

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
(as arbitrators)**

October 16, 1996

Nashville, Tennessee

**IN THE MATTER OF THE INTERCONNECTION AGREEMENT
NEGOTIATION BETWEEN AT&T COMMUNICATIONS OF THE SOUTH
CENTRAL STATES, INC. AND BELL SOUTH TELECOMMUNICATIONS, INC.
PURSUANT TO 47 U.S.C. SECTION 252**

DOCKET NO. 96-01152

ORDER

A Status Conference was held in the above-captioned matter on Thursday, August 22, 1996, in the hearing room of the Tennessee Regulatory Authority (the "Authority"), 460 James Robertson Parkway, Nashville, Tennessee before Dianne Neal, General Counsel, as Hearing Officer. The following appearances were entered at the Status Conference:

Val Sanford, Esquire and John Knox Walkup, Esquire, Gullett, Sanford, Robinson & Martin, 230 Fourth Avenue, N., 3rd Floor, P.O. Box 198888, Nashville, Tennessee 37219-8888 and Gene Coker, Esquire, 1200 Peachtree Street, Atlanta, Georgia 30309, appearing on behalf of AT&T Communications of the South Central States, Inc. ("AT&T"). Guy M. Hicks, Esquire, General Counsel-Tennessee, 333 Commerce Street, Suite 2101, Nashville, Tennessee 37201-3300 and Langley Kitchings, 675 West Peachtree Street, N.E., Suite 4300 BellSouth Center, Atlanta, Georgia 30375, appearing on behalf of BellSouth Telecommunications, Inc. ("BellSouth").

Following the Status Conference, the Hearing Officer filed a Report and Recommendation of the Hearing Officer on Friday, August 30, 1996 (the "Report and

Recommendation"). In addition to the Report and Recommendation, AT&T, BellSouth, and others interested in becoming parties in this matter filed the following documents, which were considered along with the Report and Recommendation at an Initial Arbitration Hearing or Conference held before the arbitrators in the hearing room of the Authority on September 5, 1996.

1. AT&T's Comments on the Report and Recommendation Concerning the Status Conference Held on August 22, 1996 filed on September 4, 1996.

2. AT&T's First Supplement to Petition of AT&T for Arbitration under the Telecommunications Act of 1996 filed on August 29, 1996.

3. Response of BellSouth to First Supplement to Petition of AT&T for Arbitration under the Telecommunications Act of 1996 filed on September 4, 1996.

4. American Communication Services, Inc.'s ("ACSI") Motion to Consolidate its arbitration with that of AT&T filed on August 23, 1996.

5. Brooks Fiber Communications of Tennessee, Inc.'s ("Brooks") Motion to Consolidate its arbitration with that of AT&T filed on August 30, 1996.

6. Response of BellSouth Telecommunications, Inc. to ACSI's Motion to Consolidate filed on September 4, 1996.

7. Response of BellSouth Telecommunications, Inc. to MCI Communication, Inc.'s ("MCI") Motion to Consolidate filed on September 4, 1996.¹

8. Response of BellSouth Telecommunications, Inc. to Brooks Fiber Communications of Tennessee, Inc.'s Motion to Consolidate filed on September 4, 1996.

¹ MCI's Motion to Consolidate was filed on August 16, 1996, before the Status Conference.

9. Response of AT&T Communications of the South Central States, Inc. to Motions to Consolidate filed on September 4, 1996.

10. Petition for Declaratory Ruling filed by BellSouth Advertising & Publishing Corporation ("BAPCO") filed on September 4, 1996.

11. Response of ACSI to request for list of common issues filed on August 30, 1996.

12. Response of MCI to request for a list of common issues filed on August 30, 1996.

In addition to Mr. Hicks and Mr. Sanford, who were present at the Status Conference, Thomas B. Alexander, Esquire appeared on behalf of BellSouth, Henry Walker, Esquire appeared on behalf of ACSI and Brooks Fiber, Jon E. Hastings, Esquire and Mickey Henry, Esquire appeared on behalf of MCI, and James Lamoureux, Esquire appeared on behalf of AT&T at the Initial Arbitration Hearing.

Arguments regarding the issue of consolidation were heard at the Authority's Conference held on August 28, 1996 and no decision was reached at that time. Arguments regarding the ability of the staff of the Authority to ask questions of the parties' witnesses were heard at the Initial Arbitration Hearing and no decision was reached by the arbitrators. Additional comments and arguments regarding the subjects covered at the Status Conference, the Report and Recommendation, and the filings listed above were also heard by the arbitrators at the Initial Arbitration Conference.

After due consideration of the arguments heard, the documents filed, the recommendations made by the Hearing Officer, and the agreements reached among the parties, **the arbitrators hereby order the following :**

REPORT AND RECOMMENDATION

1. That the Report and Recommendation of the Hearing Officer, as modified by this Order, be and hereby is accepted and approved.

JURISDICTION AND THE SUFFICIENCY OF PLEADINGS

2. That AT&T adequately met the requirements of the Federal Telecommunications Act of 1996 for purposes of initiating an arbitration proceeding before the Authority, but has not yet substantially complied to provide a description of the unresolved issues that is adequate to allow the arbitrators to perform all of their duties as arbitrators.

3. That, because it is AT&T's duty as petitioning party to identify the unresolved issues and to state the position of the parties as to each unresolved issue, AT&T shall file a list of all unresolved issues, together with a statement of its position with regard to those issues and, to the extent that it knows, the position of BellSouth with regard to those issues by 12:00 p.m. on Monday, September 16, 1996.

STIPULATED PROTECTIVE ORDER

4. That the Stipulated Protective Order, in the form submitted by the Hearing Officer as an attachment to the Report and Recommendation, be and hereby is approved.

5. That the Stipulated Protective Order be executed by each arbitrator and entered as a part of the record of this proceeding.

6. That, to the extent that other arbitrations are consolidated with this proceeding, the parties whose issues are consolidated must agree to be bound by the terms of the Stipulated Protective Order.

CONSOLIDATION

7. That the arbitration proceeding between AT&T and BellSouth be and hereby is consolidated with the arbitration proceedings between BellSouth and MCI, BellSouth and ACSI, and BellSouth and Brooks on issues which are genuinely common.

8. That a nonaffected petitioner shall not submit testimony, conduct cross-examination, or file any briefs with respect to issues which do not affect them.

9. That the consolidated petitioners are bound by the agreements made between AT&T and BellSouth as evidenced by the transcript of the Status Conference held on August 22, 1996, by the Report and Recommendation, and by this Order.

10. That the parties shall submit a joint statement on the common issues to the arbitrators by 12:00 p.m. Monday, September 9, 1996.

EXPENSES

11. That the parties in this matter have agreed and hereby are ordered to pay for the expenses of the arbitration proceeding, including but not limited to, the actual amount of any expenses incurred by the arbitrators or persons acting on behalf of the arbitrators (in other words, employees of the Authority) for photocopying, postage, courier or express delivery service, court reporters, or toll-calls.

SCHEDULE

12. That a schedule for the arbitration proceedings in Docket No. 96-01152 be set as follows:

a. **SEPTEMBER 12, 1996 at 4:30 p.m.** - Direct Testimony due on Issues 6, 14, 24, 25, 27, and 29.²

b. **SEPTEMBER 19, 1996 at 12:00 noon** - Rebuttal Testimony due on Issues 6, 14, 24, 25, 27, and 29.

c. **SEPTEMBER 26, 1996 at 12:00 noon** - Direct Testimony due on Issues 3, 4, 8, 9, 17, 18, and 19.

d. **OCTOBER 3, 1996 at 12:00 noon** - Rebuttal Testimony due on Issues 3, 4, 8, 9, 17, 18, and 19.

e. **OCTOBER 4, 1996 at 12:00 noon** - Deadline for the conclusion of negotiations between AT&T and BellSouth for the purpose of final refinement of issues for arbitration. On this date, AT&T must state, in clear and unambiguous language, the issues upon which the arbitrators must make an award and file such statement with the arbitrators by no later than 12:00 noon. Such statement will also include a summary of AT&T's position and BellSouth's position with regard to the issue. BellSouth may respond to that statement by no later than October 11, 1996 or may file testimony as set forth in f. below.

² The numbers used to indicate the issues that are relevant to a certain date correspond to those used in AT&T's filing entitled "AT&T's List of Major Issues to be Decided by the Tennessee Regulatory Authority in the Arbitration of the Interconnection Agreement between AT&T and BellSouth", which was attached to AT&T's First Supplement to Petition of AT&T for Arbitration under Telecommunications Act of 1996 filed on August 29, 1996.

f. OCTOBER 11, 1996 at 12:00 noon - Direct Testimony due on Issues 1, 2, 5, 7, 10, 11, 12, 13, 15, 16, 20, 21, 26, 28, and 30. Direct Testimony is also due on any additional issues submitted to the arbitrators on October 4, 1996.

g. OCTOBER 14, 1996 at 12:00 noon - Arbitrators to inform parties of the requirements for oral testimony.

h. OCTOBER 18, 1996 at 12:00 noon - Rebuttal due on the Issues 1, 2, 5, 7, 10, 11, 12, 13, 15, 16, 20, 21, 26, 28, and 30 and the additional issues.³

i. OCTOBER 21 through 25, 1996, beginning each day at 9:00 a.m. - Hearings (Hearings may continue into the week beginning Monday, October 28, 1996, if necessary).

j. November - Arbitration awards will be announced in writing on a date to be determined.

k. Executed Interconnection Agreement between AT&T and BellSouth based upon the awards made by the arbitrators and establishing all prices due at the Authority two weeks after the Arbitration Award.⁴

³ Issues 22 and 23 are to be resolved as a part of the proceedings in Docket No. 96-01331 "In re: The Avoidable Costs of Providing Bundled Services for Resale by Local Exchange Telephone Companies". The arbitrators have the issue of how the proceedings in Docket No. 96-01331 are evidenced as part of the proceedings in this matter under advisement.

⁴ The arbitrators have instructed the parties that the following "Statutory Schedule for Approval of the Completed Agreement" be made a part of this Order. Notwithstanding its inclusion, the arbitrators and the Directors of the Authority have reserved the right to modify the schedule included in this order at Paragraph 12, subparts j and k and to mandate deadlines, dates, and schedules regarding the completion of an executed Interconnection Agreement, its submission to the Authority, intervention and comments by third parties, and approval by the Authority.

"II.2 (Statutory Schedule for Approval of the Completed Agreement): It should be clearly understood that the proceeding to approve or reject the completed agreement under 47 U.S.C. § 252(e) is separate and distinct from, and should not be confused with, the arbitration of unresolved issues under Section 252(b). Only the arbitration of unresolved issue must be completed by December 4, 1996. Section 252 sets forth the following schedule:

STATEMENT OF THE ISSUES

13. That the issues and topics for arbitration and the positions of AT&T and BellSouth with respect to those issues shall be as stated in Attachment 1 to the Response of BellSouth to First Supplement to Petition of AT&T for Arbitration under the Telecommunications Act of 1996 entitled "BellSouth's List of Issues to be Decided by the Tennessee Regulatory Authority in the Arbitration of the Interconnection Agreement between AT&T and BellSouth" except that Issue 8 shall be stated as follows: "What billing and usage recording systems, format, and quality assurance processes should be provided by BellSouth in association with services and elements provided to AT&T/MCI?"

BAPCO

14. That the issues involving BAPCO, BellSouth, and AT&T have been taken under advisement and that briefs on the issues presented are due to the arbitrators at 12:00 noon on Friday, September 13, 1996.

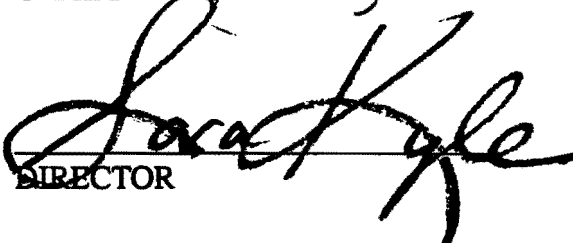
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- (1) Under Section 252(b)(4)(C), the resolution by the Authority as arbitrator of issues unresolved by the parties must be completed by December 4, 1996;
 - (2) The parties must then execute a completed agreement including both negotiated and arbitrated provisions. The statute sets no deadline for that, but obviously that should be done expeditiously.
 - (3) Under Subsection (e), the completed agreement must be submitted to the Authority (not as arbitrator) for approval or rejection under the statutory standard. The statute sets no time for such submission, but again, that should be done expeditiously.
 - (4) Under Subsection (e)(4), the Authority must approve or reject the completed agreement within thirty (30) days after submission by the parties. It is at this stage that persons having a legitimate interest should be allowed to intervene, and the Authority should adopt an expedited procedure for the filing and disposition of any such intervention, so that the thirty (30) day time limit may be met and still afford all concerned an opportunity for a full and fair hearing."

15. That any party aggrieved with the arbitrators' decisions in this matter may file a Petition for Reconsideration with the arbitrators within ten (10) days from and after the date of this Order.

ATTEST:


EXECUTIVE SECRETARY


CHAIRMAN


DIRECTOR


DIRECTOR