

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

November 13, 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

ORDERS FROM ARBITRATION HEARING OF OCTOBER 22, 1996

An Arbitration Hearing was held in the above-captioned matter beginning on Monday, October 21, 1996, and continuing on Tuesday, October 22, 1996, in the hearing room of the Tennessee Regulatory Authority (the "Authority"), 460 James Robertson Parkway, Nashville, Tennessee before Chairman Lynn Greer, Director Sara Kyle, and Director Melvin Malone, acting as Arbitrators.

The following appearances were entered at the Arbitration Hearing:

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 James Lamoureux, Esquire, David Kasanow, Esquire, Michael Hopkins, Esquire, and Thomas Lemmer, 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 William Ellenberg, Esquire, R. Douglas Lackey, Esquire, and Phillip Carver, Esquire, 675 West Peachtree Street, Suite 4300, Atlanta, Georgia 30375-0001, appearing on behalf of BellSouth Telecommunications, Inc. ("BellSouth").

Jon E. Hastings, Esquire, Boulton, Cummings, Connors & Berry, PLC, 414 Union Street, Suite 1600, Nashville, Tennessee 37219 and Michael Henry, Esquire, Senior Counsel, 780 Johnson Ferry Road, Atlanta, Georgia 30875, appearing on behalf of MCI Telecommunications Corporation ("MCI").

At the beginning of the Arbitration Hearing on October 22, 1996, two matters were properly considered by the Arbitrators. Those matters were (1) the Motion of BellSouth Telecommunications, Inc. Concerning MCI Telecommunications Corporation's Right to Arbitrate Certain Issues Already Resolved by Contract filed on October 16, 1996, ("BellSouth's Motion") and the Brief of MCI Telecommunications Corporation Regarding Applicability of Interim Agreement to Arbitration Proceedings filed on October 16, 1996, and (2) whether post-arbitration briefs would be permitted or required from the parties.

BellSouth and MCI announced that they had reached an agreement among themselves regarding BellSouth's Motion. As a result, BellSouth withdrew its Motion and MCI was permitted, with the agreement of BellSouth, to present testimony and to arbitrate Issues 17, 25, and 30.

After due consideration of the comments presented by the parties on the remaining issue, **the Arbitrators hereby order the following:**

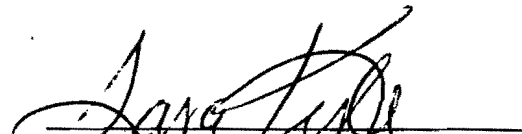
1. That the each party is permitted to file a post-arbitration brief.
2. That the post-arbitration brief shall be ten (10) pages in length and shall be due at 12:00 noon on the day which is five (5) business days after the conclusion of the Arbitration Hearing.
3. That the brief may, but is not required to, be in the form of a proposed order of arbitration awards.

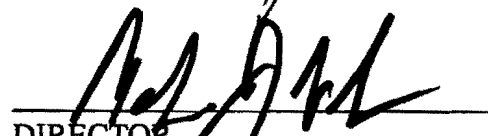
4. That any party aggrieved with the Arbitrators' decisions in this matter may file a Petition for Reconsideration with the Arbitrators within ten (10) days from and after the date of this Order.


CHAIRMAN

ATTEST:


EXECUTIVE SECRETARY


DIRECTOR


DIRECTOR

FIRST ORDER OF ARBITRATION AWARDS

REC'D IN
BELL SOUTH
NOV 25 PM 7:06
NOV 25 PM 7:06
EXECUTIVE SECRETARY
EXHIBIT SECRETARY

BEFORE THE TENNESSEE REGULATORY AUTHORITY

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

IN THE MATTER OF THE PETITION OF MCI TELECOMMUNICATIONS CORPORATION FOR ARBITRATION OF
CERTAIN TERMS AND CONDITIONS OF A PROPOSED AGREEMENT WITH BELL SOUTH
TELECOMMUNICATIONS, INC. CONCERNING INTERCONNECTION AND RESALE UNDER THE
TELECOMMUNICATIONS ACT OF 1996

DOCKET NO. 96-01271

TABLE OF CONTENTS

Preliminary Matters	4
Issue 1	6
Issue 2	10
Issue 3	11
Issue 4	13
Issue 5	15
Issue 6	16
Issue 7	18
Issue 8	19
Issue 11.....	20
Issue 12.....	21
Issue 13.....	22
Issue 14.....	23
Issue 15.....	26
Issue 16.....	27
Issue 19.....	29
Issue 21.....	30
Issue 22.....	31
Issue 23.....	31
Issue 24.....	34
Issue 25.....	36
Issue 26.....	37

Issue 27.....	38
Issue 28.....	39
Issue 29.....	40

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

November 25, 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

**IN THE MATTER OF THE PETITION OF MCI TELECOMMUNICATIONS
CORPORATION FOR ARBITRATION OF CERTAIN TERMS AND CONDITIONS OF
A PROPOSED AGREEMENT WITH BELL SOUTH TELECOMMUNICATIONS, INC.
CONCERNING INTERCONNECTION AND RESALE UNDER THE
TELECOMMUNICATIONS ACT OF 1996**

DOCKET NO. 96-01271

FIRST ORDER OF ARBITRATION AWARDS

A properly convened Arbitration Hearing was held in the above-captioned matter (and Docket No. 96-01271, as it was consolidated with Docket No. 96-01152) on Monday, October 21, 1996, and continuing until Wednesday, October 23, 1996 (the "Arbitration Hearing") in the hearing room of the Tennessee Regulatory Authority (the "Authority"), 460 James Robertson Parkway, Nashville, Tennessee before Chairman Lynn Greer, Director Melvin Malone, and Director Sara Kyle, acting as Arbitrators.

The following appearances were entered at the Arbitration Hearing:

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 James Lamoureux, Esquire, David Kasanow, Esquire, Michael Hopkins, Esquire, and Thomas Lemmer, 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 William Ellenbergh, Esquire, R. Douglas Lackey, Esquire,

and Phillip Carver, Esquire, 675 West Peachtree Street, Suite 4300, Atlanta, Georgia 30375-0001, appearing on behalf of BellSouth Telecommunications, Inc. ("BellSouth").

Jon E. Hastings, Esquire, Boulton, Cummings, Conners & Berry, PLC, 414 Union Street, Suite 1600, Nashville, Tennessee 37219 and Michael Henry, Esquire, Senior Counsel, 780 Johnson Ferry Road, Atlanta, Georgia 30875, appearing on behalf of MCI Telecommunications Corporation ("MCI").

The purpose of the Arbitration Hearing was to hear oral testimony on certain issues which had been previously submitted to the Arbitrators and refined by the parties and the Arbitrators in a number of documents, arguments, both oral and written, filings, and Orders of the Arbitrators, including, but not limited to,

1. Petition by AT&T for Arbitration under the Telecommunications Act of 1996 filed on July 17, 1996 (the "AT&T Petition");
2. Response of BellSouth to AT&T's Petition for Arbitration filed on August 12, 1996;
3. Petition of MCI for Arbitration and Motion to Consolidate filed on August 16, 1996 (the "MCI Petition");
4. Briefs of AT&T and BellSouth filed after Status Conference on August 20, 1996;
5. Joint Issue List filed by AT&T, MCI, and BellSouth on August 29, 1996 (the "Joint Issue List");
6. AT&T's First Supplement to Petition of AT&T for Arbitration under the Telecommunications Act of 1996 filed on August 29, 1996 (the "First Supplement to Petition");
7. Response of MCI to request for a list of common issues filed on August 30, 1996;
8. Response of BellSouth to First Supplement to Petition of AT&T for Arbitration under the Telecommunications Act of 1996 filed on September 4, 1996;
9. Statement as to Common Issues filed by AT&T on September 9, 1996 (the "Common Issues List");

10. Revised List of Issues filed by BellSouth on September 9, 1996 (the "BellSouth Revised List"); and

11. List of Unresolved Issues filed by AT&T on September 16, 1996 (the "Unresolved Issues List").

The Arbitration Hearing was open to the public at all times.

Thereafter, a properly convened Arbitration Conference was also held in the above-captioned matter (and Docket No. 96-01271, as it was consolidated with Docket No. 96-01152) on Thursday, November 14, 1996 (the "Arbitration Conference") in the hearing room of the Authority, before Chairman Lynn Greer, Director Melvin Malone, and Director Sara Kyle, acting as Arbitrators. The Arbitration Conference was open to the public at all times. The purpose of the Arbitration Conference was to allow the Arbitrators to deliberate toward and reach Arbitration Awards for the issues that had been presented to them for Arbitration.

At the Arbitration Conference, Mr. Hicks and Mr. Ellenberg were present representing BellSouth, Mr. Sanford, Mr. Walkup, and Mr. Lamoureux, appeared on behalf of AT&T, and Mr. Hastings and Mr. Henry appeared on behalf of MCI.

After due consideration of the arguments made, both in writing and orally, the documents, testimony, and briefs filed, the partial agreements reached among the parties, the oral testimony, the applicable federal and state laws, rules, and regulations in effect on November 14, 1996, and the entire record of this consolidated proceeding, the Arbitrators took up, deliberated and reached decisions with respect to the issues before them.¹

¹ Please note that the term the "Act" when used throughout refers to the Federal Telecommunications Act of 1996; the term "FCC Report and Order" refers to the First Report and Order issued by the Federal Communications Commission (the "FCC") in CC Docket No. 96-98, In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, as the same was in effect on November 14, 1996; words in the masculine also denote the feminine and neutral and *vice versa*; and words that are singular may also denote the plural and *vice versa*.

PRELIMINARY MATTERS

The Arbitrators considered three preliminary matters before they began deliberations on the issues listed below. First, the parties agreed that, if necessary, the Arbitrators could properly reach a decision on the one issue which was consolidated as a "genuinely common" issue pursuant to the Arbitrators' Order dated October 16, 1996, as amended by the Arbitrators' Order Granting the Petition of AT&T Communications of the South Central States, Inc. for Reconsideration of Order of October 16, 1996, dated November 8, 1996, but which had become a "unique" issue during the course of the Arbitration (AT&T and BellSouth reached a negotiated settlement regarding the "loop," but MCI and BellSouth did not²). They also agreed that the decision could be made in either Docket No. 96-01152 (and Docket No. 96-01271, as it was consolidated with Docket No. 96-01152) or in Docket No. 96-01271.

Second, the parties announced that all of Issue 17 had been settled through negotiation and that a decision need not be rendered with regard to it for either AT&T or MCI. They further announced that only AT&T would require an answer to the second half of Issue 7. The second half of Issue 7 was restated as "[w]hen BellSouth's employees or agents interact with AT&T's customers with respect to a service provided by BellSouth on behalf of AT&T, what type of branding requirements are technically feasible or otherwise appropriate?" The parties reiterated information with regard to the settlement of a part of Issue 14 between AT&T and BellSouth, a part of Issue 29, and a part of Issue 11.

Third, the Arbitrators unanimously-

² See page 24 hereof for a more detailed description of the issue.

ORDERED:

1. That the decision in this Arbitration will be considered rendered when voted upon on November 14, 1996.

2. That each party shall submit a form of the complete proposed First Order of Arbitration Award to Penelope Register, Senior Counsel, in our Legal Division by 3:00 p.m. on Tuesday, November 19, 1996. Such draft shall go to Ms. Register only and not be copied to the other parties or filed with the Executive Secretary of the Authority. It should be in a form that includes sufficient discussion of the rationale which each Director advanced during these deliberations, so that it may be deemed a "reasoned decision," as that term was used in the Report and Recommendation of the Hearing Officer dated August 30, 1996.

3. That Ms. Register shall submit a draft of the First Order of Arbitration Award to the Arbitrators on Friday, November 22, 1996, by 10:00 a.m..

4. That the Arbitrators shall undertake to have a signed copy of the First Order of Arbitration Awards to the parties as close to 12:00 noon on Monday, November 25, 1996, as is possible.

5. That the Final Best Offers on all remaining unresolved issues are due to the Authority by 4:30 p.m. on Tuesday, November 26, 1996. This part of the motion is intended to modify our Order regarding Final Best Offers adopted on October 14, 1996. Final Best Offers should be made in a manner which will allow the Arbitrators to see their alternatives with regard to contract language without referring to any other document. The proposed contract language should be laid out so that only one issue appears on a page and should contain nothing other than

the proposed contract language. In addition, the parties should cooperate to the extent necessary to assure that each party presents Final Best Offers to the Arbitrators in the same exact format.

6. That a decision on the Final Best Offers is expected to be reached by the Arbitrators at an Arbitration Conference on Tuesday, December 3, 1996.

ISSUE 1: WHAT SERVICES PROVIDED BY BELL SOUTH, IF ANY, SHOULD BE EXCLUDED FROM RESALE?³

COMMENTS AND DISCUSSION:

The Arbitrators stated the position and ordered that all services provided by BellSouth, with the exception of short-term promotions, as that term is defined below, should be made available for resale, including specifically, but without limiting the foregoing, long-term promotions, as that term is defined below, LifeLine Services, Link-Up Services, grandfathered or obsoleted services, 911 Services, contract service arrangements, and state-specific discount plans. In other words, the Arbitrators answered the question presented, by a unanimous vote, as follows: that no service provided by BellSouth shall be excluded from resale, except short-term promotions.

With regard to the resale of 911 Services, all the Arbitrators recognized the importance of the service and that 911 boards should not be excluded from the benefits which may be derived from competition. They cautioned not only those subject to the provisions of this First Order of Arbitration Award, but also the 911 boards in the State of Tennessee, to preserve, protect, and verify that the effectiveness and integrity of the emergency systems will not be harmed if they choose to change telecommunications carriers.

³ Motion was made by Chairman Greer and amended by Director Malone. The motion, as amended, was seconded by Director Malone and passed unanimously.

Finally, Director Malone added that restrictions on cross-class selling are permissible restrictions on the services available for resale.⁴

ORDERED:

7. That all services provided by BellSouth, with the exception of short-term promotions, as that term is defined below, should be, and hereby are, made available by BellSouth for resale to AT&T and MCI.

8. That the following terms and conditions on short-term and long-term promotions are reasonable and necessary, and shall be implemented:

a. Short-term promotions be, and hereby are, defined as those promotions that are offered for a ninety (90) day period or less, and which are not offered on a consecutive basis;

b. Long-term promotions be, and hereby are, defined as those promotions that are offered for more than ninety (90) days;

c. In order to prohibit any abuse or potential abuse of the provision that short-term promotions are not available for resale, BellSouth may not offer a series of the same or substantially similar short-term promotions;

d. Long-term promotions may be obtained by AT&T or MCI at one of the following rates:

(1) the stated tariff rate, less the wholesale discount;

(2) the promotional rate (the promotional rate offered by

BellSouth will not be discounted further by the wholesale discount rate);

⁴ This matter was also covered in the motion made by Director Kyle in Issue 2. Both the amendment which Director Malone made to the motion of Chairman Greer in Issue 1 and the motion of Director Kyle in Issue 2 passed unanimously. The order on this aspect has been reduced to writing in Paragraph 13.

e. When AT&T or MCI obtains a long-term promotional offering at the promotional rate, they will only be permitted to obtain the promotional rate for the period that the promotion is offered by BellSouth. At the time the promotion ends, if AT&T or MCI chooses to continue obtaining the applicable service, they must obtain that service at the stated tariff rate, less the wholesale discount;

f. AT&T and MCI can only offer a promotional rate for a service obtained subject to the provisions of this Paragraph 8 to customers who would have qualified for the promotional rate if the service were being offered by BellSouth;

g. Any benefit of the promotion must be realized within the time period of the promotion and BellSouth may not use promotional offerings to evade the wholesale obligation. If AT&T or MCI believes that such abuse is occurring, they may file a petition with the Authority challenging the promotion and, if such petitions are many in number, the Directors of the Authority may contemplate the establishment of specific rules governing promotional discounts, which may include, not only the provisions listed above, but also additional rules or, in the alternative, the Directors may consider making all promotions available for resale.

9. That the following terms and conditions on the resale of LifeLine Services are reasonable and necessary, and shall be implemented:

a. AT&T and MCI shall only offer LifeLine Service to customers who meet the qualifications outlined in the "means test";

b. LifeLine Services and rates shall be offered by AT&T or MCI in a manner similar to the manner in which LifeLine Services are offered in the market today, that is through a discount to BellSouth's Message Rate Service, General Subscriber Tariff A3.2.4;⁵

c. AT&T or MCI shall purchase BellSouth's Message Rate Service at the stated tariff rate, less the wholesale discount. AT&T and MCI must further discount the wholesale Message Rate Service to LifeLine customers with a discount which is no less than the minimum discount that BellSouth now provides;

d. The maximum rate which AT&T or MCI may charge for LifeLine Service shall be capped at the wholesale flat rate offered by BellSouth;

e. BellSouth shall charge the federally-mandated Subscriber Line Charge (currently, \$3.50) to AT&T or MCI;⁶

f. AT&T and MCI are required to waive the Subscriber Line Charge for the end-user;

g. AT&T and MCI are responsible for recovering the Subscriber Line Charge from the National Exchange Carriers Association's interstate toll settlement pool just as BellSouth does today.

10. That the following terms and conditions on the resale of Link-Up Service are reasonable and necessary, and shall be implemented:

a. AT&T and MCI may offer Link-Up Service only to those customers who meet the qualifications outlined in the "means test";

⁵ However, if a competitor has a proposal that it believes is just and reasonable, the competitor may file the proposal with the Authority for consideration.

⁶ See FCC Report and Order, Paragraph 983.

b. AT&T and MCI must further discount the Link-Up Service by at least the percentage that is now offered by BellSouth;

c. AT&T and MCI are responsible for recouping the additional discount in the same manner as BellSouth does today.

11. That AT&T and MCI may only offer grandfathered services to customers or subscribers who have already been grandfathered. Grandfathered services may not be resold to a new or different group of customers or subscribers.

12. That, while BellSouth has been ordered to make 911 Services available for resale, AT&T and MCI are cautioned to preserve the integrity of 911 Services.

ISSUE 2: WHAT TERMS AND CONDITIONS, INCLUDING USE AND USER RESTRICTIONS, IF ANY, SHOULD BE APPLIED TO RESALE OF BELL SOUTH SERVICES?⁷

COMMENTS AND DISCUSSION:

The Arbitrators answered the question presented, by unanimous vote. Director Kyle, in making the motion, stated that in light of the FCC's referring to limitations as "presumptively unreasonable," she wished to adopt only the restrictions stated in the FCC Report and Order, i.e., no resale of access, no resale to independent pay phone providers, and no cross-class selling.⁸ Chairman Greer stated that he concurred with Director Kyle's motion, but wanted to amend it by adding that AT&T and MCI must resell services in compliance with the applicable terms and conditions in BellSouth's retail tariff. Director Malone further stated that the applicable terms and conditions in the tariffs must be just, reasonable, and nondiscriminatory.

⁷ Motion was made by Director Kyle and amended by Chairman Greer with comments by Director Malone. The motion, as amended, was seconded by Chairman Greer and was passed by unanimous vote of the Arbitrators.

⁸ See FCC Report and Order, Paragraphs 871, 872, 873, 874, 875, 876, and 877.

ORDERED:

13. That no terms and conditions, including use and user restrictions, should be applicable to the resale of BellSouth services, except for-

- a. the terms and conditions listed above in Paragraphs 8, 9, 10, 11, and 12 above;
- b. a restriction on the resale of access;
- c. a restriction on the resale to independent pay phone providers;
- d. a restriction on cross-class selling; and
- e. reasonable, non-discriminatory, and narrowly tailored terms, conditions, and limitations in the underlying BellSouth tariffs.

ISSUE 3: WHAT ARE THE APPROPRIATE STANDARDS, IF ANY, FOR PERFORMANCE METRICS, SERVICE RESTORATION, AND QUALITY ASSURANCE RELATED TO SERVICES PROVIDED BY BELL SOUTH FOR RESALE AND FOR NETWORK ELEMENTS PROVIDED TO AT&T AND MCI BY BELL SOUTH?⁹

COMMENTS AND DISCUSSION:

Director Malone, in making the motion on Issue 3, advised the other Arbitrators and the parties that his position on Issue 3 was that it should have been resolved by and between the parties.

As support for his position, Director Malone noted that both AT&T and MCI stated in their pre-filed and oral testimony that they wanted performance metrics and quality assurances so that they could provide the same quality of services to their customers as BellSouth

⁹ Director Malone's motion was seconded by Chairman Greer and was passed by unanimous vote of the Arbitrators.

does to theirs, and that BellSouth had indicated in its pre-filed and oral testimony a willingness to provide AT&T and MCI with the same quality of services that BellSouth provides to itself and its end-users. It was his opinion that, in addition to the parties' seeming agreement about the need for and the appropriate degree of quality assurances, the Act required parity. Also relevant to his motion on Issue 3 was that AT&T had indicated at the Arbitration Hearing that it would be willing to submit to mediation on this issue, as suggested by MCI, if BellSouth was willing to provide AT&T with the same quality of services that it provides to itself and its end users, that AT&T and MCI should have a mechanism available to measure quality and compliance with the Act, and that it appears that no internal performance standards are currently available from BellSouth.

From all of the above, Director Malone concluded that, until the parties or the industry adopt performance and quality standards, BellSouth should, at a minimum, measure certain service levels and report the results to AT&T and MCI on a regular basis. Among other things, the reporting format should allow AT&T and MCI to compare the level of service that they and their customers receive from BellSouth with the level of service that BellSouth provides to itself and its customers.

Based upon the foregoing comments and observations, the Arbitrators voted unanimously on Issue 3.

ORDERED:

14. That BellSouth be, and hereby is, ordered to provide performance metrics, service restoration, and quality assurance related to the services it provides for resale

and/or for the network elements that it provides to MCI and AT&T which are equal to those it provides to itself and its end-users.

15. That, within five (5) business days from November 14, 1996 (November 21, 1996), the parties must submit language establishing interim performance metrics, service restoration standards, and quality assurances, which shall include reporting requirements from BellSouth to AT&T and MCI, consistent with this First Order of Arbitration Award and with Director Malone's comments both in this First Order of Arbitration Award and in the Transcript of the Arbitration Conference.¹⁰ However, if the parties cannot agree on interim performance and reporting standards and requirements, the parties must separately submit their Final Best Offers establishing interim performance metrics, service restoration standards, and quality assurances, which shall include reporting requirements from BellSouth to AT&T and MCI, consistent with Director Malone's comments, both as stated in this First Order of Arbitration Award and in the Transcript of the Arbitration Conference, by Tuesday, November 26, 1996 at 4:30 p.m.¹¹

16. That these interim performance and reporting standards and requirements shall govern until the parties or the telecommunications industry develop more permanent standards.

ISSUE 4: MUST BELLSOUTH TAKE FINANCIAL RESPONSIBILITY FOR ITS OWN ACTION IN CAUSING, OR ITS LACK OF ACTION IN PREVENTING, UNBILLABLE OR UNCOLLECTIBLE AT&T REVENUE?¹²

¹⁰ See Transcript of Deliberation Proceedings, Volume I A, November 14, 1996, pages 28-35.

¹¹ The parties may choose to start with the proposed language on performance standards contained at Section 12 of the draft Interconnection Agreement filed by AT&T with the Authority on October 11, 1996.

¹² Director Malone's motion was seconded by Director Kyle and was approved by a unanimous vote of the Arbitrators.

COMMENTS AND DISCUSSION:

The Arbitrators found that at the Arbitration Hearing, Mr. Shurter stated on behalf of AT&T--"if BellSouth's actions or inactions cause unbillable or uncollectible revenues for AT&T, BellSouth should indemnify AT&T for those revenues lost. This indemnification practice has been a standard provision of contracts we've had with BellSouth where we've asked them to bill our end-users for long distance telephone calls."¹³ This testimony went unchallenged by BellSouth. After due consideration of the evidence presented on this Issue 4, including the Arbitrators belief that BellSouth had demonstrated a record of reliability when it had billed AT&T's end-users for long-distance services in the past, the Arbitrators answered the question presented, by a unanimous vote, that BellSouth must take financial responsibility for its own action in causing, or its lack of action in preventing, unbillable or uncollectible AT&T revenue.

ORDERED:

17. That BellSouth must take financial responsibility for its own action in causing, or its lack of action in preventing, unbillable or uncollectible AT&T revenues in the same manner that it indemnifies or has indemnified AT&T when billing AT&T's end-users for long-distance service.

18. That, because AT&T and BellSouth are privy to the current indemnification practices between the two companies, they be, and hereby are, ordered, within five (5) business days from November 14, 1996 (November 21, 1996), to submit language consistent with the Arbitrators' comments, both as stated in this First Order of Arbitration Award and in the Transcript of the Arbitration Conference¹⁴, or, if the parties cannot agree on language,

¹³ See Transcript of Arbitration Hearing, Volume III D, October 23, 1996, page 286.

¹⁴ See Transcript of Deliberation Proceedings, Volume I A, November 14, 1996, pages 39-42.

to submit separately their Final Best Offers consistent with the Arbitrators' comments, both as stated in this First Order of Arbitration Award and in the Transcript of the Arbitration Conference, by Tuesday, November 26, 1996 at 4:30 p.m.

ISSUE 5: SHOULD BELLSOUTH BE REQUIRED TO PROVIDE REAL-TIME AND INTERACTIVE ACCESS VIA ELECTRONIC INTERFACES AS REQUESTED BY AT&T AND MCI TO PERFORM THE FOLLOWING: PRE-SERVICE ORDERING, SERVICE TROUBLE REPORTING, SERVICE ORDER PROCESSING AND PROVISIONING, CUSTOMER USAGE DATA TRANSFER, LOCAL AMOUNT MAINTENANCE?

IF THIS PROCESS REQUIRES THE DEVELOPMENT OF ADDITIONAL CAPABILITIES, IN WHAT TIME-FRAME SHOULD THEY BE DEPLOYED?

WHAT ARE THE COSTS INCURRED, AND HOW SHOULD THOSE COSTS BE RECOVERED?¹⁵

COMMENTS AND DISCUSSION:

The Arbitration Hearing began with the parties informing the Arbitrators that certain aspects of Issue 5 had been resolved and all testimony and comments of the parties up to the date of the Arbitration Conference were consistent with that assertion. Director Malone, in making a motion on Issue 5, stated it was his belief that good faith negotiations on the matters in Issue 5 should result in a mutually satisfactory agreement. Director Malone, in referring to the testimony of MCI at the Arbitration Hearing, stated that all of the solutions may not be readily available today, but interim measures, with a plan and a focus toward more permanent solutions, are feasible. It was also his judgment, that equal operational interfaces are essential

¹⁵ The parties did not submit written or oral testimony regarding what costs have been incurred and how, if at all, those costs should be recovered. The Arbitrators have not specifically answered this portion of the question presented, but have addressed the price in Paragraph 54 hereof. Director Malone's motion was seconded by Chairman Greer and was passed by unanimous vote of the Arbitrators.

to establishing an environment in which competition has a chance to flourish. The Arbitrators agreed and by a unanimous vote-

ORDERED:

19. That BellSouth be, and hereby is, ordered to use all means at its disposal to meet the requests for real-time and interactive access *via* electronic interfaces made by AT&T and MCI to perform pre-service ordering, service trouble reporting, service order processing and provisioning, customer usage data transfer and local maintenance, and should do so in a manner that does not place AT&T or MCI at a competitive disadvantage.

20. That the parties be, and hereby are, ordered, within five (5) business days from November 14, 1996 (November 21, 1996), to submit language consistent with Director Malone's comments, both as stated in this First Order of Arbitration Award and in the Transcript of the Arbitration Conference¹⁶, or, if the parties cannot agree on language, to submit separately their Final Best Offers consistent with Director Malone's comments, both as stated in this First Order of Arbitration Award and in the Transcript of the Arbitration Conference, by Tuesday, November 26, 1996 at 4:30 p.m. The submission of mutually agreed upon language or the Final Best Offers, whichever becomes applicable, should contain dates certain regarding the provision of the requested items by BellSouth and/or the resolution of certain outstanding matters, if any.

ISSUE 6: WHEN AT&T RESELLS BELLSOUTH'S LOCAL EXCHANGE SERVICE, OR PURCHASES UNBUNDLED LOCAL SWITCHING, IS IT TECHNICALLY FEASIBLE OR OTHERWISE APPROPRIATE TO ROUTE 0+ AND 0- CALLS TO AN OPERATOR OTHER THAN BELLSOUTH'S, TO ROUTE 411 AND 555-1212 DIRECTORY ASSISTANCE CALLS TO AN OPERATOR OTHER THAN

¹⁶ See Transcript of Deliberation Proceedings, Volume I A, November 14, 1996, pages 43-45.

BELLSOUTH'S, OR TO ROUTE 611 REPAIR CALLS TO A REPAIR CENTER OTHER THAN BELLSOUTH'S?¹⁷

COMMENTS AND DISCUSSION:

Director Kyle, in making the motion on Issue 6, observed that when companies compete they need every opportunity to distinguish themselves and their products to the consumer. As a matter of policy, where AT&T and MCI have their own operators, directory assistance, and repair personnel, they should be given the opportunity to use them. In addition, the Arbitrators voted unanimously that, through the use of line-class codes, customized or selective routing was technically feasible to allow AT&T and MCI to use their own operators, directory assistance, and repair personnel.

ORDERED:

21. That it is appropriate and technically feasible to route 0+ and 0- calls to an operator other than BellSouth's, to route 411 and 555-1212 directory assistance calls to an operator other than BellSouth's, and to route 611 repair calls to a repair center other than BellSouth's.

22. That where BellSouth uses 611 as the number a customer must call to reach its repair centers, AT&T and MCI should have the ability to have a call routed to their own repair centers through customized or selective routing, but, where BellSouth uses a seven (7) digit number to allow a customer to reach its repair center, AT&T and MCI, be, and hereby are, ordered to provide their own seven (7) digit numbers for reaching their repair centers.

23. That it is technically feasible for BellSouth to achieve customized or selective routing for AT&T and MCI through the use of line-class codes.

¹⁷ Director Kyle's motion, as amended by Director Malone, was seconded by Director Malone and was passed by a unanimous vote of the Arbitrators.

24. That the parties be, and hereby are, cautioned to conserve line-class codes and to work together with the appropriate industry groups to develop a long-term solution to the technical feasibility issues presented in Issue 6.

ISSUE 7: WHEN AT&T OR MCI RESELLS BELLSOUTH'S SERVICES, IS IT TECHNICALLY FEASIBLE OR OTHERWISE APPROPRIATE TO BRAND OPERATOR SERVICES AND DIRECTORY SERVICE CALLS THAT ARE INITIATED FROM THOSE RESOLD SERVICES?

WHEN BELLSOUTH'S EMPLOYEES OR AGENTS INTERACT WITH AT&T'S CUSTOMERS WITH RESPECT TO A SERVICE PROVIDED BY BELLSOUTH ON BEHALF OF AT&T, WHAT TYPE OF BRANDING REQUIREMENTS ARE TECHNICALLY FEASIBLE OR OTHERWISE APPROPRIATE?¹⁸

COMMENTS AND DISCUSSION:

The Arbitrators unanimously answered the question presented in the first half of Issue 7 that it is appropriate and technically feasible for operator services and directory assistance calls to be branded even if they are BellSouth services that are being resold. The Arbitrators agreed that to provide "branding" would help to promote competition. Similarly, the Arbitrators unanimously voted for parity with regard to the second half of Issue 7-that BellSouth must brand "leave behind cards" for AT&T when BellSouth's employees or agents act on behalf of AT&T. If BellSouth wishes to use a generic leave behind card for AT&T, BellSouth must also use a generic card for itself. If BellSouth wishes to use a preprinted card for itself, it must also use an AT&T preprinted card. BellSouth technicians cannot market BellSouth services when acting on behalf of AT&T.

¹⁸ Issue 7 was addressed in two parts. On the first part, Director Malone's motion, as seconded by Director Kyle, was passed by a unanimous vote of the Arbitrators. On the second part, Director Malone's motion, as seconded by Chairman Greer, was passed by a unanimous vote of the Arbitrators.

ORDERED:

25. That when AT&T or MCI resells BellSouth's services, it is technically feasible and appropriate for BellSouth to brand for the reseller the operator services and directory services provided by BellSouth that are initiated from those resold services.

26. That if, for any reason, it is not possible to brand operator services and directory assistance for a particular reseller, including, but not limited to, AT&T or MCI, BellSouth be, and hereby is, ordered to revert to generic branding for all local exchange service providers, including itself.

27. That when BellSouth's employees or agents interact with AT&T customers with respect to a service provided by BellSouth on behalf of AT&T, it is technically feasible and appropriate for BellSouth to provide for parity in all respects and to refrain from marketing itself during such contact or interaction.

ISSUE 8: WHAT BILLING AND USAGE RECORDING SERVICES AND SYSTEMS, FORMAT, AND QUALITY ASSURANCE PROCESSES SHOULD BE PROVIDED BY BELL SOUTH IN ASSOCIATION WITH SERVICES AND ELEMENTS PROVIDED TO AT&T/MCI?¹⁹

COMMENTS AND DISCUSSION:

Chairman Greer stated that during oral testimony it was mentioned that AT&T had reached agreement with BellSouth to use the Customer Record Information System ("CRIS") billing system on an interim basis. The testimony also revealed that the Open Billing Forum or Ordering and Billing Forum (the "OBF"), an industry standard-setting organization, is working on a long-term solution to this issue. Chairman Greer also said that while he understood MCI's request for

¹⁹ The motion by Chairman Greer was seconded by Director Malone and was passed by the unanimous vote of the Arbitrators.

CABS, he believed, on an interim basis, BellSouth should be permitted to use the CRIS billing system. However, in doing so, BellSouth must provide the same quality and timely billing to AT&T and MCI that it affords itself.

ORDERED:

28. That Bellsouth shall provide, on an interim basis, the Customer Record Information System ("CRIS") billing system as the billing and usage recording service in association with the services and elements provided to AT&T and MCI.

29. That Bellsouth shall provide AT&T and MCI with the same systems, format, and quality assurance processes (internal quality controls and measurements) that it provides to itself.

30. That AT&T, MCI, and BellSouth be and hereby are directed to work in a cooperative effort with the OBF to establish a long-term solution to this issue.

ISSUE 11: SHOULD BELLSOUTH BE REQUIRED TO PROVIDE NOTICE TO ITS WHOLESALE CUSTOMERS (HERE SPECIFICALLY AT&T) OF CHANGES TO BELLSOUTH'S SERVICES? IF SO, IN WHAT MANNER AND IN WHAT TIME-FRAME?²⁰

COMMENTS AND DISCUSSION:

At the Arbitration Hearing, the parties announced that they had come to an agreement with regard to Issue 11, but were still unable to agree on the specific contract language. At the beginning of the Arbitration Conference, AT&T and BellSouth agreed that BellSouth should provide notice of service and/or pricing changes and that the only part of Issue

²⁰ Issues 9 and 10 had been removed from consideration by the Arbitrators. Issue 9 was the subject of an Order of the Arbitrators dated October 21, 1996, entitled "Order Re: the Treatment of Issue 9". Issue 10 was settled and removed through negotiations at the Arbitration Hearing. Chairman Greer's motion was seconded by Director Kyle and passed by the unanimous vote of the Arbitrators.

11 which the Arbitrators must decide was in what manner and in what time-frame should BellSouth notify AT&T of changes to BellSouth's services and/or prices. The Arbitrators answered the question presented, by an unanimous vote upon the motion of Chairman Greer, that BellSouth shall notify AT&T of service and/or price changes at the same time it submits the applicable tariff or tariffs to the Authority and that any such tariff(s) shall not become effective for thirty (30) days. Chairman Greer further stated that if BellSouth notifies AT&T of a change in service and/or pricing prior to the time it files the applicable tariff(s) with the Authority, and it subsequently modifies the tariff(s) which it files with the Authority that BellSouth is liable for any expenses incurred by AT&T because of the modification.

ORDERED:

31. That BellSouth be, and hereby is, required to notify AT&T of service and/or price changes at the same time that it submits the applicable tariff and/or tariffs reflecting those changes to the Authority.

32. That any such tariff(s) shall not become effective for thirty (30) days from the date it is filed with the Authority.

33. That, in the event that BellSouth notifies AT&T of a change in service and/or pricing prior to the time it files the applicable tariff(s) with the Authority, and BellSouth subsequently modifies the tariff(s) which it files with the Authority, BellSouth shall be liable for any expenses incurred by AT&T because of the modification.

ISSUE 12: HOW SHOULD BELL SOUTH TREAT A PIC [PRIMARY INTEREXCHANGE CARRIER] CHANGE REQUEST RECEIVED FROM AN IXC (OTHER THAN THE ALEC) FOR AN ALEC'S LOCAL CUSTOMER?²¹

²¹ Director Malone's motion was seconded by Director Kyle and passed by unanimous vote of the Arbitrators.

COMMENTS AND DISCUSSION:

Director Malone, in making the motion, stated that currently all PIC changes go through a customer's local service provider. The parties did not present compelling evidence that a change from the current procedure was necessary or advisable. The Arbitrators reached a unanimous decision.

ORDERED:

34. That the current procedure for handling PIC changes is the appropriate method for handling a PIC change received from an IXC (other than the ALEC) for an ALEC's local customer, and that PIC changes be, and hereby are, ordered to continue to be processed through the customer's local service provider, unless the competitor and BellSouth agree to another arrangement.

ISSUE 13: MUST BELLSOUTH PRODUCE ALL INTERCONNECTION AGREEMENTS TO WHICH BELLSOUTH IS A PART[Y], INCLUDING THOSE WITH OTHER ILECS, EXECUTED PRIOR TO THE EFFECTIVE DATE OF THE ACT?²²

COMMENTS AND DISCUSSION:

Director Kyle stated that the FCC Report and Order was clear that interconnection agreements negotiated between BellSouth and others, including those executed prior to February 8, 1996, must be submitted to state commissions, as that term is defined and used in the Act, for approval by June 30, 1997.²³ Chairman Greer agreed with Director Kyle and stated further that the Act also required such filing and approval at Section 252(a)(1). Both stated concurrence with the principle that the purpose of such a requirement was to assure parity-that the interconnection

²² Director Kyle's motion passed by a vote of two to one. Director Malone voted against the motion.

²³ See FCC Report and Order, Paragraphs 25 and 58.

agreements do not discriminate against a telecommunications carrier which is not a party to the interconnection agreement and that the interconnection agreements, regardless of when they were executed, are not inconsistent with public interest, convenience, and necessity.

Director Malone dissented from the majority vote for cause as follows: (1) the motion cited only the FCC Report and Order, and (2) his complete review of the Act did not reveal adequate support for the FCC's conclusion in the Report and Order that an incumbent telecommunications provider had to file its interconnection agreements entered into prior to February 8, 1996, with the Authority. He further was of the opinion that the Act did not confer on the FCC the power or authority to require BellSouth to file its interconnection agreements entered into prior to February 8, 1996.

Therefore, the Arbitrators answered the question presented, by a vote of two to one, with Director Malone dissenting, that BellSouth is required to file all of its interconnection agreements with the Authority by June 30, 1997 for approval and that such interconnection agreements shall be made open to the public for inspection.

ORDERED:

35. That BellSouth is required to file all of its interconnection agreements, including those with other incumbent local exchange carriers and including those executed before February 8, 1996, with the Authority by June 30, 1997 for approval and that such interconnection agreements shall be made open to the public for inspection.

**ISSUE 14: ARE THE FOLLOWING ITEMS CONSIDERED TO BE NETWORK ELEMENTS, CAPABILITIES OR FUNCTIONS? IF SO, IS IT TECHNICALLY FEASIBLE FOR BELL SOUTH TO PROVIDE AT&T AND MCI WITH THESE ELEMENTS?
NETWORK INTERFACE DEVICE**

LOOP DISTRIBUTION
LOOP CONCENTRATOR/MULTIPLEXER
LOOP FEEDER
LOCAL SWITCHING
OPERATOR SYSTEMS
DEDICATED TRANSPORT
COMMON TRANSPORT
TANDEM SWITCHING
SIGNALING LINK TRANSPORT
SIGNAL TRANSFER POINTS
SERVICE CONTROL POINTS/DATABASES

NOTE: ABOVE IS AT&T'S LIST; MCI'S LIST ALSO INCLUDES:

MULTIPLEXING/DIGITAL CROSS-CONNECT
DIRECTORY SERVICE
911 SERVICE
DATA SWITCHING
AIN CAPABILITIES
OPERATOR SUPPORT SYSTEMS²⁴

COMMENTS AND DISCUSSION:

The Arbitrators and the parties, both working together at the Arbitration Hearing and the Arbitration Conference and independently, refined the list of elements, capabilities, and functions. At the Arbitration Hearing, AT&T and BellSouth announced that they had reached an agreement to obtain a combined "loop" until a *bona fide* request was made for the sub-loop elements: loop distribution, loop concentrator/multiplexer, and the loop feeder. MCI was not in agreement with AT&T and BellSouth as to their settlement of this issue and continued to disagree with BellSouth as to whether it was technically feasible for BellSouth to provide the sub-loop elements, loop distribution and the loop concentrator/multiplexer, on an unbundled basis.²⁵ In addition, the Arbitrators recognized that, while AT&T and BellSouth defined certain terms such as "dedicated transport" and "common transport" differently, the Arbitrators in rendering a

²⁴ Director Malone's motion was seconded by Director Kyle and passed by unanimous vote of the Arbitrators.

²⁵ See Letter from MCI to the Executive Secretary dated November 8, 1996.

decision herein, were also determining that it is technically feasible to provide the elements as requested by AT&T and MCI. The Arbitrators found that, while AT&T may not have specifically listed all the elements that MCI did in this Issue 14, it had requested all the elements at other places within the AT&T Petition, Joint Issue List, First Supplement to Petition, Common Issues List, and the Unresolved Issues List. Finally, the Arbitrators found that BellSouth had already agreed to provide AT&T and MCI with tandem switching, signaling link transport, signal transfer points, service control points/databases, multiplexing/digital cross-connect, 911 Services, data switching, and operator support systems.

The Arbitrators answered the question presented, by a unanimous vote, as follows: that all of the items listed by AT&T and MCI in Issue 14 are either network elements, capabilities, and/or functions and it is technically feasible for BellSouth to provide AT&T and MCI with these network elements, capabilities, and/or functions.

ORDERED:

36. That all of the items listed in Issue 14 be, and hereby are, found to be network elements, capabilities, and/or functions.

37. That it is hereby found to be technically feasible for BellSouth to provide AT&T with the network interface device (also called the "NID"),²⁶ the loop, local switching, operator systems, dedicated transport, common transport, tandem switching, signal link transport, signal transfer points, service control points/databases, multiplexing/digital cross-connect, directory services, 911 Services, data switching, advanced intelligence network capabilities (also called "AIN"), and operator support systems.

²⁶ With respect to the NID, AT&T or MCI may use spare capacity on existing BellSouth NIDs or may disconnect from and ground existing BellSouth NIDs. AT&T must indemnify BellSouth for actual damages caused by AT&T by improperly doing so.

38. That it is hereby found to be technically feasible for BellSouth to provide MCI with the network interface device, loop distribution, the loop concentrator/multiplexer, local switching, operator systems, dedicated transport, common transport, tandem switching, signal link transport, signal transfer points, service control points/databases, multiplexing/digital cross-connect, directory services, 911 Services, data switching, advanced intelligence network capabilities, and operator support systems.

ISSUE 15: SHOULD AT&T AND MCI BE ALLOWED TO COMBINE UNBUNDLED NETWORK ELEMENTS IN ANY MANNER THEY CHOOSE, INCLUDING RECREATING EXISTING BELL SOUTH'S SERVICES?²⁷

COMMENTS AND DISCUSSION:

Chairman Greer, in making his motion on Issue 15, expressed concern about allowing AT&T and/or MCI to purchase unbundled elements, rebundle the elements, and offer the same exact service as BellSouth currently offers. In the discussions leading up to the decision in Issue 15, Chairman Greer noted that Section 251(c)(3) of the Act required unbundled access to network elements. Nonetheless, it was his expressed opinion that certain safeguards must be a part of any decision on Issue 15, to prevent the recombining of network elements, capabilities, or functions to recreate an existing BellSouth service. He termed this practice "gaming the system". The Arbitrators answered the question presented, by a unanimous vote, as follows: that AT&T and MCI should be allowed to purchase unbundled elements, but may not combine them in any manner they choose. They must combine the unbundled network elements, capabilities, and/or functions to provide a new or different service from those being provided by BellSouth. This

²⁷ Chairman Greer's motion, as amended by Director Malone, was seconded by Director Kyle and was passed by the unanimous vote of the Arbitrators.

restriction on rebundling is necessary only until Universal Service and Access Charges questions are answered or BellSouth has entered the interLATA market, whichever occurs first.

ORDERED:

39. That AT&T and MCI be, and hereby are, allowed to purchase unbundled network elements, capabilities, and functions, but may not combine them in any manner they choose. They must combine the unbundled network elements, capabilities, and/or functions to provide a new or different service from those being provided by BellSouth with the same combination of network elements, capabilities, and functions.

40. That, if BellSouth believes AT&T or MCI to be in violation of the provisions of Paragraph 39, BellSouth may petition the Authority to investigate such violation, and, if necessary and appropriate, to impose the wholesale rate upon the violator.²⁸

41. That the requirements expressed in Paragraph 39 shall be in effect until the earlier of the date on which Universal Service and Access Charges issues are resolved or BellSouth is granted operating authority in the interLATA market.

ISSUE 16: MUST BELLSOUTH MAKE RIGHTS-OF-WAY AVAILABLE TO AT&T ON TERMS AND CONDITIONS EQUAL TO THAT IT PROVIDES ITSELF?²⁹

²⁸ The remedy may include other appropriate actions to address a violation as are deemed necessary and appropriate by the Directors at the time of the petition.

²⁹ Director Malone's motion, as amended by Chairman Greer, was seconded by Chairman Greer and was approved by unanimous vote of the Arbitrators.

COMMENTS AND DISCUSSION:

The Arbitrators unanimously answered the question presented as follows: that BellSouth must make rights-of-way available to AT&T and MCI on terms and conditions equal to those that it provides for itself. The Arbitrators found BellSouth's attempt to reserve space for its own use based upon its five (5) year forecast to be unreasonable and discriminatory. The Arbitrators also found that AT&T and MCI should be able to reserve space for construction or expansion projects in the same manner that BellSouth is currently able to reserve space for a certain period of time (an example of ninety (90) days was given by Director Malone). In addition, the Arbitrators stated that the project for which the reservation is made should be completed within a certain period of time as well (again an example was given; this time the example was one hundred eighty (180) days). Failure to complete the project within the specified time frame would cause the reservation to lapse and would also cause the party to be ineligible to request further reservations for a specified period of time (again the example of ninety (90) days was given).

The Arbitrators also found that it was reasonable for a party to reserve space for maintenance, as long as the space was available to all occupants of a facility in an emergency. In addition, such space shall not revert back to BellSouth, in a discriminatory manner, for its own use if the space is not used in a specific amount of time.

Chairman Greer also requested that a joint submission be filed by the parties or a Final Best Offer be submitted in which the parties specify the amount of capacity that can be reserved at any one time as a percentage of the total capacity.

ORDERED:

42. That BellSouth be, and hereby is, ordered to make rights-of-way available to AT&T and MCI on terms and conditions equal to those it provides itself.

43. That BellSouth's attempt to reserve space for itself based upon a five (5) year forecast is unreasonable and discriminatory and is therefore rejected.

44. That the parties be, and hereby are, ordered, within five (5) business days from November 14, 1996 (November 21, 1996), to submit language consistent with Director Malone's and Chairman Greer's comments, both as stated in this First Order of Arbitration Award and in the Transcript of the Arbitration Conference³⁰, or, if the parties cannot agree on language, to submit separately their Final Best Offers consistent with Director Malone's and Chairman Greer's comments, both as stated in this First Order of Arbitration Award and in the Transcript of the Arbitration Conference, by Tuesday, November 26, 1996 at 4:30 p.m.

ISSUE 19: MUST BELLSOUTH PROVIDE AT&T [AND MCI] WITH ACCESS TO BELLSOUTH'S UNUSED TRANSMISSION MEDIA?³¹

COMMENTS AND DISCUSSION:

The Arbitrators answered the question presented, by a unanimous vote, as follows: that BellSouth must provide AT&T and MCI with access to its unused transmission media, also known as "dark fiber".

³⁰ See Transcript of Deliberation Proceedings, Volume I B, November 14, 1996, pages 77-81.

³¹ Issues 17 and 18 were withdrawn by the parties from consideration by the Arbitrators because they had both been settled through negotiations. Chairman Greer's motion on Issue 19 was seconded by Director Kyle and was passed by unanimous vote of the Arbitrators.

ORDERED:

45. That unused transmission media or "dark fiber" is a network element and BellSouth be, and hereby is, ordered to make it available for resale to AT&T and MCI.

ISSUE 21: MUST BELL SOUTH PROVIDE COPIES OF RECORDS REGARDING RIGHTS-OF-WAY?³²

COMMENTS AND DISCUSSION:

Director Malone, in making his motion on Issue 21, noted that the parties did not present any oral testimony on Issue 21 during the Arbitration Hearing, but instead chose to rely upon their limited pre-filed testimony. According to BellSouth's pre-filed testimony, it had "agreed to provide AT&T and MCI with needed information within a reasonable time-frame following such a request," but that BellSouth wanted to retain the right to determine what was "reasonably necessary" on the part of AT&T and MCI to complete the job. The Arbitrators unanimously agreed with Director Malone that BellSouth should not have the discretion to determine what is in its opinion "reasonably necessary to complete the job." The Arbitrators did agree that when BellSouth receives a "legitimate inquiry" for its records regarding rights-of-way, it must make said records available for inspection and copying by AT&T and MCI, subject to "reasonable conditions" to protect "proprietary information". (Even when the records requested are sensitive, BellSouth should take whatever steps are necessary to provide sufficient access for inspection, and where necessary, copying.) Requests from AT&T and MCI should be narrowly tailored to fulfill a legitimate need.

³² Issue 20 was withdrawn from consideration. The motion of Director Malone on Issue 21 was seconded by Chairman Greer and passed by the unanimous vote of the Arbitrators.

The Arbitrators agreed that the parties should be able to resolve the question presented through a joint submission or the Final Best Offer process. Any joint submission or Final Best Offer, whichever becomes applicable, should, among other things, define or outline what constitutes a "legitimate inquiry," "reasonable conditions," and "proprietary information," as those terms were used above. The joint submission or Final Best Offer should also set forth a time period within which BellSouth must comply with a "legitimate inquiry" by AT&T or MCI.

ORDERED:

46. That subject to reasonable conditions to protect proprietary information, BellSouth must provide copies of records regarding rights-of-way when a legitimate inquiry, that is narrowly tailored, is submitted by AT&T or MCI.

47. That BellSouth does not have the discretion of determining what is "reasonably necessary to complete the job."

48. That the parties be, and hereby are, ordered, within five (5) business days from November 14, 1996 (November 21, 1996), to submit language consistent with Director Malone's and Chairman Greer's comments, both as stated in this First Order of Arbitration Award and in the Transcript of the Arbitration Conference³³, or, if the parties cannot agree on language, to submit separately their Final Best Offers consistent with Director Malone's and Chairman Greer's comments, both as stated in this First Order of Arbitration Award and in the Transcript of the Arbitration Conference, by Tuesday, November 26, 1996 at 4:30 p.m.

ISSUE 22: MUST APPROPRIATE WHOLESALE RATES FOR BELL SOUTH SERVICES SUBJECT TO RESALE EQUAL BELL SOUTH'S RETAIL RATES LESS ALL DIRECT AND INDIRECT COSTS RELATED TO RETAIL FUNCTIONS? AND

ISSUE 23: WHAT ARE THE APPROPRIATE WHOLESALE RATES FOR BELL SOUTH TO CHARGE WHEN AT&T OR MCI PURCHASES BELL SOUTH'S RETAIL SERVICES FOR RESALE?³⁴

³³ See Transcript of Deliberation Proceedings, Volume I B, November 14, 1996, pages 83-86.

³⁴ In determining the wholesale discount at which local service competitors will be able to purchase services from BellSouth for resale, Chairman Greer made several motions in Docket No. 96-01331 in order to establish a methodology. The first motion dealt with issues grouped in what he called "General Statements." With regard to

COMMENTS AND DISCUSSION:

The Arbitrators chose to consider Issues 22 and 23 together. The Arbitrators decided, in Docket No. 96-01331, entitled "The Avoidable Costs of Providing Bundled Services for Resale by Local Exchange Telephone Companies", that the appropriate wholesale discount for BellSouth's bundled service is sixteen (16%) percent. The Arbitrators answered the question presented, by a unanimous vote, that the appropriate rate for BellSouth to charge when AT&T or

this grouping of issues, Chairman Greer made the following motion: That one wholesale discount will apply to all services, in other words, there is not a different rate for residential, business, or other categories; the wholesale discount is a set percentage off the tariffed rates, not a fixed dollar amount; and that this is the resale of bundled services, which includes operator services and directory assistance. Chairman Greer's motion was seconded by Director Malone and was passed by unanimous vote of the Directors.

Chairman Greer's next motion concerned a second set of issues grouped into what he called the "Accounting Mechanisms" used to determine the wholesale discount. Chairman Greer made the following motion-the wholesale discount percentage is based on Tennessee Intrastate revenues and expenses. The expenses in the following accounts are directly avoided: 6611, "Product Management", 6612, "Sales", 6613, "Product Advertising", and 6623, "Call Completion". For BellSouth, approximately 80% of the expenses included in the directly avoided category are avoided. The expenses in the following accounts are indirectly avoided: 6121, "Land and Buildings", 6122, "Furniture and Artwork", 6123, "Office Equipment", 6124, "General Purpose Computer", 6711, "Executive", 6712, "Planning", 6721, "Accounting and Finance", 6722, "External Relations", 6723, "Human Resources", 6724, "Information Management", 6725, "Legal", 6726, "Procurement", 6727, "Research and Development", 6728, "Other General and Administrative". The percentage of indirect expenses avoided is calculated as a ratio of directly avoided expenses to total direct expenses. For BellSouth, approximately 15% of the expenses included in the indirectly avoided category are avoided. Uncollectible Revenues recorded in Account 5301 are treated as indirect expenses and are avoided at 100%.

The wholesale discount is calculated as a ratio of avoided costs to revenues subject to resale.

Director Malone noted that Account 6623 was actually "Customer Services" and not "Call Completion" as stated by Chairman Greer in his motion. This change was noted as a correction to Chairman Greer's motion.

Because some level of investment-related expenses are mitigated when certain costs are avoided, Directors Malone and Kyle agreed that the discount should be calculated as the ratio of total avoided expenses to total operating expense and, although this methodology may not perfectly capture avoided investment-related costs, it is preferred, and is deemed more accurate than the ratio suggested by Chairman Greer. Therefore, Director Malone offered the following amendment to Chairman Greer's motion-that the wholesale discount should be calculated as a ratio of avoided expenses to total operating expense. Director Kyle seconded Director Malone's amendment, which amendment was unanimously passed by the Directors. Chairman Greer's motion, as amended, was seconded by Director Malone and was passed by unanimous vote of the Directors.

Chairman Greer's final motion was the proposed determination of the wholesale discount percentage for BellSouth. Chairman Greer made the following motion; the wholesale discount for BellSouth is 14.5%.

Director Malone offered an amendment to Chairman Greer's motion, based upon the previously amended and passed motion, whereby the wholesale discount was calculated as a ratio of total avoided expenses to total operating expenses, rather than calculated as a ratio of avoided costs to revenue subject to resale. Based upon the previously adopted wholesale discount calculation method, Director Malone offered the following amendment to Chairman Greer's motion-the wholesale discount for BellSouth is 16%. This amendment was agreed to by Chairman Greer and the motion, as amended, was seconded by Director Malone and approved by the unanimous vote of the Directors.

MCI purchases BellSouth's bundled retail services for resale is the retail rate less a wholesale discount of sixteen (16%) percent. Within the context of the Arbitration, by a vote of two to one, with Director Malone dissenting, the Arbitrators also decided to set an additional discount rate for BellSouth retail services of twenty-one and fifty-six one hundredths (21.56%) percent when operator services and directory assistance are not bundled. In setting this additional rate, Chairman Greer noted that unbundling operator services and directory assistance would not change the methodology adopted by the Directors in Docket No. 96-01331 to set the avoided cost discount. It would, however, change the calculation of the avoided cost discount by including one hundred (100%) percent of Account 6621 "Call Completion" and Account 6622 "Number Services" as directly avoided expenses. This change would have the approximate additional effect of increasing the amount of total expenses that are directly avoided to eighty-five (85%) percent and the amount of total expenses that are indirectly avoided to twenty and one-half (20.5%) percent. Taking these two changes into consideration increased the proposed discount to twenty-one and fifty-six one hundredths (21.56%) percent.

Director Malone, in expressing his dissenting view, stated that directory assistance was currently a part of basic local service in the State of Tennessee and; therefore, should not be unbundled for strong policy reasons, namely, that directory assistance should remain bundled until the conclusion of the Universal Services and Access Charges proceedings. He suggested an additional discount rate of seventeen and sixteen one-hundredths (17.16%) percent when only operator services are unbundled.

ORDERED:

49. That the Arbitrators hereby take official notice of the decisions reached in Docket No. 96-01331, including specifically the methodology used to determine the wholesale discount of sixteen (16%) percent for bundled services and that the wholesale discount for bundled retail services be, and hereby is, set at sixteen (16%) percent using said methodology.

50. That the Arbitrators hereby set the wholesale discount for retail services, where operator services and directory assistance are not bundled at twenty-one and fifty six one-hundredths (21.56%) percent.

ISSUE 24: WHAT SHOULD BE THE PRICE OF EACH OF THE ITEMS CONSIDERED TO BE NETWORK ELEMENTS, CAPABILITIES, OR FUNCTIONS?³⁵

COMMENTS AND DISCUSSION:

The Arbitrators found all of the items listed in Issue 14 to be network elements, capabilities, and/or functions and found it to be technically feasible for BellSouth to provide them to AT&T and MCI. In this issue, the Arbitrators considered the prices for each of those elements, capabilities, and/or functions and also handled a part of Issue 25, in that they also set a price for transportation and termination of local traffic. Generally, the Arbitrators answered the question presented, by a unanimous vote, that BellSouth must provide AT&T and MCI with the network interface device, the loop, (except as to MCI for which no price has yet been set for the loop distribution and loop concentrator), local switching, operator systems (and operator support services), dedicated transport, common transport, tandem switching, signaling link transport, signal transfer points, service control points/databases, and directory services at certain proxy

³⁵ Chairman Greer's motion, as amended and seconded by Director Malone, was passed by unanimous vote of the Arbitrators.

prices as shown on Exhibit "A", attached hereto and made a part hereof by reference, until such time as the Authority sets permanent prices. The proxy prices used were based on one of two criteria: existing tariffs where available, with a preference for intrastate tariffs over interstate tariffs; or, where no tariff existed, a price which was logically consistent with the prices submitted by the parties. The Arbitrators also found that the parties had not submitted sufficient evidence to the Arbitrators to allow them to make a decision with regard to the price of selective routing, the advanced intelligence network and mediation devices connected therewith, electronic interfaces, unused transmission media ("dark fiber"), or the loop distribution and loop concentrator elements as requested by MCI, therefore the prices for those elements should be submitted in the form of a Final Best Offer.

ORDERED:

51. That the proxy prices for the network interface device, the loop, local switching, operator systems (and operator support systems), dedicated transport, common transport, tandem switching, signaling link transport, signal transfer points, service control points/databases, and directory services, be, and hereby are, set as shown on Exhibit "A", attached hereto and made a part hereof by reference.

52. That such proxy prices shall remain in effect until such time as cost studies which comply with the ultimate decision of the Courts on the FCC Order and Report can be completed by the appropriate parties and reviewed by the Authority.

53. That the prices for the loop distribution and loop concentrator elements, as requested by MCI, shall be submitted by MCI and BellSouth in the form of a submission on the

proposed prices on Thursday, November 21, 1996, to be acted upon by the Arbitrators on December 3, 1996.

54. That the prices for selective routing, the advanced intelligence network and mediation devices connected therewith, electronic interfaces, and unused transmission media ("dark fiber") shall be submitted by the parties in the form of a Final Best Offer on Tuesday, November 26, 1996, at 4:30 p.m..

ISSUE 25: WHAT SHOULD BE THE COMPENSATION MECHANISM FOR THE EXCHANGE OF LOCAL TRAFFIC BETWEEN AT&T OR MCI AND BELLSOUTH?³⁶

COMMENTS AND DISCUSSION:

The Arbitrators voted to set the proxy price for the transportation and termination of local traffic. This unanimous vote is recorded here as follows:

ORDERED:

55. That the proxy price for the transportation and termination of local traffic be, and hereby is, set as shown on Exhibit "A", attached hereto and made a part hereof by reference.

56. That such proxy price shall remain in effect until such time as cost studies which comply with the ultimate decision of the Courts on the FCC Order and Report can be completed and reviewed by the Authority.

The Arbitrators returned to a further consideration of a second aspect of Issue 25 after they had completed their deliberations on Issue 26 and voted unanimously-

³⁶ Chairman Greer's motion was seconded by Director Malone and passed by the unanimous vote of the Arbitrators.

ORDERED:

57. That the measurement of local traffic should be conducted by using auditable percent local usage reports to determine the portion of traffic for which local interconnection compensation is due.

ISSUE 26: IS "BILL AND KEEP" AN APPROPRIATE ALTERNATIVE TO THE TERMINATING CARRIER CHARGING TOTAL SERVICE LONG RUN INCREMENTAL COST ("TSLRIC")?³⁷

COMMENTS AND DISCUSSION:

Chairman Greer stated, that after reviewing the testimony of all parties, he had concluded that bill and keep is not an appropriate short-term or long-term alternative to the terminating carrier charging TSLRIC. BellSouth argued that traffic exchange volumes between itself and its competitors, including AT&T and MCI, are not symmetrical; therefore, the bill and keep arrangement does not provide for mutual and reciprocal compensation.

Chairman Greer moved that, in the event that the parties cannot reach an agreed upon billing system for the termination of traffic, each party shall be required to bill one another at the end of each month for the cost of terminating traffic. Director Malone proposed an amendment that bill and keep be considered an appropriate alternative in instances where the terms are negotiated and agreed to by the parties. Upon Chairman Greer's statement that bill and keep would be allowed by his motion, if the parties agreed, Director Malone withdrew his amendment. Director Kyle stated that she believed bill and keep to be an appropriate alternative to the terminating carrier charging a TSLRIC rate under any circumstances. Therefore, she voted against the motion. The motion was thus adopted with the favorable votes of Chairman Greer and Director Malone.

³⁷ Chairman Greer's motion, as seconded by Director Malone, was approved by a vote of two to one (with Director Kyle voting no).

ORDERED:

58. That bill and keep is not an appropriate billing mechanism, unless the parties through their individual negotiations agree on the use of bill and keep. Interim prices for transport and termination shall be established according to Issue No. 25 above and billed to one another at the end of each month.

ISSUE 27: WHAT IS THE APPROPRIATE PRICE FOR CERTAIN SUPPORT ELEMENTS RELATING TO INTERCONNECTION AND NETWORK ELEMENTS?³⁸

COMMENTS AND DISCUSSION:

Director Kyle stated that Issue 27 called upon the Arbitrators to set prices for number portability, rights-of-way, pole attachments, conduit and duct occupancy, collocation, unused transmission media or "dark fiber", and access to advanced intelligent network. AT&T offered no prices and suggested that the Arbitrators require BellSouth to file appropriate cost studies to establish these prices or that the Arbitrators use FCC default prices. Prices were offered by BellSouth to some extent regarding number portability, collocation with reference to Section 20 of BellSouth's FCC Tariff No. 1, and pole attachments through references to existing license agreements.

ORDERED:

59. That the rates for number portability charged to AT&T be set on an interim basis at the same rates as those that have been agreed to by and between MCI and BellSouth. These rates will be in effect until such time as BellSouth files cost studies, which comply with the ultimate decision of the Courts on the FCC Report and Order, and they can be reviewed by the Authority.

³⁸ Director Kyle's motion was seconded by Director Malone and was passed by the unanimous vote of the Arbitrators.

60. That the rates charged to AT&T for pole attachments and conduit and duct occupancy be those that adhere to the FCC formula for pole attachments.

61. That the rates charged to AT&T for rights-of-way be the lowest rates negotiated by BellSouth for existing license agreements.

62. That the rates charged to AT&T for collocation be, and hereby are ordered to be the Virtual Expanded Interconnection Service rates tariffed by BellSouth in its FCC Tariff No. 1, Section 20.

63. That the interim proxy rates for physical co-location shall be the rates on page 15 of Exhibit RCS, as proposed by BellSouth witness Robert Scheye (that exhibit is attached hereto as Exhibit "B" and made a part hereof by reference). These rates will be interim and the cost study methodology will be subject to review and approval by the Authority in conjunction with the studies that are ordered in Issue No. 24.

64. That, in addition to the order contained in Paragraph 54 above, BellSouth shall offer rates for unused transmission media or "dark fiber" in its Final Best Offer based on the installed cost of fiber, without electronics. These rates will be interim and the cost study methodology will be subject to review and approval by the Authority in conjunction with the studies that are ordered in Issue No. 24.

ISSUE 28: DO THE PROVISIONS OF SECTION 251 AND 252 APPLY TO THE PRICE OF EXCHANGE ACCESS? IF SO, WHAT IS THE APPROPRIATE PRICE FOR EXCHANGE ACCESS?³⁹

³⁹ Chairman Greer seconded Director Malone's motion and the motion was approved by a unanimous vote of the Arbitrators.

COMMENTS AND DISCUSSION:

Director Malone expressed the opinion that the issue raised in Issue 28, while having merit as one which if answered might foster competition, is presented prematurely. The Arbitrators concluded that the consumers of the State of Tennessee will be served best by a careful and complete consideration of this issue upon the conclusion of the FCC's Universal Service and Access Charge proceedings. At that time, more data will become available to the Arbitrators, in their role as Directors of the Authority, to make an informed and educated decision.

ORDERED:

65. That Issue 28 be tabled until the conclusion of the FCC Universal Service and Access Charge proceedings.

ISSUE 29: WHAT RATES APPLY TO COLLECT, THIRD PARTY, INTRALATA AND INFORMATION SERVICE PROVIDER CALLS?⁴⁰

COMMENTS AND DISCUSSION:

The parties had reached an agreement on how to handle information service provider charges only. The Arbitrators therefore answered the question presented by a unanimous vote: that BellSouth bill its charges to its end-users; and that it bill resold services to AT&T at the appropriate discount for purposes of AT&T billing its end-users for utilizing the resold BellSouth service.

⁴⁰ Chairman Greer's motion was seconded by Director Malone and was approved by the unanimous vote of the Arbitrators.

ORDERED:

66. That BellSouth bill its charges to its end-users and bill resold services to AT&T at the appropriate discount for purposes of AT&T billing its end users for utilizing the resold BellSouth service.

CONCLUSION

The Arbitrators conclude that the foregoing First Order of Arbitration Award, including the attached exhibits, reflects a resolution of the issues presented by the parties for arbitration at the Arbitration Hearing on October 21, 22 and 23, 1996, subject to the further actions herein specified and to the Final Order of Arbitration Award to be entered herein. The Arbitrators conclude that their resolution of these issues complies with the provisions of the Act, and is supported by the record in this proceeding.

**TENNESSEE REGULATORY AUTHORITY, BY ITS
DIRECTORS ACTING AS ARBITRATORS**


CHAIRMAN LYNN GREER


DIRECTOR SARA KYLE

ATTEST:


EXECUTIVE SECRETARY


DIRECTOR MELVIN MALONE

<u>Element</u>		<u>Recurring Rate</u>
NID	per line, per month	0.56
LOOP COMBINATION		
2W	per loop, per month	18.00
4W	per loop, per month	18.00
BR-ISDN	per loop, per month	18.00
DS-1	per loop, per month	Available through resale until cost study is complete
LOCAL SWITCHING		
Residence	per month, per port	1.90
Business	per month, per port	1.90
PBX	per month, per port	1.90
Rotary	per month, per port	0
Usage	per minute	0.0019
END OFFICE SWITCHING		
LOCAL TERMINATION	per minute	0.0019
COMMON TRANSPORT	per min., per link or term.	0.00036
	per minute, per mile	0.00004
DEDICATED TRANSPORT		
DS1 Local Channel	per local channel	133.81
DS1 Interoffice Channel	per facility term.	90.00
	per mile	23.00
	per DS0 equivalent, per term	38.37
	per DS0 equivalent, per mile	1.90
Voice Grade Transport	per month	27.00
	per mile (1-8)	1.90
	per mile (9-25)	1.90
	per mile (>25)	1.90
TANDEM SWITCH	per minute	0.000676
SIGNALING LINKS		
A Link	per link, per month	155.00
D Link	per link, per month	Not Available/Pending development of mediation device.
STP	ISUP message	0.000023
	TCAP message	0.00005
	port	355.00
	usage surrogate	395.00
SCP	signaling message	0
	800 query	0.004
	LIDB query (transport)	0.0003
	LIDB query (validate)	0.038
	AIN database	Not available/Pending development of mediation device.
OPERATOR SERVICES		
Automated Calls	per call	0.15
Operator Handled Calls	per call	0.30
DA	per call	0.25
DA Call Completion	per call	0.12
Intercept	per call	0.15
Busy Line Verification	per call	0.90
Emergency Interrupt	per call	1.95

Interconnection Through the BellSouth Tandem

	<u>Units</u>	<u>Recommended Rate</u>	<u>Charge</u>
DS1 Local Channel - AT&T to BST serving office	1	133.81	133.81
DS1 Interoffice Channel - BST serving office to BST Tandem			
Per Channel	1	90.00	90.00
Per Channel, per mile	7	23.00	<u>161.00</u>
DS1 Total			384.81
DS1 per minute of use, at 216,000 minutes per DS1 per month			0.001782
Tandem Switching	1	0.00068	0.000676
Common Transport - per mile	7	0.00004	0.00028
Common Transport - Facilities Term.	1	0.00036	0.00036
End Office Switching	1	0.0019	<u>0.0019</u>
Total Interconnection Charge per minute			<u>0.0050</u>

Direct End Office Interconnection

	<u>Units</u>	<u>Recommended Rate</u>	<u>Charge</u>
DS1 Local Channel - AT&T to BST serving office	1	133.81	133.81
DS1 Interoffice Channel - BST serving office to BST Term End Office			
Per Channel	1	90.00	90.00
Per Channel, per mile	10	23.00	<u>230.00</u>
DS1 Total			453.81
per minute of use, at 216,000 minutes per DS1 per month			0.002101
End Office Switching	1	0.0019	<u>0.0019</u>
Total Interconnection Charge per minute			<u>0.0040</u>

<u>Element</u>		<u>Non-Recurring</u> <u>Rate</u>	
to Connection OR Local Switching OR Combination		Rates currently tariffed in A4.3.1	
Dedicated Transport			
DS1 Local Channel	First/Additional	866.97	486.83
DS1 Interoffice Channel	First/Additional	100.49	100.49
Voice Grade	First/Additional	96.00	96.00
Signaling Links			
A Link	Each	510.00	
D Link	Each	510.00	
Signal Control Point			
800 DATA BASE			
Reservation Charge, Per 800 number reserved	First/Additional	30.00	0.50
Establishment Charge, Per 800 number established with 800 Number Delivery	First/Additional	67.50	1.50
Establishment Charge, Per 800 number established with POTS Number Delivery	First/Additional	67.50	1.50
Change Charge, Per request	First/Additional	46.50	0.50
Customized Area of Service, Per 800 number	First/Additional	3.00	1.50
Multiple InterLATA Carrier Routing, Per carrier requested, per 800 number	First/Additional	3.50	2.00
Call Handling and Destination Features, Per 800 number	First/Additional	3.00	3.00
LIDB Database	Each	91.00	
AIN Database		Not Available/Pending development of mediation device	

Exhibit B

Rates for Negotiated Interconnection

Rate Element	Application/Description	Type of charge	Rate
Application Fee	Applies per arrangement per location	Non recurring	\$ 3,848.30
Space Preparation Fee	Applies for survey and design of space, covers shared building modification costs	Non recurring	ICB *(1) Will not be less than \$1,788.00
Space Construction Fee	Covers materials and construction of optional cage in 100 square foot increments	Non recurring	\$ 29,744.00 *(2)
Cable Installation Fee	Applies per entrance cable	Non recurring	\$ 4,650.00
Floor Space	Per square foot, for Zone A and Zone B offices respectively	Monthly Recurring	\$9.31 / \$8.38 *(3)
Power	Per ampere based on manufacturer's specifications	Monthly Recurring	\$ 5.14 per ampere
Cable Support Structure	Applies per entrance cable	Monthly Recurring	\$13.35 per cable
POT bay	Optional Point of Termination bay; rate is per DS1 / DS3 cross-connect respectively	Monthly Recurring	\$1.20 / \$5.00 *(4)
Cross-connects	Per DS1 / DS3 respectively	Monthly Recurring	\$ 9.28 / \$ 72.48
Security escort	First and additional half hour increments, per tariff rate in Basic time (B), Overtime (O) and Premium time (P).	As required This is a tariffed charge.	\$41.00 / \$25.00 B \$48.00 / \$30.00 O \$55.00 / \$35.00 P

Note 1: Will be determined at the time of the application based on building and space modification requirements for shared space at the requested C.O.

Note 2: Applies only to collocators who wish to purchase a steel-gauge cage enclosure.

Note 3: See attached list for zone A offices as of May 1996. This list will be amended monthly.

Note 4: Applies when collocator does not supply their own POT bay.