, 1997, CLECs were reselling 596 of these services in South Carolina and 88,000 of those services in BST's region. Other retail services, although not actually ordered by CLECs to date, are functionally available for resale. Mr. Milner testified that BST has conducted tests to verify that these services can be resold at the appropriate discount and that a correct bill will be generated.

The Commission concludes that BST has satisfactorily satisfied the requirements of this final checklist item.

D. The Rates Contained in the Statement for Interconnection and Unbundled Network Elements Comply With Section 252(d)

BST's Statement incorporates rates from several sources. Where a rate was arbitrated in the BST-AT&T Arbitration, PSC Docket No. 96-358-C, the Commission's ordered rates were incorporated into the Statement. Where a rate was not arbitrated, BST relied on a number of sources, including existing tariff rates and rates used in interconnection agreements that BST voluntarily negotiated with other CLECs. Further, the Statement contains a true-up process that is consistent with the process established by the Commission in the BST-AT&T Arbitration. If rates are subsequently modified by the

Commission in a later proceeding, payments by CLECs will be adjusted retroactively to the new rates.

The Commission finds that the fact that the Statement includes rates that are subject to adjustment does not render the Statement non-compliant with the Act. MCI and AT&T argued, through their witness, Don Wood, that BST's Statement does not comply with checklist items (ii) (nondiscriminatory access to network elements) and (xiii) (reciprocal compensation arrangements) because the rates that have been set by this Commission for these items are subject to adjustment and were not derived directly by using a specific costing methodology.

From a legal standpoint, the Commission observes that the notion that a rate cannot comply with the checklist unless it is "permanent" is not supported by the Act. Simply put, there is nothing in Sections 251, 252 or 271 that requires "permanent rates." The duration of the pertinent rates was simply not addressed by Congress. Indeed, the FCC itself recognized the appropriateness of "interim arbitrated rates" that "might provide a faster, administratively simpler, and less costly approach to establishing prices ...." First Report and Order, Docket No. 96-325 ¶ 767 (August 8, 1996). The FCC specifically adopted a schedule of interim proxy rates, and authorized the state commissions to apply them in their arbitration proceedings in the event the commissions were unable, due to time constraints, to set rates generated by the forward-looking costing methodology

described in the Order. States that set prices based upon the default proxies were required to order parties to update those prices after the state conducted or approved of a cost study that met the Order's pricing guidelines. Id. at ¶ 769.

With regard to the rates themselves, the Commission concludes that they are cost-based within the requirements of the 1996 Act. First, the rates in the Statement which are taken from the BST-AT&T Arbitration are well within the bounds of the TELRIC cost studies provided in that proceeding by BST and the Hatfield Model rates provided in that proceeding by AT&T. Also, many of the rates are within the FCC proxy rate ranges which brings them within the bounds of the cost information available to the FCC when it set these ranges. Finally, the negotiated rates incorporated into the Statement were certainly not set by the parties without reference to the cost of the services to be provided.

Notwithstanding the above, the rates may be adjusted following the review of additional cost information made available to the Commission and to other parties as of June 9, 1997. Since the rates will be adjusted as of their effective date and since the true up will be based on cost information, this Commission concludes that the interim rates in the Statement are cost-based within the requirements of the 1996 Act.

Even Dr. David Kaserman, an economist who has testified on behalf of AT&T and MCI in other proceedings, has acknowledged

that rate-setting is an ongoing process. In a recent Mississippi arbitration proceeding, Dr. Kaserman testified that "no rate is permanent; at no time is there perfect information." See, Mississippi Docket No. 96-AD-0559, February 10, 1997, Tr. p. 115. In further answering a cross examination question, he stated:

> [W]e are not going to decide today permanent rates, and you won't decide in six months. I don't think there is any such thing as a permanent rate. You're going to be coming back and re-examining costs as long as this firm has a monopoly position and until the firm is deregulated. Whoever is in charge is going to be looking periodically at cost figures supplied by this firm to change the rates that are in place. That's going to be an ongoing process. And I think it's going to be around for a long time.

Id. (emphasis supplied).

That the Commission has not adopted a particular cost methodology or that the Commission may establish another docket to establish permanent rates does not make the Statement's rates non-compliant with Section 252(d). Section 252(d) requires that the rates for interconnection and unbundled network elements simply be based on cost; it does not specify what methodology this Commission must use. There is nothing in the Act that precludes the Commission from using one methodology in establishing initial cost-based rates, while utilizing a

different methodology to establish other cost-based rates at a later date. Indeed, because it is envisioned that the Statement will be updated in two years after its initial effective date, it is certainly possible that different methods will be used to meet the requirements of Section 252(d). In either instance, the rates would be cost based, which is all Section 252(d) requires.

As noted above, the true-up process followed by the Commission in the BST-AT&T Arbitration and included by BST in its Statement is analogous to that advocated by the FCC in its August 8, 1996 Local Interconnection Order. The FCC examined cost data from a number of cost proxy models and other sources and set in place a schedule of proxy rates which State commissions were authorized to apply until a State commission could set rates "on the basis of an economic cost study ...." Id., ¶ 787. These rates did not spring from a single source or a single methodology. Obviously, the FCC believed that these rates were permissible under the Act, since it expressly authorized State commissions to apply them in meeting their arbitration obligations under the 1996 Act.

Notwithstanding the Intervenors' claim to the contrary, grafting a permanent rate requirement into the Act is neither logical nor necessary from a practical standpoint. The notion that rates must be immutable to satisfy Section 271 would effectively mean that no rates could ever be good enough. There is nothing unique about uncertainty with respect to rates. To

the contrary, experience to date in implementing the Act demonstrates the inherent uncertainty in these changing times. Nevertheless, parties have utilized this process to enter the market. Indeed, the Commission notes that ACSI and BellSouth have voluntarily entered into an approved interconnection agreement in South Carolina that contains interim rates subject to true-up. Having found the true-up process appropriate for both the ACSI and AT&T interconnection agreements with BST, the Commission sees no reason to disapprove BST's Statement because it, too, contains interim rates.

In addition to being legally unsupported, the Intervenors' argument that BST's Statement cannot satisfy Section 252(d) until new cost studies have been completed and permanent rates have been set is completely incompatible with Congress's desire to "open all telecommunications markets to competition."

Thus, the Commission rejects the notion that interim rates are necessarily insufficient to satisfy Section 271. Once the Commission examines the further costs underlying the items offered in the Statement, adjustments may be made to the rates, in the Statement.

However, MCI raised a concern that competition in the local markets of BellSouth might be chilled because the possibility of an upward adjustment in an interim rate. Therefore, to assure potential competitors that they would not be harmed by such an upward adjustment, the Commission concludes that any UNE or