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October 29, 1999

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EXECUTIVE SECRETARY

VIA HAND DELIVERY

Mr. David Waddell, Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Re: *Petition for Arbitration of ITC^DeltaCom Communications, Inc. with BellSouth Telecommunications, Inc. pursuant to the Telecommunications Act of 1996*
Docket No. 99-00430

Dear Mr. Waddell:

Enclosed is the revised Issues Matrix, which has been updated to reflect the Arbitrators' rulings regarding the exceptions which were filed to the Hearing Officer's Report and Recommendation. The Matrix has also been updated to reflect four matters which have been resolved by agreement of the parties. Specifically, Issue 2(a)(i)(1), Issue 2(c)(xiv)(c), Issue 3(i), and Issue 2(b)(5) have been deleted from the Matrix. Copies of the enclosed are being provided to counsel of record for all parties.

Very truly yours,

Guy M. Hicks

GMH/jem

Enclosure

cc: Hon. Gary Hotvedt, Hearing Officer (via telecopier)
Don Baltimore (via telecopier)
David Adelman (via telecopier)

FILE

TENNESSEE ISSUES MATRIX
ITC^DELTA COM / BELLSOUTH ARBITRATION
TRA DOCKET NO. 99-00430

ISSUE	ITC^DELTA COM POSITION	BELLSOUTH POSITION
I. Performance Measurements and Performance Guarantees		
Issue 1(a) Should BellSouth be required to comply with performance measures and guarantees for pre-ordering/ordering, resale, and unbundled network elements ("UNEs"), provisioning, maintenance, interim number portability and local number portability, collocation, coordinated conversions and the bona fide request processes as set forth fully in Attachment 10 of Exhibit A to this Petition?	Yes. BellSouth should be required to provide performance measures and three-tiered performance guarantees as proposed by witness Rozycki and incorporated into contract language in Attachment 10 to Exhibit A to the Petition.	BellSouth disagrees that the so called "performance measures" and performance "guarantees" in Attachment 10 to the Petition are appropriate. BellSouth has offered a comprehensive set of performance measurements (Service Quality Measurements or "SQMs") which ensure that BellSouth provides ITC^DeltaCom and all other CLECs with nondiscriminatory access as required by the 1996 Act and applicable rules of the Federal Communications Commission ("FCC"). BellSouth also is willing to provide ITC^DeltaCom any additional performance measurements that the Authority may order BellSouth to provide to other CLECs in this state. With respect to performance "guarantees", BellSouth does not believe that financial incentives, "guarantees", penalties or liquidated damages are appropriate matters for arbitration under the 1996 Act. The Authority has previously declined to "require a system of penalties and credits" in the context of an arbitration. (See Brief of the TRA, Case No. 39-97-0616, at 26, U.S. Dist. Ct., M.D. Tenn. (8-13-98); and MCI/BellSouth Arbitration before the TRA in Docket No. 96-01271). ITC^DeltaCom's proposal is not required by the 1996 Act and represents a supplemental enforcement scheme that is inappropriate and unnecessary. ITC^DeltaCom has adequate legal recourse in the event BellSouth breaches its interconnection agreement.
Issue 1(b) Should BellSouth be required to waive any nonrecurring charges when it misses a due date? If so, under what circumstances and for which UNEs?	Yes. If BellSouth's assigned due date is missed as a result of BellSouth's error, BellSouth should waive the non-recurring charges. Other guarantees are needed to assure the due date is not missed repeatedly. This applies to all UNEs. This issue is covered by witness Rozycki.	The only remedies that should be included in an interconnection agreement between BellSouth and ITC^DeltaCom are those mutually agreed upon by the parties. BellSouth has voluntarily agreed to the waiver of nonrecurring charges when it misses the due date for the conversion (cut-over) of UNE loops. (See BellSouth's Brief, at pp. 6-7, filed on 8-19-99 in this proceeding for proposed contract language). Thus, this issue is not appropriate for arbitration.

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Issue 2; 2(a)(iv); 2(b)(i); and 6(a) (a) What is the definition of parity? (b) Pursuant to this definition, should BellSouth be required to provide the following and if so, under what conditions and at what rates: (1) Operational Support Systems ("OSS"), (2) UNEs, (3) Access to Numbering Resources (4) An unbundled loop using Integrated Digital Loop Carrier ("IDLC") technology.	(a) Where BellSouth provides service to ITC^DeltaCom at least equal in quality to that provided to BellSouth or any BellSouth subsidiary. See Section 3.1 and 3.2 of ITC^DeltaCom's Proposed Interconnection Agreement. (b)(1) Yes. At no charge pursuant to the testimony of witness Wood or, if so, at FCC compliant TELRIC rates spread equally over all end-user consumers pursuant to the testimony of witness Rozycki. (2) Yes. At FCC compliant TELRIC rates. (3) Yes. At FCC compliant TELRIC rates. (4) Yes. At FCC compliant TELRIC rates.	(a) BellSouth offers services to ITC^DeltaCom at parity. BellSouth has offered to include language in the interconnection agreement which defines parity as the provision of UNEs and resold services in a manner that gives an efficient CLEC a meaningful opportunity to compete. This definition is consistent with the 1996 Act and the FCC's rules regarding parity of services (47 C.F.R. §51.311 (UNEs) and 47 C.F.R. §51.603 (Resale)). (b)(1) BellSouth provides CLECs with nondiscriminatory access to its OSS through electronic and manual interfaces. (See BellSouth's position on Issue 6(a) and 6(b) for discussion of rates). (b)(2) BellSouth provides CLECs with nondiscriminatory access to UNEs pursuant to 47 U.S.C. §251(c)(3) and 47 C.F.R. §51.311. (See BellSouth's position on Issue 6(b) for discussion of rates). (b)(3) BellSouth is fulfilling its duties under 47 U.S.C. § 251(b)(2) and (b)(3) with respect to providing number portability and dialing parity. BellSouth should not be required to provide access to numbering resources since BellSouth has not been the North American Numbering Plan Administrator ("NANPA") since 8-14-98. (b)(4) When technically feasible, BellSouth will unbundle IDLC-delivered loops. Even when it is not technically feasible for BellSouth to unbundle an IDLC-delivered loop, BellSouth will provide ITC^DeltaCom with loops that meet ITC^DeltaCom's specific transmission requirements at the appropriate rates. (See BellSouth's position on Issue 6(b) for discussion of rates).

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Issue 6(a) What charges, if any, should BellSouth be permitted to impose on ITC^DeltaCom for BellSouth's OSS?	No charges for development. Any charges must be spread over all end user customers.	BellSouth is entitled under the 1996 Act and the FCC's orders and rules to recover the reasonable charges it incurs in developing, providing, and maintaining the interfaces that make BellSouth's OSS accessible to competitors such as ITC^DeltaCom. (See AT&T <i>Communications of the South Central States, Inc. V. BellSouth Telecommunications, Inc.</i> et al., slip Op. No. 97-79 (E. D. Ky., September 9, 1998)) ("Because the electronic interfaces will only benefit the CLECs, the ILECs, like BellSouth, should not have to subsidize them ... there is absolutely nothing discriminatory about this concept."). The Authority recently addressed the recovery of charges for OSS in its January 25, 1999, Order in Docket No. 97-01262 (Generic UNE Cost Proceeding) and on April 20, 1999, during the Directors' Conference, the Authority clarified that BellSouth shall recover the cost of OSS from all carriers using those systems. After the Authority issues a final order in Docket No. 97-01262, the rates for OSS will be established for Tennessee and should be incorporated into the parties' agreement retroactive to the date of the new agreement.

II. Parity, UNEs, and Interconnection

Issue 2(a)(i)(2) Should BellSouth be required to provide a download of the Regional Street Address Guide (RSAG)? If so, how?	Yes. This issue is close to resolution and will be incorporated into the interconnection agreement. However, BellSouth must provide the rates, terms and conditions for the RSAG download. BellSouth should recover costs associated with this requirement only one time.	2(a)(i)(2): BellSouth currently makes the Regional Street Address Guide ("RSAG") available on a real time basis electronically through the Local Exchange Navigation System ("LENS") and the TAG pre-ordering interfaces. This access includes updates to RSAG. Thus, BellSouth is providing nondiscriminatory access to its OSS in a manner that allows ITC^DeltaCom and other CLECs to access the RSAG, even though ITC^DeltaCom may prefer a different method of access.
Issue 2(a)(ii) Should BellSouth be required to provide changes to its business rules and guidelines regarding resale and UNEs at least 45 days in advance of such changes being implemented?	Yes. ITC^DeltaCom must be given the opportunity to make adjustments for changes to BellSouth's rules and guidelines. Because such guidelines are developed by BellSouth, by definition BellSouth will have adequate notice. Forty-five (45) days is	BellSouth posts changes to its business rules on the BellSouth Interconnection Web Page which provides fair and reasonable notice to all CLECs, including ITC^DeltaCom. BellSouth uses its best efforts to provide thirty (30) days advance notice of any such changes,

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If so, how?	adequate notice. BellSouth should e-mail changes to ITC^DeltaCom. In an emergency, less notice would be acceptable.	which strikes a reasonable balance between BellSouth's need for flexibility to modify its processes and the CLECs' need to have advance notice of such modifications.
Issue 2(b)(iii) Until the Commission makes a decision regarding UNEs and UNE combinations, should BellSouth be required to continue providing those UNEs and combinations that it is currently providing to ITC^DeltaCom under the interconnection agreement previously approved by this Commission?	Yes. The current agreement was approved under Section 252 by the Authority as compliant with the Act. It remains compliant and should continue until the TRA orders otherwise with regard to pricing UNE combinations. ITC^DeltaCom's access should continue as previously approved. All interconnection agreements should be filed with the TRA under Section 252 of the Act.	BellSouth will continue to comply with its obligations under the 1996 Act and applicable FCC rules. BellSouth also will continue to provide any individual UNE currently offered until the FCC completes its Rule 51.319 proceedings consistent with the U.S. Supreme Court's decision in the <i>Iowa Utilities Board</i> case. The 1996 Act does not require BellSouth to combine elements for CLECs, and the FCC's rules (47 C.F.R. §§51.315(c) – (f)) which purported to impose such an obligation on incumbent LECs such as BellSouth were vacated. Thus, this issue is not appropriate for arbitration. BellSouth is, however, willing to negotiate a voluntary commercial agreement with ITC^DeltaCom to perform certain services or functions that are not subject to the requirements of the 1996 Act.
Issue 2(b)(iii) (a) Should BellSouth be required to provide to ITC^DeltaCom the following combinations: (1) Loop/port combination (2) Loop transport UNE combinations (3) Loop UNE connected to access transport? (b) If so, at what rates?	(a) Yes. ITC^DeltaCom currently serves customers through extended loops provided by BellSouth in the BellSouth region. The Act requires BellSouth to provide a loop/port combination. (b) Rates should be FCC compliant at TELRIC rates. Definitions of the 3 UNE rates to be furnished in testimony.	(a) No. First, neither loops, ports, nor transport have been defined by the FCC as unbundled network elements that BellSouth must provide. Second, even if loops, ports, and transport are defined as UNEs, BellSouth is only obligated to provide combinations of those elements where they are currently combined in BellSouth's network. Additionally, BellSouth opposes ITC^DeltaCom's attempt to expand the issue set forth in its Petition to include three different "flavors" of the extended loop. As stated, there is no requirement for BellSouth to combine UNEs let alone to combine UNEs with tariffed services as ITC^DeltaCom is attempting to add as an issue here. (See also BellSouth's Position on Issue 2(b)(ii)). (b) Because BellSouth is not required to combine network elements for CLECs under the 1996 Act, the issue of applicable rates for such network combinations is not properly the subject of arbitration. To the extent the Authority concludes otherwise or determines to establish rates for network elements that are currently combined in

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		BellSouth's network, the Authority should do so in the context of a generic proceeding rather than an arbitration involving one CLEC. Thus, this issue is not appropriate for arbitration.
Issue 2(c)(i) Should BellSouth be required to provide NXX testing functionality to ITC^DeltaCom at parity? If so, how and at what rate?	Yes. BellSouth has this ability to provide service to its own customers. Parity requires it provide the service to ITC^DeltaCom. It should be provided at FCC compliant TELRIC rates. Use of an FX is cost prohibitive. ITC^DeltaCom needs testing of NXX codes for the initial activation of NXX codes and ongoing testing. In order to provide a qualify service to our customers, we need the same capability that BellSouth has to test NXX codes. Currently, ITC^DeltaCom is waiting for BellSouth to respond to its latest proposal to settle this matter.	BellSouth is not required to provide NXX testing functionality to ITC^DeltaCom. Nonetheless, BellSouth has offered to provide an NXX testing option to ITC^DeltaCom that is equivalent to the means by which BellSouth carries out NXX testing for itself (which involves the use of a foreign exchange "FX" line). ITC^DeltaCom is unwilling to pay for the FX line to accomplish its testing.
Issue 2(c)(ii) What should be the installation interval for the following loop cutovers: (a) Single (b) Multiple	(a) Per the existing interconnection agreement, the standard time expected from disconnection of a live exchange service to the connection of the UNE to the ITC^DeltaCom collocation arrangement is 15 minutes (b) Per the existing interconnection agreement, the standard time expected from disconnection of a live exchange service to the connection of the UNE to the ITC^DeltaCom collocation arrangement is 15 minutes	(a) BellSouth has proposed a loop cutover installation interval time of fifteen (15) minutes for a single circuit conversion. (b) With respect to multiple loop cutovers or circuit conversions, BellSouth has proposed to use fifteen (15) minutes as the maximum interval time for one loop with multiple loop cutovers being accomplished in increments of time per loop or circuit conversion of less than fifteen (15) minutes. The loop cutover process is a multiple step process that requires a great deal of mutual cooperation and coordination between BellSouth and the CLEC. Thus, it is appropriate for different installation intervals to be established based upon the number of loops to be cutover to the CLEC.
Issue 2(c)(iii) BellSouth has offered order coordination, should SL1 orders without order coordination be specified by BellSouth with	Yes. BellSouth has this ability for its own customers. Parity requires it do so for ITC^DeltaCom. ITC^DeltaCom must be a parity with BellSouth – not BellSouth's retail customers.	BellSouth is willing to continue offering order coordination service with SL1 orders. BellSouth will agree to accept a customer's request for an A.M. or P.M. designation when access to the customer's premises is required. In those

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an a.m. or p.m. designation?		instances where access to the customer's premises is not required, or if access is required but the customer is indifferent as to the time of day, BellSouth should not be required to designate A.M. or P.M. installation. This process is comparable to the scheduling BellSouth offers to its retail customers.
Issue 2(c)(iv) Should the party responsible for delaying a cutover also be responsible for the other party's reasonable labor costs? If so, at what cost?	Yes. The rate depends upon the labor required or caused. It should be determined on an individual case basis. This policy was previously approved by the TRA in the existing interconnection agreement. In our existing agreement, the parties voluntarily agree that if a party delays a cutover, that party has to pay the reasonable labor costs of the other party. ITC^DeltaCom merely wants to continue this language into the new agreement. This provision is designed to encourage both parties to meet scheduled cutover dates, which benefits the consumer.	ITC^DeltaCom's proposal is nothing more than a liquidated damages or "guarantee" provision which is not appropriate. (See BellSouth's position on Issue 1(b)). In the event ITC^DeltaCom experiences problems as a result of loop cutover delays, ITC^DeltaCom has adequate remedies under the law. Moreover, to track costs and assess blame for each instance of delay would be unduly burdensome and expensive, particularly when it is unclear which party is at fault.
Issue 2(c)(v) Should BellSouth be required to designate specific UNE center personnel for coordinating orders placed by ITC^DeltaCom?	Yes. ITC^DeltaCom will accept a designated single point of contact person. BellSouth should identify the individual to ITC^DeltaCom.	BellSouth should not be required to specifically dedicate its personnel to serve only ITC^DeltaCom or any other individual CLEC. BellSouth incurs significant costs in connection with providing personnel to handle all CLEC orders for services and UNEs. BellSouth reviews anticipated and historical staffing requirements and assigns work activity in the most efficient manner possible in order to complete all necessary work functions for all CLECs.
Issue 2(c)(vi) Should each party be responsible for the repair charges for troubles caused or originated outside of its network? If so, how should each party reimburse the other for any additional costs incurred for isolating the trouble to the other's network?	Yes. Where the root cause was not DeltaCom's network, BellSouth should bear such costs. BellSouth should reimburse DeltaCom for any additional costs associated with isolating the trouble to BellSouth's facilities and/or equipment.	The party responsible for the repairs should bear the costs associated with those repairs. (See FCC First Report and Order at ¶258, CC Docket 96-98 (8-8-96)). BellSouth has agreed to be responsible for such costs that are incurred due to BellSouth's network. However, BellSouth should not be responsible for costs due to ITC^DeltaCom's or a third party's network. BellSouth and ITC^DeltaCom should each be responsible for its own costs incurred in

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		determining the cause of any trouble. Thus, this issue is not appropriate for arbitration.
Issue 2(c)(viii) Should BellSouth be responsible for maintenance to HDSL and ADSL compatible loops provided to ITC^DeltaCom? If so, at what rate?	Yes. BellSouth should maintain these loops at industry standard quality levels. Maintenance should be priced at FCC compliant TELRIC rates.	BellSouth will provide maintenance and repair for HDSL and ADSL compatible loops as the parties may agree. However, the loop modifications requested by ITC^DeltaCom (and other CLECs) are not a UNE offering. Thus, if BellSouth is providing a loop that has been modified from its original technical standards at the request of ITC^DeltaCom, such as HDSL or ADSL compatibility, then BellSouth cannot guarantee that the modified loop will meet the technical standards of a non-modified loop.
Issue 2(c)(xiv) (a) Should BellSouth be required to coordinate with ITC^DeltaCom 48 hours prior to the due date of a UNE conversion? (b) If BellSouth delays the scheduled cutover date, should BellSouth be required to waive the applicable non-recurring charges?	(a) Yes. Customer transfers should be completed smoothly and efficiently. (b) Yes. Performance guarantees are also required to ensure scheduled cutover dates are not missed repeatedly.	In the Petition for Arbitration, ITC^DeltaCom has only provided its position on the first two issues. (a) No. BellSouth does not agree that coordination 48 hours prior to the due date is necessary on every type of UNE conversion. However, with respect to SL2 type loops only, BellSouth will agree to use its best efforts to schedule a conversion date and time 24 to 48 hours prior to the conversion. (b) No. BellSouth does not agree to waive the applicable nonrecurring charges whenever a cutover is delayed, particularly when any number of variables and circumstances may cause a delay in the schedule. Thus, this issue is not appropriate for arbitration.
Issue 2(f) Should BellSouth be required to establish Local Number Portability (LNP) cutover procedures under which BellSouth must confirm with ITC^DeltaCom that every port subject to a disconnect order is worked at one time?	Yes. The procedures are identified in Attachment 5, Section 2.6 of the proposed interconnection agreement.	Although BellSouth cannot agree with the timeframes (which were not raised directly in the Petition) proposed by ITC^DeltaCom, BellSouth agrees that coordination between itself and ITC^DeltaCom is extremely important for LNP order cutovers. Additionally, BellSouth already has LNP cutover procedures in place and will agree to language to ensure that the disconnect order is completed for all ported numbers once the Number Portability Administration Center ("NPAC") notification of ITC^DeltaCom's Activate Subscription Version for those

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Issue 2(g) Should "order flow-through" be defined in the interconnection agreement, and if so, what is the definition?	Yes. To do otherwise would create ambiguity in the contract. "Flow through" should be defined the same for BellSouth and ITC^DeltaCom. The definition should include pre-ordering functions. Witness Thomas explains this issue in his testimony.	numbers has been received by BellSouth. BellSouth does not agree with ITC^DeltaCom's proposed definition of "flow-through" nor does BellSouth believe that it is necessary for the interconnection agreement to contain a definition of "flow-through." However, to the extent such a definition is necessary, the Authority should adopt a definition that is consistent with the FCC's use of the term. (See FCC Second Louisiana Order, at ¶107, CC Docket 98-121 (8-13-98) (order "flows through" an electronic order system only when a CLEC or BellSouth representative takes information directly from an end user customer, inputs it directly into an electronic order interface without making any changes or manipulating the customer's information, and sends the complete and correct order downstream for mechanized order generation)).

III. Reciprocal Compensation and Attachment 6
(Ordering and Provisioning)

Issue 3(1) Should BellSouth be required to pay reciprocal compensation to ITC^DeltaCom for all calls that are properly routed over local trunks, including calls to Information Service Providers ("ISPs")? Issue 3(2) What should be the rate for reciprocal compensation per minute of use, and how should it be applied?	Yes. The caller's provider should bear the costs of the call. The rate should be \$.009 per minute of use.	Issue 3(1): Under 47 U.S.C. § 251 (b)(5) and 47 C.F.R. § 51.701, it is clear that reciprocal compensation is applicable only to local traffic, not to all traffic that may be routed over "local" trunks. "Local" trunks may actually carry access, or toll, traffic in addition to local traffic. ISP-bound traffic, even if routed over local interconnection trunks, is not subject to the 1996 Act's requirement of reciprocal compensation. The FCC's recent Declaratory Ruling in CC Docket Nos. 96-98 and 99-68, released on February 26, 1999, confirmed unequivocally that ISP-bound traffic is interstate in nature, not local. Thus, reciprocal compensation is clearly not applicable to ISP-bound traffic. In addition to being contrary to the law, treating ISP-bound traffic as local for reciprocal compensation purposes is contrary to sound public policy. Issue 3(2): The appropriate rates for reciprocal compensation are the elemental rates for end office
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		switching, tandem switching and common transport that are used to transport and terminate local traffic. If a call is not handled by a switch on a tandem basis, it is not appropriate to pay reciprocal compensation for the tandem switching function. (See BellSouth's position on Issue 6(b) for discussion of rates). Although BellSouth does not believe that compensation for ISP-bound traffic is subject to a Section 252 arbitration since ISP traffic is interstate, not local, traffic, BellSouth will propose an interim mechanism for ISP-bound traffic until the FCC issues a final order in its inter-carrier compensation docket.
Issue 3(h) If ITC^DeltaCom needs to reconnect service following an order for a disconnect, should BellSouth be required to reconnect service within 48 hours?	Yes. This problem often occurs when a customer pays an outstanding bill and has been disconnected for failure to pay or when a reconnect must be made quickly such as in a slamming situation. Consumers should not suffer unreasonable delays in reconnection.	No. As a practical matter, once a UNE facility has been disconnected for any reason, that facility is subject to immediate reuse, whether by other CLECs or BellSouth's end-users. BellSouth should not be required to maintain facilities for any set period of time once service has been disconnected. Nonetheless, BellSouth will agree to use its best efforts to reconnect service within 24 hours.
Issue 3(m) What type of repair information should BellSouth be required to provide to ITC^DeltaCom such that ITC^DeltaCom can keep the customer informed?	BellSouth has all repair information available to it. ITC^DeltaCom should be at parity with BellSouth. ITC^DeltaCom should have the same data as BellSouth has. BellSouth should be required to provide ITC^DeltaCom with an electronic interface which provides access to BellSouth's maintenance systems and databases in order to allow ITC^DeltaCom's maintenance personnel and customer service representatives to enter a new customer trouble ticket into the BellSouth maintenance systems, retrieve and track the current status of ITC^DeltaCom repair tickets with access to the estimated time to repair, initiate a technician dispatch, receive timely notification if a repair technician is unable to anticipate being unable to meet a scheduled repair, retrieve a list of	BellSouth provides ITC^DeltaCom with non-discriminatory access to BellSouth's maintenance and repair OSS today by providing electronic interfaces such as TAFI and the ECTA Gateway as well as manual interfaces. BellSouth is willing to negotiate mutually acceptable language on this issue for inclusion in the agreement, although BellSouth does not agree that it is necessary or appropriate to include a list of the information that ITC^DeltaCom seeks to be included in the interconnection agreement.

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	itemized time and material charges at the time of ticket closure, provide test results, and electronically notify ITC^DeltaCom when the trouble is cleared. This information is required in order for ITC^DeltaCom to track the resolution of its customers' troubles and to be able to inform ITC^DeltaCom customers of the status of their repair. Without this information, ITC^DeltaCom cannot provide the level of service which our customers expect us to provide.	

IV. Collocation

Issue 4(a) Should BellSouth provide cageless collocation to ITC^DeltaCom 30 days after a firm order is placed?	Yes. Cageless collocation should be provisioned at intervals shorter than standard physical collocation and similar to virtual collocation. ITC^DeltaCom must have collocation to effectively compete. BellSouth does not depend upon collocation. Unnecessary delays will give BellSouth a competitive advantage.	No. BellSouth is not required by the 1996 Act or the FCC to provide cageless collocation within 30 days after a firm order has been placed. In fact, the FCC recently stated that it was not adopting specific provisioning intervals at this time. (See First Report and Order and Further Notice of Proposed Rulemaking, Docket No. CC 98-147, at ¶ 54). In addition, given the numerous factors and activities required to fulfill a collocation request, it is neither practical nor feasible to require BellSouth to complete the collocation request within 30 days. The absence of enclosure construction has little, if any, bearing on the overall provisioning interval for collocation since space preparation and network infrastructure work, among others, must still be completed regardless of the type of arrangement selected.
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V. Old vs. New Agreement

Issue 5 Should the parties continue operating under existing local interconnection arrangements?	As the issue is proposed by ITC^DeltaCom the answers are: Yes. BellSouth should continue to charge for cross-connect reconfiguration/network redesign and NXX translations in the same way it does under the agreement previously approved by the	No. Negotiations take place to incorporate new language, terms, and obligations into an interconnection agreement in recognition of new technologies, changed circumstances, and changes in applicable law. The fact that ITC^DeltaCom has filed for arbitration with BellSouth and listed some seventy-three (73) issues, many of which contain multiple questions, belies ITC^DeltaCom's request
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	Authority. (a) Local traffic and trucking option should be defined in the same way they are defined in the current agreement. (b) The same parameters should be applied as those in the existing interconnection agreement.	to maintain its existing arrangements with BellSouth. Additionally, ITC^DeltaCom proposed new local interconnection arrangements attached as Exhibit "A" to the Petition rather than relying upon the existing arrangements. BellSouth has negotiated with ITC^DeltaCom in good faith and will continue to do so in an effort to reach a new agreement regarding local interconnection.

VI. Rates and Charges

Issue 6(b) What are the appropriate recurring and non-recurring rates and charges for: (a) two-wire ADSL/HDSL compatible loops, (b) four-wire ADSL/HDSL compatible loops, (c) two-wire SL1 loops, (d) two-wire SL2 loops, or (e) two-wire SL2 loop Order Coordination for Specified Conversion Time?	(a) FCC compliant TELRIC rates. (b) FCC compliant TELRIC rates. (c) FCC compliant TELRIC rates. (d) FCC compliant TELRIC rates. (e) FCC compliant TELRIC rates.	Until the Authority issues a final order in Docket No. 97-01262 (Generic UNE Cost Proceeding), applicable recurring and non-recurring rates should be those currently in effect in the parties' prior agreement. Once the Authority has entered a final order in Docket 97-01262, the existing rates would be trued-up retroactively to the date of the new agreement and consistent with such new agreement. The exception is for ITC^DeltaCom's request for a "four-wire ADSL compatible loop" since ADSL functionality is not applicable to four-wire loops.
Issue 6(c) Should BellSouth be permitted to charge ITC^DeltaCom a disconnection charge when BellSouth does not incur any costs associated with such disconnection?	No. No costs, therefore no charges.	BellSouth disagrees with the underlying assumption of this issue since BellSouth does incur costs in disconnecting service. Consistent with the Authority's January 25, 1999, Order in Docket No. 97-01262 (Generic UNE Cost Proceeding) at p. 41, and with the Authority's ruling at the Directors' Conference on April 20, 1999, in that docket, BellSouth will develop two separate disconnection rates after the Authority renders a final order in Docket No. 97-01262. When established, these rates should be trued-up retroactive to the date of the new agreement.
Issue 6(d) What should be the appropriate recurring and nonrecurring charges for cageless and shared collocation in light of the recent FCC Advanced Services Order No. FCC 99-48, issued March 31, 1999, in Docket No. CC 98-147?	Until BellSouth produces, and the Authority adopts, the results of a cost study for cageless collocation consistent with the FCC's TELRIC pricing rules, interim rates should be based on BellSouth's rates for virtual collocation with appropriate adjustments to remove costs associated with installation,	Until the Authority issues a final order in Docket 97-01262, in which the Authority will establish collocation rates that will apply to cageless and shared collocation, the applicable recurring and nonrecurring rates should be those contained in the prior agreement. Once the Authority has entered a final order in Docket 97-01262,

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	maintenance and repair of ITC^DeltaCom's equipment.	these rates would be trued-up retroactive to the date of the new agreement. No other rates beyond those being considered by the Authority in Docket No. 97-01262 are necessary in order for BellSouth to comply with the requirements of the FCC's recent Advanced Services Order in Docket No. CC 98-147. There are, however, some additional collocation elements that CLECs have requested since the Generic UNE Cost Proceeding (Docket No. 97-01262), such as fiber cross-connects and fiber point of termination ("POT") bays. BellSouth is filing cost studies and proposed rates for these elements.
Issue 6(e) Should BellSouth be permitted to charge ITC^DeltaCom for conversions of customers from resale to unbundled network elements? If so, what is the appropriate charge?	No. BellSouth should be required to convert a customer's bundled local service to an unbundled element or service and assign such unbundled element or service to ITC^DeltaCom with no penalties, rollover, termination or conversion charges to ITC^DeltaCom or the customer. No costs are incurred by BellSouth.	There is no requirement in the 1996 Act or in the FCC's rules that obligates BellSouth to convert a CLEC's customer from resale to UNEs at no cost. BellSouth is entitled to recover its reasonable costs if it performs this function. Moreover, ITC^DeltaCom and other CLECs cannot convert resale service to unbundled elements since such conversion would require BellSouth to provide a combination of UNEs. BellSouth is not obligated to combine UNEs, and the UNEs that an incumbent must provide on an individual, let alone combined basis will not be defined until the FCC completes its Rule 319 proceedings. (See BellSouth's position on Issue 2(b)(ii) with respect to UNE combinations).

VII. Billing

Issue 7(b)(ii) What tariff procedures should ITC^DeltaCom and BellSouth adopt for meet-point billing?	MECAB and MECAD methods do not require ITC^DeltaCom to file a NECA FCC Tariff No. 4. BellSouth's proposed default meet point billing parameters are not required and are unreasonable. Meet Point Billing: file in state tariffs.	BellSouth's position regarding Meet Point Billing ("MPB") arrangements is to utilize, to the extent possible, the standard industry procedures that have been in place for ILECs and the Interexchange Carriers ("IXCs") since 1986. These procedures are documented in the Multiple Exchange Carrier Access Billing "MECAB" and Multiple Exchange Carrier Ordering Document "MECOD" which were developed by the Ordering and Billing Forum ("OBF") and are contained in the OBF Guidelines.
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		Alternatively, BellSouth proposes that default parameters be used in lieu of the National Exchange Carriers Association ("NECA") FCC Tariff No. 4 which is the foundation for the MECAB and MECOD methods. Under this proposal, all meet point arrangements will be billed on a multi-tariff, multi-bill method with the border interconnection percentage ("BIP") fixed at 95% BellSouth and 5% ITC^DeltaCom. This interim method would be discontinued once ITC^DeltaCom becomes a member of NECA and begins to use the NECA infrastructure (e.g. MECAB and MECOD methods) or when the industry develops a (better) alternative solution.

VIII. General Terms and Conditions
(and Miscellaneous)

Issue 7(b)(iv) Which party should be required to pay for the Percent Local Usage (PLU) and Percent Interstate Usage (PIU) audit, in the event such audit reveals that either party was found to have overstated the PLU or PIU by 20 percentage points or more?	The party seeking the audit should pay.	BellSouth agrees that the party requesting an audit should be responsible for the costs of the audit, except in the event the audit reveals that either party is found to have overstated the percent local usage ("PLU") or percent interstate usage ("PIU") by 20 percentage points or more, in which case that party should be required to reimburse the other party for the costs of the audit. This is a fair and reasonable provision for the protection of both parties. Contrary to ITC^DeltaCom's position, such a contract provision is not a "penalty" provision since the costs are those actually incurred in performing the audit.
Issue 8(b) Should the losing party to an enforcement proceeding or proceeding for breach of the interconnection agreement be required to pay the costs of such litigation?	Yes. "Loser pays" will ensure frivolous lawsuits are not brought and deter BellSouth from gaming the regulatory process by forcing ITC^DeltaCom to constantly bring enforcement actions at its own expense.	BellSouth believes that the inclusion of a "loser pays" provision would have a chilling effect on both parties to the extent that even meritorious claims may not be filed. The 1996 Act is only three and one-half years old and clearly represents an evolving area of rule and regulation that will require interpretation and guidance from state commissions for some time. In times of such uncertainty, there may be no clear "winner" or "loser," which further complicates the use of a "loser pays" clause. Thus, this issue is not appropriate for arbitration. The Act does not

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Issue 8(e) Should language covering tax liability be included in the interconnection agreement, and if so, should that language simply state that each Party is responsible for its own tax liability?	Not necessary. If it must be included, it should simply require parties to implement the contract consistent with applicable tax laws. Each party should bear its own tax liability.	require any such attorneys fee provision. BellSouth has proposed language for the interconnection agreement based upon BellSouth's experiences with tax matters and liability issues in connection with the parties' obligations under interconnection agreements. A variety of taxes are imposed upon telecommunications carriers, both directly and indirectly (collected from end-users and other carriers). As would be expected, problems and disputes over the application and validity of these taxes will and do occur. The interconnection agreement should clearly define the respective rights and duties for each party in the handling of such tax issues so that they can be resolved fairly and quickly.
Issue 8(f) Should BellSouth be required to compensate ITC^DeltaCom for breach of material terms of the contract?	Yes. The General Terms and Conditions should cover this issue.	The issue of compensation for breach of contract, penalties or liquidated damages are not appropriate matters for arbitration under the 1996 Act. The Authority has previously declined to "require a system of penalties and credits" in the context of an arbitration. (See Brief of the TRA, Case No. 39-97-0616, at 26, U.S. Dist. Ct., M.D. Tenn. (8-13-98); and MCI/BellSouth Arbitration before the TRA in Docket No. 96-01271). ITC^DeltaCom's proposal is not required by the 1996 Act and represents a supplemental enforcement scheme that is inappropriate and unnecessary. ITC^DeltaCom has adequate legal recourse in the event BellSouth breaches its interconnection agreement. (See BellSouth's position on Issue 1(a)).

CERTIFICATE OF SERVICE

I hereby certify that on October 29, 1999, a copy of the foregoing document was served on the parties of record, via the method indicated:

- ☒ Hand
☐ Mail
☐ Facsimile
☐ Overnight

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