BEFORE THE TENNESSEE REGULATORY AUTHORITY

March 26, 1997

FINAL ORDER OF ARBITRATION AWARDS

**PETITION BY SPRINT COMMUNICATIONS COMPANY, L.P.
FOR ARBITRATION OF INTERCONNECTION WITH
BELLSOUTH TELECOMMUNICATIONS, INC.
UNDER THE TELECOMMUNICATIONS ACT OF 1996**

DOCKET NO. 96-01411

TABLE OF CONTENTS

BEFORE THE TENNESSEE REGULATORY AUTHORITY
(As Arbitrators)

March 27, 1997 Nashville, Tennessee

FINAL ORDER OF ARBITRATION AWARDS

This Final Order of Arbitration Awards (the "Final Order") embodies all decisions made by Chairman Lynn Greer, Director Melvin Malone, and Director Sara Kyle, acting as Arbitrators, during an Arbitration Conference held on January 7, 1997, and constitutes the valid, binding, and final decision of the Arbitrators.[1]

INTRODUCTION:

A properly convened Arbitration Conference was held under Docket No. 96-01411 on Tuesday, January 7, 1997, 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.[2] The Arbitration Conference was open to the public at all times.

The purpose of the Arbitration Conference was to render decisions on certain issues which were 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:

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[1] Please note that the term the "Act" when used throughout this Final 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 January 7, 1997; 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*.

[2] The appearances entered at the Arbitration Conference are recorded on the last page of this Final Order of Arbitration Awards.

1. Petition by Sprint for Arbitration under the Telecommunications Act of 1996, filed on September 19, 1996 (the "Petition");

2. Response of BellSouth to the Petition for Arbitration filed October 15, 1996;

3. Issue List filed by Sprint on November 25, 1996;

4. Issue List filed by BellSouth on November 26, 1996.

5. Briefs of Sprint and BellSouth filed on December 19, 1996.

6. Order from Pre-hearing Conference held December 11, 1996

After due consideration of the arguments made, the documents, testimony, and briefs filed, the partial agreements reached among the parties, the applicable federal and state laws, rules, and regulations in effect on January 7, 1997, and the entire record of this proceeding, the Arbitrators deliberated and reached decisions with respect to the issues before them.

PRELIMINARY MATTERS:

At the January 7, 1997, Arbitration Conference, Director Malone clarified a statement set forth in Sprint's December 19, 1997, Brief. On page 2 of its Brief, Sprint states that "In an effort to ease the administrative burden placed on the Arbitrators, Sprint and BellSouth agreed to waive formal hearing[.]" Noting that this statement implied that the Arbitrators requested Sprint and BellSouth to waive oral hearing, Director Malone stated that the Arbitrators did not at any time request the parties to waive oral hearing.

The parties voluntarily waived the opportunity for oral hearing without any request whatsoever from the Arbitrators.[3]

[3] During the December 11, 1996, Pre-Hearing Conference, the parties informed the Arbitrators that the parties desired to submit to arbitration without a hearing for oral testimony. See Transcript of December 11, 1996, Pre-Hearing Conference, pages 4-5. The Arbitrators accepted this joint proposal by the parties. See Transcript of December 11, 1996, Pre-Hearing Conference, page 43 and Order from Pre-Hearing Conference held December 11, 1996.

DECISIONS OF THE ARBITRATORS ON THE ISSUES PRESENTED:

ISSUE 1:

SHOULD BELLSOUTH MAKE AVAILABLE ANY INTERCONNECTION, SERVICE OR NETWORK ELEMENT PROVIDED UNDER AN AGREEMENT APPROVED UNDER 47 U.S.C. SECTION 252, TO WHICH IT IS A PARTY, TO SPRINT UNDER THE SAME TERMS AND CONDITIONS PROVIDED IN THE AGREEMENT?

COMMENTS AND DISCUSSION:

Section 252(i) of the Act provides that "A local exchange carrier shall make available any interconnection, service, or network element provided under an agreement approved under this Section, to which it is a party, to any other requesting telecommunications carrier upon the same terms and conditions as those provided in the agreement."

The FCC concludes that this Section of the Act allows requesting carriers to choose among individual provisions contained in any approved agreement to which the local exchange carrier is a party, upon the same rates, terms, and conditions as those provided in the agreement.[4] Further, the FCC comments that Section 252(i) allows a requesting carrier to "avail itself of more advantageous terms and conditions subsequently negotiated by any other carrier for the same individual interconnection, service, or element once the subsequent agreement is filed with, and approved by, the state commission."[5] Sprint's position is that the Arbitrators should accept and adopt the FCC's interpretation of Section 252(i).

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[4] See FCC Report and Order, paragraph 1310 and FCC Report and Order, Rule 51.809.
[5] See FCC Report and Order, paragraph 1316.

The parties agree that something must be made available under Section 252(i). But, they disagree as to what must be made available. While the parties argue over the interpretation of this Section, neither party cites any legislative history that might shed some light on Congress' intent.

BellSouth's position is that Sprint can pick and choose certain "chunks"[6] of interconnection agreements and that there are basically four chunks: (1) interconnection; (2) unbundling; (3) resale; and (4) number portability or interim-number portability. BellSouth witness Scheye argues that interconnection, service, or network element arrangements along with their associated rates, terms, and conditions as set forth in a given agreement are not severable. BellSouth maintains in its brief that any other interpretation of this provision impairs the negotiation process prescribed in the Act by destroying any incentive for parties such as BellSouth to make concessions during the negotiation process and undercutting the finality of any negotiated contract.

The Arbitrators considered whether BellSouth should make available any interconnection, service, or network element provided under an agreement approved under Section 252 of the Act to which it is a party to Sprint upon the same terms and conditions provided in the agreement. While Director Kyle accepts the FCC's, and thus Sprint's, interpretation of Section 252(i) in total, neither Chairman Greer nor Director Malone are persuaded to accept, in total, the interpretations submitted by Sprint or BellSouth.[7]

[6] "Chunks" is the terminology BellSouth introduced with respect to this issue.

[7] One of the concerns was that the Eighth Circuit Court of Appeals has stayed the FCC's commonly called "pick and choose rule," which rule is based upon Section 252(i) of the Act. According to the

BellSouth asks the Arbitrators to accept its reading of the statute without any cited authority, and Sprint asks the Arbitrators to accept the FCC's reading of the statute, although the FCC's pick and choose rule (Rule 51.809) has been stayed by the Eighth Circuit.

Although BellSouth's arguments regarding the impairment of the negotiation process and the undermining of the finality of negotiated contracts have merit, the majority notes that the plain language of Section 252 (i) appears, on its face, to be inconsistent with BellSouth's so-called "chunk" theory. Nonetheless, while BellSouth's interpretation may be too restrictive, Sprint's position may arguably be too liberal. Although Sprint's interpretation of Section 252(i) may have been reasonably constructed from the FCC's Report and Order, such interpretation, like BellSouth's, may lead to consequences which we are not currently persuaded were intended by Congress.

While it appears that Congress intends a level of disaggregation in adopting Section 252(i) in order to foster competition, it cannot be determined from the language of the Section whether the disaggregation is intended to so completely dismantle interconnection agreements, as Sprint's interpretation suggests. The legislative history of Section 252(i), as set forth in paragraph 1311 of the FCC Order, suggests that Congress did not intend for requesting telecommunications carriers to remain perpetually fluid in their ability to pick and choose terms and conditions from approved interconnection agreements. Instead, paragraph 1311 seems to suggest that previously negotiated terms and conditions would be available upon request up to the point where the requesting

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Eighth Circuit, when the FCC promulgated its rule, it expanded the statutory language of section 252(i) to include the word 'rates,' which word does not actually appear in section 252(i).

telecommunications carrier executes its own interconnection agreement, whereupon terms and conditions of subsequently executed agreements would be beyond its reach. Specifically, the Senate Commerce Committee states that its provision, Section 251(g), which, according to the FCC, does not differ substantively from Section 252(i), is intended to "make interconnection more efficient by making available to other carriers the individual elements of agreements that have been previously negotiated."[8] (emphasis added).

This is a critical issue, and one that must be resolved if competition in the local market is to flourish. Still, in the opinion of the majority, immediate resolution of this issue is not requisite to Sprint's ability to enter into an interconnection agreement with BellSouth. Moreover, Sprint's capacity to begin providing local service to the residents of Tennessee will not be hampered in the short term.

Given the circumstances, and the aforementioned concerns, the majority believes that the more prudent course to take is to defer action on this issue. The comments made by the Arbitrators at the Conference should provide the parties with enough guidance to enable them to negotiate a mutually acceptable "most favored nations clause." Director Malone then moved that the Arbitrators take no action on this issue at this time. It is his opinion that the Directors of the Tennessee Regulatory Authority may wish to take some action regarding Section 252(i) at a later time. Chairman Greer seconded the motion. Director Kyle voted no. The motion passed by a vote of two to one.

[8] See FCC Report and Order, paragraph 1311.

ORDERED:

1. That the Arbitrators defer ruling on issue one.

ISSUE 2:

HOW MANY POINTS OF INTERCONNECTION ARE APPROPRIATE AND WHERE SHOULD THEY BE LOCATED?

COMMENTS AND DISCUSSION:

As articulated in the record in this matter, Sprint desires to designate at least one point of interconnection ("POI") on BellSouth's network and within BellSouth's calling area for the purpose of routing local traffic. According to Sprint's direct testimony, the ability to choose to interconnect to one or more than one POI in a LATA or local calling area, for local or toll traffic, provides Sprint with the flexibility to design an efficient network. In Sprint's own terms, "The Sprint position is that we don't want to be required to have more than one point of interconnection in a LATA. The BellSouth position is that we should interconnect at each access tandem in the local calling area."[9] BellSouth's witnesses make various arguments against Sprint's request, but do not challenge its technical feasibility.

Sprint also requests under this issue the utilization of mid-span or mid-air meets. According to Sprint, mid-span meets involve two (2) telecommunications companies connecting their networks at some point between their respective networks. While BellSouth's witnesses Scheye and Atherton oppose Sprint's specific request regarding mid-span meets, BellSouth does not controvert the technical feasibility of Sprint's request.

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[9] See November 21, 1996, Transcript of Arbitration Hearing between Sprint and BellSouth before the Louisiana Public Service Commission, Docket No. U-22146, page 71 (hereinafter "The Louisiana Transcript"). The Louisiana Transcript was made a part of the record in this proceeding by agreement of the parties. See Transcript of December 11, 1996, Pre-Hearing Conference, page 5 and Order from Pre-Hearing Conference held December 11, 1996.

Section 251(2)(B) of the Act provides that incumbent local exchange companies ("ILECs") have the duty to provide interconnection "at any technically feasible point within the carrier's network[.]" It is the Arbitrators' opinion that since BellSouth does not refute the technical feasibility of establishing points of interconnection, it is incumbent upon BellSouth to comply with Sprint's request. With respect to Sprint's request regarding mid-span meets, the Arbitrators conclude that BellSouth's position that the parties should work together to develop mutually acceptable arrangements for costs recovery and safeguards for the integrity of the network is reasonable. The Arbitrators further agree that if the parties are unable to reach a mutually satisfactory arrangement, then they may petition the Authority for relief.

Director Malone moved that, consistent with the Arbitrators' comments, Sprint should be allowed to interconnect without segregating traffic at one or more POIs in a LATA or local calling area, but that the Arbitrators should adopt BellSouth's position on mid-span meets. The motion passed unanimously.

ORDERED:

2. That Sprint is allowed to interconnect without segregating traffic at one or more POIs in a LATA or local calling area.

3. That if Sprint desires to establish a point of interconnection at mid-air or mid-span meet points on BellSouth's network, it shall be entitled to do so.

4. That, with respect to mid-air or mid-span meets, the parties shall work together to develop mutually acceptable arrangements for costs recovery and safeguards for the integrity of the network.

5. That if the parties are unable to reach agreement on mid-air or mid-span meet arrangements, either of them may petition the Authority for a resolution.

ISSUE 3:

SHOULD JURISDICTIONAL MIXED TRAFFIC BE ALLOWED ON EACH TRUNK? IF SO, WHAT SHOULD BE THE TERMS AND CONDITIONS?

COMMENTS AND DISCUSSION:

As articulated by Sprint's witness James Burt at the Louisiana Arbitration Hearing, Sprint requests to put combined traffic types (local, toll and wireless) on the same trunk groups, but BellSouth wants Sprint to separate different traffic types onto different trunks.[10] BellSouth contends, in part, that this is not the proper forum to modify existing cellular arrangements or to combine cellular issues with wireline to wireline interconnection issues.

In addressing this issue, the majority, after a careful examination of T.C.A. Section 65-4-101(a)(6), concludes that the transport of cellular traffic of any kind is beyond the scope of this Arbitration. It is their opinion that the trunking arrangements deemed appropriate by AT&T and MCI in the AT&T and BellSouth Consolidated Arbitration is adequate and appropriate, at least in the interim, for Sprint and BellSouth to negotiate an acceptable interconnection agreement.[11]

Chairman Greer moved that "pursuant to T.C.A. Section 65-4-101(a)(6), which is the section of Tennessee law which removes domestic public cellular radio telephone service from the jurisdiction of the Tennessee Regulatory Authority, that the issue of jurisdictional mixed traffic being allowed on each trunk is beyond the scope of this

[10] See Louisiana Transcript, page 74.

[11] The trunking arrangements referred to by Chairman Greer were reached by and among AT&T, MCI and BellSouth with respect to issue 20 in the AT&T and BellSouth Consolidated Arbitration, Docket No. 96-01152. It should be noted that issue 20 in the AT&T and BellSouth Consolidated Arbitration was removed from consideration before the Arbitrators by the parties. Hence, the Arbitrators are without knowledge of the specifics of the trunking arrangements negotiated among AT&T, MCI and BellSouth.

Arbitration."[12] He further moved that, for the purpose of Sprint and BellSouth negotiating an acceptable interconnection agreement, Sprint and BellSouth shall be bound by the trunking arrangements deemed appropriate by AT&T, MCI and BellSouth in the AT&T and BellSouth Consolidated Arbitration unless Sprint and BellSouth reach an alternative agreement. Director Kyle seconded Chairman Greer's motion.

Director Malone voted no on Chairman Greer's motion. Referring to the testimony of BellSouth's witness Scheye, Director Malone states that although BellSouth maintains that the inclusion of cellular traffic is a sufficiently substantial reason for the Arbitrators not to address this issue as requested by Sprint, BellSouth's testimony indicates that this issue is more appropriately described as a billing issue, as opposed to a jurisdictional one.[13] Moreover, Director Malone notes that BellSouth does not dispute the technical feasibility of Sprint's request. In fact, Mr. Scheye concedes that the request is technically feasible.[14]

With respect to the majority's reliance upon T.C.A. Section 65-4-101(a)(6), it is Director Malone's position that this statute is non-controlling. This statute, in his opinion, merely means that the Tennessee Regulatory Authority has no authority to regulate cellular telecommunications service providers. This statute, however, does not

[12] See Transcript of January 7, 1997, Arbitration Conference, page 15.
[13] See Louisiana Transcript, pages 158-61. Moreover, Director Malone noted that BellSouth indicated in its brief that Sprint will be permitted to mix different traffic types over the same trunk group subsequent to the parties agreeing on a mutually acceptable means of billing such traffic.
[14] See Louisiana Transcript, page 160. Mr. Scheye stated that "I'm not disputing with you, sir, that physically it is possible to run a whole bunch of different kind of traffic on one trunk. You're absolutely right." Mr. Scheye further stated that "It has to do with our ability to record it, ability to identify it, ability to bill, ability to audit, those types of measures."

prohibit the Arbitrators from addressing an issue regarding the transport of cellular traffic if such issue is appropriately before them under the Act.

Chairman Greer's motion passed by a vote of two to one.

ORDERED:

6. That the transport of cellular traffic is beyond the scope of this Arbitration.

7. That unless Sprint and BellSouth agree otherwise, the trunking arrangements deemed appropriate by AT&T, MCI and BellSouth in the AT&T and BellSouth Consolidated Arbitration shall be used by Sprint and BellSouth.

ISSUE 4:

HOW SHOULD MISDIRECTED SERVICE CALLS BE HANDLED BY BELLSOUTH?

COMMENTS AND DISCUSSION:

BellSouth's testimony indicates that it is prepared to handle misdirected calls. While BellSouth sets forth a somewhat reasonable plan to handle misdirected customers, We believe that true competition and parity requires BellSouth to go beyond what is stated in its original plan. Also, to promote parity and fairness, it is our position that BellSouth should not attempt to market its services to misdirected customers in any manner whatsoever, including, but not limited to, the playing of marketing messages to misdirected customers placed on hold.

Accordingly, Sprint should treat misdirected BellSouth customers who call Sprint in the same manner that BellSouth is herein directed to treat misdirected Sprint customers who call BellSouth. The testimony of Mr. Burt on behalf of Sprint indicates that Sprint has already agreed to this directive. The record reveals that both Sprint and BellSouth are seeking an automated long-term solution with respect to misdirected calls.

For the foregoing reasons, Director Malone moved as follows: (1) that BellSouth shall treat misdirected service calls by informing customers that BellSouth is not their local service provider, that their local service provider is Sprint, and that they may reach Sprint by dialing a number to be quoted by BellSouth (which number shall be provided to BellSouth by Sprint); (2) that BellSouth shall not attempt to market its services to misdirected customers in any manner whatsoever, including, but not limited to, the playing of marketing messages to misdirected customers placed on hold; (3) Sprint shall

treat misdirected service calls from BellSouth customers in the same manner that BellSouth is herein directed to treat misdirected service calls from Sprint customers; and (4) that the parties work together towards some type of automated arrangement as the long-term solution. The motion passed unanimously.

ORDERED:

8. That BellSouth shall treat misdirected service calls in the following manner: (1) by informing customers that BellSouth is not their local service provider; (2) by informing customers that their local service is Sprint; and (3) by informing customers that Sprint may be reached by dialing a number provided to BellSouth by Sprint (which number shall be quoted directly to customers by BellSouth).

9. That BellSouth shall not attempt to market its services to misdirected customers in any manner whatsoever, including, but not limited to, the playing of marketing messages to misdirected customers placed on hold.

10. That Sprint shall treat misdirected BellSouth customers who call Sprint in the same manner that BellSouth is herein directed to treat misdirected Sprint customers who call BellSouth;

11. That the parties shall work together towards the development of an automated arrangement as the long term solution.

ISSUE 5:

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 SPRINT BY BELLSOUTH?

COMMENTS AND DISCUSSION:

The testimony of BellSouth indicates that it is committed to providing Sprint with the same quality of services that BellSouth provides to itself and its end users. The Arbitrators note that the intent of the Act is parity. To that end, the Act requires incumbent local exchange companies to provide new entrants with the same quality of services that it provides itself and its end users. Since this is a requirement of the Act, it is imperative that new entrants are afforded a mechanism to determine compliance with the Act for service quality.

In a previous arbitration before Chairman Greer, Director Malone and Director Kyle involving AT&T, MCI and BellSouth, the parties were requested to submit final best offers on this same issue. We conclude that it is best for the consumers of Tennessee that, until such time that Sprint and BellSouth jointly adopt, or the industry develops, quality standards and performance metrics, the interim standards utilized in this State should be consistent and uniform. Thus, the most prudent manner in which to address Sprint's request is to require that BellSouth and Sprint operate under the same quality standards and performance metrics adopted by the Arbitrators in the AT&T and BellSouth Consolidated Arbitration. Director Malone so moved. The motion passed unanimously.

ORDERED:

12. That, until such time as they agree otherwise or the industry develops quality standards and performance metrics, BellSouth and Sprint shall operate under the same quality standards and performance metrics adopted by the Arbitrators in the AT&T and BellSouth Consolidated Arbitration, Docket 96-01152. The quality standards and performance metrics adopted by the Arbitrators in the AT&T and BellSouth Consolidated Arbitration are attached hereto as Exhibit A.

ISSUE 6:

WHAT IS APPROPRIATE REMEDY FOR BREACH OF THE STANDARDS IDENTIFIED IN ISSUE 5?

COMMENTS AND DISCUSSION:

Sprint asks for two items under this issue: (1) the appropriate remedy for a breach of the standards adopted under issue 5 herein; and (2) indemnification by BellSouth for any Tennessee Regulatory Authority-issued fines and/or penalties against Sprint due to the actions or inaction of BellSouth. Any remedy not contained in the standards adopted in the previous issue may be sought by filing a complaint before the Tennessee Regulatory Authority. The adoption of additional remedies requested by Sprint at this time appears to be premature, and further, Sprint fails to cite any provision in the Act that entitles it to the requested indemnification. Before the Tennessee Regulatory Authority issues a fine or penalty against Sprint related to quality-of-service matters, Sprint may request a hearing at which time it could show that BellSouth is the responsible party. In the alternative, Sprint may wish to file a separate complaint against BellSouth.

For the foregoing reasons, Director Malone moved that Sprint's requests for other remedies and indemnification be rejected in accordance with his comments. The motion passed unanimously.

ORDERED:

13. That Sprint's requests for other remedies and indemnification are rejected.

ISSUE 7:

IS IT APPROPRIATE FOR BELLSOUTH TO PROVIDE CUSTOMER SERVICE RECORDS TO SPRINT FOR PREORDERING PURPOSES?

COMMENTS AND DISCUSSION:

After reviewing the testimony, it is evident that both BellSouth and Sprint agree that BellSouth should make available to Sprint the necessary customer service records information for the functions of pre-ordering and provisioning maintenance, and billing data. The issue is when should BellSouth make the customer service records information available.

While, we believe, electronic interfacing or on-line access is technically feasible, BellSouth may not currently have the necessary technology to provide the method of on-line access requested by Sprint without jeopardizing the proprietary information of BellSouth's customers, as well as other competitors' customers. With respect to credit history information, the Arbitrators believe that this information is proprietary. There are other means available for competing telecommunications service providers to obtain the credit history of a customer without BellSouth supplying such information.

For the foregoing reasons, Chairman Greer moved that BellSouth be ordered to use all available means to meet Sprint's request for on-line access to perform pre-service ordering and provisioning maintenance, and billing data, and that BellSouth should do so in a manner that does not place Sprint at a competitive disadvantage. He further moved that Sprint's request for BellSouth to provide the credit history of a customer be denied. Finally, Chairman Greer moved that BellSouth be ordered to work in conjunction with Sprint and other competing telecommunications service providers. Their goal is to

establish a means by which BellSouth can restrict Sprint's and other competing telecommunications service providers' on-line access to BellSouth customers' service records database so that Sprint and other competing telecommunications service providers can only access the files that they have been previously authorized to access.

Director Malone moved to amend the motion to provide an interim solution with respect to this issue. He moved that BellSouth be ordered in the interim to provide customer service records to Sprint via the methods proffered by BellSouth in its testimony.[15]

The motion, as amended, passed unanimously.

ORDERED:

14. That BellSouth shall use all means available to meet Sprint's request for on-line access to perform pre-service ordering and provisioning maintenance, and billing data and should do so in a manner that does not place Sprint at a competitive disadvantage.

15. That Sprint's request for BellSouth to provide credit history information is denied.

16. That BellSouth is ordered to work in conjunction with Sprint and other competing telecommunications service providers to establish a means to provide Sprint and other competing telecommunications service providers on-line access without jeopardizing the proprietary information of BellSouth's customers.

[15] The methods proffered by BellSouth in its testimony were as follows: (1) Sprint could obtain the information sought from the customer; (2) Sprint could obtain the information sought via a three-way call among Sprint, BellSouth and the customer; and (3) Sprint could use a switch as is process.

17. That BellSouth is ordered to provide, in the interim, customer service records via the methods proffered in its testimony.

CONCLUSION:

The Arbitrators voted unanimously that the decisions made on January 7, 1997, are considered rendered when voted upon that day. In addition, 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 Final Order of Arbitration Awards, including the attached exhibit, reflects a resolution of the issues presented by the parties for arbitration. 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:

Patrick Turner, Esquire, and Paul T. Stinson, 333 Commerce Street, Suite 2101, Nashville, Tennessee 37201-3300, appearing on behalf of BellSouth Telecommunications, Inc. ("BellSouth").

Carolyn Tatum Roddy, Esquire and Tony H. Key, 3100 Cumberland Circle, Atlanta, GA 30339, appearing on behalf of Sprint Communications Company L.P. ("Sprint").

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.

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%

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.

TN
REGULATORY AUTH.
'00 DEC 10 PM 1 03
EXECUTIVE SECRETARY

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

IN RE: PETITION BY SPRINT COMMUNICATIONS COMPANY, L.P. FOR ARBITRATION OF INTERCONNECTION WITH BELLSOUTH TELECOMMUNICATIONS, INC. UNDER THE TELECOMMUNICATIONS ACT OF 1996	No. 96-01411 SUPPLEMENT TO REPORT AND RECOMMENDATION OF THE HEARING OFFICER AT THE STATUS CONFERENCE FILED DECEMBER 5, 1996

Comes now Penelope W. Register, Esquire, as Hearing Officer, to submit this Supplement to the Report and Recommendation of the Hearing Officer at the Status Conference to the Directors of the Tennessee Regulatory Authority (the "Authority"), acting in their capacity as Arbitrators, in the matter of the "Petition by Sprint Communications Company, L.P. for Arbitration of Interconnection with BellSouth Telecommunications, Inc. under the Telecommunications Act of 1996".

The Report and Recommendation was filed with the Authority and served on Sprint Communications Company, L.P. ("Sprint") and BellSouth Telecommunications, Inc. ("BellSouth") on December 5, 1996. In the Report and Recommendation, I recommended approving the proposed Stipulated Protective Order as submitted by BellSouth with one modification.

I hereby supplement the Report and Recommendation by recommending two additional modifications-

a. that Paragraph 5 of the proposed Stipulated Protective Order be amended to clarify that the Arbitrators and the staff of the Authority may review any paper lodged as "Confidential and Proprietary" without obtaining an order of the Authority; and

b. that Paragraph 9 of the proposed Stipulated Protective Order be amended to clarify that the Arbitration Hearings shall at all times remain open to the public.

Respectfully Submitted this 10th day of December, 1996,

Penelope W. Register
Senior Attorney
Legal Division
Tennessee Regulatory Authority
(615) 741-6605

CERTIFICATE OF SERVICE

I, Penelope W. Register, Esquire hereby certify that I have served a copy of the foregoing Supplement to the Report and Recommendation on all counsel of record, by transmitting a copy of this Supplement to the Report and Recommendation via facsimile transmission to the numbers shown below this 10th day of December, 1996.

Penelope W. Register

Guy M. Hicks, Esquire
BellSouth Telecommunications, Inc.
333 Commerce Street
Suite 2101
Nashville, Tennessee 37201-3300
fax: (615) 214-7406

Carolyn Roddy, Esquire
Sprint Communications Company, L.P.
1100 Cumberland Circle
Atlanta, Georgia 30339
fax:(404) 649-5174

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

TN
'96 DEC 5 PM 2 18

IN RE: PETITION BY SPRINT COMMUNICATIONS COMPANY, L.P. FOR ARBITRATION OF INTERCONNECTION WITH BELLSOUTH TELECOMMUNICATIONS, INC. UNDER THE TELECOMMUNICATIONS ACT OF 1996	No. 96-01411 REPORT AND RECOMMENDATION OF THE HEARING OFFICER AT THE STATUS CONFERENCE

Comes now Penelope W. Register, Esquire, as Hearing Officer, to submit this Report and Recommendation of the Hearing Officer at the Status Conference to the Directors of the Tennessee Regulatory Authority (the "Authority"), acting in their capacity as Arbitrators, in the matter of the "Petition by Sprint Communications Company, L.P. for Arbitration of Interconnection with BellSouth Telecommunications, Inc. under the Telecommunications Act of 1996".

The Hearing Officer, as designee of Dianne Neal, Esquire, General Counsel of the Authority, called the Status Conference in the above-captioned matter to order at approximately 9:00 a.m. CST on Thursday, November 21, 1996, in the hearing room of the Authority at 460 James Robertson Parkway. Those present and their clients were Guy M. Hicks, Esquire and Bennett Ross, Esquire, BellSouth Telecommunications, Inc. ("BellSouth"), Guilford Thornton, Esquire, an attorney with Stokes & Bartholomew, representing BellSouth Advertising & Publishing Corporation ("BAPCO"), and Carolyn Roddy, Esquire, Sprint Communications Company, L.P. ("Sprint").

The primary purpose of the Status Conference was to reach an Agreed Order on certain timing and scheduling requirements necessary to complete the arbitration of this matter by January 15, 1997. Other matters covered at the Status Conference were the Notice of Order of the Eighth Circuit Court of Appeals' Order Granting Stay Pending Judicial Review and Request

for Relief filed by BellSouth on October 17, 1996 (the "Notice of Order"), the Petition for Declaratory Ruling filed by BAPCO, and other procedural matters.

I. NOTICE OF ORDER OF THE EIGHTH CIRCUIT COURT OF APPEALS' ORDER GRANTING STAY PENDING JUDICIAL REVIEW AND REQUEST FOR RELIEF.

The Hearing Officer was given the authority to hear any arguments on the Notice of Order and to recommend a ruling consistent with the ruling of the Arbitrators in Docket No. 96-01152 in their "Order Denying BellSouth Telecommunications, Inc.'s Motion in Limine and Taking Notice of the Order of the Eighth Circuit Court of Appeals' Order Granting Stay Pending Judicial Review" dated November 8, 1996. Such authority was given in the "Order to Set Status Conference" of the Directors of the Authority, which was considered on November 13, 1996.

On October 17, 1996, BellSouth filed its Notice of Order. Although the Notice of Order and the cover letter accompanying the same bear Docket No. 96-01412, BellSouth asked in the Notice of Order that the Authority "take administrative notice of the Order as well as its implications for each of the arbitrations that are currently pending before the Authority as well as for those that may be brought before the Authority at some future date." That sentence and the accompanying footnote, which reads in pertinent part "[c]urrently pending before the Authority are the arbitration requests of AT&T of the South Central States, Inc., MCI Telecommunications, Inc. and Sprint Communications Company, L.P.," allowed the Hearing Officer to consider the Notice of Order in Docket No. 96-01411.

RECOMMENDATION: I recommend that the Arbitrators take official notice of the stay of the Eighth Circuit Court of Appeals, but not of the implications thereof as laid out in the Notice of Order. This recommendation is consistent with the "Order Denying BellSouth Telecommunications, Inc.'s Motion in Limine and Taking Notice of the Order of the Eighth Circuit Court of Appeals' Order Granting Stay Pending Judicial Review" dated November 8, 1996. This decision should become a part of the Agreed Order.

II. PETITION FOR DECLARATORY RULING-

The Hearing Officer was given the authority to hear any arguments on the Petition for Declaratory Ruling and to recommend a ruling consistent with the ruling of the Arbitrators in Docket No. 96-01152 in their "Order Re: the Treatment of Issue No. 9" dated October 21, 1996.

BAPCO filed its Petition for Declaratory Ruling under Docket No. 96-01411 on October 15, 1996. It was assigned its own Docket No., 96-01495. The parties waived the notice requirements for Docket No. 96-01495, both by their presence on November 21, 1996, and orally at the Status Conference. The parties did not offer any arguments thereon because BellSouth and Sprint announced that they agreed that directory issues do not have to be considered as a part of this Arbitration.

RECOMMENDATION: I recommend that the Arbitrators accept the agreement of the parties-that directory issues are not to be considered as a part of the Sprint/BellSouth Arbitration.

III. THE PROPOSED SCHEDULE-

With one exception, which is noted below at the asterisks (*), the parties have agreed to the following schedule:

A. **November 26, 1996 at 12:00 p.m.**-Joint Filing of the Issues List. This list should state the issues which the parties wish to have arbitrated (the "Arbitratable Issues"), should state in clear and concise language the relative positions of each party, should clearly designate those for which oral testimony is being requested, and should clearly state the issues that the parties believe have been settled through the decision in the AT&T/MCI/BellSouth Arbitrations.

B. **December 4, 1996 at 12:00 p.m.**-Direct Testimony due on all "Arbitratable Issues".

C. **December 10, 1996 at 12:00 p.m.**-Rebuttal Testimony due.

D. **December 11, 1996 at 1:00 p.m.**-Pre-Arbitration Conference.

E. **December 17 and 18, 1996 or December 18 and 19, 1996, beginning at 9:00 a.m.,** Arbitration Hearing. *

F. **December 30, 1996 at 3:00 p.m.**-Post-Arbitration Briefs due.

G. **January 7, 1997**-Arbitration Conference to deliberate and reach decisions.

H. **January 13, 1997**-Final Best Offers due, if necessary.[1]

I. **January 15, 1997**-Arbitration Conference to select applicable Final Best Offer, if necessary.[2]

* The parties indicated that the Arbitration Hearing should last one and a half days. Mr. Hicks requested that the Arbitration Hearing start immediately following the Authority's Conference scheduled for December 17, 1996, and continue until December 18, 1996. The Arbitration Team requested and the Hearing Officer relayed to the parties that the Arbitration Team believed that it would give the Arbitrators more time to prepare for the Arbitration Hearing if the hearing dates were December 18 and 19, 1996. Sprint agreed to the Arbitration Hearing's being held on December 18 and 19, 1996.

RECOMMENDATION: Consistent with my remarks at the Status Conference,[3] I recommend that the Arbitrators approve the schedule as set forth above, **except** the Arbitrators must make the final determination regarding whether the Arbitration Hearing will begin on December 17, 1996, immediately following the Authority's Conference, or whether it will begin on December 18, 1996, at 9:00 a.m. This schedule should become a part of the Agreed Order, assuming that BellSouth can agree to the final determination of the Arbitrators with regard to the starting date for the Arbitration should the Arbitrators select December 18, 1996 as the starting date.

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[1] Both parties have stated that they do not believe that it will be necessary to provide for Final Best Offers in this Arbitration. The Hearing Officer, upon the advice of the Arbitration Team, believes that it is nonetheless prudent to reserve these dates in the event that Final Best Offers are ultimately deemed necessary by the parties or the Arbitrators order the parties to submit Final Best Offers on issues.

[2] See footnote 1.

[3] See Transcript of Status Conference, page 27, lines 13-25, and page 28, lines 1-6.

IV. THE PROPER ALLOCATION OF EXPENSES AND COSTS-

Each party agreed to pay one-half of the expenses relating to the Arbitration incurred by the Authority, including, but not limited to, the fees and expenses of the court reporters, photocopying expenses, long-distance toll charges (should long-distance calls become necessary), and the cost of facsimile transmissions. They further agreed that they would pay such costs either directly to the provider of a service upon submission of an invoice to them from the provider or would reimburse the Authority for expenses incurred in connection with the Arbitration upon the submission of an invoice from the Authority.

RECOMMENDATION: I recommend that the Arbitrators accept the agreement of BellSouth and Sprint that each will pay one-half of the expenses related to the Sprint/BellSouth Arbitration and that this agreement be made a part of the Agreed Order.

V. STIPULATED PROTECTIVE ORDER-

The parties agreed that they need a Stipulated Protective Order. On November 26, 1996, BellSouth submitted a form of the Stipulated Protective Order, attached hereto as Attachment "A". The form as submitted was incomplete because it did not have the "Confidentiality Agreement" attached to it. As attached hereto, it is complete.

RECOMMENDATION: I recommend that the Arbitrators approve and order the Stipulated Protective Order attached hereto as Attachment "A" with one modification. The modification is that Paragraph 12 of the proposed Stipulated Protective Order be amended to agree with Section 1220-1-3-.07(3) of the Rules of Practice and Procedure Governing Proceedings under Section 252 of the Federal Telecommunications Act of 1996 (the "Section 252 Rules"). A copy of Section 1220-1-3-.07(3) is attached hereto as Attachment "B".

VI. OTHER PROCEDURAL MATTERS-

The parties agreed to follow the decisions made in the AT&T/BellSouth Arbitration as those decisions were reported to the Arbitrators in the Report and Recommendation of the Hearing Officer filed in Docket No. 96-01152 on August 30, 1996 (the "AT&T/BellSouth Report and Recommendation").[1]:

A. That the final decision of the Arbitrators is binding (Paragraph 11);

B. That the Arbitrators' final decision will be in writing, shall dispose of all issues in dispute, shall be signed by all the Arbitrators, and shall constitute a "reasoned decision" (Paragraph 13);

C. That a decision of the majority of the Arbitrators is a valid and binding decision (Paragraph 14);

D. That there is no right to discovery by a party, but that a party may inform the Arbitrators, through a written motion, of issues upon which the party believes additional information may be necessary or helpful (Paragraph 16);

E. That the procedures to be used during the Arbitration are to be limited by reason. Also, that subpoenas may be issued by the Arbitrators at the request of a party on a statement or showing of general relevance and the scope of the evidence sought. Also, that depositions are generally unnecessary, except where a witness is unavailable or cannot be subpoenaed, or in the rare case where limited depositions are more affective or efficient than the production of documents (Paragraph 17);

F. That evidence is admissible if it is relevant and of such probative value that it would be accepted by reasonably prudent persons in the conduct of their affairs. Also, that unduly repetitious, irrelevant, or immaterial evidence may be excluded by the Arbitrators (Paragraph 18);

G. That the Arbitrators shall give effect to the rules of privilege that are recognized by law, to the work product doctrine, and to the taking of official notice (Paragraph 19);

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[1] The references to Paragraph numbers which appear following Subsections A-N are references to a Paragraph in the AT&T/BellSouth Report and Recommendation.

H. That transcripts of testimony from other regulatory proceedings may be offered as evidence if the person testifying has been subject to cross-examination (Paragraph 20);

I. That the record shall consist of all notices, all orders entered, all written motions, pleadings, briefs, comments, or any other materials filed by the parties and considered by the Arbitrators. Also, included in the record are transcripts of any hearings, a statement of matters officially noticed, and any other written materials, except legal authorities, considered by the Arbitrators in reaching their decision on the merits (Paragraph 21);

J. That the parties shall employ demonstrative evidence as much as possible in order to help the Arbitrators understand difficult, complex, or technical testimony (Paragraph 22);

K. That the Arbitrators may call their own witnesses. Also, that the Arbitrators shall give reasonable notice to the parties as to what the subject of the questions to be posed by the Arbitrators is expected to be and for what purpose the testimony of the witness is to be sought (Paragraph 23);

L. That a complete transcript of the Arbitration proceedings and any hearing on oral testimony shall be prepared and any party wishing an expedited transcript must bear the responsibility of providing and paying for the same (Paragraph 27);

M. That the Arbitrators will conduct all hearings in public and the *ex parte* restrictions in the state law shall apply in all Arbitration proceedings (Paragraph 28); and

N. That Sprint and BellSouth shall each be permitted to give one opening statement at the outset of the Arbitration proceedings, which shall not exceed fifteen (15) minutes in length (Paragraph 29).

RECOMMENDATION: I recommend that the Arbitrators accept the agreement of the parties as to these procedural matters. This should be made a part of the Agreed Order.

VII. ORDER OF PROCEEDINGS-

The parties agreed that at the Arbitration Hearing Sprint will put on its proof first. BellSouth will follow.

RECOMMENDATION: I recommend that the Arbitrators accept the agreement of the parties as to the Order of Proof and that the decision thereon become a part of the Agreed Order.

VIII. AGREEMENT TO BE BOUND BY THE SECTION 252 RULES-

The parties agreed to be bound by the Section 252 Rules, as amended, promulgated by the Authority.

RECOMMENDATION: I recommend that the Arbitrators accept the agreement of the parties as to the Section 252 Rules and that the decision thereon become a part of the Agreed Order.

IX. STAFF QUESTIONS-

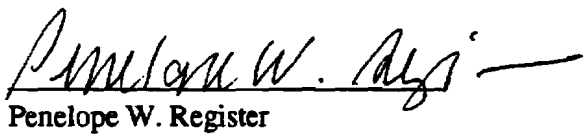
The parties agreed to follow the decision of the Arbitrators in Docket No. 96-01152 that Dr. Austin Lyons, Division Chief of Telecommunications, and Dr. Chris Klein, Division Chief of Utility Rate, shall be allowed to ask questions directly of the witnesses at the Arbitration Hearing. They further agreed that such questions shall follow the parties' direct and cross-examination and will precede any redirect examination of a witness. Finally the parties affirmed that, to the extent that the staff refrains from asking questions which tend to suggest the espousal of one party's position over the others, the staff's asking questions does not remove the staff from its role as advisor to the Arbitrators and in no way creates the inference that the staff has become a party to the Arbitration.

RECOMMENDATION: I recommend that the Arbitrators accept the agreement of the parties as to allowing the staff to ask questions and that the decision thereon become a part of the Agreed Order.

X. AVOIDABLE COSTS-

The parties agreed that they had reached agreement on any issues relating to the appropriate wholesale rates for BellSouth to charge when Sprint purchases BellSouth's retail services for resale. They further agreed that there was no necessity to bring any evidence from Docket No. 96-01331, entitled "Avoidable Costs of Providing Bundled Services For Resale By Local Exchange Telephone Companies" into the record in this Arbitration.

Respectfully Submitted this 5th day of December, 1996,



Penelope W. Register
Senior Attorney
Legal Division
Tennessee Regulatory Authority
(615) 741-6605

CERTIFICATE OF SERVICE

I, Penelope W. Register, Esquire hereby certify that I have served a copy of the foregoing Report and Recommendation on all counsel of record, by depositing a copy of this Report and Recommendation in the United States mail, postage prepaid, this 5th day of December, 1996.

Penelope W. Register

Guy M. Hicks, Esquire
BellSouth Telecommunications, Inc.
333 Commerce Street
Suite 2101
Nashville, Tennessee 37201-3300

Carolyn Roddy, Esquire
Sprint Communications Company, L.P.
1100 Cumberland Circle
Atlanta, Georgia 30339

ATTACHMENT "A"

BEFORE THE TENNESSEE REGULATORY AUTHORITY
Nashville, Tennessee

In re: *Petition by Sprint Communications Company L.P. for Arbitration of Interconnection with BellSouth Telecommunications, Inc. under the Telecommunications Act of 1996*

Docket No. 96-01411

STIPULATED PROTECTIVE ORDER

This matter is before the Tennessee Regulatory Authority (the "Authority") in its capacity as Arbitrator, pursuant to 47 U.S.C. § 252(b), of the unresolved issues in the negotiations between Sprint Communications Company, L.P. ("Sprint") and BellSouth Telecommunications, Inc. ("BellSouth"), on the motion for the entry of an appropriate protective order made at the status conference held on November 21, 1996.

In the course of the negotiations between Sprint and BellSouth, a "Confidentiality Agreement" was entered into between them to facilitate the production of information for the purposes of these negotiations and "Related Proceedings", including this arbitration, a copy of which is attached and is by this reference made a part of this order. Pursuant to that "Confidentiality Agreement", Sprint and BellSouth have exchanged "Confidential Information" as therein defined, and as those negotiations continue, may exchange additional "Confidential Information."

In paragraph 5 of that "Confidentiality Agreement," Sprint and BellSouth agreed "to execute a protective order (or similar order)

providing for the confidentiality of the Confidential Information disclosed under this Agreement."

Pursuant to 47 U.S.C. § 252(b)(4)(B), the Authority, as Arbitrator, may require the production of additional information as may be necessary for the Authority to reach a decision as to the unresolved issues. Such information may also be confidential, requiring protection from disclosure.

The purpose of this Stipulated Protective Order is solely to govern the use of "Confidential Information" in this proceeding and the protection of the confidentiality of such information as may be lodged or filed with the Authority. This Stipulated Protective Order does not replace the "Confidentiality Agreement" which continues in effect, but supplements and implements that Agreement for the purposes of this proceeding.

It appearing that the entry of this Stipulated Protective Order is appropriate for the purposes of this arbitration, consistent with the objectives of 47 U.S.C. § 252;

It is therefore ORDERED that:

1. The "Confidentiality Agreement" shall continue to govern the rights and duties of Sprint and BellSouth with respect to all "Confidential Information" as therein defined, including any such "Confidential Information" produced pursuant to the requirement of the Authority, pursuant to 47 U.S.C. § 252(b)(4)(B), except to the extent

that Agreement is supplemented and implemented by this Stipulated Protective Order.

2. Sprint or BellSouth may lodge with the Executive Secretary any "Confidential Information" in this proceeding, which is deemed by that party to be potentially necessary for the resolution of any unresolved issues by the Authority, to be lodged and treated in the manner herein set forth.

3. If any response to a requirement for the production of additional information is deemed by either Sprint or BellSouth to contain "Confidential Information", that response shall be subject to the same limitations and conditions as any other "Confidential Information". Any such response shall identify the confidential information and state the basis for treating it as confidential and proprietary.

4. Any paper containing "Confidential Information" lodged with the Executive Secretary in this arbitration shall be placed in sealed envelopes, marked "Confidential and Proprietary" and labeled to reflect the style of this proceeding, the docket number and this Stipulated Protective Order.

5. Any paper lodged as "Confidential and Proprietary" shall be maintained by the Executive Secretary in a locked filing cabinet in the sealed envelopes in which it was presented. Such envelopes, and the information contained therein, shall not be opened, or their contents reviewed, by anyone except on order by the Authority or a

Court of competent jurisdiction after due notice has been given to Sprint and BellSouth. Any paper so lodged with and maintained by the Executive Secretary shall not be a part of the public records of the Authority unless and until it is filed or ordered to be made public.

6. Either Sprint or BellSouth may contest the designation of any paper, or any part thereof, as confidential by applying to the Authority for an order determining that the information should not be so treated, including limited disclosure or the imposition of conditions.

7. The Authority on its own motion, after reasonable notice to Sprint and BellSouth, may order that any information lodged as confidential shall not be so treated, including provisions for limited disclosure or the imposition of conditions.

8. All papers designated and lodged with the Executive Secretary as confidential shall be so maintained as such until the Authority or a Court of competent jurisdiction orders otherwise.

9. "Confidential Information" may be disclosed in testimony at any hearing and offered into evidence at any hearing in this arbitration, subject to the applicable standards of admissibility and to such orders as the Authority may enter. Any party intending to use any information designated as confidential shall advise the Authority and the other party of such intended use at the earliest opportunity before using such information, so that appropriate steps may be taken to preserve its confidentiality; and shall advise the Authority and

the other party before the use of such information in cross-examination, so that appropriate steps may be taken to preserve the confidentiality of such information. Sprint and BellSouth may agree to the steps to be taken to preserve the confidentiality of "Confidential Information". In the absence of such agreement, the Authority shall determine the most appropriate means of preserving the confidentiality of "Confidential Information"; and may close the hearing to the public, require that only general references be made to the "Confidential Information", require the filing of redacted documents, or take such other steps as it deems appropriate under the circumstances.

10. If the common issues in any other arbitration before the Authority under 47 U.S.C. §252(B) are consolidated for hearing with issues in this arbitration, the parties in such other arbitration may have access to any "Confidential Information" in this arbitration relating to such common issues and may have the same rights and duties with respect thereto, including the uses thereof, by executing a written agreement to comply with the provisions of the "Confidentiality Agreement" and to this Stipulated Protective Order; provided that parties to this arbitration are given the same access to confidential information in such other arbitration on the same terms and conditions as herein provided.

11. "Confidential Information" may be disclosed to one or more outside expert witnesses by either Sprint or BellSouth for use in the

preparation of testimony for the purposes of this arbitration. No "Confidential Information" shall be disclosed to such an outside expert unless and until that person has signed an affidavit stating that he or she has read the "Confidentiality Agreement" and this Protective Order and agrees to be bound by the terms thereof. Any such affidavit shall be served on the other party prior to the disclosure of such "Confidential Information" to any such outside expert.

12. Within thirty (30) days after the entry of a final order by the Authority concluding this arbitration, any paper lodged with the Executive Secretary which has not been filed as part of the record in this arbitration, shall, upon the request of the party lodging those papers, be returned by the Executive Secretary to that party. If no request for return is received by the Executive Secretary within such thirty (30) days period, the Executive Secretary shall destroy such papers in a manner so as to preserve their confidentiality.

Entered this ____ day of _____, 1996.

H. Lynn Greer, Chairman

Sara Kyle, Director

Melvin Malone, Director

ATTEST:

David Waddell
Executive Secretary

STIPULATED AND AGREED FOR ENTRY:

Carolyn Tatum Roddy

Carolyn Tatum Roddy
Sprint Communications Company, L.P.
MAILSTOP GAATLN0802
3100 Cumberland Circle
Atlanta, GA 30339

BELLSOUTH TELECOMMUNICATIONS, INC.

Guy M. Hicks
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333 Commerce Street, #2101
Nashville, TN 37201-3300
Attorney for BellSouth

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AGREEMENT FOR USE AND NON-DISCLOSURE OF CONFIDENTIAL INFORMATION

This Agreement made effective as of the ____ day of _____, 19____, by and between Sprint Communications Company L.P., a Delaware Limited Partnership ("Sprint"), having an office at 3100 Cumberland Circle, Atlanta, Georgia 30339, and BellSouth Telecommunications, Inc., a Georgia corporation ("BellSouth"), having an office at Two Chase Corporate Drive, Birmingham, Alabama 35244, is to ensure the protection and preservation of the confidential and/or proprietary nature of information to be disclosed or made available to each other in connection with negotiations between BellSouth and Sprint (the "Parties") regarding interconnection, resale, unbundling and related issues arising under the Telecommunications Act of 1996 or any particular state statute.

Whereas, the Parties contemplate entering into business and/or technical discussions relating to interconnection, resale, unbundling and related issues;

Now, Therefore, in reliance upon, and in consideration of the following undertakings, the Parties, for themselves, their subsidiaries and their affiliates, agree as follows:

1. All information disclosed to the other Party shall be deemed to be confidential and proprietary (hereinafter referred to as "Proprietary Information") provided that written or electronic information is clearly marked in a conspicuous place as confidential or proprietary, and verbal information is confirmed in writing within ten (10) days as confidential or proprietary.

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2. Each party agrees to use the Proprietary Information received from the other Party only for the purpose stated above. No other rights, and particularly licenses, to trademarks, inventions, copyrights, or patents are implied or granted under this Agreement.

3. Proprietary Information supplied shall not be reproduced in any form except as required to accomplish the intent of this Agreement. Any proprietary information reproduced shall be treated in accordance with the provisions of this agreement.

4. The receiving Party shall provide the same care to avoid disclosure or unauthorized use of the Proprietary Information as it provides to protect its own Proprietary Information, but in any event no less than reasonable care. It is agreed that all Proprietary Information shall be retained by the receiving Party in a secure place with access limited to only such of the receiving Party's employees or agents who need to know such information for purposes stated above.

5. All Proprietary Information, unless otherwise specified in writing, shall remain the property of the disclosing Party, shall be used by the receiving Party only for the purpose intended, and shall not be sought to be introduced in any judicial, regulatory or legislative proceeding. Such Proprietary Information, including all copies thereof, shall be returned to the disclosing Party or destroyed after the receiving Party's need for it has expired or upon request of the disclosing Party, or, in any event, upon termination of this Agreement.

6. It is understood that the term "Proprietary Information" does not include information which:

a) has been published or is now or may become in the public domain through no fault of the receiving Party;

b) prior to disclosure hereunder is property within the legitimate possession of the receiving Party;

c) subsequent to disclosure hereunder is lawfully received from a third party having no obligation not to disclose;

d) is independently developed by the receiving Party through parties who have not had, either directly or indirectly, access to or knowledge of such Proprietary Information;

e) is transmitted to the receiving Party after the disclosing Party has received written notice from the receiving Party that it does not desire to receive further Proprietary Information;

7. Each Party agrees not to reveal this relationship with the other Party to any third parties except as contemplated by Paragraph 4 of this Agreement.

8. Damages, being difficult to ascertain in the event of violation of this Agreement, the Parties agree that, without limiting any other rights and remedies of each other, upon breach hereof, an injunction may be sought by the non-breaching Party to protect its rights hereunder.

9. This Agreement shall continue in full force and effect so long as either Party shall possess the Proprietary Information of the other Party. This Agreement may

be terminated at any time by mutual agreement, or by either Party upon sixty (60) days written notice to the other Party; provided that such unilateral termination of this Agreement shall not relieve the receiving Party of its obligations under this Agreement with respect to Proprietary Information exchanged prior to the effective date of termination.

10. In the event it becomes necessary for a receiving Party to disclose confidential or Proprietary Information (1) In response to a request in writing by a state or federal regulatory body; (2) In compliance with court order or as otherwise required by law; or (3) Upon request in writing by any entity that has lawful authority to make such request, the receiving Party shall seek to maintain the confidential status of the Proprietary Information and shall further provide the disclosing Party twenty (20) days written notice and will cooperate with the disclosing Party in exercising its rights in the appropriate regulatory or judicial forum to protect such information.

11. This Agreement shall be governed by the laws of the State of Georgia.

12. There are no understandings, agreements, or representations, express or implied, pertaining hereto between the Parties that are not specified herein.

13. Written notices required by this Agreement shall be deemed to have been delivered when sent via Certified United States Mail, postage prepaid, addressed as follows:

If to Sprint Terry H. Kay Director, State Regulatory Sprint 3100 Cumberland Circle Atlanta, Georgia 30339	If to BellSouth Cheryl Jarman Director, Sprint Account Team BellSouth Suite 440 2180 Lake Corporate Drive Birmingham, Alabama 35244

14. This document contains the entire Agreement of the Parties and can only be amended by written agreement of all Parties.

15. All access review, use and disclosure by the Parties of the Confidential and Proprietary Information shall be covered solely by this agreement.

BELLSOUTH TELECOMMUNICATIONS, INC.

By: _____

Name: CAROL B. JAMES

Title: Director, Sprint Account Team

Date: 12/2/96

SPRINT COMMUNICATIONS COMPANY L.P.

By: _____

Name: _____

Title: _____

Date: _____

appeal period applicable to the approval or rejection of the above-referenced interconnection agreement. If, at such time, no appeal shall be pending, the Executive Secretary shall return all originals and destroy all copies of material subject to the protective order no later than sixty (60) days after such date. If an appeal is pending, such material shall be retained by the Executive Secretary until such time as all appeals have been exhausted. The Executive Secretary shall return all originals and destroy all copies within fifteen (15) days of the date upon a final determination has been made either by action or a failure to act in the highest forum with jurisdiction over the matters described or contemplated hereby.

Statutory Authority: T.C.A. § 4-5-311(a), 65-2-102(a)(1)

1220-1-3-.08 PRE-FILED TESTIMONY

(1) Any party is permitted to file pre-filed testimony. Any party who wishes to pre-file testimony shall do so in accordance with the provisions of this rule. Affidavits are permissible forms of pre-filed testimony.

(2) Unless this section is modified in any order of the Directors of the Authority or the arbitrators, all pre-filed testimony shall be filed no later than fifteen (15) business days prior to the date of the arbitration hearing at which the issue to which the pre-filed testimony relates shall be considered . All pre-filed rebuttal testimony shall be filed no later than ten (10) days prior to the date of the arbitration hearing at which the issue to which the pre-filed rebuttal relates shall be considered .

(3) If the pre-filed testimony, or portions thereof, discuss or divulge any matter or subject which falls within the confines of any protective order which may be issued in an arbitration, the submitting party shall clearly mark the testimony as being subject to the protective order and shall state the basis for their conclusion that the information is subject to the protective order. The submitting party shall further request that such testimony be treated in the same manner as other material produced pursuant to any protective order that has been issued in the proceeding.

Statutory Authority: T.C.A. § 65-2-102(a)(1).

1220-1-3-.09 CONSOLIDATION

When more than one arbitration is pending before the Authority and the arbitrations involve common questions of law or fact, the Authority may, to the extent practical, order such arbitrations to be consolidated. Consolidation of arbitrations conducted pursuant to Sections 214(e), 251(f), 252 and 253 of the

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

March 27, 1997

IN RE: PETITION BY SPRINT COMMUNICATIONS COMPANY, L.P. FOR ARBITRATION OF INTERCONNECTION WITH BELLSOUTH TELECOMMUNICATIONS, INC. UNDER THE TELECOMMUNICATIONS ACT OF 1996

DOCKET NO. 96-01411

ERRATUM

A Final Order Of Arbitration Awards was released in the above captioned docket on March 26, 1997. Page 1 contains an issuance date of March 27, 1997 which should have read March 26, 1997. Page 24 does not include the attesting signature of the Executive Secretary. Please insert the attached corrected pages into the Order.

H. D. Waddell

EXECUTIVE SECRETARY

BEFORE THE TENNESSEE REGULATORY AUTHORITY
(As Arbitrators)

March 26, 1997 Nashville, Tennessee

FINAL ORDER OF ARBITRATION AWARDS

This Final Order of Arbitration Awards (the "Final Order") embodies all decisions made by Chairman Lynn Greer, Director Melvin Malone, and Director Sara Kyle, acting as Arbitrators, during an Arbitration Conference held on January 7, 1997, and constitutes the valid, binding, and final decision of the Arbitrators.[1]

INTRODUCTION:

A properly convened Arbitration Conference was held under Docket No. 96-01411 on Tuesday, January 7, 1997, 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.[2] The Arbitration Conference was open to the public at all times.

The purpose of the Arbitration Conference was to render decisions on certain issues which were 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:

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[1] Please note that the term the "Act" when used throughout this Final 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 January 7, 1997; 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*.

[2] The appearances entered at the Arbitration Conference are recorded on the last page of this Final Order of Arbitration Awards.

CONCLUSION:

The Arbitrators voted unanimously that the decisions made on January 7, 1997, are considered rendered when voted upon that day. In addition, 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 Final Order of Arbitration Awards, including the attached exhibit, reflects a resolution of the issues presented by the parties for arbitration. 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