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TENN. REG. AUTH.
COMMUNICATIONS DIVISION

**BEFORE THE
TENNESSEE REGULATORY AUTHORITY**

In re:)
)
Petition for Arbitration of the Interconnection) Docket No. 99-00948
Agreement Between BellSouth Telecommunications, Inc.)
and Intermedia Communications Inc. Pursuant to)
Section 252(b) of the Telecommunications Act of 1996)

**ANSWER AND NEW MATTER OF INTERMEDIA COMMUNICATIONS INC.
TO BELL SOUTH TELECOMMUNICATIONS, INC.'S PETITION
FOR SECTION 252(b) ARBITRATION**

INTERMEDIA COMMUNICATIONS INC. ("Intermedia"), through its undersigned counsel and pursuant to Section 252(b)(3) of the Communications Act of 1934, as amended (the "Communications Act"), hereby respectfully submits its answer and new matter to BellSouth Telecommunications, Inc.'s ("BellSouth") petition for Section 252(b) arbitration ("Petition").

INTRODUCTION

The federal Telecommunications Act of 1996 (the "1996 Act") fundamentally changed telecommunications as we knew it. In the old regulatory regime, government encouraged monopolies. In the new regulatory regime, the 1996 Act requires the immediate removal of outdated barriers that protect monopolies from competition, as well as the promotion of efficient competition using tools created by Congress.

Specifically, Section 251 of the Communications Act imposes specific market-opening

obligations on the incumbents, including BellSouth. These obligations include, but are not limited to, interconnection, unbundled access, collocation, and resale. Likewise, the incumbents are required to negotiate in good faith the particular terms and conditions of agreements to fulfill their interconnection and other statutorily-mandated market-opening obligations.

Pursuant to Sections 251 and 252 of the Communications Act, Intermedia and BellSouth entered into negotiations in an attempt to arrive at a mutually acceptable interconnection agreement. As the affidavit of Carl Jackson demonstrates, however, the negotiations were hampered by BellSouth's negotiators' limited availability. As a result, while Intermedia was able to raise many important issues during the negotiation process, some issues were not raised until later in the process. Consequently, several issues remain unresolved, requiring the Authority's intervention.

STATEMENT OF FACTS

1. Admitted.
2. Admitted.
3. Admitted.
4. Admitted.
5. Admitted.
6. Admitted.
7. It is admitted that BellSouth and Intermedia have attempted to negotiate the terms and conditions of a new interconnection agreement.

JURISDICTION

8. Paragraph 8 contains conclusions of law to which no response is necessary.
9. Paragraph 9 contains conclusions of law to which no response is necessary.

ARBITRATION ISSUES AND POSITIONS OF THE PARTIES

10. Admitted in part, denied in part. It is admitted that the matrix provided by BellSouth reflects *some* of the unresolved issues between the parties. Intermedia states, however, that other issues that have been properly raised by Intermedia remain unresolved. It is further admitted that the parties have not agreed on the issues of performance measures and penalties. It is denied that these issues are not appropriate for arbitration. As a further response, Intermedia incorporates herein by reference the attached matrix of issues (Exhibit 1).

11. Admitted in part, denied in part. It is affirmatively denied that BellSouth's ability to resolve issues through negotiation has been hampered in any manner by Intermedia. Further, Intermedia specifically denies BellSouth's unfounded allegations that Intermedia engaged in last-minute negotiating tactics. Intermedia states that BellSouth was generally aware of Intermedia's issues throughout the course of oral and written communications throughout the negotiation period. Moreover, the issues raised in these negotiations were largely identical to the issues raised when Intermedia filed for arbitration late last year in all BellSouth states except North Carolina. Intermedia and BellSouth later negotiated a one-year extension of the current interconnection agreement to settle those arbitrations, but the settlement occurred only after both parties completed an extensive negotiation process and fully briefed the issues in filings before the state commissions. In addition, the pendency of the FCC's decision on unbundled network elements rendered identification of certain issues difficult, at best. Moreover, BellSouth itself contributed to the delay by failing to timely respond to Intermedia's inquiries and requests for meetings (*see* Carl Jackson's Affidavit, which is attached to this answer). Indeed, when Intermedia requested an extension of the negotiation period to further discuss several issues, BellSouth rejected the request, choosing instead to terminate negotiations. As a result of

BellSouth's acknowledged inability to meet with Intermedia, Intermedia's ability to raise and discuss potential issues with BellSouth was severely hampered.

To the extent to which some of the issues may have been clarified later in the negotiation process, nothing in the prevailing law expressly precludes Intermedia from clarifying the issues prior to arbitration. Moreover, these clarifications were made in good faith and were not calculated to prejudice BellSouth.

It is admitted that Intermedia proposed certain provisions for inclusion in the interconnection agreement, as reflected in Attachment 2 and Attachment 3 of the proposed interconnection agreement (Exhibit 1 of BellSouth's petition). It is further admitted that Intermedia proposed to delete certain verbiage in Attachment 3. It is also admitted that Intermedia has requested BellSouth to provide frame relay unbundled network elements. It is denied that BellSouth did not have sufficient opportunity to evaluate Intermedia's recommendations and/or requests, however.

NEW MATTER/ADDITIONAL ISSUES

12. In addition to those issues that BellSouth has included in its issues matrix, *see* Petition at 4-8, the following issues remain unresolved (see also Exhibit 1 which is attached hereto and incorporated herein by reference).

Issue 11: Should BellSouth be required to provide reasonable and nondiscriminatory access to unbundled network elements ("UNEs") in accordance with all effective rules and decisions by the Federal Communications Commission ("FCC") and this Authority?

Intermedia's Position: Pursuant to Sections 251 and 252 of the Communications Act, BellSouth is required to provide reasonable and nondiscriminatory access to UNEs in accordance with all effective rules and decisions by the FCC and the Authority.

BellSouth's Position: Undetermined.

Issue 12: Should BellSouth be required to provide Intermedia with access to existing combinations of network elements in BellSouth's network at UNE rates?

Intermedia's Position: Consistent with FCC Rule 315(b) and the FCC's *UNE Remand Order*, upon request by Intermedia, BellSouth is required to provide Intermedia with access to existing combinations of network elements in BellSouth's network at UNE rates.

BellSouth's Position: Undetermined.

Issue 13: Should BellSouth be required to provide access to EELs at UNE rates where the loop and transport elements are currently combined and purchased through BellSouth's special access tariff?

Intermedia's Position: Pursuant to the FCC's *UNE Remand Order* and *UNE Remand Supplemental Order*, BellSouth is required to provide access to enhanced extended links ("EELs") at UNE rates where the loop and transport elements are currently combined. This includes cases where the functions are purchased through BellSouth's special access tariff. In addition, upon request, BellSouth is obligated to convert special access circuits to EELs at UNE prices amounting to the sum of Authority-approved, cost-based rates for the individual UNEs.

BellSouth's Position: Undetermined.

Issue 14: Should the parties utilize the FCC's most recent definition of "local loop"?

Intermedia's Position: The definition of "local loop" should reflect the definition in the FCC's *UNE Remand Order* and FCC Rule 319(a)(1). The rates for loops that have equivalents in BellSouth's special access tariffs should be set at 50% of the tariffed rates, as interim rates, subject to true-up.

BellSouth's Position: Undetermined.

Issue 15: Should BellSouth be required to condition loops in accordance with the FCC's most recent ruling?

Intermedia's Position: Pursuant to the FCC's *UNE Remand Order* and FCC Rule 319(a)(3), BellSouth is required to condition loops, as requested by Intermedia, whether or not BellSouth offers advanced services to the end user on that loop. BellSouth may recover the cost of line conditioning requested by Intermedia through a nonrecurring charge set by the Authority in accordance with the FCC's forward-looking pricing principles promulgated pursuant to Section 252(d)(1) of the Communications Act and in compliance with FCC Rule 51.507(e). In addition, to the extent technically feasible, BellSouth should test and report trouble for all the features, functions, and capabilities of conditioned loops, and may not restrict testing to voice-transmission only.

BellSouth's Position: Undetermined.

Issue 16: Should the parties utilize the FCC's most recent definition of network interface device ("NID")?

Intermedia's Position: Pursuant to the *UNE Remand Order* and FCC Rule 319(b), the NID should be defined as any means of interconnection of end-user customer premises wiring to BellSouth's distribution plant, such as a cross-connect device used for that purpose. Moreover, BellSouth must permit Intermedia to connect its own loop facilities to on-premises wiring through BellSouth's NID, or at any other technically feasible point.

BellSouth's Position: Undetermined.

Issue 17: Should BellSouth be required to offer subloop unbundling and access to BellSouth-owned inside wiring in accordance with the *UNE Remand Order* and FCC Rule 319(a)?

Intermedia's Position: In accordance with the *UNE Remand Order* and FCC Rule 319(a), BellSouth must offer subloop unbundling and access to BellSouth-owned inside wiring. The terms "subloop," "accessible terminal," and "inside wire" should mirror the definitions in the *UNE Remand Order*. Moreover, BellSouth must abide by the requirements of FCC Rules 319(a)(2)(A) (governing inside wire access), 319(a)(2)(B) (governing technical feasibility), 319(a)(2)(C) (governing best practices), 319(a)(2)(D) (governing subloop access via collocation), 319(a)(2)(E) (governing the provision of single point of interconnection), 319(a)(1) (governing concentration of subloops), and 319(a)(2)(A) (governing access to unbundled network terminating wire ("UNTW")).

BellSouth's Position: Undetermined.

Issue 18: Should BellSouth be required to provide access to local circuit switching, local tandem switching, and packet switching capabilities on an unbundled basis in accordance with the FCC's most recent ruling?

Intermedia's Position: BellSouth should provide nondiscriminatory access, in accordance with FCC Rule 51.311 and Section 251(c)(3) of the Communications Act, to local circuit switching and local tandem switching capabilities on an unbundled basis, except as set forth in FCC Rule 51.319(c)(1)(B), to Intermedia for the provision of telecommunications service. In addition, BellSouth should provide nondiscriminatory access in accordance with FCC Rule 51.311 and Section 251(c)(3) of the Communications Act to packet switching capability on an unbundled basis to Intermedia for the provision of telecommunications services as described in Rule 51.319(c)(3)(B).

BellSouth's Position: Undetermined.

Issue 19: Should the parties utilize a definition of local tandem switching capability

consistent with the FCC's most recent ruling?

Intermedia's Position: The definition of local tandem switching capability should be consistent with the *UNE Remand Order* and FCC Rule 319(c)(2).

BellSouth's Position: Undetermined.

Issue 20: Should the parties utilize a definition of local circuit switching capability consistent with the FCC's most recent ruling?

Intermedia's Position: The definition of local circuit switching capability should be consistent with the *UNE Remand Order* and FCC Rule 319(c)(1)(A).

BellSouth's Position: Undetermined.

Issue 21: Should the parties utilize a definition of packet switching capability consistent with the FCC's most recent ruling?

Intermedia's Position: The definition of packet switching capability should be consistent with the *UNE Remand Order* and FCC Rule 319(c)(3).

BellSouth's Position: Undetermined.

Issue 22: Should BellSouth be required to provide nondiscriminatory access to interoffice transmission facilities in accordance with the FCC's most recent ruling?

Intermedia's Position: BellSouth must provide nondiscriminatory access, in accordance with FCC Rule 51.311 and Section 251(c)(3) of the Communications Act, to interoffice transmission facilities on an unbundled basis to Intermedia for the provision of telecommunications service. BellSouth's provisioning of same must be consistent with the *UNE Remand Order* and FCC Rule 319(d).

BellSouth's Position: Undetermined.

Issue 23: Should the parties utilize a definition of interoffice transmission facilities,

consistent with the FCC's most recent ruling, that includes dark fiber, DS1, DS3, and OCn levels, and shared transport?

Intermedia's Position: The definition of interoffice transmission must be consistent with the definition in the *UNE Remand Order* and FCC Rule 319(d). The rates for interoffice transmission facilities/transport that have equivalents in BellSouth's special access tariffs should be set at 50% of the tariffed rates, as interim rates, subject to true-up.

BellSouth's Position: Undetermined.

Issue 24: Should BellSouth provide nondiscriminatory access to operations support systems ("OSS") and should the parties utilize a definition of OSS consistent with the FCC's most recent ruling?

Intermedia's Position: BellSouth is required to provide nondiscriminatory access in accordance with FCC Rule 51.311 and Section 251(c)(3) of the Communications Act to OSS on an unbundled basis. The definition of OSS must be consistent with the definition in the *UNE Remand Order* and FCC Rule 319(g).

BellSouth's Position: Undetermined.

Issue 25: Should BellSouth be required to provide unbundled access to the following frame relay UNEs: user-to-network interface ("UNI"), network-to-network interface ("NNI"), and data link control identifiers ("DLCI"), at Intermedia-specified committed information rates ("CIRs")?

Intermedia's Position: Under the Communications Act, BellSouth is required to provide to Intermedia UNIs at 56kbps, 64kbps, 128kbps, 256kbps, 384kbps, 1.544kbps, and 44.736kbps; NNIs at 56kbps, 64kbps, 1.544kbps, and 44.736kbps; and DLCs at CIRs of 0kbps, 8kbps, 16kbps, 19.2kbps, 28kbps, 32kbps, 56kbps, 64kbps, 128kbps, 192kbps, 256kbps, 320kbps,

384kbps, and above, priced in conformity with applicable FCC pricing rules and Section 252 of the Communications Act.

Issue 26: Should the parties be allowed to establish their own local calling areas and assign numbers for local use anywhere within such areas, consistent with applicable law?

Intermedia's Position: BellSouth and Intermedia should be free to define their own local calling areas, subject to Authority approval where required. Both BellSouth and Intermedia should be free to assign local numbers allocated for their use anywhere within their own defined local calling areas, provided that such number assignments is consistent with all generally applicable rules and regulations governing assignment of local telephone numbers.

BellSouth's Position: Undetermined.

Issue 27: Should Intermedia be permitted to establish points of presence ("POP") and points of interface ("POI") for delivery of its interLATA toll traffic?

Intermedia's Position: Intermedia, at its option, should be able to establish POIs and POPs for the delivery of its originated local, intraLATA, and interLATA toll traffic to BellSouth. The POI need not be established at the point of interconnection.

BellSouth's Position: Undetermined.

Issue 28: Should the parties include language requiring BellSouth to designate points of presence and points of interface for delivery of its originated *interLATA* toll traffic?

Intermedia's Position: BellSouth should designate the points of presence and points of interface for the delivery of its originated local, transit, and interLATA and *intraLATA* toll traffic to Intermedia for call transport and termination by Intermedia.

BellSouth's Position: Undetermined.

Issue 29: In the event Intermedia chooses multiple tandem access ("MTA"), must

Intermedia establish points of interconnection at all BellSouth access tandems where Intermedia's NXXs are "homed"?

Intermedia's Position: No. Intermedia must have the freedom to configure its network and to assign NXXs in the most efficient manner possible, and to define local calling areas as it chooses.

BellSouth's Position: Yes. Intermedia must establish points of interconnection at all BellSouth access tandems where Intermedia NXXs are "homed."

Issue 30: Should language concerning local tandem interconnection be simplified to exclude, among other things, the requirement to designate a "home" local tandem for each assigned NPA/NXXs and the requirement to establish points of interconnection to BellSouth access tandems within the LATA on which Intermedia has NPA/NXXs homed?

Intermedia's Position: Yes. The language concerning local tandem interconnection should be modified to eliminate unnecessary and unreasonable restrictions on how Intermedia may configure its network and interconnect with BellSouth.

BellSouth's Position: No.

Issue 31: For purposes of compensation, how should intraLATA toll traffic be defined?

Intermedia's Position: IntraLATA toll traffic should be defined as "all basic intraLATA message services calls other than Local Traffic."

BellSouth's Position: IntraLATA toll traffic should be defined as any telephone call that is not local or switched access per the parties' agreement.

Issue 32: How should "switched access traffic" be defined?

Intermedia's Position: Switched access traffic should be defined as "telephone calls requiring local transmission or switching services for the purpose of the origination or termination

of Telephone Toll Service.” Switched traffic, as defined, includes the following types of traffic: Feature Group A, Feature Group B, Feature Group D, 800/888 access, and 900 access and their successor or similar switched exchange access services.

BellSouth’s Position: Switched access traffic should be defined in accordance with BellSouth’s access tariff and should exclude IP telephony.

Issue 33: Should BellSouth and Intermedia be liable to each other for lost revenues due to lost or damaged billing data?

Intermedia’s Position: In the event of a lost of data, both parties must cooperate to reconstruct the lost data and, where reconstruction is not possible, use a reasonable estimate of the lost data. In the event the estimated billing is not accepted for payment by the affected Access Service Customer(s), the responsible party will be liable to the other party for any resulting lost revenue up to a maximum of \$10,000 in the aggregate and in any one-month period.

BellSouth’s Position: No. Parties should attempt to reconstruct lost or damaged billing data, but should not be held liable for losses in revenue they cause to the other carrier.

Issue 34: Should the parties determine the rates to be used for intraLATA toll and Switched Access transit traffic, or should rates from BellSouth’s tariffs be utilized?

Intermedia’s Position: The rates for intraLATA toll and Switched Access transit traffic should be TELRIC-based.

BellSouth’s Position: BellSouth’s access tariff should determine the rates for both parties.

Issue 35: Should Wireless Type 1 and/or Type 2A traffic be treated as transit traffic?

Intermedia’s Position: Yes. BellSouth has not shown any justification for excluding these types of traffic. The Communications Act does not restrict the type of traffic that may be

carried over interconnection arrangements, and restrictions should not be allowed for public policy reasons..

BellSouth's Position: No. This type of traffic should be excluded from the definition of transit traffic.

Issue 36: Should the parties establish a detailed compensation mechanism for transit traffic as proposed by Intermedia?

Intermedia: The provision for compensation of transit traffic should be clarified to state that (a) for local traffic and intraLATA toll traffic originating from Intermedia that is delivered over the Transit Traffic Service, Intermedia will pay to BellSouth the applicable Tandem Switching and/or Interoffice Transport charges as set forth in the agreement, and charges for services provided by the parties to a third party carrier will be assessed on a meet-point basis; (b) for local traffic and intraLATA toll traffic that is to be terminated to Intermedia from a third party LEC or CMRS provider, BellSouth will deliver such local traffic and intraLATA toll traffic to Intermedia in accordance with the terms and conditions of such other party's transit agreement, and such third party LEC or CMRS provider (and not Intermedia) will be responsible to pay BellSouth the applicable transit service charges; and (c) in the case of 800/888/877 calls originated from Intermedia to third party carrier, using tandem transit services, the transit service charge will be charged to the terminating carrier.

BellSouth's Position: Undetermined.

Issue 37: Should all framed packet data transported within a VC that originate and terminate within a LATA be classified as local traffic?

Intermedia's Position: If all data packets transported within a VC originate and terminate within the LATA, the traffic on that VC should be considered local.

BellSouth's Position: Undetermined.

Issue 38: If there are no VCs on a frame relay interconnection facility when it is billed, should the parties deem the Percent Local Circuit Use ("PLCU") to be zero?

Intermedia's Position: The PLCU should be 100%. Any other percentage could unreasonably impose higher rates on Intermedia, even though BellSouth would not be incurring higher costs in providing the facility.

BellSouth's Position: The PLCU should be 0%.

Issue 39: Should compensation for the use of BellSouth's circuit between the parties' frame relay switches be determined by the parties, or be based on recurring and nonrecurring rates in BellSouth's interstate access tariff?

Intermedia's Position: The compensation should not be based on BellSouth's tariffed rates, but should assign to each party an appropriate amount of the TELRIC-based rate for the transport, computed according to the amount and type of traffic carried over the circuit.

BellSouth's Position: BellSouth proposes use of the nonrecurring and recurring charges set forth in its interstate access tariff.

Issue 40: Should compensation for the parties' use of frame relay NNI ports be determined by the parties, or be based on recurring and non-recurring rates in BellSouth's interstate access tariff?

Intermedia's Position: Compensation for the parties' use of frame relay NNI ports should be based on TELRIC and not based upon BellSouth's Interstate Access Tariff, FCC No. 1.

BellSouth's Position: Compensation should be based upon the NNI rates set forth in BellSouth's Interstate Access Tariff, FCC No. 1.

Issue 41: Should compensation for the PVC segment between the parties' frame relay

switches be determined by the parties, or be based on recurring and non-recurring rates in BellSouth's interstate access tariff?

Intermedia's Position: Compensation for the PVC segment between the parties' frame relay switched should be based on TELRIC and not based upon BellSouth's Interstate Access Tariff, FCC No. 1).

BellSouth's Position: Compensation should be based upon the rates in BellSouth's Interstate Access Tariff, FCC No. 1.

Issue 42: Should compensation between the parties for local PVC be based on each party's portion of the non-recurring charge for a DLCI, or on the non-recurring and recurring PVC charges associated with the PVC segment?

Intermedia's Position: If a local PVC is ordered by either party, compensation should be set at TELRIC-based rates. Bill and keep is an appropriate interim form of compensation.

BellSouth's Position: BellSouth proposes use of the nonrecurring and recurring charges set forth in its interstate access tariff.

Issue 43: Should compensation between the parties for interLATA PVCs be based on the non-recurring charge for a DLCI or on the non-recurring and recurring PVC and CIR charges associated with that PVC segment?

Intermedia's Position: If an interLATA PVC is ordered by Intermedia, BellSouth should invoice, and Intermedia should pay, the total non-recurring charges for establishing a DLCI, which charges should be TELRIC-based.

BellSouth's Position: BellSouth proposes use of the nonrecurring and recurring charges set forth in its interstate access tariff.

Issue 44: Should the parties' compensation to each other for requests to change a PVC

segment or PVC service order record be determined by the parties, or should it be based on BellSouth's interstate access tariff?

Intermedia's Position: Compensation should be based on TELRIC.

BellSouth's Position: Compensation should be as set forth in the BellSouth access tariff FCC Tariff No. 1.

Issue 45: Should the interconnection agreement specifically state that the agreement does not address or alter either party's provision of Exchange Access Frame Relay Service or interLATA Frame Relay Service?

Intermedia's Position: No. The provision is unnecessary.

BellSouth's Position: Yes.

Issue 46: Should Intermedia's obligation to identify and report quarterly to BellSouth the PLCU of the Frame Relay facilities it uses cease when BellSouth obtains authority to provide in-region, interLATA service?

Intermedia's Position: Intermedia's obligation to identify and report the PLCU of its Frame Relay facilities should no longer apply once BellSouth obtains in-region, interLATA authority in the relevant state.

BellSouth's Position: Undetermined.

Issue 47: Should BellSouth be required to offer frame relay interconnection at TELRIC rates, and should there be a true-up if it is subsequently found during the term of the agreement that BellSouth's rates were in excess of TELRIC?

Intermedia's Position: BellSouth's rates for frame relay interconnection should be at or below TELRIC-based rates consistent with Section 252(d)(1) of the Communications Act. If it is determined at any time during the term of the agreement that BellSouth's rates exceed TELRIC-

based rates and are not consistent with Section 252(d)(1) of the Communications Act, the parties should work cooperatively to replace those rates with TELRIC-based rates expeditiously. If any of the frame relay interconnection rates are replaced, there should be a true-up retroactive to the effective date of the agreement of any charges paid under the agreement in excess of TELRIC-based rates.

BellSouth's Position: BellSouth proposes use of nonrecurring and recurring charges set forth in its interstate access tariff.

Issue 48: Should the parties adopt the performance measures, standards, and penalties imposed by the Texas Public Utility Commission ("Texas PUC") on Southwestern Bell Telephone ("SWBT")?

Intermedia's Position: BellSouth should be subject to the requirements imposed by the Texas PUC on SWBT, including the imposition of liquidated damages and penalties for failing to meet performance standards.

BellSouth's Position: Imposition of penalties is unnecessary.

CONCLUSION

Intermedia has negotiated, in good faith, with BellSouth in an attempt to arrive at a mutually acceptable interconnection agreement. However, as explained at length above, several major issues remain unresolved, including but not limited to those relating to access to UNEs, interconnection, collocation, performance measures, reciprocal compensation for ISP-bound traffic, and frame relay. Resolution of these issues is critical to Intermedia's ability to compete at parity with BellSouth, as required by the Communications Act.

WHEREFORE, Intermedia Communications Inc. respectfully requests that the Authority resolve the issues in this proceeding, rule in favor of Intermedia on each such issue, and grant any other relief as the Authority may deem proper.

Respectfully submitted,

INTERMEDIA COMMUNICATIONS INC.

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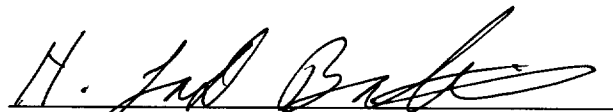
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ITS ATTORNEYS

Dated: January 3, 2000

CERTIFICATE OF SERVICE

I hereby certify that on this 3rd day of January, 2000, a true and accurate copy of the foregoing was served by hand delivery, overnight delivery or U. S. Mail, first class postage prepaid, to Guy Hicks, Esq., BellSouth Telecommunications, Inc., 333 Commerce Street, Suite 2101, Nashville, TN 37201-3300.



H. LaDon Baltimore

EXHIBIT 1
INTERMEDIA COMMUNICATIONS INC.'S ISSUES MATRIX

INTERMEDIA COMMUNICATIONS INC.'S ISSUES MATRIX
BELL SOUTH TELECOMMUNICATIONS, INC. ARBITRATION

ISSUE	INTERMEDIA POSITION	BELL SOUTH POSITION	AGMT SECTION	FCC RULING
<u>Issue 1:</u> Should the parties wait for final and nonappealable legislative, regulatory, judicial or other legislation before amending the contract to implement such actions?	No. Once a legislative, regulatory or judicial action becomes "effective," the parties should be able to implement it for purposes of their agreement.	Yes. BellSouth believes that a party should wait until an action is nonappealable before implementing the action; otherwise, the parties are potentially subject to multiple amendments to the contract.	General Terms and Conditions, Part A, § 16.5; Attachment 3, § 6.6.2.	N/A
<u>Issue 2:</u> What should be the appropriate definition of "local traffic" for purposes of the parties' reciprocal compensation obligations under Section 251(b)(5) of the 1996 Act?	Local traffic should include ISP/ESP-bound calls; otherwise, there is no mechanism for compensating a carrier that provides service to another carrier in helping to complete these.	"Local traffic" should be defined to apply only to traffic that originates and terminates within a local area. The definition should expressly exclude traffic to Internet Service Providers, which is interstate traffic.	Attachment 3, § 6.1 – 6.1.5. General Terms and Conditions Part B – definition of local traffic.	First Report and Order, <i>Implementation of the Local Competition Provisions in the Telecommunications Act of 1996</i> , 11 FCC Rcd 13042, 16013, ¶ 1034; Declaratory Ruling, CC Docket No. 96-98, ¶¶ 26 n. 87 and 27 (Feb. 26, 1999), 47 USC § 251(b)(5) and § 251(d)(2)(A).
<u>Issue 3:</u> Should Intermedia be compensated for end office, tandem, and transport elements, for purposes of reciprocal compensation?	In accordance with FCC Rule 51.711, Intermedia is entitled to be compensated at BellSouth's tandem interconnection rate if its switch covers a geographic area comparable to that covered by a BellSouth tandem switch.	Intermedia should be compensated for those functions it provides. The appropriate rates for reciprocal compensation are the elemental rates for end office switching, tandem switching and common transport that are used to transport and terminate local	Attachment 3, § 6.2.	<i>AT&T v. Iowa Utils. Bd.</i> , 119 S. Ct. 721 (1999); 47 C.F.R. § 51.711.

ARBITRATION ISSUES MATRIX/2

ISSUE	INTERMEDIA POSITION	BELLSOUTH POSITION	AGMT SECTION	FCC RULING
		traffic. If a call is not handled by Intermedia's switch on a tandem basis, it is not appropriate to pay Intermedia reciprocal compensation for the tandem switching function.		
<u>Issue 4:</u> Should BellSouth be required to pay for additional transport charges where Intermedia has configured its network in a way that its switch is in a different LATA than Intermedia's end user customer?	Yes. Intermedia designs its networks for its own business purposes and to provide the best possible service to its customers, not primarily for minimizing cost to BellSouth. BellSouth should be required to compensate Intermedia for services it receives, rather than suggesting that Intermedia redesign its network to accommodate BellSouth's interests.	No. BellSouth is required by law to hand off its traffic within the same LATA where the traffic is originated. BellSouth should not be forced into paying additional transport costs due to an inefficient configuration of Intermedia's network.	Attachment 3, § 6.1.6.	N/A
<u>Issue 5:</u> Should Intermedia be allowed to assign NPA/NXX's in such a way so as to make it impossible for BellSouth to distinguish local from non-local traffic for BellSouth originated traffic?	Intermedia objects to BellSouth's pejorative and inaccurate framing of this issue. The point of Intermedia's proposed language is not to make it difficult for BellSouth to distinguish between local and non-local traffic as stated. Intermedia's language is intended to allow Intermedia appropriate flexibility in	No. If Intermedia assigns NPA/NXXs outside the BellSouth local calling area where the NPA/NXX is homed, BellSouth will not be able to identify whether BellSouth customers are making local, intraLATA or interLATA toll calls to Intermedia customers.	Attachment 3, §§ 1.2 and 1.2.1	

ARBITRATION ISSUES MATRIX/3

ISSUE	INTERMEDIA POSITION	BELLSOUTH POSITION	AGMT SECTION	FCC RULING
	designing local calling areas and assigning NPA/NXXs so that Intermedia may provide innovative and competitive services to its customers. BellSouth's complaint that it cannot distinguish the character of traffic is unfounded. Intermedia's language allows for the exchange of CPNI data, and in instances where that is not available, exchange of PLU reports to track traffic percentages.			
<u>Issue 6:</u> For the purposes of collocation, should intervals be measured in business days or calendar days?	Calendar days. Use of "business days" is not only deceptive, but results in unreasonably long intervals. Also, the FCC's Orders and Rules speak in terms of calendar days.	Business days. The FCC has not precluded the use of business days, therefore it is fair to use business days.	Attachment 4, §§ 2.1, 2.2.2, 2.3, 2.6, 6.2, 6.3.1, 6.4, 6.4.3	47 U.S.C. § 251(c)(6); 47 C.F.R. § 51.323(d); <i>Deployment of Wireline Services Offering Advanced Telecommunications Capability</i> , CC Docket No. 98-147, First Report and Order in Docket No. 99-98, (released March 31, 1999).
<u>Issue 7:</u> Should Intermedia pay space preparation charges for physical collocation as set forth in the state-specific Exhibits to Att. 4 to the parties' draft interconnection agreement?	Intermedia considers that BellSouth's space preparation charges are unreasonable on their face, in part because the quoted charges do not appear to have	Yes. The Commission has approved rates for space preparation for physical collocation or will address them in the near future. The Commission has recognized	Attachment 4, § 6.4.	47 U.S.C. § 251(c)(6); 47 C.F.R. § 51.323(d); <i>Deployment of Wireline Services Offering Advanced Telecommunications</i>

ARBITRATION ISSUES MATRIX/4

ISSUE	INTERMEDIA POSITION	BELLSOUTH POSITION	AGMT SECTION	FCC RULING
	any cost basis in the task at hand. Moreover, apart from the magnitude of the charges, many of BellSouth's charges for space preparation are "ICB" when they should be definitive, cost-based charges. This is in violation of the FCC's policies, and hinders competition.	BellSouth's right to recover these costs, and BellSouth is proposing rates for space preparation for physical collocation calculated consistent with the cost methodology adopted in Docket P-100, Sub 133d.		<i>Capability</i> , CC Docket No. 98-147, First Report and Order in Docket No. 99-98, (released March 31, 1999).
<u>Issue 8:</u> Is BellSouth's interval for responding to Intermedia's bona fide collocation requests appropriate?	No. 30 business days is inherently unreasonable as an interval for such a minimal transaction: nearly six weeks. The FCC has specified that ILECs should respond within 10 days as to whether the space is available or not. BellSouth's language seems to indicate that it will respond within 10 days as to whether a collocation order is Bona Fide or not, but it takes 30 days to have a substantive response. This is in direct violation of the FCC's stated policies.	Yes. 30 business days is a reasonable time frame.	Attachment 4, § 6.2	47 U.S.C. § 251(c)(6); 47 C.F.R. § 51.323(d); <i>Deployment of Wireline Services Offering Advanced Telecommunications Capability</i> , CC Docket No. 98-147, First Report and Order in Docket No. 99-98, (released March 31, 1999) at ¶ 55.
<u>Issue 9:</u> Is BellSouth's interval for physical collocation provisioning appropriate?	No. The 90 <i>business day</i> and 130 <i>business day</i> intervals are far too long to be realistic. 90 business days is approximately 18 weeks, or	Yes.	Attachment 4, § 6.2	47 U.S.C. § 251(c)(6); 47 C.F.R. § 51.323(d); <i>Deployment of Wireline Services Offering Advanced</i>

ARBITRATION ISSUES MATRIX/5

ISSUE	INTERMEDIA POSITION	BELL SOUTH POSITION	AGMT SECTION	FCC RULING
	4½ months; 130 business days is nearly 6 months. Intermedia proposes the use of calendar days as a compromise.			<i>Telecommunications Capability</i> , CC Docket No. 98-147, First Report and Order in Docket No. 99-98, (released March 31, 1999).
<u>Issue 10:</u> Are BellSouth's policies regarding conversion of virtual to physical collocation reasonable?	No. In the first instance, it should not be necessary from a technical or practical standpoint to relocate Intermedia's arrangement to a different portion of BellSouth's offices when converting to a cageless collocation arrangement. The Commission's rules forbid unreasonable segregation of CLEC equipment in this manner. Moreover, if for its own purposes, BellSouth wishes to take the extraordinary step of moving Intermedia's virtual arrangements to a different portion of its office – something that is patently unnecessary in nearly all cases --BellSouth should both cover the costs of doing so, and ensure that it does not interrupt or disrupt services to Intermedia's customers in the process.	Yes. BellSouth will convert virtual collocation arrangements to physical collocation arrangements upon Intermedia's request. However, if BellSouth determines in a nondiscriminatory manner that the arrangement must be relocated, Intermedia should pay the cost of such relocation.	Attachment 4, § 6.9	47 U.S.C. § 251(c)(6); 47 C.F.R. § 51.323(d); <i>Deployment of Wireline Services Offering Advanced Telecommunications Capability</i> , CC Docket No. 98-147, First Report and Order in Docket No. 99-98, (released March 31, 1999).

ARBITRATION ISSUES MATRIX/6

ISSUE	INTERMEDIA POSITION	BELLSOUTH POSITION	AGMT SECTION	FCC RULING
Issue 11: Should BellSouth be required to provide reasonable and non-discriminatory access to UNEs in accordance with all effective rules and decisions by the FCC and this Commission?	Yes. This is required by applicable law.	Unstated at present.	Attachment 2, New item 1.8 (p. 56).	<i>Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, Third Report and Order and Fourth Further Notice of Proposed Rulemaking in CC Docket No. 96-98 (released November 5, 1999); 47 U.S.C. § 51.319.</i>
Issue 12: Should BellSouth be required to provide Intermedia with access to existing combinations of network elements in BellSouth's network at UNE rates?	Yes. The Supreme Court reinstated FCC Rule 51.315(b), which prohibits ILECs from separating existing combinations of elements in their networks. The FCC's UNE Remand Order notes in particular that ILECs must provide CLECs unbundled access at UNE rates to existing loop and transport elements combined and purchased through ILEC special access tariffs.	Unstated at present.	Attachment 2, New item 1.9 (p. 56).	<i>AT&T v. Iowa Utils. Bd., 119 S. Ct. 721, 736-38 (1999); Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, Third Report and Order and Fourth Further Notice of Proposed Rulemaking in CC Docket No. 96-98 (released Nov. 5, 1999) at ¶ 475; 47 U.S.C. § 51.315.</i>

ARBITRATION ISSUES MATRIX/7

ISSUE	INTERMEDIA POSITION	BELLSOUTH POSITION	AGMT SECTION	FCC RULING
<u>Issue 13:</u> Should BellSouth be required to provide access to enhanced extended links ("EELs") at UNE rates where loop and transport elements are currently combined and purchased through BellSouth's special access tariff?	Yes. This is explicitly required by the FCC in its November 5, 1999 UNE Remand Order.	Unstated at present.	Attachment 2, New item 1.10 (p. 56).	<i>Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, Third Report and Order and Fourth Further Notice of Proposed Rulemaking in CC Docket No. 96-98 (released Nov. 5, 1999) at ¶ 480; 47 U.S.C. § 51.315.</i>
<u>Issue 14:</u> Should the parties utilize the FCC's most recent definition of "local loop"?	Yes. This updated definition contains substantive clarifications that are essential for purposes of the parties' agreement.	Unstated at present.	Attachment 2, item 2.2.1 (p. 57).	<i>Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, Third Report and Order and Fourth Further Notice of Proposed Rulemaking in CC Docket No. 96-98 (released Nov. 5, 1999) at ¶ 166-167; 47 U.S.C. § 51.319(a)(1).</i>
<u>Issue 15:</u> Should BellSouth be required to condition loops in accordance with the FCC's most recent ruling?	Yes. It is essential for CLECs offering advanced services to be able to obtain reliable access to conditioned loops.	Unstated at present.	Attachment 2, new items 2.4 and 2.4.1 through 2.4.4 (p. 57).	<i>Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, Third Report and Order and Fourth</i>

ARBITRATION ISSUES MATRIX/8

ISSUE	INTERMEDIA POSITION	BELL SOUTH POSITION	AGMT SECTION	FCC RULING
<u>Issue 16:</u> Should the parties utilize the FCC's most recent definition of network interface device ("NID")?	Yes. The FCC's new definition of NID is updated and made more flexible to keep pace with changing technology and business practices. It is appropriate to include it in the parties' agreement.	Unstated at present.	Attachment 2, item 4.1.1 (p. 57)	Further Notice of Proposed Rulemaking in CC Docket No. 96-98 (released Nov. 5, 1999) at ¶ 172; 47 U.S.C. § 51.319(a)(6). <i>Implementation of the Local Competition Provisions of the Telecommunications Act of 1996</i> , Third Report and Order and Fourth Further Notice of Proposed Rulemaking in CC Docket No. 96-98 (released Nov. 5, 1999) at ¶ 233.
<u>Issue 17:</u> Should BellSouth be required to offer subloop unbundling and access to BellSouth-owned inside wiring in accordance with the UNE Remand Order and FCC Rule 319(a)?	Yes. This is now required by applicable law, and it should be included in the parties' agreement.	Unstated at present.	Attachment 2, items 6.1 and 6.2.1.1 through 6.2.1.2, new items 6.2.1.3 through 6.2.1.4; items 6.3.1 through 6.4.1; items 6.6, 6.6.1, 6.6.2, 6.6.3, 6.6.4 and 6.6.5 (pp. 58-59)	<i>Implementation of the Local Competition Provisions of the Telecommunications Act of 1996</i> , Third Report and Order and Fourth Further Notice of Proposed Rulemaking in CC Docket No. 96-98 (released Nov. 5, 1999) at ¶ 205-207.

ARBITRATION ISSUES MATRIX/9

ISSUE	INTERMEDIA POSITION	BELLSOUTH POSITION	AGMT SECTION	FCC RULING
<u>Issue 18:</u> Should BellSouth be required to provide access to local circuit switching, local tandem switching and packet switching capabilities on an unbundled basis in accordance with the FCC's most recent ruling?	Yes. Applicable law (the UNE Remand Order and 47 C.F.R. § 51.319(a)) require this, and the parties' agreement should reflect the latest rules.	Unstated at present.	Attachment 2, items 7.1.1.1 and new 7.1.1.1(p. 60)	<i>Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, Third Report and Order and Fourth Further Notice of Proposed Rulemaking in CC Docket No. 96-98 (released Nov. 5, 1999) at ¶ 241-317; 47 C.F.R. § 51.319(a).</i>
<u>Issue 19:</u> Should the parties utilize a definition of local tandem switching capability consistent with the FCC's most recent ruling?	Yes.	Unstated at present.	Attachment 2, new item 7.1.1.3 (pp. 60-61); 9.9.1 (p. 63)	<i>Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, Third Report and Order and Fourth Further Notice of Proposed Rulemaking in CC Docket No. 96-98 (released Nov. 5, 1999) at ¶ 241-299; 47 C.F.R. § 51.319(c)(2).</i>
<u>Issue 20:</u> Should the parties utilize a definition of local circuit switching capability consistent with the FCC's most recent ruling?	Yes.	Unstated at present.	Attachment 2, new item 7.1.1.1 (pp. 60)	<i>Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, Third Report and</i>

ARBITRATION ISSUES MATRIX/10

ISSUE	INTERMEDIA POSITION	BELLSOUTH POSITION	AGMT SECTION	FCC RULING
				Order and Fourth Further Notice of Proposed Rulemaking in CC Docket No. 96-98 (released Nov. 5, 1999) at ¶ 244; 47 C.F.R. § 51.319(c)(1)(A).
<u>Issue 21:</u> Should the parties utilize a definition of a packet switching capability consistent with the FCC's most recent ruling?	Yes.	Unstated at present.	Attachment 2, new item 7.1.1.4 (p. 61)	<i>Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, Third Report and Order and Fourth Further Notice of Proposed Rulemaking in CC Docket No. 96-98 (released Nov. 5, 1999) at ¶ 302; 47 C.F.R. § 51.319(c)(3).</i>
<u>Issue 22:</u> Should BellSouth be required to provide nondiscriminatory access to interoffice transmission facilities in accordance with the FCC's most recent ruling?	Yes.	Unstated at present.	Attachment 2, item 8., new item 8.1.1, 8.3.1, 8.3.1.1 (p. 62)	<i>Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, Third Report and Order and Fourth Further Notice of Proposed Rulemaking in CC Docket No. 96-98 (released Nov. 5, 1999) at ¶ 321; 47</i>

ARBITRATION ISSUES MATRIX/11

ISSUE	INTERMEDIA POSITION	BELLSOUTH POSITION	AGMT SECTION	FCC RULING
				C.F.R. § 51.319(d).
<u>Issue 23:</u> Should the parties utilize a definition of interoffice transmission facilities consistent with the FCC's most recent ruling, that includes dark fiber, DS1, DS3 and OCn levels, and shared transport?	Yes.	Unstated at present.	Attachment 2, item 8.1 (p. 62)	<i>Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, Third Report and Order and Fourth Further Notice of Proposed Rulemaking in CC Docket No. 96-98 (released Nov. 5, 1999) at ¶ 322-330; 47 C.F.R. § 51.319(d).</i>
<u>Issue 24:</u> Should BellSouth provide nondiscriminatory access to operations support systems ("OSS") and should the parties utilize a definition of OSS consistent with the FCC's most recent ruling?	Yes.	Unstated at present.	Attachment 2, item 17.2 (p. 63)	<i>Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, Third Report and Order and Fourth Further Notice of Proposed Rulemaking in CC Docket No. 96-98 (released Nov. 5, 1999) at ¶ 421-437; 47 C.F.R. § 51.319(g).</i>

ARBITRATION ISSUES MATRIX/12

ISSUE	INTERMEDIA POSITION	BELLSOUTH POSITION	AGMT SECTION	FCC RULING
<u>Issue 25:</u> Should BellSouth be required to furnish access to the following frame relay UNEs: (i) User to Network Interface ("UNI"); (ii) Network-to-Network Interface ("NNI") and (iii) Data Link Control Identifiers ("DLCI"), at Intermedia-specified committed information rates ("CIR")?	Yes.	Unstated at present.	Attachment 2, item 17.2 (p. 63)	<i>Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, Third Report and Order and Fourth Further Notice of Proposed Rulemaking in CC Docket No. 96-98 (released Nov. 5, 1999) at ¶ 302-317.</i>
<u>Issue 26:</u> Should parties be allowed to establish their own local calling areas and assign numbers for local use anywhere within such areas, consistent with applicable law?	Yes.	Unstated at present.	Attachment 3, items 1.2 and 1.2.1 (p. 3); item 1.9 (pp. 5-6); items 1.10.1 and 1.10.2 (p. 7)	N/A
<u>Issue 27:</u> Should Intermedia be permitted to establish Points of Presence ("POP") and Points of Interface ("POI") for delivery of its originated interLATA toll traffic?	Yes.	Unstated at present	Attachment 3, item 1.6 (p. 5)	N/A
<u>Issue 28:</u> Should the parties include language requiring BellSouth to designate Points of Presence and Points of Interface for delivery of its originated <i>interLATA</i> toll traffic?	Yes.	Unstated at present	Attachment 3, item 1.7 (p. 5)	N/A

ARBITRATION ISSUES MATRIX/13

ISSUE	INTERMEDIA POSITION	BELLSOUTH POSITION	AGMT SECTION	FCC RULING
<u>Issue 29:</u> In the event Intermedia chooses multiple tandem access ("MTA"), must Intermedia establish points of interconnection at all BellSouth access tandems where Intermedia's NXXs are "homed"?	No. Intermedia must have the freedom to configure its network and to assign NXXs in the most efficient manner possible, and to define local calling areas as it chooses.	Yes. Intermedia must establish points of interconnection at all BellSouth access tandems where Intermedia NXXs are "homed."	Attachment 3, § 1.9 (page 5)	N/A
<u>Issue 30:</u> Should language concerning local tandem interconnection be simplified to exclude, among other things, the requirement to designate a "home" local tandem for each assigned NPA/NXX and the requirement to establish points of interconnection to BellSouth access tandems within the LATA on which Intermedia has NPA/NXXs homed?	Yes. Intermedia desires simple and straightforward language guaranteeing that Intermedia can interconnect where it is efficient to do so, without restricting the type of traffic Intermedia can carry over the interconnected facilities.	No.	Attachment 3, § 1.10.1 and 1.10.2 (page 7)	N/A
<u>Issue 31:</u> For purposes of compensation, how should IntraLATA Toll Traffic be defined?	IntraLATA Toll Traffic should be defined as all basic intraLATA message service calls other than Local Traffic.	IntraLATA Toll Traffic should be defined as any telephone call that is not local or switched access per the parties' agreement.	Attachment 3, item 6.7.1 (p. 16)	N/A
<u>Issue 32:</u> How should "Switched Access Traffic" be defined?	Switched Access Traffic should be defined as telephone calls requiring local transmission or switching services for the purpose of the origination or termination of Telephone Toll Service," including Feature Groups A, B and D, 800/888 access, and 900 access (and their successors	Switched Access Traffic should be defined in accordance with BellSouth's access tariff and should exclude IP Telephony.	Attachment 3, item 6.8.1 (p. 17)	N/A

ARBITRATION ISSUES MATRIX/14

ISSUE	INTERMEDIA POSITION	BELLSOUTH POSITION	AGMT SECTION	FCC RULING
	or similar Switched Exchange Access Services).			
<u>Issue 33:</u> Should BellSouth and Intermedia be liable to each other for lost revenues due to lost or damaged billing data?	Yes. If one party causes a revenue loss to the other due to lost or damaged billing data, the responsible party should be liable, up to a maximum of \$10,000 per episode.	No. Parties should attempt to reconstruct lost or damage billing data, but should not be held liable for losses in revenue they cause to the other carrier.	Attachment 3, item 6.8.4 through 6.8.7 (p. 17)	N/A
<u>Issue 34:</u> Should the parties determine the rates to be used for intraLATA toll and Switched Access transit traffic, or should rates from BellSouth's tariffs be utilized?	The parties should determine the rates they use, and BellSouth's tariffed rates should not be utilized for Intermedia's rates	BellSouth's access tariff should determine the rates for both parties.	Attachment 3, item 6.9 (p. 19)	N/A
<u>Issue 35:</u> Should Wireless Type 1 and/or Type 2A traffic be treated as transit traffic?	Yes. BellSouth has not shown any justification for excluding these types of traffic. The Communications Act does not restrict the type of traffic that may be carried over interconnection arrangements, and restrictions should not be allowed for public policy reasons.	No. This type of traffic should be excluded from the definition of transit traffic.	Attachment 3, item 6.9 (p. 19)	N/A
<u>Issue 36:</u> Should the parties establish a detailed compensation mechanism for transit traffic as proposed by Intermedia?	Yes.	Unstated at present.	Attachment 3, new item 6.9.2 (p. 20)	N/A

ARBITRATION ISSUES MATRIX/15

ISSUE	INTERMEDIA POSITION	BELLSOUTH POSITION	AGMT SECTION	FCC RULING
<u>Issue 37:</u> Should all framed packet data transported within a VC that originate and terminate within a LATA be classified as local traffic?	Yes.	Unclear at present	Attachment 3, item 7.5.1 (p. 22)	N/A
<u>Issue 38:</u> If there are no VCs on a frame relay interconnection facility when it is billed, should the parties deem the Percent Local Circuit Use to be zero?	No. The PLCU should be deemed to be 100%. Any other percentage could unreasonably impose higher rates on Intermedia, even though BellSouth would not be incurring higher costs in providing the facility.	Yes. BellSouth proposes a PLCU of zero in such circumstances.	Attachment 3, item 7.5.4 (p. 22)	N/A
<u>Issue 39:</u> Should compensation for the use of BellSouth's circuit between the parties' frame relay switches be determined by the parties, or be based on recurring and non-recurring rates in BellSouth's interstate access tariff?	BellSouth's charges must reflect TELRIC costs. Since BellSouth has not demonstrated that its tariffed rates reflect TELRIC costs, Intermedia proposes that an interim rate of 50% of BellSouth's tariffed rates be utilized pending a proper TELRIC cost study, with true-up as necessary.	BellSouth proposes use of the nonrecurring and recurring charges set forth in its interstate access tariff.	Attachment 3, item 7.5.5 (p. 23) and 7.9.6 (p. 25)	N/A
<u>Issue 40:</u> Should compensation for the parties' use of frame relay NNI ports be determined by the parties, or be based on recurring and non-recurring rates in BellSouth's interstate access tariff?	Compensation should be based on TELRIC costs; pending a cost study, an interim rate of 50% of BellSouth's tariffed rates should be employed.	BellSouth proposes use of the nonrecurring and recurring charges set forth in its interstate access tariff.	Attachment 3, item 7.6 (p. 23) and 7.9.6 (p. 25)	N/A

ARBITRATION ISSUES MATRIX/16

ISSUE	INTERMEDIA POSITION	BELLSOUTH POSITION	AGMT SECTION	FCC RULING
<u>Issue 41:</u> Should compensation for the PVC segment between the parties' frame relay switches be determined by the parties, or be based on recurring and non-recurring rates in BellSouth's interstate access tariff?	Compensation should be based on TELRIC costs; pending a cost study, an interim rate of 50% of BellSouth's tariffed rates should be employed.	BellSouth proposes use of the nonrecurring and recurring charges set forth in its interstate access tariff.	Attachment 3, item 7.8 (p. 23) and 7.9.6 (p. 25)	N/A
<u>Issue 42:</u> Should compensation between the parties for local Permanent Virtual Circuit ("PVC") be based on each party's portion of the non-recurring charge for a Data Link Control Interface ("DLCI"), or on the non-recurring and recurring PVC charges associated with the PVC segment?	Compensation should be based on TELRIC costs; pending a cost study, an interim rate of 50% of BellSouth's tariffed rates should be employed.	BellSouth proposes use of the nonrecurring and recurring charges set forth in its interstate access tariff.	Attachment 3, items 7.9.1 and 7.9.2 (p. 24)	N/A
<u>Issue 43:</u> Should compensation between the parties for interLATA PVCs be based on the non-recurring charge for a DLCI or on the non-recurring and recurring PVC and CIR charges associated with that PVC segment?	Compensation should be based on TELRIC costs; pending a cost study, an interim rate of 50% of BellSouth's tariffed rates should be employed.	BellSouth proposes use of the nonrecurring and recurring charges set forth in its interstate access tariff.	Attachment 3, item 7.9.2 (p. 24)	N/A
<u>Issue 44:</u> Should the parties' compensation to each other for requests to change a PVC segment or PVC service order record be determined by the parties or should it be based on BellSouth's interstate access tariff?	Compensation should be based on TELRIC costs; pending a cost study, an interim rate of 50% of BellSouth's tariffed rates should be employed.	BellSouth proposes use of the nonrecurring and recurring charges set forth in its interstate access tariff.	Attachment 3, item 7.9.3 (p. 24) and 7.9.6 (p. 25)	

ARBITRATION ISSUES MATRIX/17

ISSUE	INTERMEDIA POSITION	BELLSOUTH POSITION	AGMT SECTION	FCC RULING
Issue 45: Should the interconnection agreement specifically state that the agreement does not address or alter either party's provision of Exchange Access Frame Relay Service or interLATA Frame Relay Service?	No. This language should be deleted. The parties' agreement should specify the relationship between the parties with regard to these services, without the need for vague and general disclaimers of uncertain effect.	Yes.	Attachment 3, § 7.9.6	N/A
Issue 46: Should Intermedia's obligation to identify and report quarterly to BellSouth the PLCU of the Frame Relay facilities it uses cease when BellSouth obtains authority to provide in-region interLATA service?	Yes. At the point where BellSouth obtains in region interLATA authority, maintaining a distinction between inter- and intra-LATA frame relay service, and compensation for two separate types of traffic, does not make sense, because the costs of transporting both types of traffic is the same.	Unclear at present.	Attachment 3, item 7.10 (p. 25)	N/A
Issue 47: Should BellSouth be required to offer frame relay interconnection at TELRIC rates, and should there be a true-up if it is subsequently found during the term of the agreement that BellSouth's rates were in excess of TELRIC?	Compensation should be based on TELRIC costs; pending a cost study, an interim rate of 50% of BellSouth's tariffed rates should be employed.	BellSouth proposes use of the nonrecurring and recurring charges set forth in its interstate access tariff.	Attachment 3, item 7.13 (p. 25)	N/A
Issue 48: Should the parties adopt the performance measures, standards, and penalties imposed by the Texas Public Utility Commission on Southwestern Bell Telephone?	Yes. These standards have been painstakingly worked out, and the public interest would be served by adopting them. In addition, the	No. Imposition of penalties is not necessary.	Attachment 9 (entire)	N/A

ARBITRATION ISSUES MATRIX/18

ISSUE	INTERMEDIA POSITION	BELLSOUTH POSITION	AGMT SECTION	FCC RULING
	imposition of penalties helps to enforce satisfactory performance, and should be adopted.			

County of)

State of)

**AFFIDAVIT OF
J. CARL JACKSON JR.**

I, J. CARL JACKSON JR., being duly sworn upon oath, do hereby depose and state as follows:

1. My name is J. Carl Jackson Jr.. I am employed by Intermedia Communications Inc. ("Intermedia") as Senior Director, Industry Policy. My business address is ^{360 INTERMEDI} ~~3625 Queen~~ ^{NORTH PARKWAY ATLANTA, GA. 30339} Palm Drive, Tampa, Florida 33619. Prior to joining Intermedia in August 1999, I was employed by ICG Telecom as Senior Director, Regulatory. Previous to that, I was with Intermedia as Director, Local Exchange Service. I spent 18 years with BellSouth in positions of increasing responsibility. I have a B.A. degree from Georgia State University, and completed BellSouth's "Strategic Professional Development" program in 1996.

2. I am submitting this Affidavit on behalf of Intermedia. The purpose of my Affidavit is to respond to BellSouth's allegation in its petition for arbitration filed with the Authority on December 7, 1999 (the "Petition"), that BellSouth's ability to resolve issues through negotiations has been hampered by Intermedia. As I explain more fully below, contrary to BellSouth's allegation, it was BellSouth's inability to meet with Intermedia that ultimately hampered Intermedia's ability to raise some of the issues which are the subject of the Petition.

3. From the very beginning, Pat Finlen, BellSouth's negotiator, made it clear to Intermedia that his availability to meet with Intermedia's representatives was severely limited.

At that time, Mr. Finlen was negotiating with several other competitive local exchange carriers, including at least one of the largest interexchange-local exchange carriers in the country.

4. During Intermedia's representatives' first meeting with BellSouth on October 12, 1999, we attempted to set up a negotiation schedule. We were advised by Mr. Finlen, in no uncertain terms, that his calendar was almost full and he had very limited time to discuss Intermedia's issues. This notwithstanding, we were able to meet with Mr. Finlen on November 10, and then again on November 29.

5. At the November 29 meeting, cognizant of the limited time available to the parties, Intermedia's representatives requested that BellSouth extend the negotiations in order to permit the parties to discuss and resolve all remaining issues. In response to this request, Mr. Finlen and his attorney, Parkey Jordan, advised us that regardless of the status of the negotiation, BellSouth was unwilling to extend it. When it became apparent that we could not finish addressing the issues that day, we scheduled a follow-up meeting for December 3.

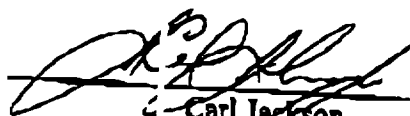
6. On December 3, we clarified a number of issues with BellSouth. We also raised several issues that we previously were unable to raise because of BellSouth's inability to meet with us. In addition, some of these issues were not fleshed out sooner because of the uncertainty created by the pendency of the Federal Communications Commission's *UNE Remand Order*.

7. BellSouth would like this Authority to believe that its inability to resolve or address Intermedia's issues was caused by Intermedia's "last minute negotiating tactics," as if to suggest that Intermedia was negotiating in bad faith. As is apparent here, the reverse is true. If only BellSouth had more time for Intermedia, there is no doubt in my mind that all the issues would have been raised and addressed. In addition, BellSouth was generally aware of Intermedia's issues because of last year's putative arbitration between Intermedia and BellSouth.

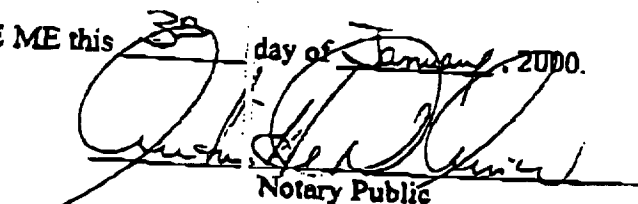
8. Even assuming, *arguendo*, that some of the issues were raised just prior to the end of the arbitration window, unless perpetrated in bad faith, nothing in the applicable law precludes the requesting carrier from raising additional issues before the end of the negotiation process.

9. In sum, Intermedia negotiated with BellSouth in good faith. Any insinuations by BellSouth that Intermedia may not have been forthcoming should be summarily dismissed by this Authority. Rather, the Authority should take judicial notice that BellSouth itself is principally responsible for the problems that may have arisen during the course of the negotiations between it and Intermedia.

FURTHER AFFIANT SAYETH NOT.


Carl Jackson

SUBSCRIBED AND SWORN TO BEFORE ME this 30 day of January, 2000.


Notary Public

My Commission Expires:
Notary Public, Ware County, Georgia
My Commission Expires May 23, 2000

County of)

State of)

**VERIFICATION OF
J. CARL JACKSON JR.**

I, J. CARL JACKSON JR., being duly sworn upon oath, do hereby depose and state as follows:

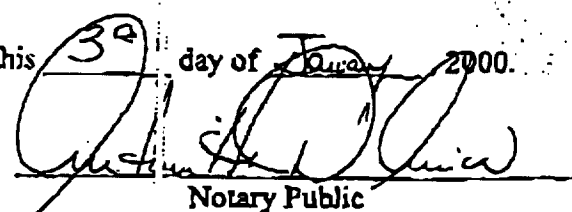
1. My name is J. Carl Jackson Jr. I am employed by Intermedia Communications Inc. ("Intermedia") as Senior Director, Industry Policy. My business address is ^{360 INTERSTAR} 3625 Queen North Parkway Atlanta, GA. 30339 ~~Palm Drive, Tampa, Florida 33619~~. I am authorized by Intermedia to make this Verification on its own behalf.

2. I declare that I have read the foregoing and that the facts and any matters stated therein are true to the best of my knowledge, information, and belief.

FURTHER AFFIANT SAYETH NOT.


Carl Jackson

SUBSCRIBED AND SWORN TO BEFORE ME this ³⁰ day of ^{January} 2000.


Notary Public

My Commission Expires:
Notary Public, Ware County, Georgia
My Commission Expires May 23, 2000