BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Pricing Proceeding for Interconnection, Unbundled Elements, Transport and Termination, and Resale	)	**DOCKET NO. UT-960639 Phase III**
In the Matter of the Pricing Proceeding for Interconnection, Unbundled Elements, Transport and Termination, and Resale for U S WEST COMMUNICATIONS, INC.	)	**DOCKET NO. UT-960370 Phase III**
In the Matter of the Pricing Proceeding for Interconnection, Unbundled Elements, Transport and Termination, and Resale for GTE NORTHWEST INCORPORATED	)	**DOCKET NO. UT-960371 Phase III**

POST-HEARING BRIEF OF

AT&T AND MCI WORLDCOM

AT&T Communications of the Pacific Northwest, Inc. ("AT&T") and MCI WorldCom, Inc. ("MCI WorldCom") submit this Post-Hearing Brief pursuant to the established schedule.

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I. INTRODUCTION

This proceeding arises in response to the FCC's lifting of its stay of Rule 51.507(f), effective May 1, 2000. In its First Report and Order issued August 8, 1996 ("Local Competition Order"), the Federal Communications Commission ("FCC") concluded that prices for interconnection and unbundled elements must be deaveraged to satisfy the requirement of the Federal Telecommunications Act of 1996 (the "Act") [1] that prices be cost-based.[2] The FCC found that geographically deaveraged rates more closely reflect the cost of providing interconnection and unbundled elements.[3] Accordingly, Rule 51.507(f) directs the state commissions to establish a minimum of three cost-related rate zones.

Although it has been over four years since the Act was passed, today meaningful competition in the local exchange market remains a dream for the vast majority of Washington consumers. Resale has not proven to be a profitable entry strategy and facilities-based competitors are still incapable of reaching the bulk of Washington customers. Thus, entry through the use of unbundled network elements ("UNEs") provides the only near-term hope for meaningful competition in the local exchange market. The unbundled loop makes up the most significant portion of the cost to provide local exchange service. The shift to geographically deaveraged loop rates is motivated by recognition that loop costs vary significantly from one location to another. Geographic deaveraging of loop rates is thus another necessary condition to making local market entry possible on a broad scale.

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[1] "The Telecommunications Act", 47 U.S.C. δδ 151 et. seq. (1996) ("Act").
[2] First Report and Order at ¶ 764.
[3] *Id.* at ¶ 765.

II. POLICY CONSIDERATIONS

Geographic deaveraging describes the development of rates that reflect cost differences associated with geographical location. Through the development of geographically deaveraged rates, the Commission can ensure that competitive local exchange carriers ("CLECs") confront the same forward looking cost when providing service using the incumbent's facilities as the incumbent does when providing service to its own customers. Only by setting prices as closely as possible to the actual cost of providing service, can the Commission assure CLECs the non-discriminatory access to unbundled elements that the Act requires. Geographic deaveraging is therefore essential to promoting the robustly competitive local market that was the Act's promise.

Deaveraging corrects the distorted pricing signals created by averaged UNE prices. Distortions arise wherever there is significant geographic variation in the cost of providing UNEs but the affected UNEs are offered at a single, highly averaged price. In such a case the averaged price of UNEs, when applied in a specific geographic area, will be either above or below the cost of the UNEs in that area. In low-cost areas the averaged price of UNEs will be above cost. This results in discrimination against new entrants who would rely on UNEs. This discrimination prevents the entrant from using UNEs to compete on equal terms with the incumbent and can result in either of two distortions: the new entrant may be unable to enter at all without non-discriminatory access to UNEs or the entrant may choose to build its own facilities even where such duplication is inefficient. The first of these distortions stops the development of competition entirely; the second delays the development of competition and leads to

construction of a less efficient infrastructure.

In high-cost areas, a highly averaged UNE price leads to an underpriced UNE. This creates an artificial incentive for entrants to rely on UNEs rather than constructing new facilities. This is likely to cause a significant distortion where wireless technologies might be the preferable means of providing local exchange services. In order for providers to make efficient decisions regarding choice of technology they must evaluate technologies based on correct prices of alternatives. If the wireline alternative is evaluated on the basis of highly averaged UNE prices, wireless technologies will not appear to be as attractive as if prices reflected forward looking economic cost. Only prices based on forward looking costs will provide competitors with correct pricing signals.

From this it follows that rate zones in Washington must be based upon observable differences in cost, balanced only against the costs of administration. The best way to promote the efficient development of competition is to group together areas that reflect similar costs. Because HM 3.1 is capable of accurately determining loop costs on a wire center basis and customers can be easily identified to a wire center, AT&T and MCI WorldCom recommend grouping together wire centers with similar costs. This proposal is consistent with the FCC's directive that zones be cost-based and affords the Commission flexibility to design three or more rate zones without imposing additional burdensome administrative costs.[4]

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[4] In an effort to simplify the issues in this proceeding, AT&T and MCI WorldCom have reached an agreement with the other CLECs to recommend five rate zones developed using the wire center methodology recommended by Mr. Denney.

Creation of the zones is inherently a matter of judgement. While statistical tools can be used as aids, it should be clear that the statistical tools rely on criteria chosen by the analyst. The analyst's judgement is inherent in absolutely any method of delineating zones. The correctness of the zones delineated in any proposal is determined by the extent to which the resulting deaveraging of rates accomplishes the intended objective.

The purpose of the whole deaveraging exercise is to facilitate the development of efficient competition; this is the goal that should inform the development of zones.

III. PROPOSAL OF AT&T AND MCI WORLDCOM

A. Statement of Proposal

AT&T and MCI WorldCom propose the following deaveraged prices for the unbundled loop[5] offered by U S WEST:

U S WEST
Five Zone
Unbundled Loop Proposal

Zone	Five Zone Proposal with U S WEST Line Counts	Percent of Lines in Zone
1	$8.35	6.17%
2	$13.66	16.87%
3	$15.48	30.06%
4	$17.28	19.30%
5	$26.64	27.59%

[5] AT&T MCI WorldCom have, as directed in the 17th Supplemental Order, used the statewide averaged rates for the loop established by the Commission for U S WEST and GTE. By so doing, AT&T and MCI WorldCom do not waive any right to challenge all or any part of the Commission's findings in this docket.

For GTE, the proposed prices are:

GTE
Five Zone
Unbundled Loop Proposal

Zone	Five Zone Proposal with GTE corrections	Percent of Lines in Zone
1	$14.96	28.88%
2	$16.74	23.93%
3	$20.11	9.78%
4	$23.36	18.88%
5	$49.85	18.52%

The proposed prices have been developed, as described in the testimony of AT&T's witness, Mr. Denney. *Ex. 1-T, at 8-10; Ex. 2; T. 2271.* First, the cost estimates by wire center were generated using HM 3.1 with Commission prescribed inputs for GTE and for U S WEST (separately). A factor was applied so that the average cost utilizing HM 3.1 would equal the company specific averages determined by the Commission. Second, the results for each company were sorted from lowest cost to highest cost wire center. Finally, the wire centers were grouped into five zones, with each zone being as homogeneous as possible.

B. Corrections/Changes

Exhibit 2-C has been separated into two lists - one shows the cost estimates for U S WEST wire centers and the other shows estimates for GTE wire centers. *See attached Replacement Exhibit 2-C.* And, as requested, *T. 2255*, the cost estimates for U S WEST were prepared using the most recent line counts submitted by U S WEST.

The corrections suggested by GTE that Mr. Denney made (and the results filed in his Surrebuttal Testimony, Exhibit 4-T) were also incorporated. However, because U S WEST has not yet provided the results it purportedly produced replicating the HM3.1 costs relied upon by the Commission in the 8th Supplemental Order, the revised costs estimates were prepared using a factor to "close" to the Commission-ordered company-specific average loop rate. *Ex. 1-T, at 9.*

In addition, based upon a consensus reached with the other CLECs, AT&T and MCI WorldCom are supporting the use of five zones developed using the methodology suggested by Mr. Denney. The record demonstrates that the greater the number of zones, the more accurately costs can be reflected. *T. 2263*. This proposal satisfies the appropriate criteria for deaveraging prices while still minimizing implementation and administration of such a proposal.

C. Summary of Proposal

The Telecommunications Act of 1996 provided three avenues for new entrants seeking to compete in the local market: services resale, purchase of UNEs from the incumbents and facilities-based entry. In competitive markets, prices act as signals to competitors to help them allocate resources in the most efficient manner. The local telecommunications market exhibits substantial economies of scale. This means that as production increases, average cost decreases. Unbundled network element prices are to be established based upon the forward-looking economic cost to the incumbents of providing these facilities. This approach accomplishes several goals. First, it enables new entrants to compete fairly with the incumbents by extending the incumbents' economies of scale to the CLECs. This also maximizes social welfare. Second, this

pricing provides the correct basis for new entrants to determine whether to "build or buy" facilities.

To calculate deaveraged costs properly, the models relied upon by the Commission should estimate costs at the lowest level practicable. The level of detail at which loop cost information is generally available in proxy cost models is the wire center. *Ex. 33-T, at 2.* The Commission has, in the universal service investigation, concluded that "verifiable data … are unavailable at a lower level of granularity."[6] Thus, the models need to be run at the wire center level of disaggregation. Of the models used by the Commission in Phase II, only the Hatfield Model 3.1 (HM 3.1) and the BCPM are capable of producing cost estimates at the wire center level. Thus, the only models in the record that are capable of properly defining deaveraged loop zones are HM 3.1 and BCPM. However, since the BCPM does not directly estimate an unbundled loop cost, HM 3.1 is the best model to use for these purposes. *Ex. 3-T, at 5.*

Wire centers with similar cost characteristics should be grouped into zones. The cost estimates for the wire centers aggregated into zones should be as homogeneous as possible. Application of any criterion other than cost will diminish the precision with which resulting zones reflect variations in cost. Membership in exchanges or communities of interest are criteria other than cost, so, insofar as these criteria suggest zone assignments which differ from the assignments suggested by cost considerations, resulting zones will less accurately reflect cost variations among wire centers. *Ex. 33-T, at 2.*

The purpose of deaveraging is to facilitate the development of efficient competition; this is the goal that should inform the development of zones. The FCC was concerned that "where averaging covers high- and low-cost areas, it could distort

[6] Docket No. UT-980311(a), Tenth Supp. Order, at ¶ 72.

competitors' decisions whether to lease unbundled elements or build their own facilities".[7] This concern about distorting the development of competition is most urgent in high-density areas where competition is likely to develop soonest, and particularly where CLECs are most likely to consider the alternative of building their own facilities. For this reason zones should be delineated in such a way as to accurately reflect cost variation, especially at the lower cost, higher density end of the spectrum. *Ex. 33-T, at 5.*

D. Comparison to other proposals

1. U S WEST

U S WEST proposes zones based on an arbitrary "community of interest" standard, rather than on cost considerations.[8] U S WEST's method groups low- and high-cost wire centers together which results in costs that are essentially averaged. U S WEST's methodology minimizes wholesale cost differences between communities[9] by basing unbundled loop rates on a so-called "community of interest" standard rather than on significant cost differences that exist within communities.

U S WEST's approach is backwards. It first assigns wire centers to zones and then calculates costs using RLCAP. U S WEST's proposal does not comply with the FCC's rules which require rates to be based on cost. U S WEST's zones are determined by its public policy group, not by the results of cost differences. Further, RLCAP is not

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[7] First Report and Order, CC Docket 96-98, released August 8, 1996, ¶758

[8] In response to WUTC Request No. 04-009, U S WEST stated "[t]he cost differences between exchanges within zones … were not a consideration in selecting those exchanges to include in each zone." Ex. 69. In response to Nextlink's Request No. 01-001, U S WEST stated "[t]he zones are based on Metropolitan Statistical Area (MSA) information." Ex. 68.

[9] Ex. 61-T, at 11, lines 22-24.

capable of calculating costs on a wire-center basis.[10] *Ex. 3-T, at 6.* Therefore, U S WEST must employ a backwards approach – first choosing the zones and then determining the costs. The appropriate methodology is to allow the costs, not policy, to determine the zones.

Second, U S WEST's proposal does not actually deaverage rates. The difference between U S WEST's least cost zone and its medium cost zone is only $0.80. Third, U S WEST includes high-cost wire centers in its low-cost zone. This results in a relatively high unbundled loop rate and bars competitors from experiencing the same low cost that U S WEST itself enjoys. *Ex. 3-T, at 7.*

Finally, Mr. Denney's analysis demonstrates that U S WEST did not attempt to group wire centers with similar costs together. The deviation in U S WEST's wire center costs in the low-cost zone is 5 times greater than the deviation based on AT&T's proposed zone assignments. The medium cost zone for U S WEST has more than twice the deviation than the costs resulting from AT&T's zone assignment. U S WEST's high-cost zone also has a greater variance than AT&T's zone assignment. *Ex. 3-T, at 9.*

The U S WEST proposal must be rejected because it is not based upon costs, but rather upon an aggregation of communities. Further, the U S WEST model, RLCAP, does not generate cost estimates at the wire center level. Therefore, the proposal submitted by AT&T and MCI WorldCom should be used to deaverage the price of the

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[10] AT&T asked U S WEST in data request 02-003 to "provide loop costs for each U S WEST wire center using the U S WEST cost model…." U S WEST responded, "The U S WEST loop model produces investments at a wire center group level." In other words U S WEST was not able to produce costs at individual wire centers because the cost model, the RLCAP, cannot produce cost estimates for individual wire centers, only groups of wire centers. Ex. 66.

unbundled loop for U S WEST.

2. GTE Proposal

The Commission should reject GTE's original and alternative proposal because the goal is to promote efficient competition in the market. GTE's original proposal resulted in virtually no deaveraging at all. In fact, the rate in the middle cost zone was lower than the rate in the low-cost zone, which makes no sense at all. GTE's original proposal grouped wire centers by a density measure which resulted in high- and low-cost wire centers being grouped together in zones, thus the zone prices were not reflective of cost differences that exist in GTE's territory. *Ex. 4-T, at 14.*

GTE's alternative proposal is methodologically correct. GTE acknowledges the appropriateness of grouping wire centers, not exchanges, with similar costs together and searching for natural breaks in prices in order to determine zones. The problem with GTE's alternative proposal is that it lumps 76.6% of GTE's customers into the low-cost zone. *Ex. 4-T, at 15.* This GTE proposal accomplishes the strategy of "minimalist deaveraging"[11] and paints the high-density area with a very broad brush, and saves its detail for the low-density area. *Ex. 33-T, at 6.*

GTE's "compromise proposal" put forth at hearing and based upon Mr. Denney's testimony, *Ex. 4-T at 16,* serves once again to keep the loop rate in the lowest cost zones high by combining the two lowest cost zones. While the rates for the first two zones calculated by Mr. Denney were $15.44 and $19.71, respectively, the GTE "compromise"

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[11] "If, however, the Commission decides it must deaverage UNEs now, without correspondingly deaveraging and rebalancing retail rates to remove the implicit Universal Service support, then *GTE proposes a minimal level of deaveraged wholesale rates* to avoid further distortions in the market." Ex. 141-T, at 17, line 3 (emphasis supplied).

rate was $17.46. *Id.* Finally, GTE's cost estimates produce abnormally small variances in high-cost exchanges, *Ex. 4-T, at 16,* and likely understates the cost differences. *Ex. 3-T, at 13; see, also, T. 2725-26 (Staff supports AT&T's proposal over GTE's).* The Commission should reject all of the GTE proposals and rely upon the AT&T and MCI WorldCom proposal.

3. Staff

Staff recognizes that the fundamental aspect of deaveraging is to identify areas with significant cost differences.[12] To accomplish this goal, Staff assigns exchanges to density zones and calculates the loop cost for each density zone using HM3.1. Staff then combines density zones where significant cost differences between the zones can not be found. Finally, the staff adjusts the zone cost estimates to maintain the Commission-ordered company specific loop rates. Staff further suggests creating distance-sensitive deaveraged loop costs within each zone. Staff is the only party to offer a proposal for deaveraged unbundled switching rates.

The number of zones proposed by Staff is not necessary at this time. The Commission must balance the administrative costs of deaveraging against the incremental benefit of deaveraging into more than three zones. The more zones that are used, the more administrative costs are imposed on CLECs. One of the administrative costs is to identify potential customers with deaveraged zones. If the CLECs are forced to incur Operational Support System charges from incumbents to determine the location of customers, the cost advantages of deaveraged zones may be severely reduced. *Ex. 3-T, at 20.*

[12] Ex. 251-T, at 3.

Staff's initial statistical analysis of the relationship between cost and loop length

was sufficient to develop an example that opens discussion of distance sensitive loop rates. That analysis did the best job possible with the data and methods at hand. With additional time for study that estimate could be refined by seeking additional data or adopting more complicated statistical procedures. At this time, given the uncertainty regarding the difficulties of implementing Staff's proposal, the Commission should defer consideration of distance-sensitive loop rates until competition has developed further.

4. Other CLECs

Mr. Montgomery proposes to allow CLECs to calculate an offset from the ILEC invoice to introduce distance sensitivity into UNE loop rates. The ILEC could then audit the CLEC calculation of the offset. Mr. Montgomery's proposal weakens the connection between rates and costs relative to the staff example on which it was based because his proposal is based upon a mismatch of two measures of loop length. *Ex. 33-T, at 9-11.*

Second, Mr. Montgomery requires CLECs to make a permanent, irrevocable election to pay distance sensitive rates or rates deaveraged into two zones. It is not clear what purpose such a permanent election would serve, but such a measure is not reasonable at the present stage of development of competition in this market. The nature of competition in this market is very likely to change over the next several years, and it would surely not serve the public interest to constrain competitive interactions by tying CLECs to an election which must be made in the infancy of competition in the market. In particular, this election will have very different effects on CLECs who intend to offer service to the broad range of customers as distinguished from CLECs who intend to

target offerings to customers on short loops. The irrevocable election proposed in Mr. Montgomery's testimony unnecessarily creates a "barrier to mobility"[13] that cannot be regarded as serving the public interest. *Ex. 33-T, at 12.*

IV. CONSISTENCY WITH COMMISSION'S PRIOR ORDERS

In the Eighth Supplemental Order, at ¶274, the Commission chose not to deaverage UNE and interconnection rates "at this time." It noted that AT&T, MCI and Sprint argued that "from an economic perspective, deaveraging is appropriate because it will lead to rates which more closely reflect the cost of providing UNEs and interconnection. If rates are not deaveraged, uneconomic entry may occur in low-cost urban areas and efficient entry in rural areas may be prevented." *Id. at ¶272 (citations omitted).*

In the Seventeenth Supplemental Order, the Commission, relying upon the FCC's stay of the deaveraging requirement in 47 C.F.R. § 51.507(f), again found that it was not "necessary" to deaverage UNE prices in that order. Instead, Phase III was established to address the issue. AT&T and MCI WorldCom continue to support deaveraging as the appropriate method to provide CLECs the correct price signals on "build or buy" as they attempt to enter the local marketplace. Given the often tortuous pace of competitive entry to date, and the magnitude of the task remaining, there will be more than sufficient time to address the impact of competition as it develops. Deaveraging prices for

[13] See R. Caves and M. Porter, "From Entry Barriers to Mobility Barriers", Quarterly Journal of Economics, May 1977 and subsequent literature. Ex. 33-T, at 12, fn.10.

unbundled loops will not endanger the continued availability of universal service.[14] Further, it is important to provide CLECs with the correct pricing information to compare various technology options available to serve rural areas of the state. Absent this information, wireless technologies could be ignored that, based upon correct pricing of wireline facilities, would indeed be the economically correct choice. *Ex. 31-T, at 8.*

V. GENERAL CONSIDERATIONS

The FCC's rules require that rates for unbundled network elements be deaveraged by May 1, 2000. Despite this clear directive, U S WEST and GTE argue wholesale deaveraging should not occur until retail rates have been deaveraged. Both incumbents argue that deaveraging the loop without deaveraging retail rates will create margin opportunities for CLECs in urban areas. Of course, both U S WEST and GTE have been making these arguments since the 1996 Act. Neither company has chosen to file appropriate requests with the Commission although U S WEST has submitted a rate case. Further, GTE, in its settlement of the merger with Bell Atlantic, agreed to reduce its revenues some $30 million, proving that GTE appears to be thriving in the current market.

Through deaveraged loop rates, CLECs are able to experience similar economies of scale as are enjoyed by the incumbents, thus enabling CLECs to enter the market and

[14] The Commission made this same finding in October, 1995, in its Fourth Supplemental Order, at 38, in Docket No. UT-941464: "The Commission is not persuaded that there is an immediate need to deal with the universal service issue, or to grant USWC some sort of interim universal service charge. As Dr. Cornell demonstrated, it will be some time before new entrants have any genuine effect on the revenues of the incumbent LECs. She described how previous experiences with telecommunications competition have shown that market shares change slowly even when changing providers is relatively easy for consumers, as is the case in the long distance services market."

compete fairly. In competitive markets, prices that are above cost are driven toward cost through the process of entry by competitors in markets where abnormal profits exist. U S WEST's and GTE's arguments against deaveraging of wholesale rates are nothing more than their continued effort to insulate themselves against the rigors of competition. Clearly, this is not appropriate.

If competition does not develop, there will be no need to change retail prices. If it does, again given the painfully slow pace seen to date, there will be ample opportunity and tools available to address the need for a competitive response by the incumbents. Further, given the widespread availability of plans setting "one rate" for local and long distance calls on cellular phones, it is quite possible that "deaveraging" of retail rates will not be the most effective strategy for meeting the competition. But, without deaveraging of wholesale rates, competition will not be able to develop.

VI. IMPLEMENTATION ISSUES

The FCC rules require that states create at least three deaveraged zones on or before May 1, 2000. The greater the number of zones, the more accurate the market signals observed by CLECs. The desire of CLECs to have a multitude of zones, however, should be tempered with the practicality, implementation concerns and the current state of competition in Washington. It would be burdensome to have to establish and track prices in 20 zones if UNE purchases are only occurring in two zones. Given the state of competition in Washington, the inability to foresee the precise shape of competition in the near future, and the infancy of the deaveraging process at this time,

five zones is a practical place for this Commission to start.

Since the loop is the most important element to be deaveraged and each loop is uniquely assigned to a wire center, the wire center is the most practical and simple method of identifying customers. Thus, utilizing zones based on cost differences between wire centers is the most appropriate method to begin the deaveraging process.

Another important issue is the ease of identifying customers with a zone. For example, consider a CLEC that wishes to make a bid to provide local service to a business operating throughout the state of Washington, such as a gas station or a restaurant chain. If the CLEC cannot easily determine in which zones the business is located, or if the CLEC has to pay an OSS records look-up charge to the ILEC to determine the zones of this customer, the CLEC will face an additional expense—not incurred by the ILEC—that could prohibit competition for this customer. *Ex. 1-T, at 7.*

Also important is the relative ease or difficulty with which the incumbents can implement any modifications to their operating systems in order to effectuate deaveraged prices. The four years since the Act was passed have shown how critical the OSS functionality is to the development of competition and how difficult the process of opening these systems to competitors—especially with the incumbents continued reluctance.[15]

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[15] The current incumbents are simply adhering to the strategy perfected by the Bell System of "delaying the implementation of pro-competitive policies through disingenuous claims", characterizing competitive entry as "a threat to universal service", raising "cream-skimming of its most profitable business" as a threat to rates of other customers and showing "considerable ingenuity in devising a wide range of both subtle and not-so-subtle strategies for hindering competitors." Bernheim and Willig, *The Scope of Competition in Telecommunications*, at 14-19 (October 1996). *See also*, United States v. Western Electric, 552 F.Supp. 131(1982)("Modification of Final Judgment" adopting consent decree).

Information concerning the wire center through which an existing customer is served is already contained in the data available to a CLEC through the pre-ordering functionality of U S WEST. *T. 2437-38.* The U S WEST witness testified that changes required should be minimal. *T. 2439.* Logically, costs should be as well. In view of the unholy amount per order sought by the incumbents to recover costs of providing access to their OSS, minimizing costs is not an unimportant concern.

VII. CONCLUSION/RECOMMENDATIONS

The FCC rules require that rates for unbundled network elements be deaveraged into at least three cost-based zones on or before May 1, 2000. All of the parties agree that the wire center is the appropriate level at which to determine costs. The proposals on aggregating those costs into pricing zones submitted by AT&T and MCI WorldCom, by the other CLECs and by Staff are designed to achieve the goal of deaveraging—to enable competition in the local market. The proposals of U S WEST and GTE are clearly designed to maintain their advantages over the would-be competitors, especially in the lower-cost zones where competition will first occur. The distance-sensitive proposals of the other CLECs and of Staff warrant further investigation as competition develops. The proposal of AT&T and MCI WorldCom to begin with five zones, representing aggregations of wire centers with homogeneous cost characteristics, is a reasonable first step. This proposal balances the need to provide correct economic signals with the practicalities of implementation.

RESPECTFULLY SUBMITTED on March 28, 2000.

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