BEFORE THE TENNESSEE REGULATORY AUTHORITY
(as Arbitrators)

March 7, 1997 Nashville, Tennessee

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

DOCKET NO. 96-01271

FINAL ORDER OF ARBITRATION AWARDS

A properly convened Arbitration Hearing was held in the above-captioned matter on Tuesday, December 17, 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 (sometimes referred to herein collectively as the "Arbitrators").

The following appearances were entered at the Arbitration Hearing:

Guy M. Hicks, Esquire, General Counsel-Tennessee, 333 Commerce Street, Suite 2101, Nashville, Tennessee 37201-3300 appearing on behalf of BellSouth Telecommunications, Inc. ("BellSouth")

Jon E. Hastings, Esquire, Boult, 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 this Arbitration Hearing was to consider the Best and Final Offer relating to General Terms and Conditions (Arbitration Issue 30) filed by MCI Telecommunications Corporation ("MCI") on November 27, 1996 and the Best and Final Offer relating to General Terms and Conditions (Arbitration Issue 30) filed by BellSouth Telecommunications, Inc.

("BellSouth") on November 26, 1996, and Supplemental Filing to Best and Final Offer filed by BellSouth on December 13, 1996.

ISSUE 30: WHAT ARE THE APPROPRIATE GENERAL CONTRACTUAL TERMS AND CONDITIONS THAT SHOULD GOVERN THE ARBITRATION AGREEMENT (E.G., RESOLUTION OF DISPUTES, PERFORMANCE REQUIREMENTS, AND TREATMENT OF CONFIDENTIAL INFORMATION)?

COMMENTS AND DISCUSSION:

Director Malone noted that the Best and Final Offer language submitted by BellSouth stated that Georgia law would govern the Interconnection Agreement between MCI and BellSouth, and inquired if BellSouth would voluntarily modify that language to reflect that Tennessee law would govern, rather than Georgia law, to which Mr. Hicks, on behalf of BellSouth stated that BellSouth would not oppose that modification. Director Malone then moved that the Arbitrators accept the Best and Final Offer of BellSouth on Issue 30 as voluntarily modified by BellSouth to provide the Interconnection Agreement would be governed by Tennessee law (rather than Georgia law), with the exception of language contained in BellSouth's Supplemental Filing to Best and Final Offer governing affiliates, which language was not accepted by the Arbitrators. Director Kyle seconded the motion, which passed by the unanimous vote of the Arbitrators.

ORDERED:

1. That the Best and Final Offer submitted by BellSouth, attached hereto as Exhibit "A" and made a part hereof by reference, be, and hereby is, approved with BellSouth's voluntary modification that Tennessee law would govern the Interconnection Agreement to be entered into between MCI and BellSouth (instead of Georgia law);

2. That BellSouth's Supplemental Filing to the Best and Final Offer filed on December 13, 1996 as it relates to Affiliates not be approved;

3. That, except for those comments, discussions and orders relating to Issue 30, the Second and Final Order of Arbitration Awards dated January 23, 1997 in Docket No. 96-01152 (In the Matter of the Interconnection Agreement Negotiation Between AT&T Communications of the South Central States, Inc. and BellSouth Telecommunications, Inc. Pursuant to 47 U.S.C. Section 252) and Docket No. 96-01271 (In the Matter of the Petition of MCI Telecommunications Corporation for Arbitration of Certain Terms and Conditions of a Proposed Agreement With BellSouth Telecommunications, Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996), a copy of which is attached hereto as Exhibit "B", together with all orders, decisions, comments and discussions contained therein, be, and hereby is, incorporated into this Final Order of Arbitration Awards as if copied verbatim herein; and

4. The parties shall submit a fully executed Interconnection Agreement within thirty (30) days after the entry of this Final Order of Arbitration Awards.

TENNESSEE REGULATORY AUTHORITY,
BY ITS DIRECTORS ACTING AS
ARBITRATORS

CHAIRMAN LYNN GREER

DIRECTOR SARA KYLE

ATTEST:

DAVID WADDELL,
EXECUTIVE SECRETARY

DIRECTOR MELVIN MALONE

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EXHIBIT "A"

The initial paragraph of the proposed contract language for the Interconnection Agreements should be modified to read as follows:

> This Interconnection Agreement (the "Agreement"), effective as of the ___ day of _____ 1996 (the "Effective Date"), is entered into by and between MCIMetro Access Transmission Services, Inc. ("MCIm"), a Delaware corporation, on behalf of itself and its Affiliates as delineated in Attachment ____ (individually and collectively "MCIm") and BellSouth Telecommunications, Inc. ("BellSouth"), a Georgia corporation, on behalf of itself and, as delineated in the following sentences in this Preface, its Affiliates.

GENERAL INTRODUCTORY LANGUAGE

WHEREAS CLAUSES

1st Whereas Clause

BellSouth's Proposed Contract Language

WHEREAS, the parties wish to interconnect their local exchange networks in a technically and economically efficient manner for the transmission and termination of calls, so that customers of each can seamlessly receive calls that originate on the other's network and place calls that terminate on the other's network, and for MCIm's provision of authorized telecommunications services("Local Interconnection"); and

BellSouth's Rationale

The purpose of "Whereas" clauses such as the one at issue is to broadly state the purposes and the intent of the parties in entering into a contractual arrangement. The purpose of this agreement is to comply with the interconnection request of MCIm so that MCIm will be able to provide telecommunications services, as authorized by its certificate of authority granted by the Tennessee Regulatory Authority, to its customers. While it is true that MCIm may provide "exchange access" as a service to its customers, a more general statement is appropriate.

3rd Whereas Clause

BellSouth's Proposed Contract Language

WHEREAS, MCIm wishes to purchase on an unbundled basis network elements, ("Network Elements"), to use such services for the provision of its Telecommunications Services to others (including, without limitation to other carriers), and BellSouth is willing to provide such services; and

BellSouth's Rationale

MCIm has taken the position that the third "Whereas" clause should include language reflecting that it wishes to use unbundled network elements "separately or in any combination." This language raises the issue of

recombining Network Elements to form an existing BellSouth service that is otherwise subject to resale. There is no reason in logic or good sense to raise a controversial issue like this in a "Whereas" clause. The issue should be addressed in the body of the Agreement. In any event, the contractual provisions relating to recombining Network Elements, wherever addressed, should have language consistent with the order of the Tennessee Regulatory Authority.

4th and Final Whereas Clause

BellSouth's Proposed Contract Language

WHEREAS, the parties intend the rates, terms and conditions of this Agreement, and their performance of obligations thereunder, to comply with the Communications Act of 1934, as amended by the Telecommunications Act of 1996 (the "Act"), the final, nonappealable and applicable Rules and Regulations of the Federal Communications Commission ("FCC"), and the orders, rules and regulations of the Tennessee Regulatory Authority.

BellSouth's Rationale

The words "final, nonappealable and applicable" should be inserted in this "Whereas" clause because the FCC's rules and regulations are currently on appeal before the Eighth Circuit and are also under reconsideration through the filing of petitions for reconsideration with the FCC. It is appropriate that the intent of this contract is to follow the rules and regulations of the FCC and the Tennessee Regulatory Authority as they are finally resolved. This is consistent with the Arbitrators' decision to award interim pricing pending resolution of the Eighth Circuit appeal.

PART A
GENERAL TERMS AND CONDITIONS

Section 1. Scope of this Agreement

Section 1.1

BellSouth's Proposed Contract Language

This Agreement, including Parts A, B, and C, specifies the rights and obligations of each party with respect to the purchase and sale of Local Interconnection, Local Resale, Network Elements and Ancillary Services. This PART A sets forth the general terms and conditions governing this Agreement. Certain terms used in this Agreement shall have the meanings defined in PART B -- DEFINITIONS, or as otherwise elsewhere defined throughout this Agreement. Other terms used but not defined herein will have the meanings ascribed to them in the Act and the FCC's final, nonappealable and applicable Rules and Regulations. PART C sets forth, among other things, descriptions of the services, pricing, technical and business requirements, and physical and network security requirements.

LIST OF ATTACHMENTS COMPRISING PART C:

I. Price Schedule
II. Local Resale
III. Network Elements
IV. Interconnection
V. Collocation
VI. Rights of Way
VII. Number Portability
VIII. Business Process Requirements
IX. Security Requirements
X. Credits for Performance Standards Failures

BellSouth's Rationale

The words "final, nonappealable and applicable" should be inserted in this provision because the FCC's rules and regulations are currently on appeal before the Eighth Circuit and are also under reconsideration through the filing of petitions for reconsideration with the FCC. It is appropriate that the intent

of this contract is to follow the rules and regulations of the FCC and the Tennessee Regulatory Authority as they are finally resolved.

Section 1.2

BellSouth's Proposed Contract Language

BellSouth shall not discontinue any Network Element, Ancillary Function, or Combination provided hereunder without the prior written consent of MCIm. Such consent shall not be unreasonably withheld. BellSouth shall not discontinue any telecommunications service available for resale unless BellSouth provides MCIm prior written notice of its intent to discontinue any such service. BellSouth agrees to make any such service available to MCIm for resale to MCIm customers who are subscribers to such services from MCIm until the date BellSouth discontinues any such service for BellSouth's customers. BellSouth also agrees to adopt a reasonable, nondiscriminatory transition schedule for BellSouth and MCIm customers who may be purchasing any such service.

BellSouth agrees to use electronic mail to notify MCIm of any operational changes within at least six (6) months before such changes are proposed to become effective and within twelve months for any technological changes. If such operational or technological changes occur within the six or twelve month notification period, BellSouth will notify MCIm of the changes concurrent with BellSouth's internal notification process for such changes.

BellSouth's Rationale

In the first paragraph of section 1.2, BellSouth's proposed language includes language that provides MCIm will not unreasonably withhold its written consent when BellSouth wants to discontinue offering a network element, ancillary function or combination. This requirement recognizes the reliance on the BellSouth network that MCIm may have in building out its facilities and offering services to customers during this build out period. The remainder of the provision properly treats the issue of resold services. BellSouth may, because of changes in technology or lack of customer demand, discontinue a retail service. This language provides parity among the BellSouth and MCIm customers and ensures that each group will be treated in a nondiscriminatory manner.

As to the second paragraph of the provision, BellSouth recognizes its obligation to notify MCIm of technological and operational changes in the network that may effect MCIm ability to provide service to its customers.

This language is consistent with the obligations of 251(c)(5) and the FCC Second Report and Order in Docket 96-98. *Also, BellSouth's language has been accepted by AT&T.*

PART A
GENERAL TERMS AND CONDITIONS

Section 2. Regulatory Approvals

Section 2.2

BellSouth's Proposed Contract Language

In the event the FCC or the Tennessee Regulatory Authority promulgates rules or regulations, or issues orders, or a court with appropriate jurisdiction issues orders, said rules, regulations or orders having become final and no longer subject to administrative or judicial review, which make unlawful any provision of this Agreement, the parties shall negotiate promptly and in good faith in order to amend the Agreement to substitute contract provisions which are consistent with such rules, regulations or orders. In the event the parties cannot agree on an amendment within thirty (30) days from the date any such rules, regulations or orders become effective, then the parties shall resolve their dispute under the applicable procedures set forth in Section 23 (Dispute Resolution Procedures) hereof. Notwithstanding the foregoing, in the event that a judicial or administrative stay is not sought or granted, the parties agree to implement the rules, regulations or orders under appeal and to negotiate any change required by the final, nonappealable resolution of the rules, regulations or orders.

BellSouth's Rationale

BellSouth's language includes the words "rules, regulations or orders having become final and no longer subject to administrative or judicial review." The FCC's rules and regulations are currently on appeal before the Eighth Circuit and are also under reconsideration through the filing of petitions for reconsideration with the FCC. Likewise, the potential exists for an appeal or reconsideration of the order of the Tennessee Regulatory Authority. It is appropriate that the intent of this contract is to follow the rules and regulations of the FCC and the Tennessee Regulatory Authority as they are finally resolved. Moreover, if no stay is granted, the parties will implement the rules, regulations or orders under appeal.

Section 2.3

BellSouth's Proposed Contract Language

In the event BellSouth is required by any governmental authority or agency to file a tariff or make another similar filing ("Filing") in order to implement this Agreement, BellSouth shall (i) consult with MCIm reasonably in advance of such Filing about the form and substance of such Filing, (ii) provide to MCIm its proposed tariff and obtain MCIm's agreement on the form and substance of such Filing, and (iii) take all steps reasonably necessary to ensure that such Filing imposes obligations upon BellSouth that are as close as possible to those provided in this Agreement and preserve for MCIm the full benefit of the rights otherwise provided in this Agreement. In no event shall BellSouth file any tariff to implement this Agreement that purports to govern the services provided hereunder that is inconsistent with the rates and other terms and conditions set forth in this Agreement.

BellSouth's Rationale

The language MCIm proposes is too broad and would constrain BellSouth in its ability to file tariff offerings regarding interconnection or resale. Under MCIm's language, BellSouth would first have to provide MCIm with the proposed tariff and obtain its concurrence on the form and substance of the tariff. This is a considerable restraint on BellSouth's ability to operate independently of MCIm. BellSouth's language is much more narrowly drawn and accomplishes the purpose of cooperating with MCIm when BellSouth is required by a governmental authority or agency make a filing necessary to implement this Agreement. *BellSouth's language has been accepted by AT&T.*

Section 2.4

BellSouth's Proposed Contract Language

In the event any governmental authority or agency orders BellSouth, pursuant to a final and nonappealable order, to provide any service covered by this Agreement in accordance with any terms or conditions that individually differ from one or more corresponding terms or conditions of this Agreement, MCIm may elect to amend this Agreement to reflect any such differing terms or conditions (but not less than all) contained in such decision or order, with an effective date of the date MCIm makes such election. The other services covered by this Agreement and not covered by such decision or order shall remain unaffected and shall remain in full force and effect.

BellSouth's Rationale

BellSouth seeks to insert the words "final and nonappealable order" in connection with MCIm's ability to amend the Agreement to reflect any terms or conditions that differ. As with Section 2.2, the parties should operate under the rules, regulations and orders of the FCC and the Tennessee Regulatory Authority as they are finally resolved

With respect to the effective date of the new terms and conditions, MCIm wishes to make it retroactive upon election. BellSouth's position is that the effective date of the new terms should be the day MCIm elects to adopt new terms and conditions. To make the Agreement retroactive inserts too much uncertainty. The option belongs entirely to MCIm. MCIm can exercise it or not as it chooses. MCI should not also be allowed the potential overwhelming windfall associated with the ability to make that election effective retroactively.

PART A
GENERAL TERMS AND CONDITIONS

Section 3. Term of Agreement

BellSouth's Proposed Contract Language

This Agreement shall become binding upon execution by the parties and continue for a period of 3 years, unless earlier terminated in accordance with Section 20 (Termination). No later than 180 days prior to the expiration of this Agreement, the Parties agree to commence negotiations with regard to the terms, conditions and prices of a follow on agreement for the provision of services to be effective on or before the expiration date of this Agreement ("Follow-on Agreement"). The Parties further agree that any such follow-on Agreement shall be for a term of no less than three years unless the Parties agree otherwise.

If, within 135 days of commencing the negotiation referenced above, the Parties are unable to satisfactorily negotiate new terms, conditions and prices, either Party may petition the Tennessee Regulatory Authority to establish an appropriate Follow-on Agreement pursuant to 47 U.S.C, §252. The Parties agree that in such event they shall encourage the Tennessee Regulatory Authority to issue its order regarding such Follow-on Agreement no later than (the expiration date of this Agreement). The Parties further agree that in the event the Tennessee Regulatory Authority does not issue its order by (the expiration date of this Agreement) or if the Parties continue beyond (the expiration date of this Agreement) to negotiate without Tennessee Regulatory Authority intervention, the terms, conditions and prices ultimately ordered by the Tennessee Regulatory Authority, or negotiated by the Parties, will be effective retroactive to (the day following the expiration dated of this Agreement) Until the Follow-up Agreement becomes effective, BellSouth shall provide Services pursuant to the terms, conditions and prices of this Agreement that are then in effect.

BellSouth's Rationale

MCIm's demand has been for a 10 year agreement. The obligations and requirements contained within the Telecommunications Act of 1996 (the "Act") are new to the industry as well as the regulatory bodies that oversee the implementation of the Act. BellSouth has executed 26 interconnection agreements with various new entrants and no other party has required a term of longer than three years. *AT&T has agreed to the language proposed by*

BellSouth. Moreover, MCI has requested that it be allowed to terminate the agreement on sixty (60) days notice which is clearly inconsistent with the position it is taking here. BellSouth would be locked in for ten (10) years, yet MCIm would be able to terminate at will.

PART A
GENERAL TERMS AND CONDITIONS

Section 5. Assignment and Subcontract

Section 5.1

BellSouth's Proposed Contract Language

Any assignment by either party to any non-affiliated entity of any right, obligation or duty, or of any other interest hereunder, in whole or in part, without the prior written consent of the other party shall be void. A party may assign this Agreement or any right, obligation, duty or other interest hereunder to a 100 percent owned Affiliate company of the party without the consent of the other party if such Affiliate provides wireline communications provided that the performance of any such assignee is guaranteed by the assignor.

BellSouth's Rationale

BellSouth has proposed that a party seeking to assign its interest to a third party seek and obtain the prior written consent of the other party to this agreement. This will protect the non-assigning party's concerns regarding the ability of the assignee to perform under the contract.

PART A
GENERAL TERMS AND CONDITIONS

Section 6. Compliance with Laws

BellSouth's Proposed Contract Language

All terms, conditions and operations under this Agreement shall be performed in accordance with all applicable laws, regulations and judicial or regulatory decisions of all duly constituted governmental authorities with appropriate jurisdiction, and this Agreement shall be implemented consistent with the final, nonappealable rules and regulations of the FCC and the Tennessee Regulatory Authority. Notwithstanding the foregoing, in the event that a judicial or administrative stay is not sought or granted, the parties agree to implement the rules, regulations or orders under appeal and to negotiate any change required by the final, nonappealable resolution of the rules, regulations or orders. Each party shall be responsible for obtaining and keeping in effect all FCC, Tennessee Regulatory Authority, franchise authority and other regulatory approvals that may be required in connection with the performance of its obligations under this Agreement. In the event the basis for this Agreement (e.g., the Act, FCC Rules and Regulations, orders of the Tennessee Regulatory Authority) is held to be invalid or changed for any reason, this Agreement shall survive, and the parties shall promptly renegotiate any provisions of this Agreement affected by the ruling or change.

BellSouth's Rationale

The words "final, nonappealable" should be inserted in this provision because the FCC's rules and regulations are currently on appeal before the Eighth Circuit and are also under reconsideration through the filing of petitions for reconsideration with the FCC. It is appropriate that the intent of this contract be to follow the rules and regulations of the FCC and the Tennessee Regulatory Authority as they are finally resolved.

PART A
GENERAL TERMS AND CONDITIONS

Section 7. Governing Law

BellSouth's Proposed Contract Language

This Agreement shall be governed by, and construed and enforced in accordance with the laws of the state of Georgia, without regard to its conflicts of laws principles, and the federal Communications Act of 1934, as amended by the Telecommunications Act of 1996.

BellSouth's Rationale

The language proposed by BellSouth is identical to the language negotiated and accepted by the parties in the partial interconnection agreement executed between the parties on May 15, 1996. This language should be acceptable to both parties for this Agreement.

PART A
GENERAL TERMS AND CONDITIONS

Section 11. Limitation of Liability and Indemnification

BellSouth's Proposed Contract Language

A. Liability Cap.

(1) With respect to any claim or suit, whether based in contract, tort or any other theory of legal liability, by MCIm, any MCIm customer or by any other person or entity, for damages associated with any of the services provided by BellSouth pursuant to or in connection with this Agreement, including but not limited to the installation, provision, preemption, termination, maintenance, repair or restoration of service, and subject to the provisions of the remainder of this Section, BellSouth's liability shall be limited to an amount equal to the proportionate charge for the service provided pursuant to this Agreement for the period during which the service was affected. Notwithstanding the foregoing, claims for damages by MCIm, any MCIm customer or any other person or entity resulting from the gross negligence or willful misconduct of BellSouth and claims for damages by MCIm resulting from the failure of BellSouth to honor in one or more material respects any one or more of the material provisions of this Agreement shall not be subject to such limitation of liability.

(2) With respect to any claim or suit, whether based in contract, tort or any other theory of legal liability, by BellSouth, any BellSouth customer or by any other person or entity, for damages associated with any of the services provided by MCIm pursuant to or in connection with this Agreement, including but not limited to the installation, provision, preemption, termination, maintenance, repair or restoration of service, and subject to the provisions of the remainder of this Section, MCIm's liability shall be limited to an amount equal to the proportionate charge for the service provided pursuant to this Agreement for the period during which the service was affected. Notwithstanding the foregoing, claims for damages by BellSouth, any BellSouth customer or any other person or entity resulting from the gross negligence or willful misconduct of MCIm and claims for damages by BellSouth resulting from the failure of MCIm to honor in one or more material respects any one or more of the material provisions of this Agreement shall not be subject to such limitation of liability.

B. Neither party shall be liable for any act or omission of any other telecommunications company to the extent such other telecommunications company provides a portion of a service.

C. Neither party shall be liable for damages to the other party's terminal location, Interconnection Point or the other party's customers' premises resulting from the furnishing of a service, including but not limited to the installation and removal of equipment and associated wiring, except to the extent the damage is caused by such party's gross negligence or willful misconduct.

D. Notwithstanding subsection A of this Section, the party providing services under this Agreement, its affiliates and its parent company shall be indemnified, defended and held harmless by the party receiving such services against any claim, loss or damage arising from the receiving party's use of the services provided under this Agreement, involving: 1) claims for libel, slander, invasion of privacy or copyright infringement arising from the content of the receiving party's own communications; 2) any claim, loss, or damage claimed by the receiving party's customer(s) arising from such customer's use of any service, including 911/E911, that the customer has obtained from the receiving party and that the receiving party has obtained from the supplying party under this Agreement; or 3) all other claims arising out of an act or omission of the receiving party in the course of using services provided pursuant to this Agreement. Notwithstanding the foregoing, to the extent that a claim, loss or damage is caused by the gross negligence or willful misconduct of a supplying party the receiving party shall have no obligation to indemnify, defend and hold harmless the supplying party hereunder. Nothing herein is intended to modify or alter in any way the indemnification obligations set forth in Section 10, supra, relating to intellectual property infringement.

E. Neither party guarantees or makes any warranty with respect to its services when used in an explosive atmosphere. Notwithstanding subsection A of this Section, each party shall be indemnified, defended and held harmless by the other party or the other party's customer from any and all claims by any person relating to the other party or the other party's customer's use of services so provided.

F. Promptly after receipt of notice of any claim or the commencement of any action for which a party may seek indemnification pursuant to this Section, such party (the "Indemnified Party") shall promptly give written notice to the other party (the "Indemnifying Party") of such claim or action, but the failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party of any liability it may have to the Indemnified Party

except to the extent the Indemnifying Party has actually been prejudiced thereby. The Indemnifying Party shall be obligated to assume the defense of such claim, at its own expense. The Indemnified Party shall cooperate with the Indemnifying Party's reasonable requests for assistance or information relating to such claim, at the Indemnifying Party's expense. The Indemnified Party shall have the right to participate in the investigation and defense of such claim or action, with separate counsel chosen and paid for by the Indemnified Party.

G. Consistent with the Order of the Arbitrators, MCIm shall indemnify and hold harmless BellSouth from and against any and all claims, demands, damages, suits, actions, or liabilities arising from or in any way related to the disconnecting or grounding of BellSouth's Loop from the NID.

BellSouth's Rationale

The language proposed by BellSouth is identical to the language negotiated and accepted by the parties in the partial interconnection agreement executed between the parties on May 15, 1996. The only exception is subsection G., which is based upon the Order of the Arbitrators. The assignment of risk and limitation of liability is fair, just and reasonable.

PART A
GENERAL TERMS AND CONDITIONS

Section 12. Limitation of Liability

BellSouth combined the original section 12 (Limitation of Liability) with section 11, which is now entitled "Limitation of Liability and Indemnification. This section should contain the following language: "This Section intentionally left blank." Alternatively, the subsequent sections can be re-numbered.

PART A
GENERAL TERMS AND CONDITIONS

Section 13. Continuing Obligations

BellSouth's Proposed Contract Language

Section 13.1

Except as otherwise provided herein, each party shall perform its obligations hereunder at a performance level no less than the level which it uses for its own operations, or those of its Affiliates, but in no event shall a party use less than reasonable care in the performance of its duties hereunder.

Section 13.2

BellSouth agrees that Local Interconnection will be provided in a competitively neutral fashion, at any technically feasible point within its network as stated in this Agreement and that such interconnection will contain all the same features, functions and capabilities, and be at least equal in quality to the level provided by BellSouth to itself or its Affiliates.

Section 13.3

BellSouth agrees that it will provide to MCIm on a nondiscriminatory basis unbundled Network Elements and Ancillary Services as set forth in this Agreement and the operations support systems as set forth in this Agreement. BellSouth further agrees that these services, or their functional components, will contain all the same features, functions and capabilities and be provided at a level of quality at least equal to the level which it provides to itself or its Affiliates.

Section 13.4

BellSouth agrees that it will provide to MCIm nondiscriminatory access to, poles, ducts, conduits, and rights of way owned or controlled by BellSouth in accordance with the requirements of section 224 of the Act.

Section 13.5

BellSouth agrees that it will provide nondiscriminatory access to telephone numbers for as long as BellSouth remains the code administrator for the North American Numbering Plan.

Section 13.6

BellSouth agrees that it will provide to MCIm, in a competitively neutral fashion, interim number portability as set forth herein and in accordance with the final, nonappealable rules, regulations and orders of the FCC and this Commission, including the First Report and Order, released July 2, 1996 in CC Docket No. 95-116, regarding Telephone Number Portability.

Section 13.7

BellSouth agrees that it will provide to MCIm, in a competitively neutral fashion, dialing parity for local exchange service and interexchange service pursuant to the final and nonappealable rules, regulations and orders of the Tennessee Regulatory Authority and the FCC.

Section 13.8

BellSouth agrees that order entry, provisioning, installation, trouble resolution, maintenance, billing, and service quality with respect to Local Resale will be provided at least as expeditiously as BellSouth provides for itself or for its own retail local service or to others, or to its Affiliates, and that it will provide such services to MCIm in a competitively neutral fashion.

Section 13.9

BellSouth agrees that it will provide on a nondiscriminatory basis space on its premises for physical or virtual collocation, as MCIm may specify, for equipment necessary for MCIm's interconnection and access to unbundled network elements.

BellSouth's Rationale

BellSouth has agreed to accept the vast majority of the language proposed by MCIm in Section 13 with the exception of the sections that are repetitive (i.e., the sections originally marked 13.5, 13.6, and 13.7 in MCIm's proposal are in reality a subset of section 13.3 and thus have been deleted in BellSouth's proposed language) and the language that is beyond the requirements of the Act (i.e. in many of the sections, MCIm proposes to

add language whereby BellSouth would be required to provide a technically equivalent alternative to a Network Element if BellSouth establishes that access to a Network Element was not technically feasible. BellSouth's proposal follows the Act and the FCC's Order to the extent the Order has not been stayed.

The other significant difference is that BellSouth's proposal includes language that the rules must be "final and nonappealable" to control. It is appropriate that the intent of this contract be to follow the rules and regulations of the FCC and the Tennessee Regulatory Authority as they are finally resolved.

PART A
GENERAL TERMS AND CONDITIONS

Section 15. Remedies

BellSouth's Proposed Contract Language

BellSouth proposes to delete sections 15.1 and 15.2 of MCIm's proposal, and to modify MCIm's 15.3. This will then be the only provision in Section 15, and would read as follows:

All rights of termination, cancellation or other remedies prescribed in this Agreement, or otherwise available, are cumulative and are not intended to be exclusive of other remedies to which the injured party may be entitled at law or equity in case of any breach or threatened breach by the other party of any provision of this Agreement. Use of one or more remedies shall not bar use of any other remedy for the purpose of enforcing the provisions of this Agreement.

BellSouth's Rationale

In MCIm's proposed Section 15.1, MCIm is requesting BellSouth to waive defenses and rights that it may have in the event MCIm believes there is a breach in the contract and elects to sue BellSouth in equity. It is unreasonable for MCIm to suggest that BellSouth should waive a legally viable defense. BellSouth is not requesting MCIm to waive any legally viable defenses. If MCIm believes it has a sound action in equity, then it should bring its case in equity. If it does not have a valid case in equity, then it should not be allowed to bring an action in equity.

Likewise, in MCIm's proposed Section 15.2, MCIm again seeks language in which BellSouth waives viable rights it may have when there is an allegation of illegal change in subscriber carrier selection. Failing to include this language will not prevent MCIm from asserting its position in such an action.

Finally, in MCIm's proposed Section 15.3, BellSouth has omitted the reference to Attachment X. BellSouth strenuously objects to that Attachment in its entirety because it provides credits for failure to meet performance standards. In fact, Attachment X is a penalty provision, which were not required by the arbitrators. It is punitive in nature. BellSouth is opposed to the payment of a penalty. If there is a breach, MCIm should

recover the damages sustained. For MCIm to seek to penalize BellSouth as well is overreaching.

PART A
GENERAL TERMS AND CONDITIONS

Section 18. Force Majeure

BellSouth's Proposed Contract Language

Neither party shall be held liable for any delay or failure in performance of any part of this Agreement from any cause beyond its control and without its fault or negligence, such as acts of God, acts of civil or military authority, embargoes, epidemics, war, terrorist acts, riots, insurrections, fires, explosions, earthquakes, strikes, nuclear accidents, floods, power blackouts, or unusually severe weather. In the event of any such excused delay in the performance of a party's obligation(s) under this Agreement, the due date for the performance of the original obligation(s) shall be extended by a term equal to the time lost by reason of the delay. In the event of such delay, the delaying party shall perform its obligations at a performance level no less than that which it uses for its own operations and will resume performance in a nondiscriminatory manner.

BellSouth's Rationale

The parties disagree as to whether "strikes" should be included. BellSouth has executed 26 interconnection agreements with various parties and of those where a force majeure clause has been negotiated, strikes have been included in each. In the event of a strike, the work force is greatly reduced and, as such, delays may result. BellSouth has agreed to perform, during the delay, at a performance level no less than that which it uses for its own operations. This is fully consistent with the Arbitrators' efforts to promote parity. *AT&T and BellSouth have negotiated a similar provision and have reached agreement on the inclusion of strikes.*

PART A
GENERAL TERMS AND CONDITIONS

Section 19. Non-Discriminatory Treatment

BellSouth's Proposed Contract Language Consistent with Arbitrators' Order

A. The parties agree that if —

(1) In the event that BellSouth, subsequent to February 8, 1996, enters into an agreement with any other telecommunications carrier (an "Other Interconnection Agreement") which provides for the provision within the State of Tennessee of any of the arrangements covered by this Agreement upon rates, terms or conditions that differ in any material respect from the rates, terms and conditions for such arrangements set forth in this Agreement ("Other Terms"), BellSouth shall be deemed thereby to have offered such arrangements to MCIm upon such Other Terms, which MCIm may accept as provided in subsection (B), below. In the event that MCIm accepts such offer within sixty (60) days after the Commission approves such Other Interconnection Agreement pursuant to 47 U.S.C. § 252, such Other Terms shall be effective between BellSouth and MCIm as of the effective date of such Other Interconnection Agreement. In the event that MCIm accepts such offer more than sixty (60) days after the Commission approves such Other Interconnection Agreement pursuant to 47 U.S.C. § 252, such Other Terms shall be effective between BellSouth and MCIm as of the date on which MCIm accepts such offer.

(2) In the event that after the effective date of this Agreement BellSouth files and subsequently receives approval for one or more intrastate or interstate tariffs (each, an "Interconnection Tariff") offering to provide within the State of Tennessee any of the arrangements covered by this Agreement upon Other Terms, then upon such Interconnection Tariff becoming effective, BellSouth shall be deemed thereby to have offered such arrangements to MCIm upon such Other Terms, which MCIm may accept as provided in subsection (b) below. In the event that MCIm accepts such offer within sixty (60) days after the date on which such Interconnection Tariff becomes effective, such Other Terms shall be effective between BellSouth and MCIm as of the effective date of such Interconnection Tariff. In the event that MCIm accepts such offer more than sixty (60) days after the date on which such Interconnection Tariff becomes effective, such Other Terms shall be effective between BellSouth and MCIm as of the date on which MCIm accepts such offer.

B. In the event that BellSouth is deemed to have offered MCIm the arrangements covered by this Agreement upon Other Terms, MCIm in its sole discretion may accept such offer either --

1. by accepting such Other Terms in their entirety; or

2. by accepting the Other Terms that directly relate to any of the following arrangements as a whole:

a. local interconnection,

b. interLATA and intraLATA toll traffic interconnection,

c. unbundled access to network elements, which include: local loops, loop distribution, loop concentrator/multiplexer, network interface devices, switching capability, interoffice transmission facilities, signaling networks and call-related databases, operations support systems functions, operator services and directory assistance, and any elements that result from subsequent bona fide requests,

d. access to poles, ducts, conduits and rights-of-way,

e. access to 911/E911 emergency network,

f. collocation,

g. access to telephone numbers, or

h. resale.

The terms of this Agreement, other than those affected by the Other Terms accepted by MCIm, shall remain in full force and effect.

BellSouth's Rationale

BellSouth's proposed language accurately delineates the obligations of BellSouth pursuant to section 252(i) of the Act and the FCC's rules and regulations regarding interconnection agreements entered into prior to February 8, 1996. The FCC has required all interconnection arrangements between Class A incumbent local exchange carriers to be filed no later than June 30, 1997. The FCC believed this time frame would "give parties a reasonable opportunity to renegotiate agreements if they so choose, while at the same time, establishing this outer time limit [to ensure] that third parties

will have access to the terms of such agreements, under section 252(i), within a reasonable period." FCC First Report and Order, para. 171.

Secondly, BellSouth's proposed language accurately delineates the obligations of BellSouth as to how MCIm may choose provisions of other agreements. The language authorizes MCIm to accept other terms in their entirety or accept other terms that directly relate to any of the substantive interconnection issues as a whole. According to the Eighth Circuit in connection with its stay of the FCC's "pick and choose" rule, to allow MCIm to do otherwise "will operate to further undercut any agreements that are actually negotiated or arbitrated." 1996 U.S. App Lexis 27953 *15.

PART A
GENERAL TERMS AND CONDITIONS

Section 20. Termination

BellSouth's Proposed Contract Language

MCIm may terminate any Local Service(s), Network Element(s), Combination(s), or Ancillary Service(s) provided under this Agreement upon thirty (30) days written notice to BellSouth unless a different notice period or different conditions are specified for termination of such Local Service(s), Network Element(s), or Combination(s) in this Agreement or pursuant to any applicable tariff, in which event such specific period or conditions shall apply. Where there is no such different notice period or different condition specified, MCIm's liability shall be limited to payment of the amounts due for any terminated Local Service(s), Network Element(s), Combination(s) or Ancillary Service(s) provided up to and including the date of termination. Notwithstanding the foregoing, the provisions of section 12, supra, shall still apply. Upon termination, BellSouth agrees to cooperate in an orderly and efficient transition to MCIm or another vendor such that the level and quality of the Services and Elements is not degraded and to exercise its best efforts to effect an orderly and efficient transition. MCIm agrees that it may not terminate the entire Agreement pursuant to this section.

BellSouth's Rationale

MCIm's proposal is that it should be allowed to unilaterally terminate any part or the entire agreement upon 60 days notice to BellSouth. Such a provision is inconsistent with MCIm's demand for a ten year term. The obligations of this agreement not only set forth benefits MCIm will gain from BellSouth, but also benefits BellSouth will gain from MCIm, including but not limited to an agreement to terminate traffic upon MCIm's network. A unilateral termination of the agreement would result in the parties having no written understanding as to the termination of the traffic upon the networks. BellSouth's proposed language provides MCIm with the ability to connect and disconnect individual services or elements purchased under the agreement but not the authority to unilaterally terminate the entire agreement. MCIm will have no liability, except as may remain under the indemnification section, unless MCIm has agreed to a different termination liability or notice or purchased a service at a rate based upon a term commitment, for example a 64 month MULTISERV® arrangement at a particular price.

Further, BellSouth's proposed language ensures that the interconnection terms of this agreement will remain in place, thus guaranteeing the type of certainty that contracts like the one at issue are intended to provide. In contrast, MCIm's proposed Section 20.4 provides only that interconnection will continue. However, no terms or conditions are spelled out for the continued interconnection.

PART A
GENERAL TERMS AND CONDITIONS

Section 21. Confidentiality and Publicity

Section 21.1.1.1

BellSouth's Proposed Contract Language

For a period of five (5) years from receipt of Confidential Information, Recipient shall (i) use it only for the purpose of performing under this Agreement, (ii) hold it in confidence and disclose it only to employees who have a need to know it in order to perform under this Agreement, and (iii) safeguard it from unauthorized use or Disclosure using no less than the degree of care with which Recipient safeguards its own Confidential Information. If Recipient wishes to disclose the Discloser's Confidential Information to a third party agent or consultant, such third party must have executed a written agreement comparable in scope to the terms of this Section 21.

BellSouth's Rationale

BellSouth proposes that the period of years that confidential information must be held confidential should be 5 years. In BellSouth's experience, confidential information in this industry is outdated in far less than 10 years. The obligation to maintain data as confidential for such a long period of time will pose a hardship on all of the companies.

Section 21.4

BellSouth's Proposed Contract Language

Neither party shall produce, publish or distribute any press release or other publicity referring to the other party or its Affiliates, or announcing the execution or discussing the terms of this Agreement without prior notice of the other party.

In no event shall either party mischaracterize the contents of this Agreement in any public statement or in any representation to a governmental entity or member thereof.

BellSouth's Rationale

Prior notice to the other party of any press release or publicity regarding the other party or this agreement is sufficient to protect the parties' interests. Although BellSouth agreed to language similar to MCIm's proposal in the partial agreement executed between the parties, at that point it was soon after passage of the Act and BellSouth considered the joint release to be important. BellSouth has since executed approximately 26 interconnection agreements. The necessity for joint statements is no longer an issue. In fact, most of the 26 agreements do not even have similar clauses.

PART A
GENERAL TERMS AND CONDITIONS

Section 22. Audits and Examinations

BellSouth's Proposed Contract Language

Section 22.1

As used herein "Audit" shall mean a comprehensive review of services performed under this Agreement; "Examination" shall mean an inquiry into a specific element of or process related to services performed under this Agreement. Either party may perform up to one Audit per 12-month period, commencing with the Effective Date and may perform Examinations as they deem necessary.

Section 22.2

Upon thirty (30) days written notice, either party shall have the right through its authorized representative to make an Audit or Examination, during normal business hours, of any records, accounts and processes which contain information bearing upon the provision of the services provided and performance standards agreed to under this Agreement. Within the above-described 30-day period, the parties shall reasonably agree upon the scope of the Audit or Examination, the documents and processes to be reviewed, and the time, place and manner in which the Audit or Examination shall be performed. Both parties agree to provide Audit or Examination support, including appropriate access to and use of facilities (e.g., conference rooms, telephones, copying machines).

Section 22.3

Each party shall bear its own expenses, including the cost of special data extraction that may be required, in connection with the conduct of the Audit or Examination. For purposes of this Section 22.3, a "Special Data Extraction" shall mean the creation of an output record or informational report (from existing data files) that is not created in the normal course of business. If any program is developed to specifications and at the auditing or examining party's expense, the auditing or examining party shall specify at the time of request whether the program is to be retained by the audited or examined party for reuse for any subsequent Audit or Examination.

Section 22.4

Adjustments, credits or payments, including any underbilling, shall be made and any corrective action shall commence within thirty (30) days from the audited or examined party's receipt of the final audit report to compensate for any errors or omissions which are disclosed by such Audit or Examination and are agreed to by the parties.

Section 22.5

Neither such right to examine and audit nor the right to receive an adjustment shall be affected by any statement to the contrary appearing on checks or otherwise, unless such statement expressly waiving such right appears in writing, is signed by the authorized representative of the party having such right and is delivered to the other party in a manner sanctioned by this Agreement.

Section 22.6

This Section 22 shall survive expiration or termination of this Agreement shall for a period of two (2) years after expiration or termination of this Agreement.

BellSouth's Rationale

Because of the services *both* parties will be providing pursuant to this agreement, including but not limited to, local interconnection, it is appropriate that this section be reciprocal in nature. This is consistent with the Arbitrators' goal of promoting parity.

PART A
GENERAL TERMS AND CONDITIONS

Section 24. Bona Fide Request Process for Further Unbundling

BellSouth's Proposed Language

BellSouth shall, upon request of MCIm, and to the extent technically feasible, provide to MCIm access to its unbundled elements for the provision of MCIm's telecommunications service. Any request by MCIm for access to an unbundled element that is not already available shall be treated as an unbundled element Bona Fide Request. MCIm shall provide BellSouth access to its unbundled elements as mutually agreed by the Parties or as required by the Tennessee Regulatory Authority or FCC. The parties shall adhere to the process as agreed and described in Exhibit___.

An unbundled Element obtained by one Party from the other Party under this section may be used in combination with the facilities of the requesting Party only to provide a Telecommunications Service, including obtaining billing and collection, transmission, and routing of the telecommunications service.

Notwithstanding anything to the contrary in this section, a Party shall not be required to provide a proprietary unbundled element to the other Party under this section, except as required by the Tennessee Regulatory Authority or FCC.

BellSouth's Rationale

The Bona Fide Request Process proposed by BellSouth has been agreed to by MFS in their interconnection agreements in Florida and Georgia. The time frames contained in the MCIm proposal are not of sufficient duration to adequately address the requests of the MCIm.

BONA FIDE REQUEST PROCESS

Exhibit _____

Unbundled Element Bona Fide Request Process

1. Each Party will promptly consider and analyze access to a new Unbundled Element with the submission of an Unbundled Element Bona Fide Request hereunder. This Unbundled Element Bona Fide Request Process does not apply to those services requested pursuant to Report & Order and Notice of Proposed Rulemaking 91-141 (rel. October 19, 1992 ¶ 259 and n. 603.

2. An Unbundled Element Bona Fide Request shall be submitted in writing and shall include a technical description of each requested Unbundled Element.

3. The requesting Party may cancel an Unbundled Element Bona Fide Request at any time but will pay the other Parties reasonable and demonstrable costs of processing and/or implementing the unbundled element bona fide request up to the date of cancellation.

4. Within ten(10) business days of its receipt, the receiving Party shall acknowledge receipt of the Unbundled Element Bona Fide Request.

5. Except under extraordinary circumstances, within thirty (30) days of its receipt of the Unbundled Element Bona Fide Request, the receiving Party shall provide to the requesting Party a preliminary analysis of the Unbundled Element Bona Fide Request. The preliminary analysis shall confirm that the receiving Party will offer access to the Unbundled Element or will provide a detailed explanation that access to the Unbundled Element is not technically feasible and/or that the request does not qualify as an Unbundled Element that is required to be provided under the state or federal rules. If the receiving Party determines that extraordinary circumstances exist and is therefore unable to provide such a preliminary analysis within the 30 day time frame, the receiving Party shall advise the requesting Party of the date upon which the preliminary analysis will be available and the circumstances that caused the receiving Party to be unable to meet the 30 day deadline.

6. If the receiving Party determines that the Unbundled Element Bona Fide Request is technically feasible, it shall promptly proceed with developing the Unbundled Element Bona Fide Request as soon as it receives written authorization, including a non-binding estimate of demand for the unbundled

element, from the requesting Party. When it receives such authorization, the receiving Party shall promptly develop the requested services, determine their availability, calculate the applicable prices and establish installation intervals.

7. Unless the Parties expressly agree otherwise, the Unbundled Element Bona Fide Request must be priced in accordance with FCC rules based upon the "Act."

8. As soon as feasible, but not more than ninety (90) days after its receipt of authorization to proceed with developing the Unbundled Element Bona Fide Request, the receiving Party shall provide to the requesting Party an Unbundled Element Bona Fide Request quote which will include, at a minimum, a description of each Unbundled Element, the availability, the applicable rates and the installation intervals.

9. Within thirty (30) days of its receipt of the Unbundled Element Bona Fide Request quote, the requesting Party must either confirm its order for the Unbundled Element Bona Fide Request pursuant to the Unbundled Element Bona Fide Request quote or petition to seek relief from the appropriate regulatory body.

10. If a Party to an Unbundled Element Bona Fide Request believes that the other Party is not requesting, negotiating or processing the Unbundled Element Bona Fide Request in good faith, or disputes a determination, or price or cost quote, it may seek relief from the appropriate regulatory body.

PART A
GENERAL TERMS AND CONDITIONS

Section 25. Branding

BellSouth's Proposed Language

BellSouth proposes to delete all of Section 25 with the exception of the following language:

In no event shall BELLSOUTH provide information to MCIm subscribers about MCIm or MCIm's products or services.

BellSouth's Rationale

MCIm is attempting to insert into the General Terms and Conditions selective routing issues as they relate to branding. These issues are covered in detail in Attachment VIII, Section 6. Other branding issues are also discussed in Attachment VIII, Section 5. These issues are better left for those sections.

PART A
GENERAL TERMS AND CONDITIONS

OPEN ISSUE

Section 26. Taxes - **The parties have not reached impasse on Section 26. BellSouth is considering proposed changes made by MCIm to BellSouth's language. BellSouth has suggested the following language *which has been fully negotiated with and agreed to by AT&T.***

Section 26.1 Definition.

For purposes of this Section 15, the terms "taxes" and "fees" shall include but not be limited to federal, state or local sales, use, excise, gross receipts or other taxes or tax-like fees of whatever nature and however designated (including tariff surcharges and any fees, charges or other payments, contractual or otherwise, for the use of public streets or rights of way, whether designated as franchise fees or otherwise) imposed on, or sought to be imposed, on either of the parties and measured by the charges or payments, for the services furnished hereunder, excluding any taxes levied on income.

Section 26.2 Taxes And Fees Imposed Directly On Either Seller Or Purchaser

Section 26.2.1

Taxes and fees imposed on the providing Party, which are neither permitted nor required to be passed on by the providing Party to its Customer, shall be borne and paid by the providing Party.

Section 26.2.2

Taxes and fees imposed on the purchasing Party, which are not required to be collected and/or remitted by the providing Party, shall be borne and paid by the purchasing Party.

Section 26.3 Taxes And Fees Imposed On Purchaser But Collected And Remitted By Seller

Section 26.3.1

Taxes and fees imposed on the purchasing Party shall be borne by the purchasing Party, even if the obligation to collect and/or remit such taxes or fees is placed on the providing Party.

Section 26.3.2

To the extent permitted by Applicable Law, any such taxes and/or fees shall be shown as separate items on applicable billing documents between the Parties. Notwithstanding the foregoing, the purchasing Party shall remain liable for any such taxes and fees regardless of whether they are actually billed by the providing Party at the time that the respective service is billed.

Section 26.3.3

If the purchasing Party determines that in its opinion any such taxes or fees are not lawfully due, the providing Party shall not bill such taxes or fees to the purchasing Party if the purchasing Party provides written certification, reasonably satisfactory to the providing Party, stating that it is exempt or otherwise not subject to the tax or fee, setting forth the basis therefor, and satisfying any other requirements under applicable law. If any authority seeks to collect any such tax or fee that the purchasing Party has determined and certified not to be lawfully due, or any such tax or fee that was not billed by the providing Party, the purchasing Party may contest the same in good faith, at its own expense. In the event that such contest must be pursued in the name of the providing Party, the providing Party shall permit the purchasing Party to pursue the contest in the name of providing Party and providing Party shall have the opportunity to participate fully in the preparation of such contest. In any such contest, the purchasing Party shall promptly furnish the providing Party with copies of all filings in any proceeding, protest, or legal challenge, all rulings issued in connection therewith, and all correspondence between the purchasing Party and the taxing authority.

Section 26.3.4

In the event that all or any portion of an amount sought to be collected must be paid in order to contest the imposition of any such tax or fee, or to avoid the existence of a lien on the assets of the providing Party during the pendency or such contest, the purchasing Party shall be responsible for such payment and shall be entitled to the benefit of any refund or recovery.

Section 26.3.5

If it is ultimately determined that any additional amount of such a tax or fee is due to the imposing authority, the purchasing Party shall pay such additional amount, including any interest and penalties thereon.

Section 26.3.6

Notwithstanding any provision to the contrary, the purchasing Party shall protect, indemnify and hold harmless (and defend at the purchasing Party's expense) the providing Party from and against any such tax or fee, interest or penalties thereof, or other charges or payable expenses (including reasonable attorney fees) with respect thereto, which are reasonably and necessarily incurred by the providing Party in connection with any claim for or contest of any such tax or fee.

Section 26.3.7

Each Party shall notify the other Party in writing of any assessment, proposed assessment or other claim for any additional amount of such a tax or fee by a taxing authority; such notice to be provided, if possible, at least ten (10) days prior to the date by which a response, protest or other appeal must be filed, but in no event later than thirty (30) days after receipt of such assessment, proposed assessment or claim.

Section 26.4 Taxes And Fees Imposed On Providing Party

Section 26.4.1

Taxes and fees imposed on the providing Party, which are permitted or required to be passed on by the providing Party to its Customer, shall be borne by the purchasing Party.

Section 26.4.2

To the extent permitted by applicable law, any such taxes and/or fees shall be shown as separate items on applicable billing documents between the Parties. Notwithstanding the foregoing, the purchasing Party shall remain liable for any such taxes and fees regardless of whether they are actually billed by the providing Party at the time that the respective service is billed.

Section 26.4.3

If the purchasing Party disagrees with the providing Party's determination as to the application or basis for any such tax or fee, the Parties shall consult with respect to the imposition and billing of such tax or fee and with respect to whether to contest the imposition of such tax or fee. Notwithstanding the foregoing, the providing Party shall retain responsibility for determining whether and to what extent any such taxes or fees are applicable. The providing Party shall further retain responsibility for determining whether any how to contest the imposition of such taxes or fees, provided, however, the Parties agree to consult in good faith as to such contest and that any such contest undertaken at the request of the purchasing Party shall be at the purchasing Party's expense. In the event that such contest must be pursued in the name of the providing Party, providing Party shall permit purchasing Party to pursue the contest in the name of the providing Party and the providing Party shall have the opportunity to participate fully in the preparation of such contest.

Section 26.4.4

If, after consultation in accordance with the preceding Section 26.4.3, the purchasing Party does not agree with the providing Party's final determination as to the application or basis of a particular tax or fee, and if the providing Party, after receipt of a written request by the purchasing Party to contest the imposition of such tax or fee with the imposing authority, fails or refuses to pursue such contest or to allow such contest by the purchasing Party, the purchasing Party may utilize the dispute resolution process outlined in Section 16 of the General Terms and Conditions of this Agreement and Attachment 1. Utilization of the dispute resolution process shall not relieve the purchasing party from liability for any tax or fee billed by the providing Party pursuant to this subsection during the pendency of such dispute resolution proceeding. In the event that the purchasing Party prevails in such dispute resolution proceeding, it shall be entitled to a refund in accordance with the final decision therein. Notwithstanding the foregoing, if at any time prior to a final decision in such dispute resolution proceeding the providing Party initiates a contest with the imposing authority with respect to any of the issues involved in such dispute resolution proceeding, the dispute resolution proceeding shall be dismissed as to such common issues and the final decision rendered in the contest with the imposing authority shall control as to such issues.

Section 26.4.5

In the event that all or any portion of an amount sought to be collected must be paid in order to contest the imposition of any such tax or fee with the

imposing authority, or to avoid the existence of a lien on the assets of the providing Party during the pendency of such contest, the purchasing Party shall be responsible for such payment and shall be entitled to the benefit of any refund or recovery.

Section 26.4.6

If it is ultimately determined that any additional amount of such a tax or fee is due to the imposing authority, the purchasing Party shall pay such additional amount, including any interest and penalties thereon.

Section 26.4.7

Notwithstanding any provision to the contrary, the purchasing Party shall protect, indemnify and hold harmless (and defend at the purchasing Party's expense) the providing Party from and against any such tax or fee, interest or penalties thereon, or other reasonable charges or payable expenses (including reasonable attorney fees) with respect thereto, which are incurred by the providing Party in connection with any claim for or contest of any such tax or fee.

Section 26.4.8

Each Party shall notify the other Party in writing of any assessment, proposed assessment or other claim for any additional amount of such a tax or fee by a taxing authority, such notice to be provided, if possible, at least ten (10) days prior to the date by which a response, protest or other appeal must be filed, but in no event later than thirty (30) days after receipt of such assessment, proposed assessment or claim.

Section 26.5 Mutual Cooperation.

In any contest of a tax or fee by one Party, the other Party shall cooperate fully by providing records, testimony and such additional information or assistance as may reasonably be necessary to pursue the contest. Further, the other Party shall be reimbursed for any reasonable and necessary out-of-pocket copying and travel expenses incurred in assisting in such contest. Each Party agrees to indemnify and hold harmless the other Party from and against any losses, damages, claims, demands, suits, liabilities, and expenses, including reasonable attorney's fees, that arise our of it failure to perform its obligations under this section.

PART A
GENERAL TERMS AND CONDITIONS

Section 34. Subscriber List Information

BellSouth's Proposed Contract Language

Pursuant to Attachment ____, section ____, BellSouth has agreed to provide MCIm subscriber list information. Such information shall be provided pursuant to BellSouth's Directory Assistance Database Service as set forth in BellSouth General Subscriber Service Tariff.

BellSouth's Rationale

BellSouth has agreed to provide to MCIm subscriber list information. MCIm is currently receiving this service via BellSouth's Directory Assistance Database Service (DADS) as filed in BellSouth General Subscriber Service Tariff. BellSouth maintains that the DADS tariff provides reasonable nondiscriminatory access to subscriber listings and as such should govern the relationship between the parties regarding this issue.

EXHIBIT "B"

BEFORE THE TENNESSEE REGULATORY AUTHORITY

January 23, 1997

SECOND AND FINAL ORDER OF ARBITRATION AWARDS

IN THE MATTER OF THE INTERCONNECTION AGREEMENT
NEGOTIATION BETWEEN AT&T COMMUNICATIONS OF THE SOUTH
CENTRAL STATES, INC. AND BELLSOUTH 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 BELLSOUTH TELECOMMUNICATIONS, INC. CONCERNING INTERCONNECTION AND RESALE UNDER THE TELECOMMUNICATIONS ACT OF 1996

DOCKET NO. 96-01271

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BEFORE THE TENNESSEE REGULATORY AUTHORITY
(as Arbitrators)

January ____, 1997 Nashville, Tennessee

IN THE MATTER OF THE INTERCONNECTION AGREEMENT NEGOTIATION BETWEEN AT&T COMMUNICATIONS OF THE SOUTH CENTRAL STATES, INC. AND BELLSOUTH 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 BELLSOUTH TELECOMMUNICATIONS, INC. CONCERNING INTERCONNECTION AND RESALE UNDER THE TELECOMMUNICATIONS ACT OF 1996

DOCKET NO. 96-01271

SECOND AND FINAL ORDER OF ARBITRATION AWARDS

This Second and Final Order of Arbitration Awards (the "Second AT&T Order") embodies all decisions made by Chairman Lynn Greer, Director Melvin Malone, and Director Sara Kyle, acting as Arbitrators, during arbitration conferences held on November 14, 1996, and December 3, 1996, and constitutes the valid, binding, and final decision of the Arbitrators.[1] The decisions rendered by the Arbitrators on November 14, 1996 were memorialized in the Arbitrators' First Order of Arbitration Awards dated November 25, 1996 (the "First Order"). The First Order has been restated, modified, as noted herein, and superseded in its entirety by this

[1] Please note that the term the "Act" when used throughout the Second AT&T Order 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 and December 3, 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*.

Second AT&T Order, with respect to the Arbitration between AT&T and BellSouth in Docket No. 96-01152 and the Arbitration between MCI and BellSouth in Docket No. 96-01271, as it was consolidated with Docket No. 96-01152. A Second and Final Order of Arbitration Award in Docket No. 96-01271, memorializing additional decisions rendered in Docket No. 96-01271, will be issued as soon as all decisions in Docket No. 96-01271 have been made.

INTRODUCTION:

A properly convened Arbitration Hearing[2] was held in Docket No. 96-01152 (and portions of 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.[3]

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;

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[2] The appearances entered at the Arbitration Hearing are recorded on the last page of this Second AT&T Order.

[3] On August 23, 1996, ACSI moved to consolidate its Arbitration in Docket No. 96-01249 with AT&T's Arbitration in Docket No. 96-01152. On August 28, 1996, the Arbitrators ordered that ACSI's Arbitration be consolidated with Docket No. 96-01152. (Also on August 28, 1996, the Arbitrators ordered that the Arbitration initiated by Brooks Fiber Communications of Tennessee, Inc. ("Brooks Fiber") and MCI be consolidated with the AT&T Arbitration. Brooks Fiber withdrew from arbitration on September 11, 1996, because Brooks Fiber and BellSouth were able to resolve their differences.) On the first day of the Arbitration Hearing, ACSI and BellSouth resolved their remaining differences and ACSI withdrew from the AT&T Arbitration.

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");

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

12. Current Version of Red-lined Interconnection Agreement Being Negotiated between BellSouth and AT&T and Attachment thereto filed by AT&T on October 11, 1996.

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

A properly convened Arbitration Conference was held in the above-captioned matters on Thursday, November 14, 1996 (the "First Arbitration Conference") in the hearing room of the Authority, before the Arbitrators. The purpose of the First Arbitration Conference

was to allow the Arbitrators to deliberate toward and render Arbitration Awards on the major issues that had been presented to them for Arbitration.[4]

Finally, a properly convened second Arbitration Conference was held in the above-captioned matters on Tuesday, December 3, 1996 (the "Second Arbitration Conference") in the hearing room of the Authority, before the Arbitrators.[5] The purpose of the Second Arbitration Conference was to allow the Arbitrators to deliberate toward and reach decisions on the Final Best Offers of the parties submitted to the Arbitrators on November 26, 1996. The Final Best Offers were submitted to the Arbitrators pursuant to either the First Order or the order of the Arbitrators entitled "Orders From Pre-Arbitration Conference Held on October 14, 1996" dated October 21, 1996.

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 on December 3, 1996, and the entire record of this consolidated proceeding, the Arbitrators deliberated and reached decisions with respect to the issues before them.

PRELIMINARY MATTERS FROM NOVEMBER 14, 1996:

On November 14, 1996, the Arbitrators considered three preliminary matters before they began their deliberations. First, the parties agreed that, if necessary, the Arbitrators could properly reach a decision on one issue which was consolidated as a "genuinely common"

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[4] At the First Arbitration Conference, Mr. Hicks and Mr. Ellenberg were present representing BellSouth; Mr. Sanford, Mr. Walkup, and Mr. Lamoureux were present representing AT&T; and Mr. Hastings and Mr. Henry were present representing MCI. The First Arbitration Conference was open to the public at all times.

[5] At the Second Arbitration Conference, Mr. Hicks was present representing BellSouth; Mr. Sanford, Mr. Walkup, and Greg Follensbee appeared on behalf of AT&T; and Mr. Hastings and Mr. Henry appeared on behalf of MCI. The Second Arbitration Conference was open to the public at all times.

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 not[6]). 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.[7]

Second, the parties announced that 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.[8]

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[6] See pages 39-40 hereof for a more detailed description of the issue.

[7] The decision that loop distribution and the loop concentrator/multiplexer are network elements was ultimately rendered in Docket No. 96-01152 (and Docket No. 96-01271, as it was consolidated with Docket No. 96-01152) on November 14, 1996. The prices for loop distribution and the loop concentrator/multiplexer were set on December 3, 1996.

[8] A third matter was considered as a preliminary matter by the Arbitrators on November 14, 1996. The Arbitrators unanimously ordered that certain decisions in the Arbitration would be considered rendered when voted upon on November 14, 1996, that each party must submit a form of the complete proposed First Order of Arbitration Awards to Penelope Register, Senior Counsel, in the Legal Division by 3:00 p.m. on Tuesday, November 19, 1996, that Ms. Register should submit a draft of the First Order of Arbitration Awards to the Arbitrators on Friday, November 22, 1996, by 10:00 a.m., 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, that the Final Best Offers on all remaining unresolved issues were due to the Authority by 4:30 p.m. on Tuesday, November 26, 1996, and that a decision on the Final Best Offers was expected to be reached by the Arbitrators at a second arbitration conference on Tuesday, December 3, 1996.

PRELIMINARY MATTERS FROM DECEMBER 3, 1996:

On December 3, 1996, the Arbitrators considered several preliminary matters before they began their deliberations on the Final Best Offers. Chairman Greer made a motion that several corrections and additions needed to be made in the First Order and that those corrections and amendments should also be reflected in the Second AT&T Order. In making his motion, he noted that, with regard to Issue 24, while MCI and AT&T asked for and BellSouth agreed to provide, data switching, multiplexing/digital cross-connect, and 911 Services, no party had submitted prices for these network elements, capabilities, or functions as part of their submissions regarding price on either November 4, 1996, or November 8, 1996. This omission could lead one to conclude that the parties were no longer requesting a price for such elements. Nevertheless, in the absence of a specific statement by the parties to that effect, the Arbitrators were prepared to set a price for those elements. He further noted that for Issues 16 and 21, no party had followed the dictates of the Arbitrators in formulating its Final Best Offers. The parties had been ordered to state, among other things, definitions for the terms "legitimate inquiry," "proprietary information," and "reasonable conditions" and no party did so. Finally, he observed that Paragraph 32 of the First Order does not agree with the Authority's Proposed Rule 1220-4-8-.07, which, if approved by the Attorney General, will allow price reductions to go into effect at any time. He stated that this information should be contained in a footnote to the corresponding paragraph in the Second AT&T Order[9] and that the paragraph should be amended to reflect that the action ordered in that paragraph must be consistent with state law. His entire motion on clarifications and corrections was seconded by Director Malone and approved unanimously by the Arbitrators.

[9] Paragraph 32 of the First Order corresponds to Paragraph 38 of the Second AT&T Order.

Thereafter Director Malone made a motion to clarify a section in the First Order. He moved that footnote 26 of the First Order should read-with respect to the NID, AT&T or MCI may either use existing excess capacity on BellSouth's NIDs or ground existing but dormant BellSouth loops and connect directly to BellSouth's NIDs. In such case, the burden of properly grounding BellSouth's loop after disconnection and maintaining such in proper order and safety would be the responsibility of AT&T and MCI. During the Arbitration Hearing, AT&T indicated that it would be willing to indemnify BellSouth for any damages caused by AT&T relative to the disconnecting and grounding of BellSouth's loop from the NID. If BellSouth desires such indemnification, then both AT&T and MCI must indemnify BellSouth for actual damages caused by AT&T or MCI. The motion was seconded by Chairman Greer and unanimously approved by the Arbitrators.

Finally, Chairman Greer made a motion that the decisions made on December 3, 1996 would be considered rendered when voted upon that day. The motion passed unanimously.

ORDERED:

1. That Paragraph 9d of the First Order (and as the same is restated in this Second AT&T Order) shall read "[t]he maximum rate which AT&T or MCI may charge for LifeLine Services shall be capped at the retail flat rate offered by BellSouth."[10]

2. That in Issue 24, the price for 911 Services be, and hereby is, the retail rate, less the wholesale discount and the price for data switching and multiplexing/digital cross-connects be, and hereby is, the price named by BellSouth, until the time that permanent prices are set.[11]

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[10] This clarification is reflected on page 16 hereof.
[11] This clarification is reflected on page 54 hereof.

3. That in Issue 16, the last paragraph under "Comments and Discussion" in the First Order (and as the same is restated in this Second AT&T Order) shall be amended to add that in some circumstances, where limited capacity remains, a party may be permitted to reserve all remaining capacity.[12]

4. That the language in the Interconnection Agreements submitted to the Authority by AT&T and BellSouth and MCI and BellSouth for approval must reflect the "Comments and Discussion" under Issues 16 and 21.

5. That Paragraph 32 in the First Order (and as the same is restated at Paragraph 38 in this Second AT&T Order) shall read "[t]hat any such tariff(s) shall not become effective for thirty (30) days from the date it is filed with the Authority, consistent with state law" and shall require a footnote to explain that the action ordered in Paragraph 38 may conflict with the Authority's Proposed Rule 1220-4-8-.07, which, if approved by the Attorney General, will allow price reductions to go into effect at any time.[13]

6. That footnote 26 of the First Order (and as the same is restated in this Second AT&T Order) should read as follows-with respect to the NID, AT&T or MCI may either use existing excess capacity on BellSouth's NIDs or ground existing but dormant BellSouth loops and connect directly to BellSouth's NIDs. In such case, the burden of properly grounding BellSouth's loop after disconnection and maintaining such in proper order and safety would be the responsibility of AT&T and MCI. During the Arbitration Hearing, AT&T indicated that it would be willing to indemnify BellSouth for any damages caused by AT&T relative to the disconnecting

[12] This clarification is reflected on page 44 hereof.
[13] This clarification is reflected on page 34 hereof.

and grounding of BellSouth's loop from the NID. If BellSouth desires such indemnification then both AT&T and MCI must indemnify BellSouth for actual damages caused by AT&T or MCI."[14]

7. That the decisions made at the Second Arbitration Conference on December 3, 1996 are considered rendered when voted upon.

[14] This clarification is reflected on page 40 hereof.

ISSUE 1: WHAT SERVICES PROVIDED BY BELLSOUTH, IF ANY, SHOULD BE EXCLUDED FROM RESALE?[15]

COMMENTS AND DISCUSSION:

On November 14, 1996, the Arbitrators 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, each of 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 any 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.

Finally, Director Malone added that restrictions on cross-class selling are permissible restrictions on the services available for resale.[16]

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[15] The motion was made by Chairman Greer and amended by Director Malone. The motion, as amended, was seconded by Director Malone and passed unanimously.

[16] 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.

On December 3, 1996, the Arbitrators voted unanimously to adopt the language proposed by BellSouth with regard to contract service arrangements, nonrecurring charges, and inside wire maintenance.[17]

ORDERED:

8. 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.

9. 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;

[17] Chairman Greer made the motion on the Final Best Offer. It was seconded by Director Kyle and unanimously approved.

(2) the promotional rate (the promotional rate offered by BellSouth will not be discounted further by the wholesale discount rate);

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.

10. 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;[18]

c. AT&T and 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 and MCI may charge for LifeLine Service shall be capped at the retail flat rate offered by BellSouth;

e. BellSouth shall charge the federally-mandated Subscriber Line Charge (currently $3.50) to AT&T and MCI;[19]

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.

11. 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";

[18] 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.
[19] 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.

12. 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.

13. 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.

14. That the Final Best Offer proposed by BellSouth with regard to contract service arrangements, nonrecurring services, and inside wire maintenance, attached hereto as Exhibit "A" and made a part hereof by reference, be, and hereby is, approved and adopted by the Arbitrators.

ISSUE 2: WHAT TERMS AND CONDITIONS, INCLUDING USE AND USER RESTRICTIONS, IF ANY, SHOULD BE APPLIED TO RESALE OF BELLSOUTH SERVICES?[20]

COMMENTS AND DISCUSSION:

On November 14, 1996, 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.[21] 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 tariffs. Director Malone further stated that the applicable terms and conditions in the tariffs must be just, reasonable, and nondiscriminatory as required by the Act.

On December 3, 1996, the Arbitrators ordered that the contract language negotiated by and between BellSouth and AT&T to comply with the Arbitrators' First Order and to resolve any remaining unresolved issues under Issue 2 shall also be used by MCI and BellSouth in their Interconnection Agreement.[22]

ORDERED:

15. That no terms and conditions, including use and user restrictions, will be applicable to the resale of BellSouth services, except for:

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[20] 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.

[21] See FCC Report and Order, Paragraphs 871, 872, 873, 874, 875, 876, and 877, based upon the Act at Section 251 (c)(4).

[22] Director Malone's motion on December 3, 1996, was seconded by Chairman Greer and was passed by the unanimous vote of the Arbitrators.

a. the terms and conditions listed above in Paragraphs 9, 10, 11, 12 and 13;

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.

16. That the contract language negotiated by and between BellSouth and AT&T to comply with the Arbitrators' First Order and to resolve any remaining unresolved issues under Issue 2 shall also be used by MCI and BellSouth in their Interconnection Agreement.

ISSUE 3: WHAT ARE THE APPROPRIATE STANDARDS, IF ANY, FOR PERFORMANCE METRICS, SERVICE RESTORATION, AND QUALITY ASSURANCE RELATED TO SERVICES PROVIDED BY BELLSOUTH FOR RESALE AND FOR NETWORK ELEMENTS PROVIDED TO AT&T AND MCI BY BELLSOUTH?[23]

COMMENTS AND DISCUSSION:

On November 14, 1996, 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 does to its customers, 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' apparent 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

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

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 and ordered, among other things, that on November 21, 1996, the parties should attempt to submit language establishing interim performance metrics, service restoration standards, and quality assurances, which should include reporting requirements from BellSouth to AT&T and MCI, consistent with the First Order and with Director Malone's comments both in the First Order and in the Transcript of the Arbitration Conference.[24] If the parties could not agree on interim performance and reporting standards and requirements by November 21, 1996, the parties had to 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 the First Order and in the Transcript of the Arbitration Conference, by no later than 4:30 p.m. on Tuesday, November 26, 1996.[25]

Neither AT&T and BellSouth, nor MCI and BellSouth were able to come to an agreement by November 21, 1996, so each submitted its Final Best Offer on November 26, 1996. On December 3, 1996, the Arbitrators unanimously approved and adopted the Final Best Offer proposed by AT&T.[26]

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

[25] 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.

[26] Chairman Greer's motion was seconded by Director Kyle and unanimously approved by the Arbitrators. In casting his vote, Director Malone commented for the record that BellSouth's witness at the Arbitration Hearing did

ORDERED:

17. That BellSouth must 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.

18. That the Final Best Offer proposed by AT&T with regard to performance metrics, service restoration, and quality assurance, attached hereto as Exhibit "B" and made a part hereof by reference, be, and hereby is, approved and adopted by the Arbitrators.

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

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not present consistent and reliable testimony regarding whether BellSouth did or did not have internal performance standards. This fact supported his refusal to adopt the language proposed by BellSouth.

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?[27]

COMMENTS AND DISCUSSION:

The Arbitrators found that at the Arbitration Hearing, Mr. Shurter had 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."[28] This testimony went unchallenged by BellSouth. After due consideration of the evidence presented on 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 and that, because AT&T and BellSouth are privy to the current indemnification practices between the two companies, they must submit language consistent with the Arbitrators' comments, both as stated in the First Order and in the Transcript of the Arbitration Conference[29] by November 21, 1996, or, if the parties could not agree on language, to submit separately their Final Best Offers consistent with the Arbitrators' comments, both as stated in the First Order and in the Transcript of the Arbitration Conference, by no later than 4:30 p.m. on Tuesday, November 26, 1996.

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

[28] See Transcript of Arbitration Hearing, Volume III D, October 23, 1996, page 286.

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

Neither AT&T and BellSouth, nor MCI and BellSouth were able to come to an agreement by November 21, 1996, so each submitted its Final Best Offer on November 26, 1996. On December 3, 1996, the Arbitrators unanimously approved and adopted the Final Best Offer proposed by BellSouth.[30]

ORDERED:

20. 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.

21. That the Final Best Offer proposed by BellSouth with regard to financial responsibility, attached hereto as Exhibit "C" and made a part hereof by reference, be, and hereby is, approved and adopted by the Arbitrators.

[30] Director Malone's motion was seconded by Director Kyle and unanimously approved by the Arbitrators.

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 ACCOUNT 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?[31]

COMMENTS AND DISCUSSION:

Director Malone, in making a motion on Issue 5, stated that 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 First Arbitration Conference were consistent with that assertion. It was his belief that good faith negotiations on the matters in Issue 5 should have resulted in a mutually satisfactory agreement. Director Malone, in referring to the testimony of MCI at the Arbitration Hearing, stated that all of the solutions regarding electronic interfaces may not be readily available today, but interim measures, which include a plan for more permanent solutions, are feasible. It was also his judgment, that equal operational interfaces are essential to establishing an environment in which competition has a chance to flourish. The Arbitrators agreed and by a unanimous vote ordered the parties to submit language consistent with Director Malone's comments, both as stated in the First Order and in the Transcript of the Arbitration Conference,[32] or, if the parties could not agree on

[31] 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.

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

language, to submit separately their Final Best Offers consistent with Director Malone's comments, both as stated in the First Order and in the Transcript of the Arbitration Conference, by no later than 4:30 p.m. on Tuesday, November 26, 1996.

Neither AT&T and BellSouth, nor MCI and BellSouth were able to come to an agreement by November 21, 1996, so each submitted its Final Best Offer on November 26, 1996. On December 3, 1996, the Arbitrators unanimously approved and adopted the Final Best Offer proposed by BellSouth.[33] As a second motion on December 3, 1996, Director Kyle moved that the date certain required by the First Order for resolving all outstanding matters and providing all items requested relating to electronic interfaces shall be December 31, 1997.[34]

ORDERED:

22. 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, should do so in a manner that does not place AT&T or MCI at a competitive disadvantage, and should do so no later than December 31, 1997.

23. That the Final Best Offer proposed by BellSouth with regard to Issue 5, attached hereto as Exhibit "D" and made a part hereof by reference, be, and hereby is, approved and adopted by the Arbitrators.

[33] Director Malone's motion was seconded by Director Kyle and unanimously approved by the Arbitrators.
[34] Director Kyle's motion was seconded by Chairman Greer and passed unanimously.

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 BELLSOUTH'S, OR TO ROUTE 611 REPAIR CALLS TO A REPAIR CENTER OTHER THAN BELLSOUTH'S?[35]

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. The Directors further noted that the use of line-class codes should be considered a short-term, rather than a permanent, solution to the problem, that a long-term solution should be developed by the parties and/or the industry, and that, in the meantime, line-class codes should be used in a prudent and conservative manner.

On December 3, 1996, the Arbitrators found that the language negotiated by and between BellSouth and AT&T to comply with the Arbitrators' First Order and to resolve any

[35] Director Kyle's motion was amended by Director Malone in order to state 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. The motion, as amended, was seconded by Director Malone and was passed by a unanimous vote of the Arbitrators.

remaining unresolved issues under Issue 6 shall also be used by MCI and BellSouth in their Interconnection Agreement.[36]

ORDERED:

24. 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.

25. 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.

26. 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.

27. 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.

28. That the contract language negotiated by and between BellSouth and AT&T to comply with the Arbitrators' First Order and to resolve any remaining unresolved issues under Issue 6 shall also be used by MCI and BellSouth in their Interconnection Agreement.

[36] Chairman Greer's motion was seconded by Director Malone and passed unanimously.

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?[37]

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.

On December 3, 1996, the Arbitrators found that the language negotiated by and between BellSouth and AT&T to comply with the Arbitrators' First Order and to resolve any remaining unresolved issues under Issue 7 shall also be used by MCI and BellSouth in their Interconnection Agreement.

[37] 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:

29. 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.

30. 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.

31. 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.

32. That the contract language negotiated by and between BellSouth and AT&T to comply with the Arbitrators' First Order and to resolve any remaining unresolved issues under Issue 7 shall also be used by MCI and BellSouth in their Interconnection Agreement.

ISSUE 8: WHAT BILLING AND USAGE RECORDING SERVICES AND SYSTEMS, FORMAT, AND QUALITY ASSURANCE PROCESSES SHOULD BE PROVIDED BY BELLSOUTH IN ASSOCIATION WITH SERVICES AND ELEMENTS PROVIDED TO AT&T/MCI?[34]

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 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.

On December 3, 1996, the Arbitrators were asked by AT&T to consider as a part of Issue 8 - whether BellSouth should be required to report its customers' credit history to a national credit bureau. The Arbitrators unanimously voted that this aspect of Issue 8 was a new issue and declined to take any action. In addition, the Arbitrators voted unanimously that the contract language negotiated by and between BellSouth and AT&T to comply with the Arbitrators' First Order and to resolve any remaining unresolved issues under Issue 8 shall also be used by MCI and BellSouth in their Interconnection Agreement in Tennessee.

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

ORDERED:

33. 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.

34. 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.

35. 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.

36. That the contract language negotiated by and between BellSouth and AT&T to comply with the Arbitrators' First Order and to resolve any remaining unresolved issues under Issue 8 shall also be used by MCI and BellSouth in their Interconnection Agreement in Tennessee.

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?[39]

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 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 a 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:

37. 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.

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[39] 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.

38. That any such tariff(s) shall not become effective for thirty (30) days from the date it is filed with the Authority, consistent with applicable state law.[40]

39. 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.

[40] The action ordered in Paragraph 38 may conflict with the Authority's Proposed Rule 1220-4-8-.07, which, if approved by the Attorney General, will allow price reductions to go into effect at any time. To the extent that this is or becomes a conflict, the Rule shall control.

ISSUE 12: HOW SHOULD BELLSOUTH TREAT A PIC [PRIMARY INTEREXCHANGE CARRIER] CHANGE REQUEST RECEIVED FROM AN IXC (OTHER THAN THE ALEC) FOR AN ALEC'S LOCAL CUSTOMER?[41]

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:

40. 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.

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

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?[42]

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.[43] Chairman Greer agreed with Director Kyle and stated further that he believed 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 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.

The last sentence in Section 252(a)(1) of the Act provides that "[t]he agreement, including any interconnection agreement negotiated before the date of enactment of the Telecommunications Act of 1996, shall be submitted to the State commission under subsection (e)

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[42] Director Kyle's motion passed by a vote of two to one. Director Malone voted against the motion.
[43] See FCC Report and Order, Paragraphs 25 and 58.

of this section." Both the FCC and the majority in this arbitration relied upon this sentence in support of their conclusions that ILECs are required to produce and file all interconnection agreements executed prior to the effective date of the Act. It was Director Malone's opinion that Section 252(a)(1) does not require such action on the part of ILECs. He contended that the captions of Sections 252, 252(a), and 252(a)(1) read in combination with the first sentence of Section 252(a)(1) support the interpretation that the words "The agreement," as stated in the last sentence of Section 252(a)(1), refer only to interconnection agreements entered into under the Act, not agreements entered into prior to the passage of the Act.

Director Malone maintained that Section 252(a)(1) appeared only to require a party that has successfully negotiated an agreement with a specific party under Section 252(a) to file that agreement plus any previously negotiated interconnection agreement between the same parties with the State commission. While he conceded that Section 252(a)(1) could arguably be read to require ILECs to produce and file all interconnection agreements executed prior to the effective date of the Act, Director Malone argued that the former interpretation is, in his opinion, the more reasonable one. Taken in total and in context, Director Malone concluded that Section 252, including Subsections (a), (e) and (h), does not mandate that BellSouth must produce and file all interconnection agreements executed prior to the effective date of the Act 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:

41. 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 BELLSOUTH 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
- SERVICE
- DATA SWITCHING
- AIN CAPABILITIES
- OPERATOR SUPPORT SYSTEMS[44]

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

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

elements, loop distribution and the loop concentrator/multiplexer, on an unbundled basis.[45] 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 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 that it is technically feasible for BellSouth to provide AT&T and MCI with these network elements, capabilities, and/or functions.

ORDERED:

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

43. That it is hereby found to be technically feasible for BellSouth to provide AT&T with the network interface device (also called the "NID"),[46] the loop, local switching,

[45] See Letter from MCI to the Executive Secretary dated November 8, 1996 as Attachment "A".

[46] With respect to the NID, AT&T or MCI may either use existing excess capacity on BellSouth's NIDs or ground existing but dormant BellSouth loops and connect directly to BellSouth's NIDs. In such case, the burden of properly grounding BellSouth's loop after disconnection and maintaining such in proper order and safety would be the responsibility of AT&T and MCI. During the Arbitration Hearing, AT&T indicated that it would be willing to

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.

44. 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.

45. That the Final Best Offer proposed by MCI with regard to technical feasibility, attached hereto as Exhibit "E" and made a part hereof by reference, be, and hereby is, approved and adopted by the Arbitrators.

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indemnify BellSouth for any damages caused by AT&T relative to the disconnecting and grounding of BellSouth's loop from the NID. If BellSouth desires such indemnification, then both AT&T and MCI must indemnify BellSouth for actual damages caused by AT&T or MCI.

ISSUE 15: SHOULD AT&T AND MCI BE ALLOWED TO COMBINE UNBUNDLED NETWORK ELEMENTS IN ANY MANNER THEY CHOOSE, INCLUDING RECREATING EXISTING BELLSOUTH'S SERVICES?[47]

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. 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 and/or different service from that being provided by BellSouth. This restriction on rebundling is necessary only until the completion of the FCC's Universal Service and Access Charges proceedings or until BellSouth has entered the interLATA market, whichever occurs first.

ORDERED:

46. 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

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

provide a new and/or different service from that being provided by BellSouth with the same combination of network elements, capabilities, and functions.

47. That, if BellSouth believes AT&T or MCI to be in violation of the provisions of Paragraph 46, BellSouth may petition the Authority to investigate such violation, and, if necessary and appropriate, to impose the wholesale rate upon the violator.[48]

48. That the requirements expressed in Paragraph 46 shall be in effect until the earlier of the date on which FCC's Universal Service and Access Charges' proceedings are resolved or BellSouth is granted operating authority in the interLATA market.

[48] 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.

ISSUE 16: MUST BELLSOUTH MAKE RIGHTS-OF-WAY AVAILABLE TO AT&T ON TERMS AND CONDITIONS EQUAL TO THAT IT PROVIDES ITSELF?[49]

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 BellSouth to reserve space for maintenance, as long as the space was available for use to all occupants of the 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.

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

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, recognizing that in some circumstances, where limited capacity remains, a party may be permitted to reserve all remaining capacity.

The parties were ordered to submit language consistent with Director Malone's and Chairman Greer's comments, both as stated in the First Order and in the Transcript of the Arbitration Conference[50] by November 21, 1996, or, if the parties could not agree on language, to submit separately their Final Best Offers consistent with Director Malone's and Chairman Greer's comments, both as stated in the First Order and in the Transcript of the Arbitration Conference, by Tuesday, November 26, 1996 by 4:30 p.m.

Neither AT&T and BellSouth, nor MCI and BellSouth were able to come to an agreement by November 21, 1996, so each submitted its Final Best Offer on November 26, 1996. On December 3, 1996, the Arbitrators unanimously approved and adopted the Final Best Offer proposed by MCI.[51]

ORDERED:

49. 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.

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

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

[51] Director Malone's motion was seconded by Director Kyle and unanimously approved by the Arbitrators.

51. That the Final Best Offer proposed by MCI with regard to the terms and conditions to be imposed on access to rights-of-way, attached hereto as Exhibit "F" and made a part hereof by reference, be, and hereby is, approved and adopted by the Arbitrators.

ISSUE 19: MUST BELLSOUTH PROVIDE AT&T [AND MCI] WITH ACCESS TO BELLSOUTH'S UNUSED TRANSMISSION MEDIA?[52]

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". In making the motion on Issue 19, Chairman Greer stated that the Act defines network element as "a facility or equipment used in the provision of a telecommunications service"[53] and, from that definition, he concluded that dark fiber is a network element and ,as such, BellSouth is required to provides requesting carriers with access thereto.

ORDERED:

52. 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.

53. That the Final Best Offer proposed by MCI with regard to unused transmission media, attached hereto as pages 5-7 of Exhibit "F" and Exhibit "G" and made a part hereof by reference, be, and hereby is, approved and adopted by the Arbitrators.

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[52] 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.

[53] See Act at Section 3 entitled "Definitions" at Paragraph 45.

ISSUE 21: MUST BELLSOUTH PROVIDE COPIES OF RECORDS REGARDING RIGHTS-OF-WAY?[54]

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 agreed 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.

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

[54] 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.

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.

Neither AT&T and BellSouth, nor MCI and BellSouth were able to come to an agreement by November 21, 1996, so each submitted its Final Best Offer on November 26, 1996. On December 3, 1996, the Arbitrators unanimously approved and adopted the Final Best Offer proposed by MCI.

ORDERED:

54. 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.

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

56. That the Final Best Offer submitted by MCI, attached hereto as Exhibit "H" and made a part hereof by reference, be, and hereby is, approved.

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

ISSUE 23: WHAT ARE THE APPROPRIATE WHOLESALE RATES FOR BELLSOUTH TO CHARGE WHEN AT&T OR MCI PURCHASES BELLSOUTH'S RETAIL SERVICES FOR RESALE?[55]

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 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

[55] A copy of the Final Order in Docket No. 96-01331 is attached hereto as Attachment "B". In determining the wholesale discount at which local service competitors will be able to purchase services from BellSouth for resale, Chairman Greer made three motions in Docket No. 96-01331 which are described in the Final Order. The first motion dealt with issues grouped in what he called "General Statements." The next motion concerned a second set of issues grouped into what he called the "Accounting Mechanisms" used to determine the wholesale discount. The final motion was the proposed determination of the wholesale discount percentage for BellSouth.

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 should not be unbundled for strong policy reasons, namely, that directory assistance should remain bundled until the conclusion of the FCC's 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:

57. 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 sold by BellSouth be, and hereby is, set at sixteen (16%) percent using said methodology.

58. That the Arbitrators hereby set the wholesale discount for retail services, sold by BellSouth, 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?[56]

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, on November 14, 1996, 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 had 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 prices as shown on Exhibit "I", 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

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

concentrator elements as requested by MCI, therefore the prices for those elements should be submitted in the form of a Final Best Offer.

On December 3, 1996, the Arbitrators voted unanimously to accept the prices submitted by MCI for the loop distribution and loop concentrator elements and for selective routing, the advanced intelligence network and mediation devices connected therewith, and electronic interfaces.[57]

ORDERED:

59. 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 "I", attached hereto and made a part hereof by reference.

60. 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 Report and Order can be completed by the appropriate parties and reviewed by the Authority.

61. That the prices for the loop distribution and loop concentrator elements, as requested by MCI, be, and hereby are, those submitted by MCI as shown on Exhibit "I" in MCI's Table 1.

62. That the prices for selective routing, the advanced intelligence network and mediation devices connected therewith, and electronic interfaces, be, and hereby are, those submitted by MCI as shown on Exhibit "I" in MCI's Table 1.

[57] Director Malone's motion was seconded by Director Kyle and passed unanimously.

63. That the price for 911 Services be, and hereby is, the retail rate, less the wholesale discount and the price for data switching and multiplexing/digital cross-connects be, and hereby is, the price named by BellSouth, until the time that permanent prices are set.

ISSUE 25: WHAT SHOULD BE THE COMPENSATION MECHANISM FOR THE EXCHANGE OF LOCAL TRAFFIC BETWEEN AT&T OR MCI AND BELLSOUTH?[58]

COMMENTS AND DISCUSSION:

The Arbitrators voted to set a proxy price for the transportation and termination of local traffic. The unanimous vote of the Arbitrators on November 14, 1996 was to set the proxy price for the transportation and termination of traffic at the prices shown on Exhibit "I" hereto. On December 3, 1996, upon the motion of Director Malone, the Arbitrators declined to accept a revision to the definition of the term "local traffic" which was proposed by AT&T in its Final Best Offer.

ORDERED:

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

65. 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 Report and Order can be completed and reviewed by the Authority.

66. 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.

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

67. That the definition of the term "local traffic" proposed by BellSouth in its Final Best Offer, attached hereto as Exhibit "J" and made a part hereof by reference, be, and hereby is, accepted.

ISSUE 26: IS "BILL AND KEEP" AN APPROPRIATE ALTERNATIVE TO THE TERMINATING CARRIER CHARGING TOTAL SERVICE LONG RUN INCREMENTAL COST ("TSLRIC")?[59]

COMMENTS AND DISCUSSION:

Chairman Greer stated, that after reviewing the testimony of all parties, he had concluded that bill and keep was not an appropriate short-term or long-term alternative. 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 further noted that without commissioning cost studies, it would be difficult to determine whether mutual and reciprocal compensation existed.

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. Chairman Greer commented that bill and keep would be allowed by his motion if the parties agreed. 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.

ORDERED:

68. 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.

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

ISSUE 27: WHAT IS THE APPROPRIATE PRICE FOR CERTAIN SUPPORT ELEMENTS RELATING TO INTERCONNECTION AND NETWORK ELEMENTS?[60]

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:

69. 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.

70. 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.

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

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

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

73. That the interim proxy rates for collocation services not covered by BellSouth's VEIS tariff shall be the rates on page 15 of Exhibit RCS, as proposed by BellSouth witness Robert Scheye (that exhibit is attached hereto as Exhibit "J" 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.

74. That the Final Best Offer of BellSouth marked by an asterisk attached hereto as Exhibit "K" and made a part hereof by reference be, and hereby is, accepted for dark fiber. 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?[61]

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:

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

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

ISSUE 29: WHAT RATES APPLY TO COLLECT, THIRD PARTY, INTRALATA AND INFORMATION SERVICE PROVIDER CALLS?[62]

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.

On December 3, 1996, the Arbitrators voted to adopt and approve the Final Best Offer submitted by BellSouth.

ORDERED:

76. 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.

77. That the Final Best Offer submitted by BellSouth, attached hereto as Exhibit "L" and made a part hereof by reference, be, and hereby is, approved.

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

ISSUE 30: WHAT ARE THE APPROPRIATE GENERAL CONTRACTUAL TERMS AND CONDITIONS THAT SHOULD GOVERN THE ARBITRATION AGREEMENT (E.G. RESOLUTION OF DISPUTES, PERFORMANCE REQUIREMENTS, AND TREATMENT OF CONFIDENTIAL INFORMATION)?

COMMENTS AND DISCUSSION:

By December 3, 1996, the only area of dispute under Issue 30 between AT&T and BellSouth was whether the Interconnection Agreement applied only to BellSouth or to BellSouth and its affiliated companies. AT&T and BellSouth agreed that the Interconnection Agreement would apply to AT&T and its "affiliates" (as those affiliates were delineated on an attachment to the Interconnection Agreement.)[63] Chairman Greer moved that the Arbitrators select AT&T's Final Best Offer, which was that the Interconnection Agreement should apply to BellSouth and its affiliates. Director Kyle seconded the motion, which passed by the unanimous vote of the Arbitrators.

ORDERED:

78. That the Final Best Offer submitted by AT&T, attached hereto as Exhibit "M" and made a part hereof by reference, be, and hereby is, approved.[64]

[63] In defining the term "affiliates" in the Interconnection Agreement, the parties may find guidance in the language offered by AT&T in its "Position Statement for Proposed AT&T Language" on Issue 30.

[64] On December 20, 1996, BellSouth filed its Motion to Consider BellSouth's Supplemental Filing with Regard to Issue 30 in Docket No. 96-01152. On January 3, 1997, AT&T filed its Response to the Motion. Both documents were received by the Executive Secretary of the Authority, properly distributed to each Arbitrator, and placed in the file kept by the Executive Secretary. Such documents have not become a part of the evidentiary record in Docket No. 96-01152, no action has been taken with regard to the Motion or Response, and no action can be taken by the Arbitrators with respect thereto, because the Directors of the Authority ceased to be Arbitrators for the purpose of rendering decisions in Docket No. 96-01152 on December 4, 1996. This final statement is not intended to imply in any way that the Directors can no longer act as Arbitrators for the purpose of signing this Second AT&T Order.

CONCLUSION

The Arbitrators voted unanimously to require the parties to submit a fully executed Interconnection Agreement thirty (30) days after the entry of the Arbitrators' final order. The Arbitrators conclude that the foregoing Second and Final Order of Arbitration Awards, 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. 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

APPEARANCES: The following appearances were entered at the Arbitration Hearing held on Monday, October 21, 1996 - Wednesday, October 23, 1996 (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, Boult, 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").

Henry Walker, Esquire, Boult, Cummings, Conners & Berry, PLC, 414 Union Street, Suite 1600, Nashville, Tennessee 37219 and James Falvey, Esquire, 131 National Business Parkway, #100, Annapolis Junction, Maryland 20701, appearing on behalf of American Communications Services, Inc. ("ACSI").

Issue 1 What Services Provided By BellSouth, If Any, Should Be Excluded From Resale?

Part I Local Service Resale

BellSouth's Proposed Language

25.5 Customer Specific Offerings including Contract Service Arrangements and Other Customer Specific Offerings ("CSAs")

BellSouth shall make available to AT&T CSAs for purposes of resale to AT&T's customers. Upon AT&T's identifying to BellSouth a specific CSA, BellSouth shall provide AT&T a copy of that CSA within 10 (ten) business days at AT&T's request.

Issue 1 What Services Provided By BellSouth, If Any, Should Be Excluded From Resale?

Part I Local Service Resale

BellSouth's Proposed Language

25.11.1 Inside Wire Maintenance Service

BellSouth shall provide Inside Wire Maintenance Service for resold services.but the resale discount will not apply.

Issue 1 What Services Provided By BellSouth, If Any, Should Be Excluded From Resale?

Part I Local Service Resale

BellSouth's Proposed Language

25.10.1 The resale discount will not apply to non-recurring rates of services available for resale.

TENNESSEE ISSUE #3
AT&T FINAL BEST OFFER

3. What are the appropriate standards, if any, for performance metrics, service restoration, and quality assurance related to services provided by BellSouth for resale and for network elements provided to AT&T and MCI by BellSouth?

AGREEMENT - GENERAL TERMS AND CONDITIONS

12. Performance Measurement

12.1 In providing Services and Elements, BellSouth will provide AT&T with the quality of service BellSouth provides itself and its end-users. BellSouth's performance under this Agreement shall provide AT&T with the capability to meet standards or other measurements that are at least equal to the level that BellSouth provides or is required to provide by law and its own internal procedures. BellSouth shall satisfy all service standards, measurements, and performance requirements set forth in the Agreement and the Direct Measures of Quality ("DMOQs") that are specified in Attachment 12 of this Agreement. In the event that BellSouth demonstrates that the level of performance specified in Attachment 12 of this Agreement are higher than the standards or measurements that BellSouth provides to itself or its end users pursuant to its own internal procedures, BellSouth's own level of performance shall apply.

12.2 The Parties acknowledge that the need will arise for changes to the DMOQ's specified in Attachment 12 during the term of this Agreement. Such changes may include the addition or deletion of measurements or a change in the performance standard for any particular metric. The parties agree to review all DMOQ's on a quarterly basis to determine if any changes are appropriate.

12.3 The Parties agree to monitor actual performance on a monthly basis and develop a Process Improvement Plan to ~~continually~~ improve quality of service provided as measured by the DMOQs.

ATTACHMENT 4 - PROVISIONING AND ORDERING

9.1 AT&T will specify on each order its Desired Due Date (DDD) for completion of that particular order. Standard intervals do not apply to orders under this Agreement. BellSouth will not complete the order prior to DDD or later than DDD unless authorized by AT&T. If the DDD is less than the following element intervals, the order will be considered an expedited order. 4/

TENNESSEE ISSUE #3
AT&T FINAL BEST OFFER

INTERVALS FOR ORDER COMPLETION	
Network Element	Number of Days
LD	2
LC	2
LF	2
LS	2
OS	2
DT	
SS	3
SL	2
DB	2
TS	2
C-Loop	2
C-Local Switch Conditioning Combination	20

9.2 Within two (2) business hours after a request from AT&T for an expedited order, BellSouth shall notify AT&T of BellSouth's confirmation to complete, or not complete, the order within the expedited interval. A Business Hour is any hour occurring on a business day between 8 a.m. and 8 p.m. within each respective continental U.S. time zone.

9.3 Once an order has been issued by AT&T and AT&T subsequently requires a new DDD that is less than the minimum interval defined, AT&T will issue an "expedited modify order." BellSouth will notify AT&T within two (2) Business Hours of its confirmation to complete, or not complete, the order requesting the new DDD.

9.4 AT&T and BellSouth will agree to escalation procedures and contacts. BellSouth shall notify AT&T of any modifications to these contacts within one (1) week of such modifications.

ATTACHMENT 12

1. PERFORMANCE MEASUREMENT

1.1 BellSouth, in providing Services and Elements to AT&T pursuant to this Agreement, shall provide AT&T the same quality of service that BellSouth provides itself and its end-users. This attachment includes AT&T's minimum

service standards and measurements for those requirements. The Parties have agreed to five (5) categories of DMOQs: (1) Provisioning; (2) Maintenance; (3) Billing (Data Usage and Data Carrier); (4) LIDB; and (5) Account Maintenance. Each category of DMOQ includes measurements which focus on timeliness, accuracy and quality. BellSouth shall measure the following activities to meet the goals provided herein.

1.2 All DMOQs shall be measured on a monthly basis and shall be reported to AT&T in a mutually agreed upon format which will enable AT&T to compare BellSouth's performance for itself with respect to a specific measure to BellSouth's performance for AT&T for that same specific measure. Separate measurements shall be provided for residential customers and business customers.

1.3 DMOQs being measured pursuant to this Agreement shall be reviewed by AT&T and BellSouth quarterly to determine if any additions or changes to the measurements and the standard shall be required or, if process improvements shall be required.

2. PROVISIONING DMOQs

2.1 Installation functions performed by BellSouth will meet the following DMOQs:

Desired Due Date 90%

Committed Due Date
Residence: >99% met
Business: >99.5% met

Feature Additions and Changes
(if received by 12pm, provisioned same day) - 99%

Installation Provisioned Correctly in less than five (5) days
Residence: >99% met
Business: >99.5% met
UNE: >99% met

Missed Appointments
Residence: <1%
Business: 0%

Firm Order Confirmation within 24 hours - 99%

TENNESSEE ISSUE #3
AT&T FINAL BEST OFFER

Notice of reject or error status within 1 hour of receipt - 98%

No trouble reports within 60 days of installation - 99%

3. MAINTENANCE DMOQs

3.1 Where an outage has not reached the threshold defining an emergency network outage, the following quality standards shall apply with respect to restoration of Local Service and Network Elements or Combination. Total outages requiring a premises visit by a BellSouth technician that are received between 8 a.m. to 6 p.m. on any day shall be restored within four (4) hours of referral, ninety percent (90%) of the time.

Total outages requiring a premises visit by a BellSouth technician that are received between 6 p.m. and 8 a.m. on any day shall be restored during the following 8 a.m. to 6 p.m. period in accordance with the following performance metric: within four (4) hours of 8 a.m., ninety percent (90%) of the time. Total outages which do not require a premises visit by a BellSouth technician shall be restored within two (2) hours of referral, eighty-five percent (85%) of the time.

3.2 Trouble calls (e.g., related to Local Service or Network Element or Combination degradation or feature problems) which have not resulted in total service outage shall be resolved within twenty-four (24) hours of referral, ninety-five percent (95%) of the time, irrespective of whether or not resolution requires a premises visit. For purposes of this Section, Local Service or a Network Element or Combination is considered restored, or a trouble resolved, when the quality of the Local Service or Network Element or Combination is equal to that provided before the outage, or the trouble, occurred.

3.3 The BellSouth repair bureau shall provide to AT&T the "estimated time to restore" with at least ninety-seven percent (97%) accuracy.

3.4 Repeat trouble reports from the same customer in a 60 days period shall be less than one percent (1%). Repeat trouble reports shall be measured by the number of calls received by the BellSouth repair bureau relating to the same telephone line during the current and previous report months.

3.5 BellSouth shall inform AT&T within ten (10) minutes of restoration of Local Service, Network Element, or Combination after an outage has occurred.

3.6 If service is provided to AT&T Customers before an Electronic Interface is established between AT&T and BellSouth, AT&T will transmit repair

calls to the BellSouth repair bureau by telephone. In such event, the following standards shall apply: The BellSouth repair bureau shall answer its telephone and begin taking information from AT&T within twenty (20) seconds of the first ring, ninety-five percent (95%) of the time. Calls answered by automated response systems, and calls placed on hold, shall be considered not to meet these standards.

4. BILLING (CUSTOMER USAGE DATA)

4.1 File Transfer

BellSouth will initiate and transmit all files error free and without loss of signal.

Metric:

$$\frac{\text{Number of FILES Received}}{\text{Number of FILES Sent}} \times 100$$

Notes: All measurement will be a on a rolling period.

Measurement:

Meets Expectations	6 months of file transfers without a failure

** During the first six (6) months, no rating will be applied.

4.2 Timeliness

BellSouth will mechanically transmit, via CONNECT:Direct, all usage records to AT&T's Message Processing Center three (3) times a day.

Measurement:

Meets Expectations	99.94% of all messages delivered on the day the call was Recorded.

4.3 Completeness

BellSouth will provide all required Recorded Usage Data and ensure that it is processed and transmitted within thirty (30) days of the message create date.

Metric:

Total number of Recorded Usage Data records delivered during current month minus Number of Usage Call Records held in error file at the end of the current month
———————————————————————X 100
Total number of Recorded Usage Data Records delivered during current month

Measurement:

	Criteria
Meets Expectations	≥ 99.99% of all records delivered

4.4 Accuracy

BellSouth will provide Recorded Usage Data in the format and with the content as defined in the current BellCore EMR document.

Metric:

Total Number of Recorded Usage Data Transmitted Correctly
———————————————————————X 100
Total Number of Recorded Usage Data Transmitted

Measurement:

Meets Expectations	≥ 99.99% of all recorded records delivered

4.5 Data Packs

BellSouth will transmit to AT&T all packs error free in the format agreed.

Measurement:	
Meets Expectations	6 months of Transmitted Packs without a rejected pack

** During the first six (6) months, No Rating will be applied.

Notes: All measurements will be on a Rolling Period.

4.6 Recorded Usage Data Accuracy

BellSouth will ensure that the Recorded Usage Data is transmitted to AT&T error free. The level of detail includes, but is not limited to: detail required to Rating the call, Duration of the call, and Correct Originating/Terminating information pertaining to the call. The error is reported to BellSouth as a Modification Request (MR). Performance is to be measured at 2 levels defined below. AT&T will identify the priority of the MR at the time of hand off as Severity 1 or Severity 2. The following are AT&T expectations of BellSouth for each:

Measurement:	
Severity 1:	
Meets Expectations	≥90% of the MR fixed in ≤ 24 hours and 100% of the MR fixed in ≤5 Days
Severity 2:	
Meets Expectations	≥90% of the MR fixed in 3 Days and 100% of the MR fixed in ≤10 Days

4.7 Usage Inquiry Responsiveness

BellSouth will respond to all usage inquiries within twenty-four (24) hours of AT&T's request for information. It is AT&T's expectation to receive continuous status reports until the request for information is

satisfied.
Measurements:

Rating

Meets Expectations 100% of the Inquires responded to within 24 hours

5. BILLING (CONNECTIVITY BILLING AND RECORDING)

5.1 The Parties have agreed to negotiate a pre-bill certification process set forth in Section 12 of Attachment 6. At a minimum the process will include measurement of the following:

Billing Accuracy:
- bill format
- other charges and credits
- minutes of use
- Customer Service Record

Timeliness
- bill Delivery
- service order billing
- late billing notification
- correction/adjustment dollars
- bill period closure cycle time
- minutes of use charges
- customer service record

Customer satisfaction rating

6. LINE INFORMATION DATA BASE (LIDB)

6.1 BellSouth shall provide processing time at the LIDB within 1 second for 99% of all messages under normal conditions as defined in the technical reference in Section 13.8.5 of Attachment 2.

6.2 BellSouth shall provide 99.9 % of all LIDB queries in a round trip within 2 seconds as defined in the technical reference in Section 13.8.5 of Attachment 2.

6.3 Once appropriate data can be derived from LIDB, BellSouth shall measure the following:

6.3.1 There shall be at least a 99.9.% reply rate to all query attempts.

6.3.2 Queries shall time out at LIDB no more than 0.1% of the time.

6.3.3 Data in LIDB replies shall have at no more than 2% unexpected data values, for all queries to LIDB.

6.3.4 Group troubles shall occur for no more than 1% of all LIDB queries. Group troubles include:

6.3.4.1 Missing Group - When reply is returned "vacant" but there is no active record for the 6-digit NPA-NXX group.

6.3.4.2 Vacant Code - When a 6-digit code is active but is not assigned to any customer on that code.

6.3.5 There shall be no defects in LIDB Data Screening of responses.

7. ACCOUNT MAINTENANCE

7.1 When notified by a CLEC that an AT&T Customer has switched to CLEC service, BellSouth shall provision the change, and notify AT&T via CONNECT:Direct that the customer has changed to another service provider ("OUTPLOC") within one (1) business day, 100% of the time.

7.2 When notified by AT&T that a customer has changed his/her PIC only from one interexchange carrier to another carrier, BellSouth shall provision the PIC only change and convey the confirmation of the PIC change via the work order completion feed with 100% of the orders contained within one (1) business day.

7.3 If notified by an interexchange carrier using an '01' PIC order record that an AT&T Customer has changed his/her PIC only, BellSouth will reject the order and notify that interexchange carrier a CARE PIC record should be sent to the serving CLEC for processing. 100% of all orders shall be rejected within one (1) business day.

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?**

BellSouth's Proposed Language

Attachment 7

6. Recording Failures

6.1 When BellSouth records usage and fails to record messages, regardless of whether AT&T or BellSouth is performing the billing function, BellSouth shall notify AT&T of the amount of estimated AT&T revenue in accordance with section 6.3 of this Attachment. BellSouth shall compensate AT&T for this net loss.

6.1.1 BellSouth shall include the amount of unbillable AT&T revenue that is attributable to failures to record, within the monthly billing statement.

6.2 Lost, Damaged, Destroyed Message Data

6.2.1 When AT&T message data are lost, damaged, or destroyed as a result of BellSouth error or omission when BellSouth is performing the billing and/or recording function, and the data cannot be recovered or resupplied in time for the time period during which messages can be billed according to legal limitations, or such other time periods that may be agreed to by Parties within the limitations of the law, BellSouth shall notify AT&T of the amount of estimated AT&T revenue in accordance with section 6.3 of this Attachment, and BellSouth shall compensate AT&T for the net loss to AT&T.

6.2.2 When AT&T message data are lost, damage, or destroyed as a result of BellSouth error or omission when AT&T is performing the billing and/or recording function, and the data cannot be recovered or resupplied in time for the time period during which messages can be billed according to legal limitations, or such other time periods that may be agreed to by the Parties within the limitations of the law, BellSouth shall notify AT&T of the amount of estimated AT&T revenue in accordance with section 6.3 of this Attachment, and BellSouth shall compensate AT&T for the net loss to AT&T.

6.2.3 BellSouth notify AT&T in advance of the date of monthly billing statement that shall contain such adjustments. BellSouth shall provide sufficient information to allow AT&T to analyze the compensation pay to AT&T as a result of the lost, damaged, or destroyed message data.

6.3 Recording Quality

6.3.1 Material Loss

BellSouth shall review its daily controls to determine if data have been lost. BellSouth shall use the same procedures to determine an AT&T material loss as it uses for itself. The message threshold used by BellSouth to determine a material loss of its own messages will also be used to determine a material loss of AT&T messages. When it is known that there has been a loss, actual message and minute volumes should be reported if possible. Where actual data are not available, a full day shall be estimated for the recording entity as outlined in the paragraph below titled Estimating Volumes. The loss is then determined by subtracting recorded data from the estimated total day business.

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?

BellSouth's Proposed Language

Attachment 9

2.2 The party causing a provisioning, maintenance or signal network routing error that results in uncollectible or unbillable revenues to the other party shall be liable for the amount of the revenues lost by the party unable to bill or collect the revenues less costs that would have been incurred from gaining such revenues. The process for determining the amount of the liability will be as set forth in Attachment 7, section 6 of this Agreement.

2.3 DELETE

Issue 5 **Should BellSouth Be Required To Provide Real-Time And Interactive Access Via Electronic Interfaces As Requested By AT&T 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?

BellSouth's Contract Language

Attachment 4

3.4 The Confirmation will provide AT&T with the BellSouth order number, the negotiated service due date, telephone /circuit numbers (as applicable to the service), and the BellSouth service representative name and telephone number. Additional specific data may also be provided, if appropriate.

Issue 5

BellSouth's Contract Language

Part 1

28.6.10

28.6.10.1 Until the Electronic Interface is available, BellSouth shall provide Local Carrier Service Center (LCSC) order entry capability to AT&T, Monday through Friday, 8:30 am to 5:00 p.m. BellSouth agrees that it will expand the LCSC hours as required by service order processing demand.

28.6.10.2. DELETE

28.6.10.3 DELETE. See language regarding electronic interfaces in Attachment 15, Electronic Interface.

Issue 5

BellSouth's Contract Language

Attachment 4

2.5

2.5.1 BellSouth shall provide AT&T, twenty-four (24) hours a day, seven (7) days a week, with the capacity of ordering via an electronic interface, except for scheduled electronic interface downtime and mutually agreed in advance electronic interface downtime. Provisioning shall be available during normal business hours. Downtime shall not be scheduled during normal business hours and shall occur during time where systems experience minimal usage. BellSouth shall provide a Single Point of Contact (SPOC) for all ordering and provisioning contacts and order flow involved in the purchase and provisioning of BellSouth's unbundled Elements, Combinations and Resale. BellSouth's SPOC shall provide to AT&T a toll-free nationwide telephone number (operational from 8:30 am to 5:00 p.m., Monday through Friday, within each respective continental U.S. time zone) which will be answered by capable staff trained to answer questions and resolve problems in connection with the ordering and provisioning of Elements or Combinations and resale services.

2.5.2 DELETE. See language regarding electronic interfaces in Attachment 15, Electronic Interfaces.

2.5.3 DELETE. See language regarding electronic interfaces in Attachment 15, Electronic Interfaces.

Issue 5 **Should BellSouth Be Required To Provide Real-Time And Interactive Access Via Electronic Interfaces As Requested By AT&T 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?

BellSouth's Proposed Language

BellSouth's best and final offer regarding electronic interfaces is contained within Attachment 15, Electronic Interfaces, attached hereto.

Attachment 2

16.8 BellSouth shall provide real time electronic interfaces for transferring and receiving Service Orders and Provisioning data and materials (e.g., access Street Address Guide (SAG) and Telephone Number Assignment database) as specified in Attachment 15.

Issue 5 **Should BellSouth Be Required To Provide Real-Time And Interactive Access Via Electronic Interfaces As Requested By AT&T 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?

BellSouth's Proposed Language

Attachment 4

5.2(v) BellSouth proposed to delete this section.

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INTERFACE REQUIREMENTS FOR ORDERING AND PROVISIONING, MAINTENANCE AND REPAIR AND PRE-ORDERING

INTERFACE REQUIREMENTS FOR ORDERING AND PROVISIONING, MAINTENANCE AND REPAIR AND PRE-ORDERING

1. PURPOSE

This Attachment 15 sets forth the interface requirements for ordering and provisioning, maintenance and repair and pre-ordering, where AT&T provides service to its customers through resale of Local Services or through the use of unbundled Network Elements and Combinations.

I. For all Local Services, Network Elements and Combinations ordered under this Agreement, BellSouth will provide AT&T and its customers ordering and provisioning, maintenance, and repair and pre-ordering services within the same level and quality of service available to BellSouth and its customers.

II. USE OF STANDARDS

A. As described below, AT&T and BellSouth agree to implement each interface based upon existing and evolving industry standards. AT&T's Electronic Interface Specification, upon which this agreement is based, will be periodically updated to reflect such evolving standards.

B. Where industry standards do not exist, the parties agree to use AT&T's or BST's defined standard, as applicable, except as mutually agreed. In such instances, the parties shall transition the electronic interfaces to industry standards as those standards become available.

III. INTERIM INTERFACES

A. The parties have agreed upon certain interim interfaces to support Local Services, Network Elements and Combinations including:

- Ordering and Provisioning
- Maintenance and Repair
- Pre-Ordering
  - Address Validation
  - Service/Feature Availability
  - Telephone Number Assignment
  - Appointment Scheduling
  - Customer Service Record Requests

B. The interim interfaces for Ordering and Provisioning for Local Services include a jointly developed Phase 1 Electronic Data Interchange (EDI) interface operating over a value added network provider communications linkage. For BellSouth's Phase 2 EDI interface and for subsequent interim EDI implementations, AT&T agrees to use BellSouth's defined EDI interim

interface. BellSouth is engaged in the integration of this EDI feed into a Mechanized Service Order Generation System. Errors, rejects, jeopardy notices, and in-process provisioning status reports are provided through a combination of telephone calls and facsimile exchanges. The interim interfaces utilize BellSouth's Access Service Request (ASR) process with manual intervention as required for:

- CCS-SS7 Signaling Connections / Access Links
- Line Information DataBase (LIDB) - Validation Service
- 800 Access Ten Digit Screening
- Local Interconnection / Trunking Arrangements
- Operator Services - Directory Assistance and Toll & Assistance
- Unbundled Exchange Access Loop.

C. The interim interfaces for Maintenance and Repair include:
a) the use of BellSouth's TAFI interface for Plain Old Telephone Service (POTS) when available,
b) telephonic exchanges between AT&T and BellSouth maintenance and repair work center personnel.
These will be used to accomplish the functions desired to be obtainable over the interface described in section 5 following.

D. The interim interfaces for Pre-Ordering are as follows:

Address Validation - on-line Local Area Network to Local Area Network connectivity to BellSouth's Regional Street Address Guide.

Service/Feature Availability - file transfer download of BellSouth's Products/Services Inventory Management System files via the Network Data Mover Network using Connect:direct.

Telephone Number Assignment - requests for and file transfer download of blocks of numbers reserved for AT&T's use via the Network Data Mover Network using Connect: direct.

Appointment Scheduling - paper standard interval guidelines.

Customer Service Record Requests - three way call between customer, AT&T service representative, and BellSouth Local Service Center representative, or facsimile exchange of customer's Letter of Agency.

1. AT&T acknowledges that BellSouth is developing additional interim interfaces that provide the capability to perform Pre-ordering via a real-time electronic interface using web technology. AT&T has chosen not to use the capability

that will be afforded by these real time electronic interfaces. AT&T's choice to not use these interfaces will not be used against BellSouth in any way.

E. BellSouth and AT&T agree to work together to develop and implement an electronic communication interface that will replace these interim interfaces with the real time electronic interfaces described below. The parties agree to implement such replacement interfaces as soon as practical, but no later than December 31, 1997, unless a later date is mutually agreed upon by the Parties. (For purposes of this attachment Electronic Communication interface defines a machine-to-machine or application-to-application interface and excludes an interface that provides a presentation for manual entry.)

F. The Parties further agree to work collaboratively within the industry to establish and conform to uniform industry standards for electronic interfaces for ordering and provisioning, maintenance and repair and pre-ordering. Neither Party waives any of its rights as participants in industry forums in the implementation of the standards.

IV. ELECTRONIC INTERFACES FOR ORDERING AND PROVISIONING

A. Local Service Resale

1. The exchange of information relating to the ordering and provisioning of local service, when AT&T is the customer of record for the resold service(s), will be based upon the most current interpretations of the American National Standards Institute (ANSI) Accredited Standards Committee (ASC) X12 Standards as documented by the Service Order Subcommittee (SOSC) of the Telecommunications Industry Forum/Electronic Data Interchange (TCIF/EDI) committee. The most current version of the SOSC implementation guideline for EDI is version 6.

2. The information exchange will be forms-based, using Local Service Request (LSR) Form, End User Information Form, and the Resale Service Form developed by the OBF. The SOSC interpretations of the 850, 860, 855, 865, and 977 transactions, in accordance with the OBF forms, will be used to convey, when available and where applicable, all the necessary data to connect, modify or disconnect Local Services of BellSouth that AT&T resells, including the capability to establish directory listings and perform service suspension, denial and restoral. In the absence of SOSC interpretations of the 850, 860, 855, 865, and 977 transactions , both parties agree to use the jointly developed EDI mappings for Phase 1 and BST developed Phase 2 EDI mappings.

3. If the EDI translator of BellSouth detects a syntax error, BellSouth will reject the order using the 977 transaction and indicate to AT&T that the entire order

must be resubmitted. If BellSouth detects that agreed upon data is missing or incorrect, subsequent to the EDI translator processing, BellSouth will reject the AT&T order and indicate the need for AT&T to resubmit the order..

4. AT&T and BellSouth will use an X.400 message standard, until it is replaced with a transaction-based protocol, and a mutually agreeable X.25 or TCP/IP based transport network for exchange of transactions. AT&T and BellSouth will translate ordering and provisioning requests originating in their internal processes into the agreed upon forms and EDI transactions.

5. Both parties agree to complete translations, establish a query-response cycle time commitment, including but not limited to order rejection and firm order confirmation, and proceed to systems readiness testing, as more fully described in Section 7, that will result in a fully operational interface for resale of Local Service.(this is just a place holder to keep paragraph numbering consistent)

6. AT&T and BellSouth agree to adapt the interface based upon evolving standards. Changes to SOSC implementation guidelines, affecting local service ordering, will be implemented based upon a mutually agreeable schedule, but in no case will the time for adoption, including testing of the changes introduced, extend more than 9 months beyond the date of the published release of the TCIF/SOSC standard. This preceding target implementation obligation may be modified by mutual agreement.

B. Unbundled Network Elements

1. AT&T and BellSouth will use two types of orders, an Infrastructure Provisioning order and a Customer Specific Provisioning order, to establish local service capabilities based upon Unbundled Network Element architecture. The Infrastructure Provisioning order notifies BellSouth of the common use Network Elements and Combinations that AT&T will require. For services covered in BellSouth's "OLEC-to-BellSouth Facility Based" guide, this notification will occur through use of an ASR. For services not covered in BellSouth's "OLEC-to-BellSouth Facility Based" guide, this notification will occur through use of an Infrastructure Footprint Form. The Infrastructure Footprint Form, when applicable, and the associated ASR forms (Local Switching, Interoffice Transport, Signaling and Database, Operator Services and DA) order the Network Elements and Combinations used in common (across AT&T retail customers) and identify the geographic area AT&T expects to serve through the Network Elements and Combinations ordered. AT&T and BellSouth may mutually agree to use an alternative format for exchange of Footprint Order related information, provided that the same information content is delivered.

2. For services not covered in BellSouth's "OLEC-to-BellSouth Facility Based" guide, BellSouth will accept the Infrastructure/Footprint Form developed by AT&T, or the mutually agreed upon equivalent format, until such time AT&T and BellSouth agree that the OBF has adopted an acceptable alternative form. In addition, BellSouth will accept a modified version of the Translation Questionnaire (TQ) Form adopted by OBF. The modified TQ will be sent to BellSouth when BellSouth must modify the routing tables for its end offices to accommodate the treatment of customer calling associated with the combination of Network Elements that AT&T is employing to deliver service. AT&T will provide the Infrastructure/Footprint Form and all associated ASR forms.

3. When applicable, BellSouth will accept delivery of the Infrastructure Footprint Form and the modified TQ through the ASR process, including passing of the information over a file transfer network (e.g., Network Data Mover Network) using the CONNECT:direct file transfer product unless another mutually agreeable exchange mechanism is established.

4. AT&T and BellSouth agree to adapt the interface based upon evolving standards. Changes to OBF ASR forms and implementation guidelines, to the extent relevant to ordering and provisioning for Local Services, will be implemented based upon industry standard implementation schedules as set by the Telecommunications Service Ordering Committee of OBF. This preceding target implementation obligation may be modified by mutual agreement.

5. When applicable, the Customer Specific Provisioning order will be based upon OBF LSR forms. The applicable SOSC implementation guidelines described in the prior paragraphs relating to resale of BellSouth retail services also apply to the Customer Specific Provisioning orders.

a) Unbundled loops are an exception to this. Currently, BellSouth accepts an ASR form for the ordering of unbundled loops. BellSouth will adopt the LSR as the ordering document within 9 months of the published release of the TCIF/SOSC standard for ordering unbundled loops via EDI.

6. When applicable, BellSouth agrees that the information exchange will be forms-based using the Local Service Request Form, End User Information Form, Loop Service Form (which may ultimately be renamed the Loop Element form) and Port Form (which may ultimately be renamed the Switch Element Form) developed by the OBF. The SOSC interpretation of 850, 860, 855, 865, and 977 transactions, in accordance with the OBF forms, will be used to convey all the necessary data to connect, modify or disconnect BellSouth's customer-specific UNEs employed by AT&T to deliver Local Services. Errors and rejections of orders will be treated as described in the paragraphs relating to resale of BellSouth Local Services. Customer-specific

elements include, but are not limited to, the network interface device, the customer-dedicated portion of the local switch and any combination thereof.

7. AT&T and BellSouth will use an X.400 message standard, until it is replaced by a transaction-based protocol, and a mutually agreeable X.25 or TCP/IP based network to exchange requests. AT&T and BellSouth will translate ordering and provisioning requests originating in their internal processes into the agreed upon forms and EDI transactions. Both parties agree to complete mutually consistent translations, establish a query-response cycle time commitment, including but not limited to order rejection and firm order confirmation, and proceed to systems readiness testing, as more fully described in Section VIII, that will result in a fully operational interface for ordering UNEs within nine months of published release of the approved TCIF/SOSC standard. AT&T and BellSouth agree to adapt the interface based upon evolving standards. Changes to SOSC implementation guidelines, to the extent relevant to local service ordering and provisioning for customer specific Network Elements and Combinations, will be implemented based upon a mutually agreeable schedule, but in no case will the time for adoption, including testing of the changes introduced, extend more than 9 months beyond the date of the published release of the TCIF/SOSC standard. This preceding target implementation obligation may be modified by mutual agreement.

C. Treatment of 860 Messages

1. BellSouth will accept an 860 transaction that contains the complete refresh of the previously provided order information (under the original 850 transaction) simultaneously with the supplemental (new/revised) information from AT&T. This treatment with respect to the 860 transaction will be accepted by both parties until the SOSC explicitly clarifies the information exchanges associated with supplementing orders or AT&T and BellSouth mutually agreed to change the treatment. AT&T and BellSouth will agree upon a mutually acceptable time frame for adapting their internal systems to accommodate any alteration to treatment of the 860 message described in this paragraph. In no event, will the time frame for adaptation extend more than one year past the date the SOSC initiated change or AT&T and BellSouth agreeing to modify the treatment of 860 messages.

V. ELECTRONIC INTERFACES FOR MAINTENANCE AND REPAIR

A. Maintenance and repair information exchange will be transmitted over the same interface according to the same content definition both for resold BellSouth retail Local Services and for services AT&T provides using a Network Elements or Combinations.

B. Where technically feasible, AT&T and BellSouth will, for the purpose of exchanging fault management information, establish an electronic bonding interface, based upon ANSI standards T1.227-1995 and T1.228-1995, and Electronic Communication Implementation Committee (ECIC) Trouble Report Format Definition (TRFD) Number 1 as defined in ECIC document ECIC/TRA/95-003, and all standards referenced within those documents. The parties will use and acknowledge a subset of functions currently implemented for reporting access circuit troubles.

C. AT&T and BellSouth will exchange requests over a mutually agreeable X.25 based network or if mutually agreeable, a TCP/IP based network may be employed. AT&T and BellSouth will translate maintenance requests or responses originating in their internal processes into the agreed upon attributes and elements. Both parties agree to complete mutually consistent translations, and proceed to systems readiness testing that will result in a fully operational interface for local service delivery by December 31, 1997. AT&T and BellSouth agree to adapt the interface based upon evolving standards. Changes to NOF, ECIC or T1M1 standards, to the extent maintenance and repair functionality for Local Services is affected, will be implemented based upon a mutually agreeable schedule, but in no case will the time for adoption, including testing of the changes introduced, extend more than 9 months beyond the date of final closure and published electronic interface standard by the relevant ATIS committee or subcommittee. This preceding target implementation obligation may be modified by mutual agreement.

VI. ELECTRONIC INTERFACES FOR PREORDERING

A. Transaction-Based Information Exchange

1. Where applicable, the parties agree that preordering information exchange, as defined in section 3.1 preceding, will be transmitted over the same interface according to the same content definition both for resold BellSouth services and for services provided using Network Elements and Combinations.

2. AT&T and BellSouth will establish a transaction-based electronic communications interface according to the AT&T proposed data model for preordering which is based upon the most current version of the SOSC implementation guideline for EDI which is version six (6). Unless BellSouth and AT&T agree to an alternative exchange mechanism by April 1, 1997, then an exchange protocol based upon a subset of CMIP transactions, referred to as EC-Lite, will be used to transport EDI formatted content necessary to perform inquiries for Switch/Feature Availability (on an exception basis when batch feed data is incomplete), Address Verification (on an exception basis when batch feed data is incomplete), Telephone Number Assignment and

Appointment Scheduling. AT&T and BellSouth will exchange transactions over a mutually agreeable X.25 or TCP/IP based network.

3. AT&T and BellSouth will translate preordering data elements used in their internal processes into the agreed upon forms and EDI. Both parties will complete mutually consistent translations, establish query-response cycle time commitments, including but not limited to notification of message acknowledgments and message rejections, and proceed to systems readiness testing, as covered in more detail in Section VIII, that will result in a fully operational interface for local service delivery.. The implementation date for this interface within 60 days of the date of this agreement as determined by analysis team of BellSouth and AT&T participants. The target implementation date determined by the analysis team may be modified by mutual agreement.

4. AT&T and BellSouth agree to adapt the interface based upon evolving standards. Establishment of or changes to OBF or SOSC EDI implementation guideline related to preordering functionality will be implemented based upon a mutually agreeable schedule, but in no case will the time for adoption, including testing of the changes introduced, extend more than 9 months beyond the date of final closure and published electronic interface standard by the relevant ATIS committee or subcommittee. This preceding target implementation obligation may be modified by mutual agreement.

B. Batch Data Information Exchange

1. BellSouth will accept AT&T's request for an initial batch feeds of Service/Feature Availability and Regional Street Address Guide (or equivalent). At a minimum, this batch feed will include the switch/feature availability information and address information currently provided under the existing "Agreement for Pre-ordering Information" between BellSouth and AT&T.,

2. AT&T and BellSouth will establish a mutually agreeable format for the exchange of batch data no later than 90 days following adoption of this agreement. BellSouth will transmit the initial batch feed of the data, relating to the geographic area specified by AT&T. In addition, BellSouth will provide complete refreshes of the data, for the geographic areas cumulatively encompassed by requests from AT&T, on a mutually agreeable monthly schedule. BellSouth will send the initial batch feed and subsequent monthly updates electronically via a file transfer network (e.g., Network Data Mover Network) using the CONNECT:direct file transfer product.

3. AT&T and BellSouth will translate necessary data elements used in their internal processes into mutually agreeable and consistent file formats and

record layouts. Both parties agree to complete the definition of file formats, record layout and information content by **September 30, 1997**, and proceed to systems readiness testing that will result in a fully operational interface by **December 31, 1997**. To the extent that an industry forum, committee or subcommittee, under the auspices of ATIS, establishes guidelines and/or standards relating to the batch information data described above, AT&T and BellSouth agree the standards and/or guidelines will be implemented based upon a mutually agreeable schedule, but in no case will the time for adoption, including testing of the changes introduced, extend more than 9 months beyond the date of final closure and published electronic interface standard by the relevant ATIS committee or subcommittee.. This preceding target implementation obligation may be modified by mutual agreement.

VII. TESTING AND ACCEPTANCE

A. AT&T and BellSouth agree that no interface will be considered as operational until end-to-end integrity and load testing, as agreed to in the Joint Implementation Agreement (Section 8), or other mutually acceptable documentation is completed to the satisfaction of both parties. The intent of the end-to-end integrity testing is to establish, through the submission and processing of test cases, that transactions agreed to by AT&T and BellSouth will successfully process, in a timely and accurate manner, through both parties' supporting OSS as well as the interfaces. For transaction-based interfaces, the testing will include the use of mutually agreeable test transactions, designed to represent no less that 85% of the transaction types that AT&T expects to send and receive through the interface undergoing end-to-end testing. In no instance will AT&T hold BellSouth liable for any services, features, or interface functionality which has not been included in an End-to-End test.

B. In addition, AT&T and BellSouth will establish a mutually agreeable method, such as an audit process, sufficient to demonstrate that the interfaces established between AT&T and BellSouth have the capability and capacity to exchange busy period transaction volumes reasonably projected to occur during the forward-looking six month period following implementation of the interface. This process must validate that AT&T and BellSouth can accept and process the anticipated busy period load without degradation of overall end-to-end performance of the information exchange delivered to AT&T even when other CLEC transactions are simultaneously processed by BellSouth.

C. It is understood by the parties that End-to-End testing and load testing are necessary processes in the implementation of electronic interfaces. In no instance will End-to-End testing or load testing processes be short-cut, expedited, or in any other way jeopardized such that the quality of the production implementation is put at risk. It is understood by the parties that

such testing occurs immediately preceding production implementation of electronic interfaces and that in the event of delays by either party End-to-End testing and load testing will not be expedited solely to meet the time frames outlined in this agreement. This implementation obligation may be modified by mutual agreement.

D. The results of testing will not be shared with other parties without the written consent of AT&T and BellSouth.

VIII. JOINT IMPLEMENTATION AGREEMENT DEVELOPMENT

AT&T and BellSouth agree to document, within 60 days of approval of this Agreement, a project plan that explicitly identifies all essential activities, sequence and interrelationship of these activities and the target completion dates for each activity identified. The project plan will reflect, on an on-going basis, delivery of target interfaces as discussed and agreed to within each preceding section.

A. AT&T and BellSouth recognize that the preceding project plans are not sufficient to fully resolve all technical and operational details related to the interfaces described. Therefore, AT&T and BellSouth agree to document the additional technical and operational details in the form of a Joint Implementation Agreement (JIA). The JIA for each interface will become a legally binding addendum to this Agreement. These JIAs may be modified by mutual agreement of the Parties.

B. AT&T and BellSouth agree to document both a topical outline for the JIAs, and establish a schedule for identifying, discussing, resolving and documenting resolution of issues related to each aspect of the JIA topical outline for each interface discussed in this document. In no case, will either end-to-end integrity testing or load testing begin without both parties mutually agreeing that each interface JIA documents the intended operation of the interface scheduled for testing. By mutual agreement, specific paragraphs or entire sections of the overall Agreement may be identified and documented to serve the purpose described for the Joint Implementation Agreement for specific interfaces. Any issues identified and subsequently resolved through either the end-to-end integrity or load testing processes will be incorporated into the impacted interface JIA within 30 days of issue resolution.

IX. OTHER AGREEMENTS

This Attachment 15 reflects compromises on the part of both AT&T and BellSouth. By accepting this Attachment 15, AT&T does not waive its right to non-discriminatory access to operations support systems of BellSouth beginning January 1, 1997.

UNBUNDLED NETWORK ELEMENTS/DARK FIBER

ISSUES 14 AND 19: The Tennessee Regulatory Authority made a finding that all of the items set forth in Issue 14 , including loop distribution and loop concentrator/multiplexer, are network elements, capabilities and functions and it is technically feasible for BellSouth to provide MCIm with all of these elements. The Authority further found that dark fiber is a network element and, as such, BellSouth is required to provide MCIm with access to this network element.

The attached language represents the outstanding provisions in the proposed Interconnection Agreement which MCI has presented to BellSouth. As of this date, BellSouth has disagreed with this language. This document represents MCI's best and final offer with respect to language to implement MCI's request regarding loop distribution, loop concentrator/multiplexer and dark fiber. Note: BellSouth disagreed that Loop Feeder was a Network Element; therefore, the designation of Loop Feeder as a Network Element has been struck by MCI in the attached language wherein Loop Feeder is defined.

Attachment III

DISAGREED

4.4.1.1.1 The Loop Concentrator/Multiplexer is the Network Element that:

(1) aggregates lower bit rate or bandwidth signals to higher bit rate or bandwidth signals (multiplexing); (2) disaggregates higher bit rate or bandwidth signals to lower bit rate or bandwidth signals (demultiplexing); (3) aggregates a specified number of signals or channels to fewer channels (concentrating); (4) performs signal conversion, including encoding of signals (e.g., analog to digital and digital to analog signal conversion); and (5) in some instances performs electrical to optical (E/O) conversion.

DISAGREED

4.4.2.1.1 The Loop Feeder ~~is the Network Element that~~ provides connectivity between (1) a Feeder Distribution Interface (FDI) associated with Loop Distribution and a termination point appropriate for the media in a central office, or (2) a Loop Concentrator/Multiplexer provided in a remote terminal and a termination point appropriate for the media in a central office. BST shall provide MCIm physical access to the FDI, and the right to connect, the Loop Feeder to the FDI.

DISAGREED

4.6.1.1 Distribution is a Network Element which provides connectivity between the NID component of Loop Distribution and the terminal block on the subscriber-side of a Feeder Distribution Interface (FDI). The FDI is a device that terminates the Distribution Media and the Loop Feeder, and cross-connects them in order to provide a continuous transmission path between the NID and a telephone company central office. There are three basic types of feeder-distribution connection: (i) multiple (splicing of multiple distribution pairs onto one feeder pair); (ii) dedicated ("home run"); and (iii) interfaced ("cross-connected"). While older plant uses multiple and dedicated approaches, newer plant and all plant that uses DLC or other pair-gain technology necessarily uses the interfaced approach. The feeder-distribution interface (FDI) in the interfaced design makes use of a manual cross-connection, typically housed inside an outside plant device ("green box") or in a vault or manhole.

DISAGREED

2.7 This Attachment describes the initial set of Network Elements which MCIm and BST have identified as of the effective date of this agreement:

Loop
~~Loop Feeder~~
Network Interface Device
Distribution
Local Switching
Operator Systems
Common Transport
Dedicated Transport
Signaling Link Transport
Signaling Transfer Points

Service Control Points/Databases
Tandem Switching
911
Directory Assistance
Dark Fiber
Loop Concentrator/Multiplexer

DISAGREED

10.1.4.2 Inter-office transmission facilities such as optical fiber, dark fiber, copper twisted pair, and coaxial cable;

RIGHTS-OF-WAY, CONDUITS, POLE ATTACHMENTS

ISSUES 16 AND 21: The Tennessee Regulatory Authority made a finding that BellSouth must make rights-of-way available to MCI on terms and conditions equal to that BellSouth provides itself. BellSouth's attempt to reserve space for itself based on a five year forecast is discriminatory. The Authority also made a finding that BellSouth be required to provide copies of records regarding rights-of-way when a legitimate inquiry that is narrowly tailored to fulfill a legitimate need is made by MCI. The Authority had requested that the parties attempt to reach mutual agreement on language to implement these findings and submit language on November 21, 1996. However, MCI and BellSouth were unable to reach agreement.

The attached language represents outstanding provisions in the proposed Interconnection Agreement which MCI has presented to BellSouth. As of this date, BellSouth has disagreed with this language. This document represents MCI's best and final offer with respect to MCI's request for equal access to BellSouth's rights-of-way, conduit and pole attachments, and for access to engineering and other records.

{The attached language also includes provisions associated with MCI's request for dark fiber as a form of unused transmission media. The Authority determined in its findings on Issue 19 that dark fiber was a network element which BellSouth was required to make available to MCI.}

DISAGREED

ATTACHMENT VI

Rights of Way (ROW), Conduits, Pole Attachments

Section 1. Introduction

This attachment sets forth the requirements for Rights of Way, Conduits and Pole Attachments.

Section 2. Definitions

2.1 "Poles, ducts, conduits and ROW" refer to all the physical facilities and legal rights which provide for access to pathways across public and private property. These include poles, pole attachments, ducts, innerducts, conduits, building entrance facilities, building entrance links, equipment rooms, remote terminals, cable vaults, telephone closets, building risers, rights of way, or any other requirements needed to create pathways. These pathways may run over, under, across or through streets, traverse private property, or enter multi-unit buildings. A Right of Way ("ROW") is the right to use the land or other property owned, leased, or controlled by any means by ILEC to place Poles, ducts, conduits and ROW or to provide passage to access such Poles, ducts, conduits and ROW. A ROW may run under, on, or above public or private property (including air space above public or private property) and shall include the right to use discrete space in buildings, building complexes, or other locations.

Section 3. Requirements

3.1 ILEC shall make Poles, duct, conduits and ROW available to MCIm upon receipt of a request for use within the time periods provided in this Attachment VI, providing all information necessary to implement such a use and containing rates, terms and conditions, including, but not limited to, maintenance and use in accordance with this Agreement and at least equal to those which it affords itself , its Affiliates and others. Other users of these facilities, including ILEC, shall not interfere with the availability or use of the facilities by MCIm.

3.2 Within three (3) business days of MCIm's request for any Poles, ducts, conduits, or ROW, ILEC shall provide any information in its possession or available to it regarding the environmental conditions of the Poles, ducts, conduits or ROW route or location including, but not limited to, the existence and condition of asbestos, lead paint, hazardous substance contamination, or radon. Information is considered "available" under this Agreement if it is in ILEC's possession, or the possession of a current or former agent, contractor, employee, lessor, or tenant of ILEC's. If the Poles, ducts, conduits or ROW contain such environmental contamination, making the placement of equipment hazardous, ILEC shall offer alternative Poles, ducts, conduits or ROW for MCIm's consideration. ILEC shall complete an Environmental, Health and Safety Questionnaire for each work location MCIm requests or ILEC suggests as a site to be covered under this Agreement. ILEC shall return the completed questionnaire to MCIm within ten (10) days and shall allow MCIm to perform any environmental site investigations, including, but not limited to, Phase I and Phase II environmental site assessments, as MCIm may deem to be necessary.

3.3 ILEC shall not prevent or delay any third party assignment of ROW to MCIm.

3.4 ILEC shall offer the use of such Poles, ducts, conduits and ROW it has obtained from a third party to MCIm, to the extent such agreement does not prohibit ILEC from granting such rights to MCIm. They shall be offered to MCIm on the same terms as are offered to ILEC.

3.5 ILEC shall provide MCIm equal and non-discriminatory access to Poles, ducts, conduit and ROW and any other pathways on terms and conditions equal to that provided by ILEC to itself or to any other party. Further, ILEC shall not preclude or delay allocation of these facilities to MCIm because of the potential needs of itself or of other parties, except a maintenance spare may be retained as described below.

3.6 ILEC shall not attach, or permit other entities to attach facilities on, within or overlashed to existing MCIm facilities without MCIm's prior written consent.

3.7 ILEC agrees to produce current detailed engineering and other plant records and drawings of Poles, ducts, conduit and ROW, including facility route maps at a city level, as well as cost data, within a reasonable time frame, which in no case shall exceed two (2) business days following MCIm's request for access to such engineering, cost data and other plant records and drawings of additional Poles, ducts, conduits and ROW in selected areas as specified by MCIm. Such information shall be of equal type and quality as that of ILEC's own engineering and operations staff. ILEC shall also allow personnel designated by MCIm to examine such engineering records and drawings at ILEC Central Offices and ILEC Engineering Offices upon two (2) days notice to ILEC.

3.8 ILEC shall provide to MCIm a Single Point of Contact for negotiating all structure lease and ROW agreements.

3.9 ILEC shall provide information regarding the availability and condition of Poles, ducts, conduit and ROW within five (5) business days of MCIm' s request if the information then exists in ILEC's records (a records based answer) and ten (10) business days of MCIm's request if ILEC must physically examine the Poles, ducts, conduits and ROW (a field based answer) ("Request"). MCIm shall have the option to be present at the field based survey and ILEC shall provide MCIm at least twenty-four (24) hours notice prior to the start of such field survey. During and after this period, ILEC shall allow MCIm personnel to enter manholes and equipment spaces and view pole structures to inspect such structures in order to confirm usability or assess the condition of the structure. ILEC shall send MCIm a written notice confirming availability pursuant to the Request within such 20 day period ("Confirmation").

3.10 For the period beginning at the time of the Request and ending ninety (90) days following Confirmation, ILEC shall reserve such Poles, ducts, conduit and ROW for MCIm and shall not allow any use thereof by any party, including ILEC. MCIm shall elect whether or not to accept such Poles, ducts, conduit and ROW within such ninety (90) day period. MCIm may accept such facilities by sending written notice to ILEC ("Acceptance").

3.11 After Acceptance by MCIm, MCIm shall have six (6) months to begin attachment and/or installation of its facilities to the Poles, ducts, conduit and ROW or request ILEC to begin make ready or other construction activities. Any such construction, installation or make ready shall

be completed by the end of one (1) year after Acceptance. MCIm shall not be in default of the six (6) month or one (1) year requirement above if such default is caused in any way by any action, inaction or delay on the part of ILEC or its Affiliates or subsidiaries. After Acceptance, ILEC shall complete any work required to be performed by ILEC or any ILEC work requested by MCIm within thirty (30) days of such time the work is required or within thirty (30) days of the time such work is requested by MCIm, whichever time is earlier. MCIm shall begin payment for the use of the Poles, ducts, conduit and ROW upon the earlier of: (i) completion of construction and installation of the facilities and confirmation by appropriate testing methods to be in a condition ready to operate in MCIm's network or (ii) six (6) months after Acceptance.

3.12 ILEC shall relocate and/or make ready existing Poles, ducts, conduit and ROW where necessary and feasible to provide space for MCIm's requirements. Subject to the requirements above, the parties shall endeavor to mutually agree upon the time frame for the completion of such work within five (5) days following MCIm's requests of this work; however, any such work required to be performed by ILEC shall be completed with 30 days, unless otherwise agreed by MCIm in writing.

3.13 MCIm may, at its option, install its facilities on Poles, ducts, conduit and ROW and use MCIm or MCIm designated personnel to attach its equipment to such ILEC Poles, ducts, conduits and ROW.

3.14 ILEC shall provide MCIm space in manholes for racking and storage of cable and other materials as requested by MCIm.

3.15 ILEC shall make available any conduit system with any retired cable from conduit systems or poles to allow for the efficient use of conduit space and pole space. ILEC must expand its facilities, including placement of taller poles or additional conduits, if necessary, to accommodate MCIm's request and shall do so within a reasonable period of time.

3.16 Where ILEC has spare innerducts which are not, at that time, being used for providing its services, ILEC shall offer such ducts for MCIm's use.

3.17 Where a spare inner duct does not exist, ILEC shall allow MCIm to install an inner duct in ILEC conduit.

3.18 Where ILEC has any ownership or other rights to ROW to buildings or building complexes, or within buildings or building complexes, ILEC shall offer to MCIm:

3.18.1 The right to use any spare metallic and fiber optic cabling within the building or building complex;

3.18.2 The right to use any spare metallic and fiber optic cable from the property boundary into the building or building complex:

3.18.3 The right to use any available space owned or controlled by ILEC in the building or building complex to install MCIm equipment and facilities;

3.18.4 Ingress and egress to such space; and

3.18.5 The right to use electrical power at parity with ILEC's rights to such power.

3.19 Whenever ILEC intends to modify or alter any Poles, ducts, conduits or ROW which contains MCIm's facilities, ILEC shall provide written notification of such action to MCIm so that MCIm may have a reasonable opportunity to add to or modify MCIm's facilities. If MCIm adds to or modifies MCIm's facilities according to this paragraph, MCIm shall bear a proportionate share of the costs incurred by ILEC in making such facilities accessible.

3.20 MCIm shall not be required to bear any of the costs of rearranging or replacing its facilities, if such rearrangement or replacement is required as a result of an additional attachment or the modification of an existing attachment sought by any entity other than MCIm, including ILEC.

3.21 ILEC shall maintain the Poles, ducts, conduits and ROW at its sole cost. MCIm shall maintain its own facilities installed within the Poles, ducts, conduits and ROW at its sole cost. In the event of an emergency, ILEC shall begin repair of its facilities containing MCIm's facilities within two (2) hours of notification by MCIm. If ILEC cannot begin repair within such 2-hour period, MCIm may begin such repairs without the presence of ILEC personnel. MCIm may climb poles and enter the manholes, handholes, conduits and equipment spaces containing ILEC's facilities in order to perform such emergency maintenance, but only until such time as qualified personnel of ILEC arrives ready to continue such repairs. For both emergency and non-emergency repairs, MCIm may use spare innerduct or conduits, including the innerduct or conduit designated by ILEC as emergency spare for maintenance purposes; however, MCIm may only use such spare conduit or innerduct for a maximum period of ninety (90) days.

3.22 In the event of a relocation necessitated by a governmental entity exercising the power of eminent domain, when such relocation is not reimbursable, the costs of relocation of the Poles, ducts, conduits and ROW shall be shared as follows: base conduits or poles shall be shared on a pro rata basis by all parties occupying the affected ROW, and each party shall pay its own cost of cable and installation.

Section 4. Unused Transmission Media

4.1 Definitions:

4.1.1 Unused Transmission Media is physical inter-office transmission media (e.g., optical fiber, copper twisted pairs, coaxial cable) which have no lightwave or electronic transmission equipment terminated to such media to operationalize transmission capabilities.

4.1.2 Dark Fiber, one type of unused transmission media, is unused strands of optical fiber. Dark Fiber also includes strands of optical fiber which may or may not have lightwave repeater (regenerator or optical amplifier) equipment interspliced, but which has no line terminating facilities terminated to such strands. Dark Fiber also means unused wavelengths within a fiber strand for purposes of coarse or dense wavelength division multiplexed (WDM) applications. Typical single wavelength transmission involves propagation of optical signals at single wavelengths (1.3 or 1.55 micron wavelengths). In WDM applications, a WDM device is used to combine optical signals at different wavelengths on to a single fiber strand. The combined

signal is then transported over the fiber strand. For coarse WDM applications, one signal each at 1.3 micron and 1.55 micron wavelength are combined. For dense WDM applications, many signals in the vicinity of 1.3 micron wavelength and/or 1.55 micron wavelength are combined. Spare wavelengths on a fiber strand (for coarse or dense WDM) are considered Dark Fiber. Dark Fiber shall meet the following requirements: single mode, with maximum loss of 0.40 dB/km at 1310nm and 0.25 dB/km at 1550nm.

4.2 Requirements

4.2.1 ILEC shall make available Unused Transmission Media to MCIm under an Indefeasible Right of Use or license agreement on terms at least equal to those which it affords itself and its Affiliates, subsidiaries and others.

4.2.2 ILEC shall provide a Single Point of Contact (SPOC) for negotiating all Unused Transmission Media lease agreements.

4.2.3 MCIm may test the quality of the Unused Transmission Media to confirm its usability and performance specifications.

4.2.4 ILEC shall provide to MCIm information regarding the location, availability and performance of Unused Transmission Media within five (5) business days for a records based answer and ten (10) business days for a field based answer, after receiving a request from MCIm ("Request"). Within such time period, ILEC shall send written confirmation of availability of the Unused Transmission Media ("Confirmation"). From the time of the Request to ninety (90) days after Confirmation, ILEC shall reserve such requested Unused Transmission Media for MCIm's use and may not allow any other party to use such media, including ILEC.

4.2.5 ILEC shall make Unused Transmission Media available for MCIm's use within twenty (20) business days after it receives written acceptance from MCIm that the Unused Transmission Media previously reserved by ILEC is wanted for use by MCIm. This includes identification of appropriate connection points (e.g., Light Guide Interconnection (LGX) or splice points) to enable MCIm to connect or splice MCIm provided transmission media (e.g., optical fiber) or equipment to the Unused Transmission Media.

4.2.6 ILEC shall be required to expand or overbuild its network and capacity to accommodate requests under this Attachment

4.3 Requirements Specific to Dark Fiber

4.3.1 MCIm may splice and test Dark Fiber leased from ILEC using MCIm or MCIm designated personnel. ILEC shall provide appropriate interfaces to allow splicing and testing of Dark Fiber. ILEC shall provide an excess cable length of 25 feet minimum (for fiber in underground conduit) to allow the uncoiled fiber to reach from the manhole to a splicing van.

4.3.2 For WDM applications, ILEC shall provide to MCIm an interface to an existing WDM device or allow MCIm to install its own WDM device (where sufficient system loss margins exist or where MCIm provides the necessary loss compensation) to multiplex the traffic at different wavelengths. This applies to both the transmit and receive ends of the Dark Fiber.

4.3.3 Dark Fiber shall meet the following requirements: single mode, with maximum loss of 0.40 dB/km at 1310 nm and 0.25 dB/km at 1550 nm.

UNBUNDLED NETWORK ELEMENTS/DARK FIBER

ISSUES 14 AND 19: The Tennessee Regulatory Authority made a finding that all of the items set forth in Issue 14 , including loop distribution and loop concentrator/multiplexer, are network elements, capabilities and functions and it is technically feasible for BellSouth to provide MCIm with all of these elements. The Authority further found that dark fiber is a network element and, as such, BellSouth is required to provide MCIm with access to this network element.

The attached language represents the outstanding provisions in the proposed Interconnection Agreement which MCI has presented to BellSouth. As of this date, BellSouth has disagreed with this language. This document represents MCI's best and final offer with respect to language to implement MCI's request regarding loop distribution, loop concentrator/multiplexer and dark fiber. Note: BellSouth disagreed that Loop Feeder was a Network Element; therefore, the designation of Loop Feeder as a Network Element has been struck by MCI in the attached language wherein Loop Feeder is defined.

DISAGREED

4.4.1.1.1 The Loop Concentrator/Multiplexer is the Network Element that:

(1) aggregates lower bit rate or bandwidth signals to higher bit rate or bandwidth signals (multiplexing); (2) disaggregates higher bit rate or bandwidth signals to lower bit rate or bandwidth signals (demultiplexing); (3) aggregates a specified number of signals or channels to fewer channels (concentrating); (4) performs signal conversion, including encoding of signals (e.g., analog to digital and digital to analog signal conversion); and (5) in some instances performs electrical to optical (E/O) conversion.

DISAGREED

4.4.2.1.1 The Loop Feeder ~~is the Network Element that~~ provides connectivity between (1) a Feeder Distribution Interface (FDI) associated with Loop Distribution and a termination point appropriate for the media in a central office, or (2) a Loop Concentrator/Multiplexer provided in a remote terminal and a termination point appropriate for the media in a central office. BST shall provide MCIm physical access to the FDI, and the right to connect, the Loop Feeder to the FDI.

DISAGREED

4.6.1.1 Distribution is a Network Element which provides connectivity between the NID component of Loop Distribution and the terminal block on the subscriber-side of a Feeder Distribution Interface (FDI). The FDI is a device that terminates the Distribution Media and the Loop Feeder, and cross-connects them in order to provide a continuous transmission path between the NID and a telephone company central office. There are three basic types of feeder-distribution connection: (i) multiple (splicing of multiple distribution pairs onto one feeder pair); (ii) dedicated ("home run"); and (iii) interfaced ("cross-connected"). While older plant uses multiple and dedicated approaches, newer plant and all plant that uses DLC or other pair-gain technology necessarily uses the interfaced approach. The feeder-distribution interface (FDI) in the interfaced design makes use of a manual cross-connection, typically housed inside an outside plant device ("green box") or in a vault or manhole.

DISAGREED

2.7 This Attachment describes the initial set of Network Elements which MCIm and BST have identified as of the effective date of this agreement:

Loop
~~Loop Feeder~~
Network Interface Device
Distribution
Local Switching
Operator Systems
Common Transport
Dedicated Transport
Signaling Link Transport
Signaling Transfer Points

Service Control Points/Databases
Tandem Switching
911
Directory Assistance
Dark Fiber
Loop Concentrator/Multiplexer

DISAGREED

10.1.4.2 Inter-office transmission facilities such as optical fiber, dark fiber, copper twisted pair, and coaxial cable;

RIGHTS-OF-WAY, CONDUITS, POLE ATTACHMENTS

ISSUES 16 AND 21: The Tennessee Regulatory Authority made a finding that BellSouth must make rights-of-way available to MCI on terms and conditions equal to that BellSouth provides itself. BellSouth's attempt to reserve space for itself based on a five year forecast is discriminatory. The Authority also made a finding that BellSouth be required to provide copies of records regarding rights-of-way when a legitimate inquiry that is narrowly tailored to fulfill a legitimate need is made by MCI. The Authority had requested that the parties attempt to reach mutual agreement on language to implement these findings and submit language on November 21, 1996. However, MCI and BellSouth were unable to reach agreement.

The attached language represents outstanding provisions in the proposed Interconnection Agreement which MCI has presented to BellSouth. As of this date, BellSouth has disagreed with this language. This document represents MCI's best and final offer with respect to MCI's request for equal access to BellSouth's rights-of-way, conduit and pole attachments, and for access to engineering and other records.

{The attached language also includes provisions associated with MCI's request for dark fiber as a form of unused transmission media. The Authority determined in its findings on Issue 19 that dark fiber was a network element which BellSouth was required to make available to MCI.}

DISAGREED

ATTACHMENT VI

Rights of Way (ROW), Conduits, Pole Attachments

Section 1. Introduction

This attachment sets forth the requirements for Rights of Way, Conduits and Pole Attachments.

Section 2. Definitions

2.1 "Poles, ducts, conduits and ROW" refer to all the physical facilities and legal rights which provide for access to pathways across public and private property. These include poles, pole attachments, ducts, innerducts, conduits, building entrance facilities, building entrance links, equipment rooms, remote terminals, cable vaults, telephone closets, building risers, rights of way, or any other requirements needed to create pathways. These pathways may run over, under, across or through streets, traverse private property, or enter multi-unit buildings. A Right of Way ("ROW") is the right to use the land or other property owned, leased, or controlled by any means by ILEC to place Poles, ducts, conduits and ROW or to provide passage to access such Poles, ducts, conduits and ROW. A ROW may run under, on, or above public or private property (including air space above public or private property) and shall include the right to use discrete space in buildings, building complexes, or other locations.

Section 3. Requirements

3.1 ILEC shall make Poles, duct, conduits and ROW available to MCIm upon receipt of a request for use within the time periods provided in this Attachment VI, providing all information necessary to implement such a use and containing rates, terms and conditions, including, but not limited to, maintenance and use in accordance with this Agreement and at least equal to those which it affords itself , its Affiliates and others. Other users of these facilities, including ILEC, shall not interfere with the availability or use of the facilities by MCIm.

3.2 Within three (3) business days of MCIm's request for any Poles, ducts, conduits, or ROW, ILEC shall provide any information in its possession or available to it regarding the environmental conditions of the Poles, ducts, conduits or ROW route or location including, but not limited to, the existence and condition of asbestos, lead paint, hazardous substance contamination, or radon. Information is considered "available" under this Agreement if it is in ILEC's possession, or the possession of a current or former agent, contractor, employee, lessor, or tenant of ILEC's. If the Poles, ducts, conduits or ROW contain such environmental contamination, making the placement of equipment hazardous, ILEC shall offer alternative Poles, ducts, conduits or ROW for MCIm's consideration. ILEC shall complete an Environmental, Health and Safety Questionnaire for each work location MCIm requests or ILEC suggests as a site to be covered under this Agreement. ILEC shall return the completed questionnaire to MCIm within ten (10) days and shall allow MCIm to perform any environmental site investigations, including, but not limited to, Phase I and Phase II environmental site assessments, as MCIm may deem to be necessary.

3.3 ILEC shall not prevent or delay any third party assignment of ROW to MCIm.

3.4 ILEC shall offer the use of such Poles, ducts, conduits and ROW it has obtained from a third party to MCIm, to the extent such agreement does not prohibit ILEC from granting such rights to MCIm. They shall be offered to MCIm on the same terms as are offered to ILEC.

3.5 ILEC shall provide MCIm equal and non-discriminatory access to Poles, ducts, conduit and ROW and any other pathways on terms and conditions equal to that provided by ILEC to itself or to any other party. Further, ILEC shall not preclude or delay allocation of these facilities to MCIm because of the potential needs of itself or of other parties, except a maintenance spare may be retained as described below.

3.6 ILEC shall not attach, or permit other entities to attach facilities on, within or overlashed to existing MCIm facilities without MCIm's prior written consent.

3.7 ILEC agrees to produce current detailed engineering and other plant records and drawings of Poles, ducts, conduit and ROW, including facility route maps at a city level, as well as cost data, within a reasonable time frame, which in no case shall exceed two (2) business days following MCIm's request for access to such engineering, cost data and other plant records and drawings of additional Poles, ducts, conduits and ROW in selected areas as specified by MCIm. Such information shall be of equal type and quality as that of ILEC's own engineering and operations staff. ILEC shall also allow personnel designated by MCIm to examine such engineering records and drawings at ILEC Central Offices and ILEC Engineering Offices upon two (2) days notice to ILEC.

3.8 ILEC shall provide to MCIm a Single Point of Contact for negotiating all structure lease and ROW agreements.

3.9 ILEC shall provide information regarding the availability and condition of Poles, ducts, conduit and ROW within five (5) business days of MCIm' s request if the information then exists in ILEC's records (a records based answer) and ten (10) business days of MCIm's request if ILEC must physically examine the Poles, ducts, conduits and ROW (a field based answer) ("Request"). MCIm shall have the option to be present at the field based survey and ILEC shall provide MCIm at least twenty-four (24) hours notice prior to the start of such field survey. During and after this period, ILEC shall allow MCIm personnel to enter manholes and equipment spaces and view pole structures to inspect such structures in order to confirm usability or assess the condition of the structure. ILEC shall send MCIm a written notice confirming availability pursuant to the Request within such 20 day period ("Confirmation").

3.10 For the period beginning at the time of the Request and ending ninety (90) days following Confirmation, ILEC shall reserve such Poles, ducts, conduit and ROW for MCIm and shall not allow any use thereof by any party, including ILEC. MCIm shall elect whether or not to accept such Poles, ducts, conduit and ROW within such ninety (90) day period. MCIm may accept such facilities by sending written notice to ILEC ("Acceptance").

3.11 After Acceptance by MCIm, MCIm shall have six (6) months to begin attachment and/or installation of its facilities to the Poles, ducts, conduit and ROW or request ILEC to begin make ready or other construction activities. Any such construction, installation or make ready shall

be completed by the end of one (1) year after Acceptance. MCIm shall not be in default of the six (6) month or one (1) year requirement above if such default is caused in any way by any action, inaction or delay on the part of ILEC or its Affiliates or subsidiaries. After Acceptance, ILEC shall complete any work required to be performed by ILEC or any ILEC work requested by MCIm within thirty (30) days of such time the work is required or within thirty (30) days of the time such work is requested by MCIm, whichever time is earlier. MCIm shall begin payment for the use of the Poles, ducts, conduit and ROW upon the earlier of: (i) completion of construction and installation of the facilities and confirmation by appropriate testing methods to be in a condition ready to operate in MCIm's network or (ii) six (6) months after Acceptance.

3.12 ILEC shall relocate and/or make ready existing Poles, ducts, conduit and ROW where necessary and feasible to provide space for MCIm's requirements. Subject to the requirements above, the parties shall endeavor to mutually agree upon the time frame for the completion of such work within five (5) days following MCIm's requests of this work; however, any such work required to be performed by ILEC shall be completed with 30 days, unless otherwise agreed by MCIm in writing.

3.13 MCIm may, at its option, install its facilities on Poles, ducts, conduit and ROW and use MCIm or MCIm designated personnel to attach its equipment to such ILEC Poles, ducts, conduits and ROW.

3.14 ILEC shall provide MCIm space in manholes for racking and storage of cable and other materials as requested by MCIm.

3.15 ILEC shall make available any conduit system with any retired cable from conduit systems or poles to allow for the efficient use of conduit space and pole space. ILEC must expand its facilities, including placement of taller poles or additional conduits, if necessary, to accommodate MCIm's request and shall do so within a reasonable period of time.

3.16 Where ILEC has spare innerducts which are not, at that time, being used for providing its services, ILEC shall offer such ducts for MCIm's use.

3.17 Where a spare inner duct does not exist, ILEC shall allow MCIm to install an inner duct in ILEC conduit.

3.18 Where ILEC has any ownership or other rights to ROW to buildings or building complexes, or within buildings or building complexes, ILEC shall offer to MCIm:

3.18.1 The right to use any spare metallic and fiber optic cabling within the building or building complex;

3.18.2 The right to use any spare metallic and fiber optic cable from the property boundary into the building or building complex:

3.18.3 The right to use any available space owned or controlled by ILEC in the building or building complex to install MCIm equipment and facilities;

3.18.4 Ingress and egress to such space; and

3.18.5 The right to use electrical power at parity with ILEC's rights to such power.

3.19 Whenever ILEC intends to modify or alter any Poles, ducts, conduits or ROW which contains MCIm's facilities, ILEC shall provide written notification of such action to MCIm so that MCIm may have a reasonable opportunity to add to or modify MCIm's facilities. If MCIm adds to or modifies MCIm's facilities according to this paragraph, MCIm shall bear a proportionate share of the costs incurred by ILEC in making such facilities accessible.

3.20 MCIm shall not be required to bear any of the costs of rearranging or replacing its facilities, if such rearrangement or replacement is required as a result of an additional attachment or the modification of an existing attachment sought by any entity other than MCIm, including ILEC.

3.21 ILEC shall maintain the Poles, ducts, conduits and ROW at its sole cost. MCIm shall maintain its own facilities installed within the Poles, ducts, conduits and ROW at its sole cost. In the event of an emergency, ILEC shall begin repair of its facilities containing MCIm's facilities within two (2) hours of notification by MCIm. If ILEC cannot begin repair within such 2-hour period, MCIm may begin such repairs without the presence of ILEC personnel. MCIm may climb poles and enter the manholes, handholes, conduits and equipment spaces containing ILEC's facilities in order to perform such emergency maintenance, but only until such time as qualified personnel of ILEC arrives ready to continue such repairs. For both emergency and non-emergency repairs, MCIm may use spare innerduct or conduits, including the innerduct or conduit designated by ILEC as emergency spare for maintenance purposes; however, MCIm may only use such spare conduit or innerduct for a maximum period of ninety (90) days.

3.22 In the event of a relocation necessitated by a governmental entity exercising the power of eminent domain, when such relocation is not reimbursable, the costs of relocation of the Poles, ducts, conduits and ROW shall be shared as follows: base conduits or poles shall be shared on a pro rata basis by all parties occupying the affected ROW, and each party shall pay its own cost of cable and installation.

Section 4. Unused Transmission Media

4.1 Definitions:

4.1.1 Unused Transmission Media is physical inter-office transmission media (e.g., optical fiber, copper twisted pairs, coaxial cable) which have no lightwave or electronic transmission equipment terminated to such media to operationalize transmission capabilities.

4.1.2 Dark Fiber, one type of unused transmission media, is unused strands of optical fiber. Dark Fiber also includes strands of optical fiber which may or may not have lightwave repeater (regenerator or optical amplifier) equipment interspliced, but which has no line terminating facilities terminated to such strands. Dark Fiber also means unused wavelengths within a fiber strand for purposes of coarse or dense wavelength division multiplexed (WDM) applications. Typical single wavelength transmission involves propagation of optical signals at single wavelengths (1.3 or 1.55 micron wavelengths). In WDM applications, a WDM device is used to combine optical signals at different wavelengths on to a single fiber strand. The combined

signal is then transported over the fiber strand. For coarse WDM applications, one signal each at 1.3 micron and 1.55 micron wavelength are combined. For dense WDM applications, many signals in the vicinity of 1.3 micron wavelength and/or 1.55 micron wavelength are combined. Spare wavelengths on a fiber strand (for coarse or dense WDM) are considered Dark Fiber. Dark Fiber shall meet the following requirements: single mode, with maximum loss of 0.40 dB/km at 1310nm and 0.25 dB/km at 1550nm.

4.2 Requirements

4.2.1 ILEC shall make available Unused Transmission Media to MCIm under an Indefeasible Right of Use or license agreement on terms at least equal to those which it affords itself and its Affiliates, subsidiaries and others.

4.2.2 ILEC shall provide a Single Point of Contact (SPOC) for negotiating all Unused Transmission Media lease agreements.

4.2.3 MCIm may test the quality of the Unused Transmission Media to confirm its usability and performance specifications.

4.2.4 ILEC shall provide to MCIm information regarding the location, availability and performance of Unused Transmission Media within five (5) business days for a records based answer and ten (10) business days for a field based answer, after receiving a request from MCIm ("Request"). Within such time period, ILEC shall send written confirmation of availability of the Unused Transmission Media ("Confirmation"). From the time of the Request to ninety (90) days after Confirmation, ILEC shall reserve such requested Unused Transmission Media for MCIm's use and may not allow any other party to use such media, including ILEC.

4.2.5 ILEC shall make Unused Transmission Media available for MCIm's use within twenty (20) business days after it receives written acceptance from MCIm that the Unused Transmission Media previously reserved by ILEC is wanted for use by MCIm. This includes identification of appropriate connection points (e.g., Light Guide Interconnection (LGX) or splice points) to enable MCIm to connect or splice MCIm provided transmission media (e.g., optical fiber) or equipment to the Unused Transmission Media.

4.2.6 ILEC shall be required to expand or overbuild its network and capacity to accommodate requests under this Attachment

4.3 Requirements Specific to Dark Fiber

4.3.1 MCIm may splice and test Dark Fiber leased from ILEC using MCIm or MCIm designated personnel. ILEC shall provide appropriate interfaces to allow splicing and testing of Dark Fiber. ILEC shall provide an excess cable length of 25 feet minimum (for fiber in underground conduit) to allow the uncoiled fiber to reach from the manhole to a splicing van.

4.3.2 For WDM applications, ILEC shall provide to MCIm an interface to an existing WDM device or allow MCIm to install its own WDM device (where sufficient system loss margins exist or where MCIm provides the necessary loss compensation) to multiplex the traffic at different wavelengths. This applies to both the transmit and receive ends of the Dark Fiber.

4.3.3 Dark Fiber shall meet the following requirements: single mode, with maximum loss of 0.40 dB/km at 1310 nm and 0.25 dB/km at 1550 nm.

Interconnection Through the BellSouth Tandem	Units	Recommended Rate	Charge
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	80.00	80.00
Per Channel, per mile	7	23.00	161.00
DS1 Total			364.81
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	0.0019
Total Interconnection Charge per minute			0.0050

Direct End Office Interconnection	Units	Recommended Rate	Charge
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	80.00	80.00
Per Channel, per mile	10	23.00	230.00
DS1 Total			443.81
DS1 per minute of use, at 216,000 minutes per DS1 per month			0.002101
1 Office Switching	1	0.0019	0.0019
Total Interconnection Charge per minute			0.0040

Element		Non-Recurring Rate	
Loop Connection OR Local Switching OR Combination		Rates currently tariffed in A4.3.1	
Dedicated Transport			
DS1 Local Channel	First/Additional	866.87	486.83
DS1 Interoffice Channel	First/Additional	100.49	100.49
Voice Grade	First/Additional	96.00	96.00
Signaling Links			
A Link	Each	$10.00	
D Link	Each	$10.00	
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	

PRICING FOR UNBUNDLED ELEMENTS AND RESOLD SERVICES

ISSUES 23, 24, 25 AND 26: The Tennessee Regulatory Authority determined the prices that should be established for unbundled network elements on an interim basis.. The Authority, in rejecting the bill and keep arrangement for terminating local traffic, further determined that compensation for the termination of local traffic should be mutual and reciprocal.

Attached is MCI's proposal which incorporates the Authority's decisions on pricing unbundled network elements and provides that compensation for local traffic exchange should be mutual and reciprocal. The language also incorporates the wholesale discounts established by the Authority for resold services.

The attached language represents the outstanding provisions in the proposed Interconnection Agreement which MCI presented to BellSouth. As of this date, BellSouth has disagreed with this language. This document represents MCI's best and final offer with respect to MCI's request for the pricing of unbundled elements, mutual and reciprocal compensation for the termination of local traffic and the wholesale discounts for resold services. The language in ALL CABS represents modification to MIC's last proposal to BellSouth to comply with the Tennessee Regulatory Authority's First Order of Arbitration Awards in Docket No. 96-01271.

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Attachment I

PRICE SCHEDULE

ATTACHMENT 1

PRICE SCHEDULE

1. General Principles

1.1 All rates provided under this Agreement are interim and shall remain in effect until the Commission determines otherwise or unless they are not in accordance with all applicable provisions of the Act, the Rules and Regulations of the FCC, or the Authority's rules and regulations, in which case Part A, Section 2 shall apply.

1.2 Except as otherwise specified in this Agreement, BellSouth shall be responsible for all costs and expenses it incurs in (i) complying with and implementing its obligations under this Agreement, the Act, and the rules, regulations and orders of the FCC and the Authority and (ii) the development, modification, technical installation and maintenance of any systems or other infrastructure which it requires to comply with and to continue complying with its responsibilities and obligations under this Agreement.

2. Non-Discriminatory Treatment

BellSouth shall offer rates to MCIm in accordance with Part A, Sections 2.4, 13 and 19.

3. Local Service Resale

The rates that MCIm shall pay to BellSouth for Resale shall be an amount equal to Bell South's tariffed rates for each noted element as reduced by a percentage amount equal to the Total Applicable Discount (defined below). If BellSouth reduces such tariffed rates during the term of this Agreement, the Total Applicable Discount shall be applied to the reduced tariffed rates.

3.1 Total Applicable Discount

The Total Applicable Discount FOR THE RESALE OF TELECOMMUNICATIONS SERVICES IN TENNESSEE SHALL BE AS FOLLOWS:

FOR RESOLD SERVICES INCLUDING OPERATOR SERVICES AND DIRECTORY ASSISTANCE - 16%

FOR RESOLD SERVICES WITHOUT OPERATOR SERVICES AND DIRECTORY ASSISTANCE - 21.56%

4.1 Each party will be responsible for bringing their facilities to the Interconnection Point. MCIm may designate an IP at any technically feasible point including but not limited to any electronic or manual cross-connect points, collocations, telco closets, entrance facilities, and mid-span meets.

4.2 At the discretion of MCIm, Interconnection may be accomplished via one-way local trunks, or two-way local trunks, or MCIm may choose to deliver both local traffic and toll traffic over the same trunk group(s). In the event MCIm chooses to deliver both types of traffic over the same trunk, and desires application of the Local Interconnection rate, it will provide Percent Local Usage (PLU) to BellSouth.

4.3 Compensation for the exchange of local traffic is set forth in Table 1 of this Attachment and shall be based on per-minutes-of-use.

4.4 When the interconnection is at a BellSouth Tandem switch, MCIm shall pay BellSouth the rates AS SET FORTH IN TABLE 1 OF THIS ATTACHMENT. BellSouth will pay MCIm a reciprocal compensation and symmetrical compensation rate.

4.5 MCIm may choose to establish trunking to any given end office when there is sufficient traffic to route calls directly to such end office. If MCIm leases one-way trunks from BellSouth, MCIm will pay the transport charges for dedicated or common transport. For two-way trunks the charges will be shared equally by both parties.

4.6 When the interconnection is at the BellSouth end office, BellSouth will pay MCIm compensation AS SET FORTH IN TABLE 1 OF THIS ATTACHMENT when BellSouth originated calls are terminated to MCIm's subscribers. For calls originating on MCIm's network and terminating to BellSouth subscribers, MCIm will pay BellSouth THE RATES SET FORTH IN TABLE 1 OF THIS ATTACHMENT..

4.7 Compensation for the termination of toll traffic and the origination of 800/888 traffic between the interconnecting parties shall based on the applicable access charges in accordance with FCC Rules and Regulations.

4.8 Where a toll call is completed through BellSouth's INP arrangement (e.g., remote call forwarding, flexible DID, etc.) to MCIm's subscriber, MCIm shall be entitled to applicable access charges in accordance with FCC Rules and Regulations.

4.9 MCIm shall pay a transit rate as set forth in Table 1 of this Attachment when MCIm uses a BellSouth access tandem to terminate a call to a third party LEC or another LSP. BellSouth shall pay MCIm a transit rate equal to the BellSouth rate referenced above when a BellSouth uses an MCIm switch to terminate a call to a third party LEC or another LSP.

5. Unbundled Network Elements

The charges that MCIm shall pay to BellSouth for Network Elements are set forth in Table 1 of this Attachment I .

6. Volume Discount (INTENTIONALLY LEFT BLANK)

Table 1
TENNESSEE RATES FOR UNBUNDLED NETWORK ELEMENTS

RATES FOR UNBUNDLED ELEMENTS

Element		Recurring Rate
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		0 0019
LOCAL TERMINATION	per minute	
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	0.0004
	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	.030 .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

TRANSPORT AND TERMINATION

Interconnection Through the BellSouth Tandem	Units	Recommended Rate	Charge
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	161 00
DS1 Total			384 81
DS1 per minute of use, at 216,000 minutes per DS1 per month			0 001782
Tandem Switching	1	0.0007	0.000676
Common Transport - per mile	7	4E-05	0.00028
Common Transport - Facilities Term.	1	0.0004	0.00036
End Office Switching	1	0.0019	0.0019
Total Interconnection Charge per minute			0.0050

Direct End Office Interconnection	Units	Recommended Rate	Charge
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	230 00
DS1 Total			453 81
DS1 per minute of use, at 216,000 minutes per DS1 per month			0 002101
End Office Switching	1	0 0019	0.0019
Total Interconnection Charge per minute			0.0040

RATES FOR UNBUNDLED ELEMENTS

Element		Non-Recurring Rate	
Loop 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	$10.00	
D Link	Each	$10.00	
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	

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.

Issue 27 What Is The Appropriate Price For Certain Support Elements Relating to Interconnection and Network Elements?

BellSouth's Proposed Language

Part IV

The attached price list contains the best and final offer for the dark fiber and interim local number portability.

BELLSOUTH - PROPOSED PROXY RATES ISSUE 24 - UNBUNDLED NETWORK ELEMENTS TENNESSEE		
	PROPOSED RATES	
	MONTHLY /	
UNBUNDLED NETWORK ELEMENTS	RECURRING	NONRECURRING
AIN RELATED SERVICES		
Mediation (1)	Keep Cost plus reasonable contribution	
Service Creation Tools		
PortEdge Service Limited Service Offering (2)		
1. Service Establishment (per state)		
(a) Initial Setup	-	$ 300.00
2 Service Charge		
(a) AdWatch Service (per wire center)	$ 4.95	$ 20.00
(b) DesignEdge Service (per subscriber per state)		$ 10.00
3 Port Connection		
(a) Dial/Shared Access	-	$ 150.00
(b) ISDN Access	-	$ 350.00
4 User Identification Codes		
(a) Per User ID Code	-	$ 75.00
5 Security Card (per User ID Code)		
(a) Initial or Replacement	-	$ 70.00
6 Storage		
(a) Per Unit	$ 1.00	-
7 Session		
(a) Per Minute	$ 0.03	-
8 Company Performed Session		
(a) Per Minute	$ 2.00	-
DesignEdge Service Limited Service Offering (2)		
1 Service Establishment Charge (per state)		
(a) Initial Setup	-	$ 500.00
2 Trigger Access Charge (Per trigger, per DN)		
(a) Terminating Attempt	-	$ 10.00
(b) Off-hook Delay	-	$ 10.00
(c) Off-hook Immediate	-	$ 10.00
(d) 10-digit PODP	$ 10.00	$ 15.00
(e) CDP	-	$ 10.00
(f) Feature Code	-	$ 10.00
3 Basic Messaging Element Charge		
(a) Per basic messaging element	$ 0.02	-
4 DesignEdge Type 1 Node Charge (per DesignEdge service subscription)		
(a) Per node, per basic messaging element	$ 0.005	-
5 SCP Storage Charge (per PortEdge service account)		
(a) Per 100 Kilobytes (or fraction thereof)	$ 1.00	-
6 DesignEdge service Monthly Report		
(a) Per DesignEdge service subscription	$ 2.00	$ 8.00

Notes

1 This service is under development

2 Based on existing Florida market trial rates - rates may vary depending on cost studies that may be performed prior to providing actual service in Tennessee.

BELLSOUTH - PROPOSED PROXY RATES
ISSUE 24 - UNBUNDLED NETWORK ELEMENTS
TENNESSEE

	PROPOSED RATES	
	MONTHLY /	
UNBUNDLED NETWORK ELEMENTS	RECURRING	NONRECURRING
Design Edge Service (Cont'd) (1)		
7. DesignEdge service Special Study		
(a) Per DesignEdge service subscription	-	$ 10.00
8 DesignEdge service Call Event Report		
(a) Per DesignEdge service subscription	$ 2.00	$ 8.00
9 DesignEdge service Call Event Special Study		
(a) Per DesignEdge service subscription	-	$ 10.00
OLEC DAILY USAGE FILE (ODUF)		
1. Recording Service (only applied to unbundled operator services messages), per message	$ 0.008	
2. Message Distribution, per message	$ 0.004	
3 Data Transmission, per message	$ 0.001	
DARK FIBER (2)		
- Per each four-fiber dry fiber arrangement	-	$ 1,808.19 - first
		$ 922.95 - add'l
- Per each fiber strand per route mile or fraction there of	$ 241.00	-
ELECTRONIC INTERFACE	Keep Cost plus reasonable contribution	
LOOP DISTRIBUTION (2W VG) (3)	$ 14.50	$ 587.00 - first
		$ 255.00 - add'l
LOOP CONCENTRATOR/MULTIPLEXER		
(used "located inside BST central office" as a proxy)		
1 Unbundled Loop Channelization System (DS1 to VG)	$ 493.00	$ 525.00
2 Central Office Channel Interface per circuit or	$ 1.46	$ 8.00
monthly per circuit rate	$ 6.60	
SELECTIVE ROUTING (4)		
- Line or PBX Trunk each	$ 2.90	$ 22.00

Notes

1 Based on existing Florida market trial rates - rates may vary depending on cost studies that may be performed prior to providing actual service in Tennessee.

2. Rates mirror Dry Fiber rates contained in Sec. 7 of BST's Interstate Access Tariff, FCC No. 1.

3. In addition to the recurring and non-recurring rates for Loop Distribution, BST would utilize its Special Construction process to recover its cost associated with the site preparation work that might be required in those areas where an OLEC wants to connect its feeder plant to BST's distribution element. The estimated costs associated with this work could vary widely from site to site. Therefore, these costs should be borne by the requesting OLEC on a per request basis. Also, BST expects that it will need to modify its ordering, provisioning, maintenance and repair systems, as it becomes technically feasible, in order to accomodate these requests in a fully mechanized mode. These costs, and their recovery mechanism, will need to be considered at the time they are incurred and should by incorporated into any mandated loop distribution offering.

4 Rate base on Customized Code Restriction rates contained in A13 of BST's General Subscriber Tariff and the secondary service ordering rates contained in A4 until costs can be developed.

BELLSOUTH - PROPOSED PROXY RATES
ISSUE 24 - UNBUNDLED NETWORK ELEMENTS
TENNESSEE

UNBUNDLED NETWORK ELEMENTS	PROPOSED RATES MONTHLY / RECURRING	NONRECURRING	
LERG REASSIGNMENT	Keep Cost plus reasonable contribution		
ROUTE INDEX PORTABILITY HUB	Keep Cost plus reasonable contribution		
SERVICE PROVIDER NUMBER PORTABILITY - REMOTE			
1. Rate, per ported number	$ 1.75		
2. Additional capacity for simultaneous call forwarding, per additional path	$ 0.75		
3. Rate per order, per end user location		$ 25.00	
SERVICE PROVIDER NUMBER PORTABILITY - DIRECT INWARD DIALED (DID) (1)			
1. Business per ported number	$ 0.01	$ 1.00	
2. Residence per ported number	$ 0.01	$ 1.00	
3. Rate per order, per end user location		$ 25.00	
4. SPNP-DID Trunk Termination, per trunk	$ 13.00	$ 164.00	- first
		$ 83.00	- add'l
5. DS1 Local Channel, per Local Channel (2)	$ 133.81	$ 866.97	- first
		$ 486.83	- add'l
6. DS1 Dedicated Transport (2)			
- Per mile	$ 23.50		
- Per facility termination	$ 90.00	$ 100.49	

Notes
1. Rates are displayed at the DS1-1.544 Mbps level
2. May not be required if the DLEC is collocated at the ported number end office

Issue 29 What rates apply to collect third party, intraLATA and information service provider calls?

BellSouth's Proposed Language

Attachment 7

9.1 Definitions

Outcollect Message - A message that originates on an AT&T line that is provided via telecommunications services purchased for resale but bills, using BellSouth's rates, to an end-user served by another Local Service Provider.

For facilities-based purposes, an outcollect message is a message that originates on an AT&T line where AT&T is providing the facilities, but bills, using AT&T's rates, to an end-user served by another Local Service Provider.

TENNESSEE ISSUE #30
AT&T FINAL BEST OFFER

30. **What are the appropriate general contractual terms and conditions that should govern the arbitration agreement (e.g., resolution of disputes, performance requirements, and treatment of confidential information)?**

AGREEMENT – PREFACE

DISAGREE (Only as to Inclusion of BellSouth Affiliates)

AT&T Proposed Language - This Agreement, which shall become effective as of the ____ day of _____, 1996, is entered into by and between AT&T Corp., a New York Corporation, having an office at 295 North Maple Avenue, Basking Ridge, New Jersey 07920, on behalf of itself, and its Affiliates, as delineated in Attachment ___ (individually and collectively "AT&T"), and BellSouth Telecommunications, Inc. ("BellSouth"), a Georgia corporation, having an office at 675 West Peachtree Street, Atlanta, Georgia, 30375, on behalf of itself, and its Affiliates.

BellSouth Proposed Language - This Agreement, which shall become effective as of the ____ day of _____, 1996, is entered into by and between AT&T Corp., a New York Corporation, having an office at 295 North Maple Avenue, Basking Ridge, New Jersey 07920, on behalf of itself, and its Affiliates, as delineated in Attachment ___ (individually and collectively "AT&T"), and BellSouth Telecommunications, Inc. ("BellSouth"), a Georgia corporation, having an office at 675 West Peachtree Street, Atlanta, Georgia, 30375.

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November 8, 1996

Mr. David Waddell
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

Re: Petition by MCI Telecommunications Corporation for Arbitration of Certain Terms and Conditions of a Proposed Agreement with BellSouth Telecommunications, Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996
Docket No. 96-01271

Dear Mr. Waddell:

This correspondence will clarify that previous correspondence delivered to you on November 5, 1996. MCI Telecommunications Corporation ("MCI") has reviewed the joint submission by BellSouth and AT&T dated November 4, 1996 in response to Dr. Chris Klein's request for information during the arbitration, as reflected in the November 1, 1996 Notice of the Tennessee Regulatory Authority. MCI concurs in that filing with the following additions.

At the Arbitration hearing, AT&T dropped their specific request for sub-loop unbundling and indicated that they would request further sub-loop unbundling on a Bona Fide Request basis. MCI maintains its request for certain sub-loop unbundled elements - loop distribution and loop concentration.

As contained in Exhibit 4 of the testimony of Don Wood filed in the Arbitration, the prices that MCI requests for these elements are as follows:

Loop Distribution - $9.79/month, inclusive of the Network Interface device and $9.23/month, exclusive of the Network Interface Device.

Loop Concentration - $2.73/month.

BellSouth's position appears to be that it is not technically feasible to provide these elements on an unbundled basis due to the fact that the operational support systems will not support such unbundling. As a result, there is no BellSouth proposed price.

With regard to tandem switching, MCI has proposed a price of $.0032/mou, as contained in Exhibit 4 which is in contrast to AT&T's proposal of $.0015/mou and BellSouth's proposal of $.00074/mou. Based on the disparity between the proposals of MCI/AT&T and BellSouth, this price comparison may not be on a comparable element basis.

Sincerely yours,

BOULT, CUMMINGS, CONNERS & BERRY, PLC

Jon E. Hastings

JEH/sja
cc: All Parties of Record
Dr. Chris Klein

BEFORE THE TENNESSEE REGULATORY AUTHORITY

FINAL ORDER IN DOCKET NO. 96-01331

THE AVOIDABLE COSTS OF PROVIDING BUNDLED SERVICE FOR RESALE BY LOCAL EXCHANGE TELEPHONE COMPANIES

BEFORE THE TENNESSEE REGULATORY AUTHORITY

January 17, 1997 **Nashville, Tennessee**

IN RE: THE AVOIDABLE COSTS OF PROVIDING BUNDLED SERVICE FOR RESALE BY LOCAL EXCHANGE TELEPHONE COMPANIES

FINAL ORDER IN DOCKET NO. 96-01331

I. INTRODUCTION:

A properly convened hearing (the "Avoidable Costs Hearing") was held in the above-captioned matter on Monday, September 30, 1996, and continuing until Wednesday, October 2, 1996, 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. The Avoidable Costs Hearing was open to the public at all times.[1]

The purpose of the Avoidable Costs Hearing was to hear oral testimony on the issues to be decided in Docket No. 96-01331. At the Status Conference in this matter held on Wednesday, August 28, 1996, and the Pre-Hearing Conferences held in connection with this matter on September 5, 1996 and September 11, 1996, the Directors and the parties determined and agreed that the issues to be decided in Docket No. 96-01331 were 1) what are the appropriate wholesale rates for BellSouth or Sprint-United to charge when Local Service Competitors purchase BellSouth's or Sprint-United's retail services for resale? and 2) must appropriate wholesale rates for BellSouth's and/or Sprint-United's services subject to resale equal

[1] The appearances entered at the Avoidable Costs Hearing are recorded on the last page of the order.

BellSouth's or Sprint-United's retail rates, less all direct and indirect costs related to retail functions?

On Thursday, November 14, 1996, a properly convened conference was held in this matter in the hearing room of the Authority in order to allow the Directors to deliberate and reach a determination of the issues presented in Docket No. 96-01331 (the "Avoidable Costs Conference"). The Avoidable Costs Conference was open to the public at all times.[2]

II. APPLICABLE LAW AND THE PURPOSE OF THE AVOIDABLE COSTS PROCEEDING:

A. LAWS OF THE STATE OF TENNESSEE.

In 1995, the General Assembly of the State of Tennessee enacted Public Chapter 408 in order to encourage the development of "an efficient, technologically advanced, statewide system of telecommunications services by permitting competition in all telecommunications markets, and by permitting alternative forms of regulation for telecommunications services and telecommunications services providers." (Section 1 of Public Chapter 408 of the Acts of 1995, codified as T.C.A. § 65-4-123 entitled "Declaration of telecommunications services policy"). Under Section 8 of Public Chapter 408 of the Acts of 1995, codified as T.C.A. § 65-4-124 entitled "Administrative Rules", the Authority is required in T.C.A. § 65-4-124(b) to "promulgate rules and issue such orders as necessary to implement the requirements of [T.C.A. § 65-4-124(a)] and to provide for unbundling of service elements and functions, terms for resale, interLATA presubscription, number portability, and packaging of a basic local exchange telephone service or unbundled features or functions with services of other providers." T.C.A. § 65-4-124(a) states

[2] The Avoidable Costs Hearing, the Avoidable Costs Conference, and all other open meetings held by the Authority in connection with Docket No. 96-01331 are hereinafter sometimes collectively referred to as the "Avoidable Costs Proceeding."

that "[a]ll telecommunications services providers shall provide non-discriminatory interconnection to their public networks under reasonable terms and conditions; and all telecommunications providers shall, to the extent that it is technically and financially feasible, be provided desired features, functions and services promptly, and on an unbundled and non-discriminatory basis from all other telecommunications services providers."

The Authority commenced Docket No. 96-01331[3] as part of its duty to facilitate the implementation of the State of Tennessee's telecommunications services policy and to promulgate rules and issue orders as necessary to implement the requirements of T.C.A. § 65-4-124(a).

B. FEDERAL LAWS.

In 1996, the Federal Telecommunications Act of 1996 (the "Act") was passed, signed into law, and became effective and the Federal Communications Commission (the "FCC") issued its First Report and Order in CC Docket No. 96-98, In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996. Pursuant to Section 251(c)(4) of the Act, incumbent local exchange carriers are required "to offer for resale at wholesale rates any telecommunications service that the carrier provides at retail to subscribers who are not telecommunications carriers....." Issues arising out of this Section of the Act, including the two issues raised in this Docket No. 96-01331, were presented to the Directors, acting as Arbitrators pursuant to the Act, as a part of the arbitration proceedings between AT&T

[3] The Tennessee Public Service Commission opened Docket No. 96-00067 at the beginning of 1996. Docket No. 96-00067 was also entitled "The Avoidable Costs of Providing Bundled Services for Resale by Local Exchange Telephone Companies" and was opened for the purpose of satisfying the requirements of T.C.A. § 65-4-124(b). Docket No. 96-00067 was not recommenced before the Authority because the parties thereto failed to stipulate that the record in Docket No. 96-00067 could be transferred to the Authority after the Tennessee Public Service Commission ceased to exist on June 30, 1996.

and BellSouth in Docket No. 96-01152 and the arbitration proceedings between MCI and BellSouth in Docket No. 96-01271. Therefore, it was agreed that the record presented in this Docket No. 96-01331 was to be made a part of the record in Docket No. 96-01152 and Docket No. 96-01271 as well and that the decisions reached in the Avoidable Costs Proceeding would be recognized and adopted as part of the decisions in the arbitrations.

III. DISCUSSION:

In order to reach the appropriate wholesale rates for BellSouth and/or Sprint-United to charge when the Local Service Competitors (and all other local service competitors) purchase resale services from BellSouth and Sprint-United for resale, the Directors followed a three step process. First, they made a series of general decisions, second, a series of decisions to establish the accounting mechanism, and third, they calculated and approved a wholesale discount.

The general decisions were that one wholesale discount should apply to all services subject to resale, in other words, there should not be a different rate for residential, business, or other categories, that the wholesale discount was to be a set percentage off the tariffed rates, not a fixed dollar amount, and that the services subject to resale were bundled services and include operator services and directory assistance.

In order to establish the accounting mechanisms, the Directors found that the wholesale discount percentage should be based on (Tennessee) intrastate revenues and expenses[4]; that the expenses in Accounts 6611, 6612, 6613, and 6623 are directly avoided; that, for BellSouth, approximately eighty (80%) percent of the expenses in the accounts named directly above are avoided; that, for Sprint-United, approximately eighty-three and one half (83.5%)

[4] Chairman Greer, in making his motion on this matter, stated that it was appropriate for the Authority to base its decisions in Docket No. 96-01331 on expenses and revenues incurred and generated in Tennessee because that was the State over which it had jurisdiction.

percent of the expenses in the accounts named directly above are avoided; that the expenses in Accounts 6121, 6122, 6123, 6124, 6711, 6712, 6721, 6722, 6723, 6724, 6725, 6726, 6727, and 6728 are indirectly avoided; that the percentage of indirect expenses avoided is calculated as a ratio of directly avoided expenses to total direct expenses; that, for BellSouth, approximately fifteen (15%) percent of the expenses in the accounts named in the indirect category are avoided; that, for Sprint-United, approximately twelve and sixty one-hundredths (12.60%) percent of the expenses in the accounts named in the indirect category are avoided; that "Uncollectible Revenues" recorded in Account 5301 are treated as indirect expenses and are avoided at one hundred (100%) percent; and that the wholesale discount shall be calculated as a ratio of total avoided expenses to total operating expenses.

Finally, based upon the method of calculating the wholesale discount as the ratio of total avoided expenses to total operating expenses, the Directors found that the wholesale discount for BellSouth should be sixteen (16%) percent and for Sprint-United should be twelve and seventy one-hundredths (12.70%) percent.

Based upon the entire record in Docket No. 96-01331 and the applicable federal and state laws, the Authority reached the conclusions set forth below:

IT IS THEREFORE ORDERED:

1. That one wholesale discount shall apply to all services subject to resale[5]; and

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[5] Several parties advocated the adoption of more than one discount rate for each incumbent local exchange company. The Authority did not adopt this position. As examples of testimony supporting the approach taken by the Authority, see Transcript of Tennessee Regulatory Hearing, Volume IV, Tuesday, October 1, 1996, page 110, lines 6-11, testimony of Patricia A. McFarland, witness for AT&T; Transcript of Tennessee Regulatory Hearing, Volume V, Tuesday, October 1, 1996, page 235, lines 10-12, testimony of August H. Ankum, witness for MCI; and Transcript of Tennessee Regulatory Hearing, Volume VI, Wednesday, October 2, 1996, page 70, lines 11-25 and page 71, lines 1-3, testimony of Archie Hickerson, witness for the Consumer Advocate.

2. That the wholesale discount be, and hereby is, established as a set percentage off the tariffed rates[6]; and

3. That the decisions rendered in Docket No. 96-01331 and evidenced in this Order apply to the resale of bundled services, which include operator services and directory assistance[7]; and

4. That the wholesale discount percentage be, and hereby is, based on Tennessee intrastate revenues and expenses[8]; and

5. That the expenses in the following accounts, be, and hereby are, found to be directly avoided[9]:

Account 6611-Product Management,

Account 6612-Sales,

Account 6613-Product Advertising, and

Account 6623-Customer Services; and

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[6] Sprint-United advocated the adoption of a set dollar amount off of the retail price rather than a percentage discount. The Authority did not adopt this position. As an example of testimony supporting the approach taken by the Authority, see Transcript of Tennessee Regulatory Hearing, Volume I, Monday, September 30, 1996, page 256, lines 3-14, testimony of Walter S. Reid, witness for BellSouth.

[7] As an example of testimony supporting the approach taken by the Authority, see Transcript of Tennessee Regulatory Hearing, Volume I, Monday, September 30, 1996, page 273, line 25 and page 274, line 1, testimony of Walter S. Reid, witness for BellSouth.

[8] As an example of testimony supporting the position taken by the Authority, see Transcript of Tennessee Regulatory Hearing, Volume V, Tuesday, October 1, 1996, pages 235-243, testimony of August H. Ankum, witness for MCI and Attachment 3, Direct Testimony of August H. Ankum Before the Tennessee Regulatory Authority on Behalf of MCI dated September 10, 1996.

[9] As an example of testimony supporting the approach taken by the Authority, see Transcript of Tennessee Regulatory Hearing, Volume VI, Wednesday, October 2, 1996, page 37, lines 14-18, testimony of Archie Hickerson, witness for the Consumer Advocate.

6. That for BellSouth, approximately eighty (80%) percent of the expenses included in the accounts named in Paragraph 5 above are avoided[10]; and

7. That for Sprint-United, approximately eighty-three and one-half (83.5%) percent of the expenses included in the accounts named in Paragraph 5 above are avoided[11]; and

8. That the expenses in the following accounts, be, and hereby are, found to be indirectly avoided[12]:

Account 6121-Land and Buildings,

Account 6122-Furniture and Artwork,

Account 6123-Office Equipment,

Account 6124-General Purpose Computer,

Account 6711-Executive,

Account 6712-Planning,

Account 6721-Accounting and Finance,

Account 6722-External Relations,

Account 6723-Human Resources,

Account 6724-Information Management,

Account 6725-Legal,

Account 6726-Procurement,

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[10] The percentage determined in Paragraph 6 is based upon proprietary information submitted by the parties to the Avoidable Costs Proceeding. Such information is the subject of a Protective Order.

[11] The percentage determined in Paragraph 7 is based upon proprietary information submitted by the parties to the Avoidable Costs Proceeding. Such information is the subject of a Protective Order.

[12] As an example of testimony supporting the approach taken by the Authority, see Transcript of Tennessee Regulatory Hearing, Volume VI, Wednesday, October 2, 1996, page 38, lines 1-6, testimony of Archie Hickerson, witness for the Consumer Advocate.

Account 6727-Research and Development,

Account 6728-Other General and Administrative; and

9. That the percentage of indirect expenses avoided is calculated as a ratio of directly avoided expenses to total direct expenses[13]; and

10. That for BellSouth, approximately fifteen (15%) percent of the expenses included in the accounts named in Paragraph 8 are avoided[14]; and

11. That for Sprint-United, approximately twelve and sixty one-hundredths (12.60%) percent of the expenses included in the accounts named in Paragraph 8 are avoided[15]; and

12. That "Uncollectible Revenues" recorded in Account 5301 are treated as indirect expenses and are avoided at one hundred (100%) percent[16]; and

13. That the wholesale discount be, and hereby is, calculated as a ratio of total avoided expenses to total operating expenses[17]; and

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[13] As examples of testimony supporting the approach taken by the Authority, see Transcript of Tennessee Regulatory Hearing, Volume IV, Tuesday, October 1, 1996, page 116, lines 4-25 and page 117, lines 1-14, testimony of Patricia A. McFarland, witness for AT&T; Transcript of Tennessee Regulatory Hearing, Volume VI, Wednesday, October 2, 1996, page 41, lines 16-25 and page 42, lines 1-21, testimony of Archie Hickerson, witness for the Consumer Advocate; and Transcript of Tennessee Regulatory Hearing, Volume VI, Wednesday, October 2, 1996, page 54, lines 5-8, testimony of Archie Hickerson, witness for the Consumer Advocate.

[14] The percentage determined in Paragraph 10 is based upon proprietary information submitted by the parties to the Avoidable Costs Proceeding. Such information is the subject of a Protective Order.

[15] The percentage determined in Paragraph 11 is based upon proprietary information submitted by the parties to the Avoidable Costs Proceeding. Such information is the subject of a Protective Order.

[16] As examples of testimony supporting the approach taken by the Authority, see Transcript of Tennessee Regulatory Hearing, Volume IV, Tuesday, October 1, 1996, page 138, lines 2-8, testimony of Ari Lerma, witness for AT&T; Transcript of Tennessee Regulatory Hearing, Volume V, Tuesday, October 1, 1996, page 240, lines 13-20, testimony of August H. Ankum, witness for MCI.

[17] As an example of testimony supporting the approach taken by the Authority, see Transcript of Tennessee Regulatory Hearing, Volume V, Tuesday, October 1, 1996, page 245, lines 4-10, testimony of August H. Ankum, witness for MCI.

14. That the wholesale discount for BellSouth be, and hereby is, sixteen (16%) percent; and

15. That the wholesale discount for Sprint-United be, and hereby is, twelve and seventy one-hundredths (12.70%) percent; and

16. That any party aggrieved with the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within ten (10) days from and after the date of this Order; and

17. That any party aggrieved with the Authority's decision in this matter has the right of judicial review by filing a Petition for Review in the Tennessee Court of Appeals, Middle Section, within sixty (60) days from and after the date of this Order.

CHAIRMAN

DIRECTOR

ATTEST:

EXECUTIVE SECRETARY

DIRECTOR

APPEARANCES:

Guy M. Hicks, Esquire, General Counsel-Tennessee, 333 Commerce Street, Suite 2101, Nashville, Tennessee 37201-3300 and Fred McCallum, Esquire, and Thomas B. Alexander, Esquire, 675 West Peachtree Street, Suite 4300, Atlanta, Georgia 30375-0001, appearing on behalf of BellSouth Telecommunications, Inc. ("BellSouth").

Carolyn Tatum Roddy, Esquire, Attorney, State Regulatory, 3100 Cumberland Circle, Atlanta, Georgia 30339, appearing on behalf of Sprint Communications Company, L.P. ("Sprint").

James Wright, Esquire, Senior Attorney, 14111 Capital Boulevard, Wake Forest, North Carolina 27587-5900, appearing on behalf of United Telephone-Southeast ("United").

Herein Sprint and United have been jointly referred to as "Sprint-United".

James Falvey, Esquire, 131 National Business Parkway, #100, Annapolis Junction, Maryland 20701, appearing on behalf of American Communications Services, Inc. ("ACSI").

G. Thomas McPherson, Esquire, Benham-Leake, 6000 Poplar Avenue, Suite 401, Memphis, Tennessee 38119, appearing on behalf of ATS of Tennessee, LLC ("ATS").

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 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").

Vincent Williams, Esquire, Second Floor, Cordell Hull Building, 426 Fifth Avenue North, Nashville, Tennessee 37243-0500, formerly located at 1504 Parkway Tower, 404 James Robertson Parkway, Nashville, Tennessee 37243-0500, appearing on behalf of the Consumer Advocate Division of the Office of the Attorney General (the "Consumer Advocate").

Jon E. Hastings, Esquire, Boult, 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").

Dana Shaffer, Esquire, 105 Malloy Street, #300, Nashville, Tennessee 37201, appearing on behalf of NEXTLINK of Tennessee, LLC ("Nextlink").

T. G. Pappas, Esquire, Bass, Berry & Sims, 2084 First American Center, Nashville, Tennessee 37238, appearing on behalf of the Coalition of Small Local Exchange Companies.

Charles Welch, Jr., Esquire, Farris, Mathews, Gilman, Brannan & Hellen, 511 Union Street, Suite 2400, Nashville, Tennessee 37219, appearing on behalf of Time-Warner AXS of Tennessee, L.P. ("Time-Warner").

Herein ACSI, ATS, AT&T, MCI, Time-Warner, Nextlink, and the Coalition of Small Local Exchange Companies have been referred to collectively as "Local Service Competitors."