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AT&T

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Mrs. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

960833-TP

Dear Mrs. Bayo:

Enclosed for filing in the above referenced docket are an original and fifteen (15) copies of AT&T's Petition for Arbitration Under the Telecommunications Act of 1996.

Copies of the foregoing are being served on all parties of record in accordance with the attached Certificate of Service.

Yours truly,

Tracy Hatch

Attachments

cc: J. P. Spooner, Jr.
Parties of Record

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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of the Interconnection Agreement Negotiations Between AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC., and BELLSOUTH TELECOMMUNICATIONS, INC., Pursuant to 47 U.S.C. § 252	)	**DOCKET NO.** 960833-TP **FILED:** July 17, 1996

AT&T'S PETITION FOR ARBITRATION UNDER THE TELECOMMUNICATIONS ACT OF 1996

AT&T Communications of the Southern States, Inc. ("AT&T") requests the Florida Public Service Commission (the "Commission") to arbitrate certain terms and conditions of a proposed agreement between AT&T and BellSouth Telecommunications, Inc. ("BellSouth"). Without intervention of the Commission now, AT&T will be unable to compete with BellSouth, and potentially others, to offer local telephone services to Florida consumers in the areas served by BellSouth. Section 101 of the Telecommunications Act of 1996, Pub. L. 104-104, 110 Stat. 56 (1996) (the "Act") amends Title 47 of the United States Code to include new Sections 251 and 252 which obligate BellSouth to negotiate with AT&T in good faith and, if necessary, then allows either party to submit any unresolved issues to arbitration before this Commission.

PARTIES

Petitioner, AT&T, is a regulated telecommunications carrier, duly authorized by the Commission to provide service as an interexchange carrier ("IXC"), as an alternative access vendor ("AAV"), and as an alternative local exchange company ("ALEC") in Florida. AT&T's full name and address are as follows:

AT&T Communications of
the Southern States, Inc.
1200 Peachtree St., NE
Atlanta, Georgia 30309

The names and addresses of AT&T's representatives, to whom all pleadings, notices, orders, or other correspondence with respect to this docket should be addressed are as follows:

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BellSouth is a corporation organized and formed under the laws of the State of Georgia, having an office at 675 West Peachtree Street, Atlanta, Georgia 30375. BellSouth provides local

exchange and other services within its franchised areas in Florida. BellSouth is a "Bell operating company" and an "Incumbent Local Exchange Carrier" under the terms of the Act.[1]

JURISDICTION

This Commission has jurisdiction over AT&T's Petition pursuant to the provisions of the Act. As a telecommunications carrier, AT&T formally requested negotiations with BellSouth on March 4, 1996, and as permitted by the Act, files this Petition for resolution of unresolved issues between the 135th and 160th days following such request.[2]

STATEMENT OF THE CASE

Earlier this year, Congress acted to bring consumers competitive choices for local telephone service, the last bastion of telecommunications subject to monopoly control.[3] The introduction of competition in all aspects of the telecommunications marketplace other than local services, e.g., telephones, answering machines, telecommunications switching equipment, transmission systems and long distance services, has produced untold benefits for consumers in this country. Consumers today have choice, lower prices, and advanced systems, services and products never before contemplated except by virtue of competition-induced innovation.

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[1] 47 U.S.C. §§ 153(4), 251(h).

[2] 47 U.S.C. 252(b)(1).

[3] Congress passed the Act to "provide for a pro-competitive, de-regulatory national policy framework designed to accelerate rapidly private sector deployment of advanced telecommunications and information technologies and services to all Americans by opening all telecommunications markets to competition . . . ." Conference Report, H.R. Rep. No. 458, 104th Cong., 2d Sess., at 113 (1996) (Joint Explanatory Statement of the Committee of Conference).

In contrast, consumers have no choice for their local telephone service. Monopolies have had a stranglehold over the local market since the beginning of this century.[4] Their incentive to reduce prices or engage in technical innovation comes only when faced with the prospect of real competition. Although the Bell System was dismantled in 1984 into eight companies, seven local telephone companies known as the Regional Bell Operating Companies ("RBOCs") and AT&T, only AT&T has faced competition in all of its markets. With their monopoly power, the RBOCs have had virtually complete freedom to determine what local services will be available for purchase and the prices customers must pay. In Florida today, BellSouth determines what customers will -- and will not -- be offered for purchase. If a customer has a need not met by BellSouth's offered services, that customer has no alternative. The customer must take what BellSouth offers, or take nothing at all.

It need not be this way. Consumers ***can*** have choice. But choice will come only if all interested parties -- BellSouth, as the "Incumbent Local Exchange Carrier," AT&T, as the "requesting telecommunications carrier," and this Commission -- take the steps necessary to open the local telephone market for competition on fair terms, as Congress envisioned in the Act.

This Commission, as did Congress, need look no farther than the long distance market for evidence that opening the local telephone market to competition will benefit consumers, if done on a comprehensive basis. After decades as the only company providing telecommunications

[4] While there are a handful of companies offering dedicated local private lines and a few which intend to offer switched services at some point to a limited number of customers, there is no choice for the origination and termination of local telephone calls to the millions of customers BellSouth serves. BellSouth owns the only facilities connecting each of these consumers to the telephone network. Until access to such connections, and to the other monopoly facilities of BellSouth are made available on fair and equitable terms, there can be no local telephone competition -- and ***no consumer choice***.

service, in 1984 AT&T found itself in a long distance market newly opened to broad-based competition.

Interested entrants followed various paths to become viable competitors in the long distance market: some purchased bulk services from AT&T for resale and repackaged those services to offer new and innovative pricing alternatives ("resale"); others purchased facilities from AT&T and from others who owned transmission and switching capacity (e.g., dedicated private lines, tandem switching and satellite connections) and integrated these facilities into their networks; and a few (e.g., MCI and Sprint), combined resale and purchased facilities with their own limited facilities prior to deciding to build more comprehensive facilities to compete directly with AT&T. The proliferation of new entrants brought consumers a choice of suppliers and, significantly, service offerings never before available.[5] It also brought lower prices.

In passing the Act earlier this year, Congress recognized that the time had come for competition to do for the local telephone market what it so successfully had achieved in the long distance market -- choice among providers, new and different service offerings and competitive, rather than monopoly prices.[6] No one today can argue that the consumer will lose when an industry is opened to fair competition.

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[5] Today there are some 500 companies providing consumers with thousands of choices of different service and price offerings. Since 1984, long distance rates have declined 60 percent and price decreases in the last three years saved customers nation-wide approximately $850 million. Due largely to reduced prices and technological innovation driven by competition, long distance network usage, measured by switched access minutes, jumped 155 percent in the last decade alone.

[6] One significant outgrowth of this legislation, when fully implemented, will be the consumer's ability to choose a single provider of local and long distance service. Gone will be the confusion over which phone company to call when there is a problem -- the consumer can have but one point of contact for all telephone needs. Unlike the days preceding 1984 when the Bell System was the sole provider of all services, the consumer will have multiple vendors of local and long distance services from which to choose.

Congress chose voluntary negotiations between new entrants and the local telephone monopolies as the primary vehicle to achieve the broad goals of the Act. Recognizing that the monopolies were unlikely to welcome with open arms future competitors into their market, Congress wisely imposed specific obligations on the monopolies, including the obligations to negotiate in good faith the resale of their services, the unbundling of their network elements, and network interconnection - - all essential for competition. Congress also wisely provided for arbitration of disputed issues before the state public utility commissions if voluntary negotiations on these issues proved unsuccessful or incomplete in the time period allowed.[7]

AT&T requested negotiations with BellSouth on March 4, 1996. In that request, AT&T indicated its intent to use all three available means to provide service to its customers.[8] AT&T has announced its intention to begin offering local services in Florida as soon as an interconnection agreement can be negotiated. Moreover, AT&T has requested negotiations with the RBOCs in all 50 states, making AT&T the leading contender to provide real competition for the RBOCs in the local market. Therefore, AT&T believes that the outcome of this proceeding will establish the prices, terms and conditions for both AT&T's needs and the needs of many other new entrants into the Florida local telephone market who may not have the substantial resources required to negotiate, and arbitrate if necessary, each of these issues.[9]

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[7] 47 U.S.C. § 252(b)(1).

[8] AT&T's requirements for becoming a competitor are different from virtually all other entities requesting negotiations with BellSouth. No other potential entrant, to AT&T's knowledge, seeks entry by all three modes contemplated by the Act, i.e., reselling, unbundled network elements and network interconnection, in addition to using the facilities of competitive access providers and building networks and facilities of its own. Although BellSouth and some other entities have entered into interconnection agreements, those agreements generally cover a singular mode of entry, unlike AT&T, which intends to use all three. Also unlike AT&T which intends to serve all customers, these other entities appear to be targeting a limited set of customers.

[9] For instance, LCI International withdrew its request for negotiations with BellSouth because it was unable to get the information it needed to arbitrate its needs with public service commissions. See Attachment 1.

AT&T entered into negotiations with BellSouth guided by several principles established by the Act that are fundamental to achieving effective competition. First, when it purchases BellSouth's services for resale, AT&T must be able to offer to its customers the same range, experience and quality of service which BellSouth offers its customers ("parity"). Second, the wholesale price of services that AT&T purchases from BellSouth for resale must be set at a competitive level after considering all costs that will be avoided, e.g., all retail costs, and other competitive factors. Third, AT&T must have access to a basic set of unbundled network elements to allow AT&T to provide service to its consumers. Fourth, the price that AT&T pays BellSouth for interconnection services and for the purchase of unbundled network elements must reflect true economic cost, and not simply BellSouth's historic, monopolistic prices. This price must be non-discriminatory so that no carrier, including BellSouth, has any advantage. Finally, as a new entrant, AT&T must be able to choose to enter the market using one, or a combination of, resale, unbundled network elements, and interconnection services. AT&T intends to use all of these alternatives to provide services to consumers in Florida.

Despite AT&T's best efforts, BellSouth has not voluntarily agreed to terms that are consistent with these principles. BellSouth has demonstrated an unwillingness to relinquish its monopoly control over the local telephone market, barring consumers from the competitive choices that the Act requires and consumers deserve. Indeed, a senior member of BellSouth's management has informed AT&T repeatedly that BellSouth will construe the Act as narrowly as possible in dealing with AT&T.[10]

[10] BellSouth's position is not surprising. BellSouth likely will seek to protect its investment of $21 billion in local exchange assets, including central office switches, transmission systems between those central office switches and a ubiquitous network of over 21 million line connections to every home and business in its serving area, regardless of the impact on the consumer.

AT&T, therefore, is requesting this Commission to arbitrate the disputed issues.[11] As the Commission resolves each issue, it will help answer a critical question for all Florida consumers - - WILL THE LOCAL TELECOMMUNICATIONS MARKET BE OPENED TO BROAD COMPETITION AND CHOICE OR WILL THE FLORIDA CONSUMER REMAIN TIED TO THE DICTATES OF A MONOPOLY? Consumer choice through fair competition is the obvious path.

ISSUES FOR THE COMMISSION

The specific issues AT&T presents in this arbitration fall mainly into three categories.

First, BellSouth has attempted to limit the services and facilities that it will make available to AT&T and to restrict how AT&T may use BellSouth's services and facilities.

Second, there are substantial disagreements concerning the manner in which AT&T will be able to present its service offerings to customers and whether AT&T will be able to differentiate its services from those of BellSouth. Many of these issues revolve around BellSouth's unwillingness to make AT&T's brand name visible to customers even when AT&T is the local service provider.

Third, there is no agreement on the prices BellSouth will charge AT&T for services, facilities, connections and other capabilities.

If Florida consumers are to have a choice for local telephone services, AT&T believes the Commission must find that AT&T's positions in the negotiations will achieve the goals of the Act

[11] AT&T and BellSouth have reached agreement on a number of issues. However, on many of the issues central to AT&T's ability to enter the local market in Florida, particularly the most fundamental of issues -- the prices for interconnection and the wholesale prices for resold services -- the parties are far apart.

while BellSouth's positions will unreasonably block entry into the market and further its monopoly. AT&T asks the Commission, therefore, to conclude that:

1. BellSouth must offer to AT&T for resale all the services it provides to its retail customers to permit AT&T to compete on an equal basis;

2. BellSouth must provide AT&T with real-time or interactive access through an electronic gateway to systems that BellSouth uses to perform the following functions for its customers: pre-ordering, ordering and provisioning, maintenance, and repair. BellSouth must provide AT&T with electronic interfaces for the following functions: customer usage data transfer; and local account maintenance. This will permit AT&T to offer customer service at least equal to that which BellSouth offers its customers;

3. BellSouth must permit AT&T to use its brand in all contacts with its customers when reselling BellSouth services;

4. BellSouth must agree to compensate AT&T in the event BellSouth fails to maintain AT&T's quality standards so that BellSouth is induced not to impair AT&T's world-class reputation for quality service;

5. BellSouth must exclude all costs that will be avoided from its wholesale rate for resold services and account for all disparities between the services BellSouth is capable of offering its customers and the services BellSouth permits AT&T to offer through resale;

6. BellSouth must provide the twelve unbundled network elements that AT&T has requested because unbundling of each of these elements is technically feasible and AT&T is entitled to these elements under the Act;

7. BellSouth must price unbundled network elements at appropriate total services long run incremental costs ("TSLRIC"); and

8. BellSouth must utilize Mutual Traffic Exchange as adopted by the Commission in Order NO. PSC-96-0445-FOF-TP as the mechanism for interconnection compensation.

THE NEGOTIATIONS

On March 4, 1996, AT&T requested formal negotiations with BellSouth for interconnection and related services in the Florida local exchange market.

From March 20, 1996 to the present, AT&T's negotiation teams have met weekly with BellSouth. The parties have further engaged in periodic conference calls and exchanged correspondence in support of the negotiations. AT&T and BellSouth have reached agreement on some operational issues relating to AT&T's plan to resell BellSouth local services and to acquire unbundled BellSouth network elements at competitive, non-discriminatory prices.

On June 13, 1996, BellSouth provided AT&T with what it termed BellSouth's proposed comprehensive interconnection agreement. On June 26, 1996, AT&T responded, observing that BellSouth's proposal merely adopted an agreement reached earlier by BellSouth with Hart Communications that bore no relationship to the negotiations conducted to date and AT&T's requirements for entry into the local market. Both BellSouth's proposal and AT&T's response are attached to this Petition, respectively, as Attachments 2 and 3.

On June 28, 1996, AT&T presented BellSouth with its own comprehensive interconnection agreement (the "Interconnection Agreement"), covering terms and conditions AT&T understood BellSouth had accepted and terms and conditions, that, while not yet accepted by BellSouth, are consistent with the Act. A copy of the Interconnection Agreement is attached

hereto as Attachment 4.[12] BellSouth has yet to respond in a meaningful way to the Interconnection Agreement.

SUBMISSION OF RELEVANT DOCUMENTATION

AT&T is filing with its Petition all relevant documentation concerning issues that are unresolved, the position of each party regarding such issues, and the terms and conditions AT&T believes BellSouth has accepted.[13] The latter (items agreed to by BellSouth) are represented by each of the issues in the Interconnection Agreement that are not identified as unresolved issues in this Petition. To the extent BellSouth disputes any of the issues AT&T believes BellSouth has accepted, AT&T includes those issues for resolution in this arbitration and will supplement this Petition and provide additional relevant documents as necessary.

UNRESOLVED ISSUES TO BE ARBITRATED

In this section, AT&T describes each of the major unresolved issues from AT&T's negotiations with BellSouth, AT&T's position regarding each issue and AT&T's understanding of BellSouth's contrary position.

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[12] Earlier on June 5, 1996, AT&T provided BellSouth with a comprehensive region-wide proposal for the resale of BellSouth's retail services. AT&T followed this offer with an offer on unbundled network elements and network interconnection. AT&T's subsequent June 28, 1996 comprehensive Interconnection Agreement combined both previous offers and included general terms and conditions.

[13] Confidential proprietary documentation belonging to AT&T has been filed under separate cover. Pursuant to agreement between BellSouth and AT&T, certain documentation obtained during the negotiation process is being treated as proprietary and confidential and will be used only after notification to the other party. Accordingly, documentation obtained from BellSouth will be filed in accordance with Rule 25-22.006, Florida Administrative Code, as soon as BellSouth indicates which portions are proprietary.

I. ISSUES RELATING TO SERVICE PARITY

The Act requires BellSouth, as the Incumbent Local Exchange Carrier, to provide AT&T, as a new market entrant, with the capability to offer its customers the same range and quality of services that BellSouth offers its customers.[14] Therefore, the Act imposes a duty upon BellSouth to provide AT&T the capability to achieve parity of offerings when competing against BellSouth -- the ability of AT&T to give its customers at least the same experience that BellSouth gives its customers.

To achieve parity, AT&T proposed to BellSouth that: (1) AT&T purchase all services BellSouth sells to its retail customers; (2) BellSouth not unreasonably restrict AT&T's ability to resell services; (3) BellSouth provide electronic access via a gateway to its operational support systems to enable AT&T to have parity in providing support services to customers; and (4) BellSouth sell its services to AT&T at wholesale rates that allow AT&T to provide competitive services to Florida consumers.

BellSouth has not accepted AT&T's proposal. It is BellSouth's position that it: (1) will not sell all of its retail telecommunications services to AT&T for resale; (2) may restrict AT&T's use of and sale of the purchased services; (3) will not allow AT&T real-time and interactive access to operational support systems via electronic interfaces upon market entry; (4) when acting on behalf of AT&T to provide customer service, will not brand the service as an AT&T service; and (5) will require AT&T to pay a price for each service that would include costs from BellSouth's retail operations that will be avoided.

BellSouth's proposal will ensure that any services AT&T resells will be viewed by prospective customers as inferior and overpriced.

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[14] 47 U.S.C. § 251 (c)(2)-(4).

A. Parity Requires That All Local Services Be Subject to Resale

Effective competition through resale requires competition across the entire local service market. Congress, therefore, required that BellSouth "offer for resale at wholesale rates *any* telecommunications service that [it] provides at retail to subscribers who are not telecommunications carriers."[15] A telecommunications service is "the offering of telecommunications for a fee directly to the public . . . ."[16] Simply put, BellSouth must sell AT&T *any* service that BellSouth provides to its retail customers.

AT&T proposed that BellSouth sell to AT&T for resale "all features and functions available in connection with Telecommunications Services . . . ."[17] BellSouth is unwilling to sell certain services to AT&T for the reasons discussed below, each of which is not a permitted reason under the Act:

- Grandfathered and Obsolete Services -- These services include any service that BellSouth offers to existing retail customers but not to new subscribers.[18] BellSouth's position is that it will not sell these services to new subscribers and, therefore, need not sell them to AT&T. AT&T, however, intends only to provide these services to customers receiving the same services from BellSouth at the time they switch to AT&T. If BellSouth is allowed to withhold services from AT&T's resale to these customers, BellSouth will block AT&T from attracting them to its services.

- Contract Service Arrangements and Promotions -- Contract Service Arrangements are services offered at off-tariff rates. Promotions involve offering a service with a special price,

[15] 47 U.S.C. § 251 (c)(4)(A) (emphasis added).
[16] 47 U.S.C. § 153 (46)
[17] See Interconnection Agreement, Sec. 23.2.1.
[18] Interconnection Agreement, Sec. 25.6.

generally the waiver of a non-recurring fee, the offer of a service as a gift for the purchase of another service or the offer of limited free service.[19] BellSouth's position is that Contract Service Arrangements and promotions should not be available for resale because they are not retail service offerings.

- LinkUp and Lifeline -- LinkUp and Lifeline provide billing credits to help defray the cost of monthly recurring service and service installation charges for customers who qualify for financial assistance.[20] BellSouth's position is that LinkUp and Lifeline should not be available for resale because they are designed by regulatory authorities and because BellSouth is not reimbursed for the entire amount of the credit.

- 911/E911 Services -- 911 is a service that provides the facilities and equipment required to route emergency calls made in a particular geographic area to the appropriate Public Safety Answering Point. E911 provides more flexibility by using a database to route calls to the appropriate Public Safety Answering Point.[21] BellSouth's position is that 911 and E911 are not available for resale. However, these services are offered to customers who are not telecommunications carriers. The fact that the customer may be a municipality does not alter the retail character of these offerings.

- N11 Service -- N11 is a service offered to information service providers who, in turn, provide information services to consumers via three (3) digit dialing.[22] BellSouth's position is that this service, like 911 and E911, is not available to retail customers, but instead, is provided to a

[19] Interconnection Agreement, Sec. 25.9.
[20] Interconnection Agreement, Sec. 25.7.
[21] Interconnection Agreement, Sec. 24.
[22] Interconnection Agreement, Sec. 25.

limited number of select customers. AT&T maintains that BellSouth offers this service to customers at retail and not to telecommunications carriers.[23]

- State Specific Discount Plans or Services -- State Specific Discount Plans or Services are services that governmental authorities mandate BellSouth offer at a discounted price to particular customers, such as educational institutions.[24] BellSouth's position is that these services should not be available for resale because they are services that BellSouth is required to offer, sometimes at a loss, and if they were to be made available for resale, BellSouth would be funding the reseller's offering of such services.

All of the services described above are retail telecommunications service under the Act which BellSouth sells to consumers. Thus, they are services that the Act requires BellSouth to sell to AT&T for resale.[25]

AT&T will be at an unfair competitive disadvantage if BellSouth is allowed to withhold services from resale.[26] Monopoly pricing seeks to discriminate between each customer according to that customer's willingness to pay. Resale provides the marketplace discipline to a monopolist's pricing of services. Any exceptions to BellSouth's obligation to permit resale of all retail offerings

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[23] A "telecommunications carrier" means any provider of telecommunications services to the public. See 47 U.S.C. §§ 153 (44) and (46). Consequently, because BellSouth sells N11 service to the public, albeit a limited portion of the public, N11 service is a retail offering.

[24] Interconnection Agreement, Sec. 25.10.

[25] 47 U.S.C. § 251(c)(4)(A).

[26] BellSouth has offered some services for resale, but in certain instances has imposed such significant restrictions that the benefits of the resale opportunity are virtually non-existent. This is the case seen in BellSouth's response to the requested resale of pay phone services. Interconnection Agreement, Section 25.12. BellSouth has taken the position that it would provide pay phone services, but only if BellSouth "retains the coins in the box," continues to display the BellSouth logo or name brand on the pay phone, and remains " the preferred interexchange carrier (PIC) for intraLATA toll calling."

will enable BellSouth to price such excepted services to its advantage in the marketplace and thereby undermine competition.[27]

B. Parity Requires That No Unreasonable or Discriminatory Conditions and Limitations Be Placed on the Resale of Telecommunications Service

Resale gives new entrants access to services so that they can use them, either alone or in combination with their own facilities or currently available services, to offer consumers a new service or offer a service at a different price. Thus, the Act requires BellSouth "not to prohibit, and not to impose unreasonable or discriminatory conditions or limitations on, the resale of . . . telecommunications service[s] . . . ." to retail consumers.[28]

BellSouth, however, has proposed that any restriction on the use or resale of a service found in a relevant tariff is binding on AT&T. Such restrictions specifically limit, among other things, the aggregation of services and the ability to sell a service restricted by BellSouth to one category of customers to another category of customers.

BellSouth's position is that the terms and conditions stated in the tariff are an integral part of the services it offers to retail customers and were established to meet specific public policy goals. Thus, any offering to AT&T of services for resale must include tariff terms and conditions.

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[27] Key to AT&T's ability to offer its customers the same services they receive from BellSouth is AT&T's opportunity to plan for changes in the local service environment. BellSouth has rejected AT&T's request for timely and meaningful notice of changes in 1) retail services (including the introduction or termination of services), 2) retail prices (which BellSouth asserts should be given to AT&T only when this information is available publicly), and 3) operational changes of which BellSouth is well-aware far in advance of the date these changes are implemented. Interconnection Agreement, Part I, Section 24.3.2. Unless AT&T receives useful notice on these issues -- notice with the same timing that BellSouth experiences -- AT&T will not be on equal footing.

[28] 47 U.S.C. § 251(c)(4)(B).

Use and user restrictions imposed in a monopoly environment are the antithesis of the competition sought by the Act. The Act requires BellSouth to review and remove all restrictions that deprive consumers of competitive choices.

C. Parity Requires That AT&T Have the Capability to Provide Its Customers the Same Quality of Service that BellSouth Provides Its Customers

1. BellSouth Must Provide AT&T With Real-Time and Interactive Access to BellSouth Operations Support Systems Via Electronic Interfaces

To achieve parity of service quality with BellSouth, AT&T must have access to BellSouth's operational support systems via an electronic gateway that would enable AT&T to transmit and receive information necessary to order, provision, maintain and bill its services in a manner equal to the access that BellSouth personnel possess. Otherwise, AT&T will not be able to offer customer services of a quality at least equal to the quality of the operational support services that BellSouth provides to its own customers ("operational parity").

BellSouth maintains the following operational support systems that allow BellSouth to provide services to its customers:

- Pre-Ordering -- the means by which BellSouth obtains information regarding a potential customer that is needed to place an order for services, assigns a telephone number and schedules installation.
- Ordering and Provisioning -- the means by which BellSouth places and fills an order for services.
- Maintenance and Repair -- the means by which BellSouth arranges for responses to maintenance and repair requests from customers.

- Customer Usage Data Transfer -- the means by which the customer's usage data is collected and transmitted by BellSouth for billing purposes.

- Local Account Maintenance -- the means by which BellSouth can update information regarding a particular customer, such as a change in the customer's features or services.

Real-time and interactive access to operational support systems via electronic interfaces permits BellSouth to respond to a customer request or inquiry at the same time as the customer's request or inquiry. Without the same capability, AT&T will be unable to offer its customers services of equal quality, rendering AT&T's services inferior to those of BellSouth and undermining AT&T's ability to compete effectively. Thus, AT&T proposed that BellSouth provide AT&T the necessary access to BellSouth's operational support systems.[29]

It is technically feasible for BellSouth to provide the requested electronic interfaces with its operational support systems. The Georgia Public Service Commission has recognized and confirmed this feasibility, ordering BellSouth to provide resellers with electronic interfaces with BellSouth's operational support systems.[30]

BellSouth has indicated that it is unwilling to provide AT&T with real-time and interactive access to its operational support systems via electronic interfaces. BellSouth's position is unreasonable and discriminatory and not in compliance with the Act.[31]

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[29] See Interconnection Agreement, Secs. 28.1, 28.5, 28.5.3, 28.5.5, 28.6, and Attach. 4, Secs. 4, 6-7, Attach. 5, Sec. 3, Attach. 6, Sec. 8, Attach. 7 Sec. 5.

[30] Georgia Public Service Commission, Docket No. 6352-U, at 12 (May 29, 1996). See Attachment 5.

[31] 47 U.S.C. § 251(c)(4)(B). A further example of unreasonable positions taken by BellSouth when AT&T is reselling BellSouth services involves the processing of changes to a customer's primary interexchange carrier data. AT&T proposed that BellSouth reject long-distance carrier designations sent to BellSouth for AT&T customers served by resold BellSouth services. AT&T, as the customer's local service provider, intends to update the customer's long distance information. BellSouth has refused, stating that it intends to process these misrouted requests thereby interfering with AT&T's administration of its customer data. Such interference also may prevent AT&T from obtaining this information about AT&T 's customers on a timely basis.

2. BellSouth Must Brand Services or Materials That It Provides to AT&T Customers on Behalf of AT&T

To achieve parity of service quality with BellSouth, AT&T must be able to offer services under its own name, rather than BellSouth's. Thus, numerous state commissions have ordered Incumbent Local Exchange Carriers to identify, (i.e., "brand") operator and directory services resold to new market entrants as services of the entrant when dealing with customers on behalf of the new entrant.[32]

AT&T proposed that if BellSouth personnel or systems communicate with AT&T customers on behalf of AT&T, BellSouth should (i) advise customers they are representing AT&T; (ii) furnish any customer information materials provided by AT&T; and (iii) refrain from marketing BellSouth directly or indirectly to customers.[33]

BellSouth has stated that it is unwilling to brand services as AT&T or to furnish customers with AT&T supplied information when acting on behalf of AT&T. If BellSouth is permitted to advertise its name to AT&T's customers in this way, customers will be confused about which

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Interconnection Agreement, Attachment 7, Section 8.4. Similarly, AT&T has asked BellSouth to continue to rate and bill services of Information Service Providers as BellSouth currently does for its own customers. Interconnection Agreement, Attachment 7, Section 3.3. BellSouth has refused this request. A final example is BellSouth's unwillingness to accept existing industry standards for telephone services. In response to AT&T's request to apply originating local service provider rates to collect, third party and calling card intraLATA toll calls -- the industry standard -- BellSouth has responded by requiring terminating party rates. Interconnection Agreement, Attachment 7, Section 9.

[32] Illinois Commerce Commission, Docket Nos. 95-0458, 95-0531, at 52-53 (June 26, 1996); New York Public Service Commission, Case No. 95-C-0657, Order No. 5 (June 25, 1996); cf. Georgia Public Service Commission, Docket No. 6352-U, at 13 (May 29, 1996) (finding the ability of a competing carrier to use its own operators or custom branded operator services will enhance the ability of that entity to compete effectively). See Attachments 6, 7 and 5, respectively.

[33] See Interconnection Agreement, Sec. 19.

company is supplying their service, and BellSouth, as the Incumbent Local Exchange Carrier, will have an unfair marketing advantage over AT&T.[34]

Denying AT&T the branding it seeks will harm consumers and undermine competition in contravention of the Act.[35]

3. BellSouth Must Provide Direct Routing to AT&T's Operator Services and Directory Assistance Services

Direct routing of AT&T customer calls to AT&T's own operator services and directory assistance services (rather than to BellSouth's) will promote parity and enhance competition by allowing AT&T to differentiate its world-class services from those of BellSouth. AT&T proposed such direct routing to BellSouth whenever AT&T's customers dial the traditional and familiar numbers used across the country for operator services (0+, 0-), directory assistance (411, 555-1212) or repair services (611).[36]

It is technically feasible for BellSouth to provide direct routing to AT&T's operator, directory assistance and repair service systems using traditional dialing codes. AT&T has provided BellSouth with information demonstrating the feasibility. In addition, recent orders by

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[34] BellSouth, for example, through its publishing company, BellSouth Advertising and Publishing Corporation ("BAPCO"), currently seeks to show only the BellSouth name or logo on the cover of its local directories. AT&T believes that the corresponding inclusion of its logo on the directory cover is mandated by the Act. As well, AT&T takes issue with BAPCO's position that, during sales calls, BAPCO should be able to market BellSouth's services to AT&T's local customers. This clearly would be an attempt to interfere with AT&T's customer relationships and undercut AT&T's ability to compete. Interconnection Agreement, Section 20, and Attachment 13.

[35] 47 U.S.C. § 251(c)(4)(B).

[36] See Interconnection Agreement sec. 27.1.

the Illinois and New York Commissions confirm this feasibility, requiring Incumbent Local Exchange Carriers to take actions that allow direct routing of operator services.[37]

BellSouth has been unwilling to provide direct routing, claiming that AT&T's customers must dial non-traditional and unfamiliar numbers to reach AT&T's operator services and directory assistance services. BellSouth will service AT&T customers only by routing to BellSouth's platforms or by requiring those customers to dial unfamiliar numbers. The first approach impairs AT&T's ability to establish brand recognition in the local market. The second creates an unreasonable disparity of services between AT&T and BellSouth customers. BellSouth's reluctance to provide direct routing also is contrary to the Act's requirement that BellSouth provide dialing parity, which the Act defines as the ability of customers to route telecommunications automatically, without the use of any access code.[38]

4. BellSouth Must Satisfy Quality Standards Ensuring that AT&T's Customers Receive at Least the Same Quality of Service as BellSouth's Customers

To achieve parity of service quality with BellSouth, AT&T must be able to provide its customers with at least the same quality of service that BellSouth provides to its own customers. The Act requires, therefore, that BellSouth provide AT&T with the capability to provide services that are at least equal to the highest level of quality that BellSouth provides or is required to provide by virtue of its own internal procedures or by operation of law.[39]

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[37] Illinois Commerce Commission, Docket Nos. 95-0458, 95-0531 at 45 (June 26, 1996); New York Public Service Commission, Case No. 95-C--657, Order No. 5 (June 25, 1996). See Attachments 6 and 7.

[38] 47 U.S.C. §§ 251(b)(3), 153(15).

[39] Cf. 47 U.S.C. § 251(c)(4)(B).

To ensure meaningful control over service quality, AT&T proposed that BellSouth periodically satisfy specified Direct Measures of Quality comprised of particular service standards, measurements, and performance requirements.[40] To make these standards meaningful, AT&T also proposed liquidated damages in the form of specific credits in the event BellSouth failed to meet Direct Measures of Quality.[41]

BellSouth has not agreed to the service quality standards requested by AT&T or to provide AT&T's customers with at least the same quality of service as BellSouth's customers. Moreover, BellSouth has not agreed to guarantee the level of service it will provide and back that guarantee with credits. This increases the likelihood that AT&T's resold services will be of inferior quality, restricting AT&T's capacity to provide the robust competition demanded by the Act.

C. Parity Requires That AT&T Purchase Services For Resale At Wholesale Rates That Exclude All of BellSouth's Costs That Will Be Avoided and Other Amounts Needed to Stimulate Competition

Resale will provide no competitive opportunities if the wholesale rate that AT&T must pay to BellSouth for services precludes AT&T from offering the services to consumers at competitive retail rates. Thus, the Act provides that to establish reasonable wholesale rates "a State commission shall determine wholesale rates on the basis of retail rates charged to subscribers for the telecommunications services requested, excluding the portion thereof attributable to any marketing, billing, collection, and other costs that will be avoided by the local exchange carrier."[42]

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[40] See Interconnection Agreement Secs. 12-12.7.
[41] See Interconnection Agreement Secs. 12.2-12.4, and Attach. 12.
[42] 47 U.S.C. § 252(d)(3). AT&T understands "retail rate" to mean the lowest price at which BellSouth sells services to its customers.

The Act treats services subject to resale as wholesale services. Retail functions are not caused by, nor do they benefit, a wholesale arrangement. The Act logically requires, therefore, that BellSouth's wholesale rates exclude three specific types of retail costs and any other costs that will be avoided. Essentially, the Act requires that BellSouth's wholesale rates exclude all costs that relate to retail functions. Additionally, the Commission may reduce BellSouth's wholesale rate as "necessary to further competition in the provision of local exchange service or exchange access," as long as such requirements are not inconsistent with the Act or the implementing regulations.[43]

Although the Act requires that a wholesale rate be determined for each BellSouth retail service, BellSouth has not provided service-specific avoided cost data. To remedy this, AT&T analyzed available BellSouth cost data and calculated a state-specific retail cost adjustment percentage (total retail costs/total revenue) for BellSouth's local exchange services. To facilitate negotiations, AT&T proposed a region-wide retail cost adjustment.[44] When the retail cost adjustment percentage is applied to BellSouth's retail price, this produces the wholesale rate.

BellSouth currently has certain operational parity advantages over AT&T, particularly regarding the disparate availability of BellSouth's electronic interfaces. Unless those advantages are eliminated by providing such interfaces, there can be no parity between BellSouth's services and AT&T's competing services. To compensate for such inferior service, it is appropriate for this Commission to decrease the level of the wholesale price. Thus, AT&T has proposed an operational parity adjustment factor of fifteen (15) percent that would decrease as BellSouth

[43] 47 U.S.C. § 261(c).

[44] See Interconnection Agreement, Sec. 36.1.1.1.

makes available the different electronic interfaces.[45] This is consistent with the pricing practices used to develop competition in the long distance market.

Additionally, to jump start competition, AT&T recommends the Commission make an additional adjustment of between ten (10) and fifteen (15) percent which can be reviewed or eliminated after competition develops. This is contemplated by the Act when it states "(n)othing ... prohibit(s) any State commission from imposing requirements on a telecommunications carrier for intrastate services ... necessary to further competition in the provision of telephone exchange service or exchange access ..."[46]

BellSouth proposed a state-wide retail cost adjustment of 18% for residential service and 12% for business service and no operational parity adjustment factor. BellSouth argues that wholesale rates should equal retail rates less only those costs that BellSouth believes it actually will avoid, plus any additional costs associated with wholesale operations. If true, BellSouth may simply decide to continue to incur, or even increase, certain retail costs and allow AT&T to pay those costs as part of the wholesale price.

BellSouth's position effectively precludes market entry through the resale of its services, depriving the vast majority of BellSouth's Florida business and residential customers competitive choices. Under the Act, BellSouth has the duty to offer its retail telecommunications services to AT&T at wholesale rates excluding all avoided costs; the Act even permits lower wholesale prices to stimulate competition.[47] This Commission should adopt AT&T's proposed wholesale rates.

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[45] See Interconnection Agreement, Sec. 36.1.1.2.
[46] 47 U.S.C. 261(c).
[47] 47 U.S.C. §§ 252(d)(3) and 261(c).

II. UNBUNDLED NETWORK ELEMENTS

A. BellSouth Must Provide AT&T Access To 12 Unbundled Elements And Related Requirements

In addition to reselling BellSouth's services in Florida, AT&T intends to buy BellSouth's "unbundled network elements" and to use those elements, either alone or together, with services purchased for resale or with AT&T's facilities, to provide local retail services in the state. According to the Act, BellSouth must provide "nondiscriminatory access to network elements on an unbundled basis at any technically feasible point on rates, terms, and conditions that are just, reasonable, and nondiscriminatory . . . in a manner that allows [AT&T] to combine such elements in order to provide" telecommunications service to consumers.[48] The Act defines a network element as:

> "a facility or equipment used in the provision of a telecommunications service," including the "features, functions, and capabilities that are provided by means of such facility or equipment, including subscriber numbers, databases, signaling systems, and information sufficient for billing and collection or used in the transmission, routing or other provision of a telecommunications service."[49]

AT&T has proposed to BellSouth that BellSouth provide access to an initial set of twelve specific unbundled network elements.[50] It is technically feasible to unbundle all of these elements to BellSouth's network.[51] Although in some cases there may be operational effort required to

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[48] 47 U.S.C. § 251(c)(3).

[49] 47 U.S.C. § 153(29).

[50] A graphic representation of the twelve requested unbundled network elements may be found in Attachment 8. See also, Interconnection Agreement, Part II and Attach. 2, for a more complete definition of, and the technical and interface requirements for, each of the unbundled network elements.

[51] AT&T's list of unbundled network elements is not meant to be exhaustive, but rather should be viewed as the "baseline" amount of unbundling necessary under the Act. As local competition develops, or advances in technology occur, further unbundling will be necessary. For the future, this Commission should mandate additional unbundling whenever consistent with the Act's requirements and procompetitive purpose.

complete the unbundling, this is no justification for not complying with the Act. In 1982 when divestiture of the Bell System was announced, equal access to the AT&T network was not possible. Policy makers nonetheless made equal access a requirement. Shortly thereafter, equipment suppliers such as AT&T and Northern Telecom developed that very capability.

Not only is AT&T entitled under the Act to gain access to unbundled network elements, but AT&T also is entitled to use those elements alone or in any combination in its provision of local services to address the features, functions, and service needs of its customers. This will provide the opportunity to accelerate the offering of new services to consumers.

BellSouth's position is that it will not provide access to eight of the 12 requested network elements because, in most instances, BellSouth believes unbundling these eight is not technically feasible.[52] BellSouth also will not permit AT&T to combine network elements as it chooses to offer telecommunications services. In addition, BellSouth will not offer AT&T access to the entire unbundled Local Loop Facility (i.e., a combination of all four sub-loop elements) when BellSouth utilizes Integrated Digital Loop Carriers in its facilities. AT&T must have the ability to serve all of BellSouth's current customers, not just those served by facilities other than Integrated Digital Loop Carriers. AT&T has proposed four alternative solutions that will make this possible.[53] All of these limitations are contrary to the Act's provision that an Incumbent Local Exchange Carrier "shall provide such unbundled network elements in a manner that allows requesting carriers to combine such elements in order to provide ... telecommunications service."[54]

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[52] BellSouth agreed to provide AT&T access to Tandem Switching, the Signaling Link, Signal Transfer Points, and Service Control Points. For definitions of each, see Interconnection Agreement, Secs. 30.9.8.1, 30.9.9, 30.9.10, 30.9.11, and Attach. 2, Secs. 11, 12, 12, 14.

[53] See Interconnection Agreement, Attach. 2, Sec. 3.

[54] 47 U.S.C. 251(c)(3).

The disputed unbundled network elements requested by AT&T are set forth below, along with the reasons why access to the functionality of each is necessary to bring to consumers the full benefits of competition. Also listed below are BellSouth's reasons for its refusal to make a particular element available to AT&T.

1. Local Loop Facility

The first four network elements that AT&T requested, but BellSouth will not provide, can be grouped together as the Local Loop Facility, which provides the transmission path between the customer's residence or business and the local serving wire center. The four sub-loop network elements are the Network Interface Device, Loop Distribution, the Loop Concentrator/Multiplexer, and the Loop Feeder.

a. Network Interface Device

The Network Interface Device ("NID") is the physical location where facilities from the customer's local provider of choice connects to the customer premises wiring. The NID also provides a protective ground connection for the loop. AT&T requires access to the NID to connect with a former BellSouth customer's inside wiring without having to install its own NID on the customer's premises.

BellSouth's position is that unbundling this network subelement is not technically feasible. AT&T believes that unbundling the NID is technically feasible under the Act and has proposed a solution to overcome BellSouth's concerns, which is procedural rather than technical in nature.[55]

b. Loop Distribution

Loop Distribution links the customer to the local network by connecting the customer's NID to either the Feeder Distribution Interface or the Loop Concentrator/Multiplexer.

[55] See Interconnection Agreement, Sec. 30.9.1.1, and Attach. 2, Sec. 4.1.3.2.

AT&T requires unbundling of the Loop Distribution element where, for example, AT&T will have deployed local fiber rings and its own switches, but does not own the facilities to span the "last mile" to the customer's premises. In this scenario, AT&T could use its fiber rings to transport traffic between its switch and BellSouth's Loop Distribution, in conjunction with a Loop Concentrator/Multiplexer, to deliver traffic between AT&T's switch and the customer's premises.

BellSouth's position is that unbundling loop distribution is not technically feasible until such time as operations systems enhancements are accomplished that would eliminate the requirement for manual "workarounds." AT&T believes that unbundling Loop Distribution is technically feasible and that such enhancements and workarounds are not relevant to establishing technical feasibility under the Act.[56]

c. Loop Concentrator/Multiplexer

The Loop Concentrator/ Multiplexer is the network element that provides several functions needed to assist in transmitting calls across the network. It converts analog signals coming in from customers to digital signals that are sent across the network. It also concentrates the traffic from the many lines coming in from end-users to fewer lines going out to the switch. Lastly, it intersperses calls along one line at high bandwidth to accommodate large volumes of traffic using fewer facilities.

AT&T needs access to BellSouth's unbundled Loop Concentrator/Multiplexer as an unbundled network element to allow AT&T to provide local service to its customers. AT&T should not be required to pay BellSouth for access to the entire Local Loop Facility when, for example, AT&T will only need the Concentrator/Multiplexer when it provides its own Loop Feeder or its own Loop Distribution.

[56] See Interconnection Agreement, Sec. 30.9.1.2, and Attach. 2, Sec. 4.2.

BellSouth claims that unbundling this network element is not technically feasible until such time as operations systems enhancements are accomplished that would eliminate the requirement for manual "workarounds." AT&T believes that unbundling the Loop Concentrator/Multiplexer is technically feasible under the Act and that such enhancements and workarounds are not relevant to establishing technical feasibility.[57]

d. Loop Feeder

The Loop Feeder connects the Feeder Distribution Interface and the Loop Concentrator/Multiplexer, if one is in place, with the Local Switch.

AT&T needs unbundled access to the Loop Feeder to gain access to its customers in situations where AT&T has deployed its own distribution plant, but wishes to use BellSouth's Loop Concentrator/Multiplexer and Feeder capabilities to transport traffic to and from BellSouth's switch.

BellSouth's position is that AT&T's Loop Feeder needs can be met by existing BellSouth tariffed services, and that unbundling the Loop Feeder is not technically feasible absent operations systems enhancements that would eliminate the requirement for manual "workarounds." AT&T believes that unbundling the Loop Feeder is technically feasible under the Act and that such enhancements and workarounds are not relevant to establishing technical feasibility under the Act.[58]

2. Local Switching

Local Switching is the network element that provides several of the fundamental functionalities of the local network. Among other key functions, it provides the customer with dialtone for each line; provides customer features such as call waiting and call forwarding;

[57] See Interconnection Agreement, Sec. 30.9.1.2, and Attach. 2, Sec. 4.2.
[58] See Interconnection Agreement, Sec. 30.9.3, and Attach. 2, Sec.6.

provides for the proper routing of a call; and creates that data necessary to compile a customer's bill. Local Switching also provides the functionality to connect the appropriate originating lines or trunks to a desired terminating line, platform or trunk.

This local switching network element includes all of the features, functions, and capabilities that the particular BellSouth switch is capable of providing. The Local Switching network element also includes data switching functionality, which is used to terminate, concentrate, and switch data traffic from customer premises equipment to its final destination.

The key to AT&T's ability to efficiently create new and improved services for consumers is unbundled Local Switching. Local Switching holds many of the functionalities that will allow AT&T to innovate and differentiate itself from its competitors. In addition, without the ability to purchase BellSouth's unbundled switches, AT&T would have to make a significant capital investment in local switches for a yet unrealized demand to compete in the local market.

BellSouth claims that unbundling Local Switching is not technically feasible unless this unbundled network element includes BellSouth's operator services, directory assistance, repair service, and inter-office transport (in total, BellSouth's "port" offering). BellSouth's position would preclude AT&T from meeting its customer's needs by preventing AT&T from combining its own operator systems and transport facilities with the switching functionality of BellSouth's Local Switching.

BellSouth also claims that unbundling Local Switching is not technically feasible because its switches are not capable of routing calls to AT&T platforms. AT&T has proposed a solution to BellSouth's concerns, which are practical rather than technical in nature.[59]

[59] See Interconnection Agreement, Sec. 30.9.4, and Attach. 2, Sec. 7.

BellSouth also refuses to unbundle access to its Advanced Intelligence Network ("AIN") in such a way that AT&T can achieve parity in the creation and offering of AIN-based services. AIN will allow AT&T to create and offer consumers a variety of innovative, competitive advanced features and services independent of BellSouth.[60] Access to BellSouth's AIN triggers will provide AT&T with call control capability within the BellSouth switch that would allow AT&T to customize customers' offerings without having to duplicate BellSouth's network.

3. Operator Systems

Operator Systems provide the customer with operator and automated call handling and billing, special services, customer telephone listings and optional call completion services. Operator Systems are made up of two types of functions. First, Operator Services provide: (1) operator handling for call completion (for example, collect, third number billing, and manual credit card calls); (2) operator or automated assistance for billing after the customer has dialed the called number (for example, credit card calls); and (3) special services, including, but not limited to, Busy Line Verification and Emergency Line Interrupt, Emergency Agency Call, Operator-assisted Directory Assistance, and Rate Quotes. Second is Directory Services, which provides local customer telephone number listings, and the option to complete calls at the caller's discretion.

Unbundled Operator Systems will benefit consumers by allowing AT&T to combine its world-class operator services platform with BellSouth's switches to create new services. In addition, it is necessary to permit those local service providers, such as AT&T, that have invested

[60] For example, AIN triggers would enable a carrier to offer a service that allows a customer to dial a call by speaking the name of the party the customer wishes to call -- voice recognition. AT&T access to BellSouth's AIN platform is critical to AT&T's ability to provide competing services to its customers now and in the future. See Interconnection Agreement, Sec. 30.9.4.1, and Attach. 2, Sec. 12.2.10.

or will choose to invest in Operator Systems, to maximize the value of such investments and not be required to purchase the unneeded functionality of BellSouth's Operator Systems when using BellSouth's Local Switching.

BellSouth's position is that Operator Systems is not a network element that BellSouth is required to unbundle under the Act. BellSouth also claims that unbundling Operator Systems is not technically feasible because BellSouth is not capable of routing an AT&T call from the BellSouth switch to an AT&T operator services platform. Contrary to BellSouth's belief, operator services clearly is a "capability" under the Act. Because network elements consist of "features, functions, **and** capabilities . . . used in the transmission, routing or other provision of a telecommunications service,"[61] the routing of traffic to AT&T's operator services platform and the BellSouth operator systems themselves are without question network elements. Additionally, there is no technical reason why the routing of traffic to AT&T's operator service platform cannot be unbundled.[62]

4. Transport

The next two network elements are Transport elements. Transport elements provide the functionality to connect one location to another location, such as an end office or Tandem Switch with another end office, Tandem Switch or an interexchange carrier's Point of Presence. This allows subscribers to reach each other even when they are not served by the same switch or by the

[61] 47 U.S.C. § 153 (29).
[62] AT&T has proposed development of a solution to the routing issue. See Interconnection Agreement, Sec. 30.9.1.5, and Attach. 2, Sec. 8.

same carrier. There are two disputed Transport elements that must be made available on an unbundled basis: Dedicated Transport and Common Transport.

Unbundling Transport Elements will facilitate increased competition by allowing AT&T and other local service entrants to make economically efficient decisions concerning investment in network interconnections and facilities needed to exchange traffic with BellSouth, interexchange carriers, and other local exchange carriers. AT&T, particularly in the early stages of its local operations, may elect to purchase the Dedicated Transport network elements to interconnect its offices with other local and interexchange carriers because traffic volumes may not justify installing its own Dedicated Transport to all other switches. In other situations, AT&T may not need to purchase Dedicated Transport network elements to exchange all of its traffic.

a. Dedicated Transport

Dedicated Transport is an interoffice transmission path between AT&T designated locations, such as the BellSouth central offices or other equipment locations, AT&T network components, other carrier network components, or customers premises. Dedicated Transport is used exclusively by a single carrier for the transmission of its traffic.

BellSouth claims that unbundling this network element is not technically feasible when utilized in conjunction with BellSouth switching because of the routing issue related to Local Switching discussed above. Again, AT&T has proposed a solution to the routing issue.[63]

b. Common Transport

Common Transport is an interoffice transmission path that links together unbundled network elements and carries the traffic of more than one carrier.

[63] See Interconnection Agreement, Sec. 30.9.7, 30.9.8, and Attach. 2, Sec. 10.

BellSouth claims that Common Transport is not an network element subject to the Act's unbundling requirements and that the same functionality is available to AT&T as part of BellSouth's "port" offering. AT&T believes that Common Transport is a network element that BellSouth must offer as a separate unbundled network element to allow AT&T flexibility in its provisioning of services to customers. BellSouth also claims that, even if Common Transport is an unbundled network element, unbundling this network element is not technically feasible because of the same routing issue related to Local Switching. Again, AT&T has proposed a solution to the routing issue.[64]

C. BellSouth Must Sell Each Unbundled Network Element at Total Service Long Run Incremental Cost (TSLRIC)

Under the Act, prices for unbundled network elements must be based on rates that are "just, reasonable and nondiscriminatory."[65] These rates must also be based on the costs of providing the requested unbundled network element determined without reference to a rate-of-return (that is, an historical perspective) or other rate based proceedings.[66] Thus, the Act requires that prices for unbundled network elements reflect their economic cost.

TSLRIC are economic costs. TSLRIC measures long-run, forward-looking costs that are relevant to decisions to enter and remain in a competitive market. TSLRIC is based on the incremental costs of providing an entire service, i.e., costs that are directly or causally attributed to that service using the most efficient available technology and operations. As such, TSLRIC creates incentives for competing carriers to utilize the technology and operational processes best

[64] See Interconnection Agreement, Sec. 30.9.6, and Attach. 2, Sec. 9.
[65] 47 U.S.C. §§ 251(c)(3) and 252(d).
[66] 47 U.S.C. § 252(d)(1)(A)

suited to the provision of local telephone services. Thus, TSLRIC is the proper standard under the Act for pricing unbundled network elements.

AT&T has proposed pricing BellSouth unbundled network elements at TSLRIC. AT&T's proposal offers specific prices for network elements where AT&T has acquired sufficient cost data for a TSLRIC analysis. Where AT&T has not been furnished the necessary data to make the TSLRIC calculation, AT&T has proposed using the TSLRIC when appropriate cost information is available.[67]

BellSouth has rejected AT&T's proposal, taking the position that its past tariff rates are sufficiently "cost-based" to satisfy the Act. BellSouth believes that its tariff rates are based on what is essentially "incremental cost plus," i.e., incremental cost combined with additional mark-ups.

BellSouth's substantial mark-ups are unexplained and they likely bear no apparent relationship to the supportable economic costs that BellSouth incurs in providing network elements for its own use. In all likelihood, BellSouth's mark-ups exist to maintain or increase revenue and include costs for inefficient operations and other strategic investment decisions for expanding into lines of business, contributions from subsidies imposed on long distance carriers and monopoly profits.

AT&T's TSLRIC calculations provide for reasonable recovery of costs by BellSouth, including a competitive return on investment. In contrast, BellSouth's proposed prices can not be viewed as being anything other than prices set under historical rate-based rate of return environment that the Act expressly rejects.[68]

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[67] Interconnection Agreement at Table 1.
[68] 47 U.S.C. § 252(d)(1)(A)(i).

BellSouth's proposed prices also are discriminatory because they provide BellSouth the ability to set prices for these essential inputs above economic costs, creating price squeezes on new entrants who must purchase BellSouth's network elements.[69] AT&T's proposal of TSLRIC pricing, in contrast to BellSouth's proposal, places all carriers, including BellSouth, on an equal footing.

III. BELLSOUTH MUST MEET ADDITIONAL INTERCONNECTION REQUIREMENTS

In addition to the functionality of the unbundled network elements described above, there are additional requirements necessary for AT&T to bring the benefits of competition to consumers.

A. BellSouth Must Provide Access to Rights of Way, Conduits and Pole Attachments

AT&T is entitled to equal and nondiscriminatory access to BellSouth's rights-of-way, conduits, pole attachments and any other pathways on terms and conditions equal to that provided by BellSouth to itself or to any other party. Further, BellSouth should not preclude or delay allocation of these facilities to AT&T because of the potential needs of itself or other parties.[70] BellSouth's position is that it is entitled to reserve in advance five years' worth of capacity for itself. AT&T believes that this is contrary to the requirements of the Act,[71] and that, in a competitive environment, it is reasonable for BellSouth to reserve in advance one year's capacity plus maintenance spares on any given route consisting of such outside plant facilities and should accord AT&T this same right. In addition, AT&T has requested copies of pole and conduit

[69] 47 U.S.C. §§ 251(c)(3), 252(d)(1)(A)(i).
[70] See Interconnection Agreement, Sec. 32.4, and Attach. 3, Sec. 3.
[71] 47 U.S.C. § 251(b)(4).

engineering records to facilitate planning the access to these facilities. BellSouth has refused to provide such copies. Together, these two areas of dispute significantly restrict and impede AT&T's access to these facilities and are inconsistent with the Act's purpose.

B. BellSouth Must Provide Local Number Portability

BellSouth must provide Local Number Portability so that customers who wish to switch their local service to AT&T can retain their existing telephone numbers.[72] AT&T has requested that BellSouth coordinate number changes associated with interim Local Number Portability so that customers are not out of service more than five minutes. BellSouth has not agreed to provide this coordination. The result is that customers changing to AT&T, while retaining their existing phone number, may be out of service for many hours, depending on when BellSouth executes its activities associated with this change request. In addition, AT&T has requested a wider range of options for interim Local Number Portability than those to which BellSouth has agreed. These additional options will permit interim portability to be deployed more efficiently and at lower cost to both AT&T and BellSouth.

C. BellSouth Must Provide Two-Way Trunk Interconnection

AT&T has requested the ability to interconnect its local network with that of BellSouth using both one-way and two-way trunk groups. AT&T also has requested that these trunks carry both intraLATA and local interconnection traffic. These requests improve the efficiency of interconnection by combining traffic terminating on either BellSouth's or AT&T's network together on larger, more efficient trunk groups between the two networks. BellSouth has not agreed to two-way trunking and has recently been unclear about its position on the combination of intraLATA and local traffic.

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[72] See 47 U.S.C. § 251(b)(2).

IV. INTERCONNECTION SERVICES

A. BellSouth Must Utilize Mutual Traffic Exchange for Local Interconnection

With the introduction of new carriers to the local exchange market, no longer will a local call always be originated and terminated by the same carrier. Customers for local services will expect to be able to call all other local customers, regardless of their local service provider. This requires interconnection between local networks.[73]

This Commission has previously addressed the issue of compensation for interconnection pursuant to the local exchange competition provisions of Chapter 364, Florida Statutes (1995), and determined that the appropriate compensation mechanism for interconnection is Mutual Traffic Exchange (MTE). See Orders Nos. PSC-96-0445-FOF-TP and PSC-96-0668-FOF-TP in Docket No. 950985-TP. Since MTE is consistent with the Act, [74] AT&T believes that this issue is resolved for purposes of any arbitration proceeding. AT&T acknowledges that the Orders adopting MTE are still subject to reconsideration and appeal. AT&T continues to support MTE as the most appropriate compensation mechanism. However, to the extent that the Commission ultimately imposes a specific charge for the transport and termination of interconnection traffic as a result of either reconsideration or appeal, the appropriate rate must be set based on TSLRIC.

The Act imposes several requirements that, together, mandate TSLRIC as the appropriate standard for pricing. The Act requires that BellSouth provide services at rates that are fair, just,

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[73] As used here, interconnection of local networks ("local interconnection") refers to call transfer, transport and termination. Specifically, it is: 1) the transfer of a local call from the originating carrier to the terminating carrier, 2) the transport of the call through the terminating carrier's network, and 3) the termination of the call at the terminating carrier's customer location. In some scenarios, the call will pass through an intermediate carrier's tandem switch or facilities on its way to the terminating carrier.

[74] 47 U.S.C. §252(d)(2)(B)(i).

non-discriminatory and cost-based.[75] The Act also requires that compensation for the transport and termination of local calls be based on reciprocal compensation equaling "a reasonable approximation of the additional costs for the rates to be considered just and reasonable."[76]

As discussed above, TSLRIC reflects the costs that BellSouth will incur in the future assuming it operates efficiently. TSLRIC quantifies the efficient costs of providing local interconnection services, allows reasonable recovery by BellSouth, and achieves the price level of a competitive market. As such, it is the pricing standard that the Act requires for interconnection services.

BellSouth takes the position that its recovery should be based on present tariffed interexchange access charges. BellSouth's tariffed interexchange access rates do not reflect its TSLRIC. Use of tariffed rates for interconnection, therefore, is at odds with the requirements in the Act that these items be based upon cost.[77]

B. BellSouth Must Price Interexchange Carrier Interconnection at TSLRIC

When a customer picks up the telephone to place a long distance call, BellSouth's local switch automatically routes the call to the appropriate long distance carrier's switch for completion. Similarly, to terminate a call from a long distance carrier's customer, the long distance carrier routes the call to the local telephone company serving the called party for completion of the call. This routing of calls to and from customers to and from long distance carriers is called interexchange carrier access and is identical to the completion of calls to another local exchange carrier. Simply put, a minute of traffic is a minute of traffic whether long distance

[75] 47 U.S.C. §§ 251(c)(2) and 252(d)(1).
[76] 47 U.S.C. §§ 251(b)(5) and 252(d)(2)(A).
[77] 47 U.S.C. § 252 (d)(1).

or local: the facilities, processes, and most importantly, the costs of routing these calls are the same. The Act obligates BellSouth to provide interconnection and exchange access at rates based upon cost. The Act defines exchange access as ". . . the offering of access to telephone exchange services or facilities for the purpose of the origination and termination of telephone toll services." "Toll" is simply another term for long distance. BellSouth prices interexchange carrier access at more than fourteen times the TSLRIC that BellSouth incurs to provide these call origination and completion services.[78] These access services are not functionally different than local interconnection and should also be priced at TSLRIC.

AT&T has requested that BellSouth reduce carrier access charges to TSLRIC. BellSouth has refused arguing that the Act does not require cost-based access charges and, therefore, has refused to even include this issue in the negotiations. BellSouth asserts that carrier access charges should remain at their current excessive levels. It should be directed to comply with the Act and price access charges at TSLRIC, eliminating all Carrier Common Line Charges and Residual Interconnection Charges.

REQUESTED COMMISSION ACTIONS

AT&T respectfully requests that the Commission take the following actions as a result of this Petition:

A. Arbitrate the unresolved issues between AT&T and BellSouth within the timetable specified in the Act;

B. Issue orders requiring BellSouth to:

[78] Assumes a TSLRIC of $.005 for both ends of switched access on interexchange calls.

1. Sell *all* its retail services to AT&T including, without limitation, grandfathered services, services subject to a contract service agreement, promotional offerings, LinkUp and Lifeline services, E911, N11 and state specific discount plans and services;

2. Provide real-time and interactive access to BellSouth operational support systems via electronic interfaces to accomplish pre-ordering, ordering and provisioning, maintenance and repair, customer usage data transfer, and local account maintenance;

3. Provide direct routing of operator services, directory assistance and other services, e.g., repair to AT&T's platforms, rather than to BellSouth's platforms, which will permit AT&T to brand services as AT&T services;

4. Require BellSouth to brand services that it provides to AT&T customers as AT&T services;

5. Require BellSouth to commit to AT&T's world-class quality standards and agree to compensate AT&T if BellSouth violates those standards; and

6. Sell retail services to AT&T at a wholesale rate that equals BellSouth's retail rate at any point in time less:

a. 41.7% as a retail cost adjustment for all BellSouth avoided costs;

b. 15% until BellSouth provides AT&T full operational parity; and

c. 10% - 15% to stimulate competition pursuant to 47 U.S.C. §261(c) for a total reduction in price of 66.7% to 71.7%.

C. Order BellSouth to i) unbundle the eight disputed elements from its network as requested by AT&T, ii) offer AIN access as requested by AT&T, and iii) provide the additional requirements necessary for efficient use of unbundled network elements;

D. Order BellSouth to price unbundled network elements at TSLRIC to create competition for local telecommunications services in Florida in accordance with the Act;

E. Issue orders to improve the efficiency of interconnecting the AT&T and BellSouth networks;

F. Order BellSouth to continue to employ Mutual Traffic Exchange as the appropriate method of reciprocal compensation for local network interconnection.

G. Issue orders that BellSouth conduct TSLRIC studies for interconnection, call transport and call termination;

H. Order BellSouth to produce all interconnection agreements to which BellSouth, now and/or on an ongoing basis, is a party, including specifically those with other Incumbent Local Exchange Carriers;

I. Order BellSouth to price interexchange carrier access at TSLRIC to comply with the Act;

J. Retain jurisdiction of this arbitration until the parties have submitted an agreement for approval of the Commission as provided by 47 U.S.C. Section 252(e), and order the adoption of an alternative dispute resolution procedure as proposed by AT&T in its proposed interconnection agreement;[79] and

K. Take such other and further actions as deemed appropriate by the Commission.

[79] Interconnection Agreement, Sec. 16.

Respectfully submitted this 17th day of July, 1996.

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ATTORNEYS FOR AT&T
COMMUNICATIONS OF THE
SOUTHERN STATES, INC.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing has been furnished by U. S. Mail or hand-delivery to the following parties of record this 17th day of July, 1996:

BellSouth Telecommunications
c/o Nancy H. Sims
150 S. Monroe Street, Suite 400
Tallahassee, FL 32301

Robin D. Dunson

Attachment 1

Copyright 1996 PR Newswire Association, Inc.
PR Newswire

July 2, 1996, Tuesday

SECTION: Financial News

DISTRIBUTION: TO BUSINESS EDITOR

LENGTH: 636 words

HEADLINE: LCI INTERNATIONAL WITHDRAWS FROM LOCAL SERVICE NEGOTIATIONS WITH RBOCs AND OTHER LOCAL CARRIERS

BODY:

U.S. long-distance carrier LCI International recently notified the Bell operating companies, Cincinnati Bell, GTE and Sprint United that it is withdrawing from formal negotiations for local service under the Telecommunications Act of 1996 (Act). The company said that this action comes as a result of LCI's unsuccessful attempts to reach local service agreements with each of the respective local exchange carriers (LECs). The company also reiterated its intent to continue vigorously pursuing its strategy of offering local telephone service to its customers, but said that this action was necessary due to procedural requirements under the Act.

MCLEAN, Va., July 2

When a long-distance carrier formally requests initiation of negotiations with a LEC, as required under the Act, the parties have between 135 and 160 days to reach an agreement before requesting arbitration to resolve any open issues. LCI said that it unilaterally withdrew from the formal negotiations with several of the LECs prior to the 160-day deadline because: most of the LECs failed to provide the necessary technical and pricing information fundamental to offering competitive local telephone service; or LCI experienced lengthy delays in receiving this information, thereby impeding LCI's ability to adequately prepare for arbitration.

In the case of Ameritech, BellSouth and Sprint United, LCI said the parties mutually consented to withdraw from the negotiations.

"As the arbitration deadline approached, LCI wanted to preserve its rights to arbitrate any unresolved issues. Without the fundamental technical and pricing information from many of these LECs -- the type necessary for LCI to even attempt to address issues critical to providing competitive local telephone service -- we felt it was in our best interest to withdraw from formal negotiations at this time," said Lee Weiner, vice president and general counsel, LCI International, Inc.

LCI sent letters to the LECs in early March 1996 requesting that they begin good faith negotiations. According to LCI officials, despite repeated requests to negotiate, LCI was required to wait for 80 - 110 days before many of the LECs were even willing to schedule an initial meeting.

"Many of the major long-distance carriers, including LCI, have found the entire negotiation process cumbersome, and we are hopeful that the situation

will change in August when the FCC issues rules addressing interconnection and other requirements under the Act. It is unfortunate that, although the intent of the Act was to benefit consumers by fostering local service competition, many of the LECs are still trying to protect their monopolies by failing to engage in good faith negotiations," said Weiner.

To date, LCI is authorized in eight states to provide local telephone service and has pending applications to provide local service in twenty additional states. Company officials said that they hoped to continue informal discussions with the LECs in order to reach a point where these discussions, together with the adoption of FCC rulings, would facilitate the re-start of good faith negotiations under the Act.

LCI International, Inc. (NYSE: LCI), now the nation's sixth largest long-distance carrier, provides a full array of worldwide voice and data transmission services to businesses, residential customers and other carriers through its fiber-optic network. LCI International, Inc. is headquartered in McLean, Va., with offices in more than 40 locations, national network control and customer service centers, and regional operations based in the Northeast, Southeast, Midwest and Western United States. CONTACT: Gerry Simone, 703-848-4478, or Tyler Gronbach, 703-848-4494, both for LCI International

LANGUAGE: ENGLISH

LOAD-DATE: July 3, 1996

BELLSOUTH
TELECOMMUNICATIONS

ATTACHMENT 2

Hand Delivered

June 13, 1996

William J. Carroll
Vice President
AT&T
1200 Peachtree Street, N.E.
Atlanta, Georgia 30309

Dear Jim:

Prior to my leaving for the week of June 3, 1996, I had related to you that BellSouth would be prepared to make a proposal to AT&T regarding providing BellSouth's telecommunications services to AT&T for the purposes of AT&T's resale to end user customers. It seems that AT&T has preempted BellSouth's proposal with its own contained in the June 5, 1996 letter to Charlie Coe.

After review of the AT&T proposal, I find very little if any change from the AT&T requests provided soon after BellSouth and AT&T began official negotiations under the Telecommunications Act. In fact, the proposal contains items, such as the discount levels, that are more onerous to BellSouth than positions taken by various regulatory bodies thus far. As such, the proposal is unacceptable to BellSouth. I believe that the AT&T proposal represents a move farther away from center than toward it.

I propose that BellSouth and AT&T move away from the voluminous and detailed requirements documents that have slowed negotiations to date and see if the companies can agree on a comprehensive agreement that covers interconnection, unbundling and the wholesale of BellSouth's telecommunications services for resale by AT&T. I have attached for your consideration, BellSouth's proposal. It is my feeling that agreeing to and building upon such a proposal will speed AT&T's entry into the local exchange market, I believe, is the result both companies seek.

Please review BellSouth's proposal and I will call you to discuss it on Monday.

Sincerely,

W. Scott Schaefer
Vice President--Marketing
InterConnection Services

AGREEMENT

THIS AGREEMENT is made by and between BellSouth Telecommunications, Inc., ("BellSouth"), a Georgia corporation, and AT&T Communications of the Southeast States ("AT&T"), a _____ corporation and shall be deemed effective as of June 1,1996. This agreement may refer to either BellSouth or AT&T or both as a "party" or "parties. "

WITNESSETH

WHEREAS, BellSouth is a local exchange telecommunications company authorized to provide telecommunications services in the states of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee; and

WHEREAS, AT&T is an alternative local exchange telecommunications company ("ALEC") authorized to provide telecommunications services in the states of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee; and

WHEREAS, the parties wish to interconnect their facilities, purchase unbundled elements, and exchange traffic in Alabama specifically for the purposes of fulfilling their obligations pursuant to sections 251, 252 and 271 of the Telecommunications Act of 1996; and

NOW THEREFORE, in consideration of the mutual agreements contained herein, BellSouth and AT&T agree as follows:

I. Definitions

A. Affiliate is defined as a person that (directly or indirectly) owns or controls, is owned or controlled by, or is under common ownership or control with, another person. For purposes of this paragraph, the term "own" means to own an equity interest (or equivalent thereof) of more than 10 percent.

B. Commission is defined as the appropriate regulatory agency in each of BellSouth's nine state region, Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee.

C. **Intermediary function** is defined as the delivery of local traffic from a local exchange carrier other than BellSouth; an ALEC other than AT&T; another telecommunications company such as a wireless telecommunications provider through the network of BellSouth or AT&T to an end user of BellSouth or AT&T.

D. **Local Traffic** is defined as any telephone call that originates in one exchange and terminates in either the same exchange, or a corresponding Extended Area Service ("EAS") exchange. The terms Exchange, and EAS exchanges are defined and specified in Section A3. of BellSouth's General Subscriber Service Tariff.

E. **Local Interconnection** is defined as 1) the delivery of local traffic to be terminated on each party's local network so that end users of either party have the ability to reach end users of the other party without the use of any access code or substantial delay in the processing of the call; 2) the LEC unbundled network features, functions, and capabilities set forth in this Agreement; and 3) Service Provider Number Portability sometimes referred to as temporary telephone number portability to be implemented pursuant to the terms of this Agreement.

F. **Percent of Interstate Usage (PIU)** is defined as a factor to be applied to terminating access services minutes of use to obtain those minutes that should be rated as interstate access services minutes of use. The numerator includes all interstate "nonintermediary" minutes of use, including interstate minutes of use that are forwarded due to service provider number portability less any interstate minutes of use for Terminating Party Pays services, such as 800 Services. The denominator includes all "nonintermediary", local , interstate, intrastate, toll and access minutes of use adjusted for service provider number portability less all minutes attributable to terminating party pays services.

G. **Percent Local Usage (PLU)** is defined as a factor to be applied to intrastate terminating minutes of use. The numerator shall include all "nonintermediary" local minutes of use adjusted for those minutes of use that only apply local due to Service Provider Number Portability. The denominator is the total intrastate minutes of use including local, intrastate toll, and access, adjusted for Service Provider Number Portability less intrastate terminating party pays minutes of use.

H. **Telecommunications Act of 1996 ("Act')** means Public Law 104-104 of the United States Congress effective February 8, 1996. The Act amended the Communications Act of 1934 (47, U.S.C. Section 1 et. seq.).

I. **Multiple Exchange Carrier Access Billing ("MECAB")** means the document prepared by the Billing Committee of the Ordering and Billing Forum ("OBF:), which functions under the auspices of the Carrier Liaison Committee of the Alliance for Telecommunications Industry Solutions ("ATIS") and by Bellcore as Special Report SR-BDS-000983, Containing the recommended guidelines for the billing of Exchange

Service access provided by two or more LECs and/or ALECs or by one LEC in two or more states within a single LATA.

II. Purpose

The parties agree that the rates, terms and conditions contained within this Agreement, including all Attachments, comply and conform with each parties' obligations under sections 251, 252 and 271 of the Act. The access and interconnection obligations contained herein enable AT&T to provide competing telephone exchange service to residential and business subscribers within the Alabama territory of BellSouth. The parties agree that AT&T will not be considered to have any state within BellSouth's region until such time as it has ordered interconnection facilities for the purposes of providing business and/or residential local exchange service to customers. At that time, this Agreement may be amended to include the other state or states. The term of this Agreement shall remain as set forth in Section III(A) even for any such additional states. To the extent the items in 47 U.S.C. § 271(c)(2)(B) are contained within this Agreement, the parties agree that with the execution of this Agreement, BellSouth has met the requirements of 47 U.S.C. § 271(c)(2)(B).

III. Term of the Agreement

A. The term of this Agreement shall be two years, beginning June 15, 1996.

B. The parties agree that by no later than October 1, 1997, they shall commence negotiations with regard to the terms, conditions and prices of local interconnection to be effective beginning June 15, 1998.

C. If, within 135 days of commencing the negotiation referred to in Section II (B) above, the parties are unable to satisfactorily negotiate new local interconnection terms, conditions and prices, either party may petition the Commission to establish appropriate local interconnection arrangements pursuant to 47 U.S.C. 252. The parties agree that, in such event, they shall encourage the Commission to issue its order regarding the appropriate local interconnection arrangements no later than March 1, 1998. The parties further agree that in the event the Commission does not issue its order prior to May 31, 1998 or if the parties continue beyond May 31, 1998 to negotiate the local interconnection arrangements without Commission intervention, the terms, conditions and prices ultimately ordered by the Commission, or negotiated by the parties, will be effective retroactive to May 31, 1998. Until the revised local interconnection arrangements become effective, the parties shall continue to exchange traffic pursuant to the terms and conditions of this Agreement.

IV. Local Interconnection (47 U.S.C. §251(c)(2), §252(d)(1),(2), §271(c)(2)(B)(i))

A. The parties intend that the interconnection of their equipment, facilities and networks pursuant to this section complies with the requirements of sections 251, 252 and 271 of the Act.

B. The delivery of local traffic between the parties shall be reciprocal and compensation will be mutual according to the provisions of this Agreement. The parties agree that the exchange of traffic on BellSouth's EAS routes shall be considered as local traffic and compensation for the termination of such traffic shall be pursuant to the terms of this section. EAS routes are those exchanges within an exchange's Basic Local Calling Area, as defined in Section A3 of BellSouth's General Subscriber Services Tariff.

C. Each party will pay the other for terminating its local traffic on the other's network the local interconnection rates as set forth in Attachment B-1, by this reference incorporated herein. The charges for local interconnection are to billed monthly and payable quarterly after appropriate adjustments pursuant to this Agreement are made.

D. The parties agree that neither party shall be required to compensate the other for more than 105% of the total billed local interconnection minutes of use of the party with the lower total billed local interconnection minutes of use in the same month on a statewide basis. This cap shall apply to the total billed local interconnection minutes of use measured by the local switching element calculated for each party and any affiliate of the party providing local exchange telecommunications services under the party's certificate of necessity issued by the Commission. Each party will report to the other a Percentage Local Usage ("PLU") and the application of the PLU will determine the amount of local minutes to be billed to the other party. Until such time as actual usage data is available or at the expiration of the first year after the execution of this Agreement, the parties agree to utilize a mutually acceptable surrogate for the PLU factor. The calculations , including examples of the calculation of the cap between the parties will be pursuant to the procedures set out in Attachment A, incorporated herein by this reference. For purposes of developing the PLU, each party shall consider every local call and every long distance call. Effective on the first of January, April, July and October of each year, the parties shall update their PLU.

E. The parties agree that there are three appropriate methods of interconnecting facilities: (1) virtual collocation where physical collocation is not practical for technical reasons or because of space limitations; (2) physical collocation; and (3) interconnection via purchase of facilities from either party by the other party. Rates and charges for collocation are set forth in Attachment C-13, incorporated herein by this reference. Facilities may be purchased at rates, terms and conditions set forth in BellSouth's intrastate Switched Access (Section E6) or Special Access (Section E7)

services tariff or as contained in Attachment B-1 for local interconnection, incorporated herein by this reference.

F. The parties agree to accept and provide any of the preceding methods of interconnection. Reciprocal connectivity shall be established at each and every BellSouth access tandem within the local calling area AT&T desires to serve for interconnection to those end offices that subtend the access tandem. In addition, AT&T may elect to interconnect directly at the end offices for interconnection to end users served by that end office. BellSouth will connect at each end office or tandem inside the local calling area. Such interconnecting facilities shall conform, at a minimum, to the telecommunications industry standard of DS-1 pursuant to BellCore Standard No. TR-NWT-00499. Signal transfer point, Signaling System 7 ("SS7") connectivity is required at each interconnection point. BellSouth will provide out-of-band signaling using Common Channel Signaling Access Capability where technically and economically feasible, in accordance with the technical specifications set forth in the BellSouth Guidelines to Technical Publication, TR-TSV-000905. The parties agree that their facilities shall provide the necessary on-hook, off-hook answer and disconnect supervision and shall hand off calling party number ID when technically feasible. The parties further agree that in the event a party interconnects via the purchase of facilities and/or services from the other party, the appropriate intrastate access tariff, as amended from time to time will apply.

G. The parties agree to establish trunk groups from the interconnecting facilities of subsection (E) of this section such that each party provides a reciprocal of each trunk group established by the other party. Notwithstanding the foregoing, each party may construct its network, including the interconnecting facilities, to achieve optimum cost effectiveness and network efficiency.

H. Whenever BellSouth delivers traffic to AT&T for termination on AT&T's network, if BellSouth cannot determine, because of the manner in which AT&T has utilized its NXX codes, whether the traffic is local or toll BellSouth will not compensate AT&T pursuant to this section but will, instead, charge AT&T originating intrastate network access service charges as reflected in BellSouth's intrastate Access Service Tariff. Notwithstanding the foregoing, BellSouth will make the appropriate billing adjustments if AT&T can provide sufficient information for BellSouth to make a determination as to whether said traffic was local or toll. If BellSouth deploys an NXX code across its local calling areas in such a manner that AT&T cannot determine whether the traffic it delivers to BellSouth is local or toll, this subsection shall apply to the parties.

I. If either party provides intermediary tandem switching and transport services for the other party's connection of its end user to a local end user of: (1) an ALEC other than AT&T; (2) a local exchange telecommunications company other than BellSouth ("ICO"); or (3) another telecommunications company such as a wireless telecommunications service provider, the party performing the intermediary function will

bill a $.002 per minute charge over and above the local interconnection rates set out in this section. The parties agree that any billing to the ICO or other telecommunications company under this section shall be pursuant to subsection (K) of this section.

J. When the parties provides an access service connection between an interexchange carrier ("IXC") and each other, each party will provide their own access services to the IXC on a multi-bill, multi-tariff meet-point basis. Each party will bill its own access services rates to the IXC with the exception of the interconnection charge. The interconnection charge will be billed by the party providing the intermediary tandem function.

K. The parties agree to adopt MECAB as the terms and conditions for meet point billing for all traffic to which MECAB applies, including traffic terminating to ported numbers, and to employ 30 day billing periods for said arrangements. The recording party agrees to provide to the initial billing company, at no charge, the switched access detailed usage data within a reasonable time after the usage is recorded. The initial billing company will provide the switched access summary usage data to all subsequent billing companies within 10 days of rendering the initial bill to the IXC. The parties agree that there will be technical, administrative, and implementation issues associated with achieving the intent of this subsection. As such, the parties further agree to work cooperatively toward achieving the intent of this provision within nine months of the effective date of this Agreement.

L. The ordering and provision of all services purchased from BellSouth by AT&T shall be as set forth in the OLEC-to-BellSouth Ordering Guidelines (Facilities Based) as those guidelines are amended by BellSouth from time to time during the term of this Agreement.

V. IntraLATA and InterLATA Toll Traffic Interconnection

A. The delivery of intrastate toll traffic by a party to the other party shall be reciprocal and compensation will be mutual. For terminating its toll traffic on the other party's network, each party will pay BellSouth's intrastate terminating switched access rate, inclusive of the Interconnection Charge and the Carrier Common Line rate elements of the switched access rate. The parties agree that their terminating switched access rates may change during the term of this Agreement and that the appropriate rate shall be the rate in effect when the traffic is terminated.

B. For originating and terminating intrastate toll traffic, each party shall pay the other BellSouth's intrastate switched network access service rate elements on a per minute of use basis. Said rate elements shall be as set out in BellSouth's Intrastate Access Services Tariff as that Tariff is amended from time to time during the term of this Agreement. The appropriate charges will be determined by the routing of the call. If AT&T is the BellSouth end user's presubscribed interexchange carrier or if the BellSouth end user uses AT&T as an interexchange carrier on a 10XXX basis,

BellSouth will charge AT&T the appropriate tariff charges for originating network access services. If BellSouth is serving as the AT&T end user's presubscribed interexchange carrier or if the AT&T end user uses BellSouth as an interexchange carrier on a 10XXX basis, AT&T will charge BellSouth the appropriate BellSouth tariff charges for originating network access services.

C. The parties agree that to the extent AT&T provides intraLATA toll service to its customers, it may be necessary for it to interconnect to additional BellSouth access tandems that serve end office outside the local calling area.

D. BellSouth agrees to compensate AT&T, pursuant to AT&T's published originating switched access charges, including the database query charge, for the origination of 800 traffic terminated to BellSouth.

E. AT&T will provide to BellSouth the appropriate records necessary for BellSouth to bill BellSouth's intraLATA 800 customers. The records provided by AT&T will be in a standard EMR format for a fee, paid by BellSouth to AT&T, of $0.013 per record.

F. If AT&T provides 800 services to its end users during the term of this Agreement, it agrees to compensate BellSouth, pursuant to BellSouth's originating switched access charges, including the database query charge, for the origination of 800 traffic terminated to AT&T. BellSouth agrees to provide AT&T the appropriate records for AT&T to bill its 800 customers. The records provided will be in standard EMR format for a fee, to be paid by AT&T to BellSouth, of $0.013 per record.

G. If during the term of this Agreement, BellSouth is permitted to provide interLATA 800 services, BellSouth will compensate AT&T for the origination of such traffic pursuant to subsection A, above. AT&T shall provide the appropriate records for billing pursuant to subsection B, above.

H. Should AT&T require 800 Access Ten Digit Screening Service from BellSouth, it shall have signaling transfer points connecting directly to BellSouth's local or regional signaling transfer point for service control point database query information. AT&T shall utilize SS7 Signaling links, ports and usage as set forth in Attachment C-7, incorporated herein by this reference. AT&T will not utilize switched access FGD service. 800 Access Ten Digit Screening Service is an originating service that is provided via 800 Switched Access Service trunk groups from BellSouth's SSP equipped end office or access tandem providing an IXC identification function and delivery of call to the IXC based on the dialed ten digit number. The rates and charges for said service shall be as set forth in BellSouth's Intrastate Access Services Tariff as said tariff is amended from time to time during the term of this Agreement.

VI. Service Provider Number Portability (47 U.S.C. §251(b)(2) and §271(c)(2)(B)(xi))

A. The parties intend that the number portability provided pursuant to this section to comply with the requirements of sections 251, 252, and 271 of the Act.

B. Service Provider Number Portability (SPNP) is an interim service arrangement provided by each party to the other whereby an end user, who switches subscription of his local exchange service from BellSouth to AT&T, or vice versa, is permitted to retain use of his existing assigned telephone number, provided that the end user remains at the same location for his local exchange service or changes locations and service providers but stays within the same serving wire center of his existing number. SPNP services are available in two arrangements, SPNP-Remote and SPNP-DID. Notwithstanding the foregoing, SPNP is not available when the end user's existing account has been denied or disconnected for nonpayment and an outstanding balance remains unpaid.

C. SPNP services and facilities will only be provided, where technically feasible, subject to the availability of facilities and may only be furnished from properly equipped central offices. SS7 Signaling is required for the provision of SPNP services. SPNP is available from either party on either a per DS0, DS1 or DS3 basis. Where SPNP-DID is provided on a DS1 or a DS3 basis, applicable channelization rates as specified in Attachment C-16, incorporated herein by this reference. SPNP is available only for basic local exchange service. Section E6.8.1.H of the BellSouth intrastate Switched Access tariff, as said tariff is amended from time to time during the term of this Agreement.

D. SPNP is available only where AT&T or BellSouth is currently providing, or will begin providing concurrent with provision of SPNP, basic local exchange service to the affected end user. SPNP for a particular AT&T assigned telephone number is available only from the central office originally providing local exchange service to the end user. SPNP for a particular assigned telephone number will be disconnected when any end user, Commission, BellSouth, or AT&T initiated activity (e.g. a change in exchange boundaries) would normally result in a telephone number change had the end user retained his initial local exchange service.

E. SPNP-Remote is a telecommunications service whereby a call dialed to an SPNP-Remote equipped telephone number, is automatically forwarded to an assigned seven or ten digit telephone number within the local calling area as defined in Section A3 of the BellSouth General Subscriber Service Tariff. The forwarded-to number is specified by AT&T or BellSouth, as appropriate. Where technologically feasible, the forwarding party will provide identification of the originating telephone number, via SS7 signaling, to the receiving party. Neither party guarantees, however, identification of the originating telephone number to the SPNP-Remote end user.

SPNP-Remote provides a single call path for the forwarding of no more than one simultaneous call to the receiving party's specified forwarded-to number. Additional call paths for the forwarding of multiple simultaneous calls are available on a per path basis and are in addition to the rate for SPNP-Remote service.

F. SPNP-DID service provides trunk side access to end office switches for direct inward dialing to other company's premises equipment from the telecommunications network to lines associated with the other company's switching equipment and must be provided on all trunks in a group arranged for inward service. A SPNP-DID trunk termination, provided with SS7 Signaling only, charge applies for each trunk voice grade equivalent. In addition, direct facilities are required from the end office where a ported number resides to the end office serving the ported end user customer. The rates for a switched local channel and switched dedicated transport apply as contained in Section E6 of BellSouth's intrastate Access Services tariff, as said Tariff is amended from time to time during the term of this Agreement. Transport mileage will be calculated as the airline distance between the end office where the number is ported and the POI using the V&H coordinate method. SPNP-DID must be established with a minimum configuration of 2 channels and one unassigned telephone number per switch, per arrangement for control purposes. Transport facilities arranged for SPNP-DID may not be mixed with any other type of trunk group, with no outgoing calls placed over said facilities. SPNP-DID will be provided only where such facilities are available and where the switching equipment of the ordering party is properly equipped. Where SPNP-DID service is required from more than one wire center or from separate trunk groups within the same wire center, such service provided from each wire center or each trunk group within the same wire center shall be considered a separate service. Only customer dialed sent paid calls will be completed to the first number of a SPNP-DID number group, however there are no restrictions on calls completed to other numbers of a SPNP-DID number group. Interface group arrangements provided for terminating the switched transport at the party's terminal location are as set forth in E6.1.3.A. of BellSouth's intrastate Access Services tariff, as amended from time to time during the term of this Agreement.

G. SPNP services will be provided at the charges contained in Attachment B-3 for SPNP-RCF and Attachment B-4 for SPNP-DID. Both Attachments are incorporated herein by this reference.

H. The calling party is responsible for payment of the applicable charges for sent-paid calls to the SPNP number. For collect, third-party, or other operator-assisted non-sent paid calls to the ported telephone number, BellSouth or AT&T is responsible for the payment of charges under the same terms and conditions for which the end user would have been liable for those charges. Either party may request that the other block collect and third party non-sent paid calls to the SPNP assigned telephone number. If the party does not request blocking, the other party will provide itemized local usage data for the billing of non-sent paid calls on the monthly bill of usage charges, provided at the individual end user account level. The detail will include

itemization of all billable usage. As an alternative to the itemized monthly bill, each party shall have the option of receiving this usage data on a daily basis via a data file transfer arrangement. This arrangement will utilize the existing industry uniform standard, known as EMR standards, for exchange of billing data. Files of usage data will be created daily for the optional service. Usage originated and recorded in the sending BellSouth RAO will be provided in unrated format. AT&T usage originated elsewhere and delivered via CMDS to the sending BellSouth RAO will be provided in rated format.

I. Each party is responsible for obtaining authorization from the end user for the handling of the disconnection of the end user's service, the provision of new local service and the provision of SPNP services. Each party is responsible for coordinating the provision of service with the other to assure that its switch is capable of accepting SPNP ported traffic. Each party is responsible for providing equipment and facilities that are compatible with the other's service parameters, interfaces, equipment and facilities and is required to provide sufficient terminating facilities and services at the terminating end of an SPNP call to adequately handle all traffic to that location and is solely responsible to ensure that its facilities, equipment and services do not interfere with or impair any facility, equipment, or service of the other party or any of its end users. In the event that either party determines in its sole judgment that the other party will likely impair or is impairing, or interfering with any equipment, facility or service or any of its end users, that party may either refuse to provide SPNP service or terminate SPNP to the other party.

J. Each party is responsible for providing an appropriate intercept announcement service for any telephone numbers subscribed to SPNP services for which it is not presently providing local exchange service or terminating to an end user. Where either party chooses to disconnect or terminate any SPNP service, that party is responsible for designating the preferred standard type of announcement to be provided.

K. Each party will be the other's party's single point of contact for all repair calls on behalf of each party's end user. Each party reserves the right to contact the other party's customers, if deemed necessary, for maintenance purposes.

L. Neither party is responsible for adverse effects on any service, facility or equipment for the use of SPNP services. End-to-end transmission characteristics may vary depending on the distance and routing necessary to complete calls over SPNP facilities and the fact that another carrier is involved in the provisioning of service. Therefore, end-to-end transmission characteristics can not be specified by either party for such calls. Neither party is responsible to the other if any necessary change in protection criteria or in any of the facilities, operation, or procedures of either renders any facilities provided by the other party obsolete or renders necessary modification of the other party's equipment.

M. For that terminating IXC traffic ported to AT&T which requires use of BellSouth tandem switching, BellSouth will bill the IXC tandem switching, the interconnection charge, and a portion of the transport, and AT&T will bill the IXC local switching, the carrier common line and a portion of the transport. If BellSouth is unable to provide the necessary access records to permit AT&T to bill the IXCs directly for terminating access to ported numbers, then the parties agree to work cooperatively to develop a surrogate method to approximate the access minutes, and a settlement process with BellSouth to recover those access revenues due it as a co-provider of access services to IXCs. During the interim, while the surrogate is being developed, BellSouth will bill the IXC full terminating switched access charges, keep the interconnection charge, tandem switching and a portion of transport, and remit the local switching, a portion of transport and CCL revenues to AT&T. If a BellSouth toll intraLATA call is delivered to AT&T, BellSouth will pay terminating access rates. This subsection does not apply in cases where SPNP-DID is utilized for number portability.

N. If AT&T has direct connections to the IXCs for the termination of all interLATA traffic and it is only through the use of SPNP services that the BellSouth tandem is being utilized and BellSouth receives network access service revenues from the terminating IXC, AT&T will bill BellSouth the network access charges for the terminating facilities used for that interLATA traffic. This circumstance may also arise where an intraLATA toll call from a BellSouth customer is sent to a BellSouth number that is, in turn, forwarded through the use of SPNP services to AT&T's customer. If so, AT&T will bill BellSouth the network access charges for the terminating facilities used for that intraLATA toll traffic.

O. If during the term of this Agreement, the Federal Communications Commission issues regulations pursuant to 47 U.S.C. §251 to require number portability different than that provided pursuant to this subsection, the parties agree to fully comply with those regulations.

VII. Provision of Unbundled Elements (47 U.S.C. §251(c)(3), § 252(d) and §271(x)(2)(B)(ii))

A. The parties intend that BellSouth's offer of unbundled network elements to AT&T pursuant to this section shall comply with the requirements of sections 251, 252 and 271 of the Act.

B. BellSouth will offer an unbundled local loop to AT&T at the rates as set forth in Attachment C-15, incorporated herein by this reference. Special construction charges, if applicable, will be as set forth in BellSouth's Intrastate Special Access Tariff as said tariff is amended from time to time during the term of this Agreement. BellSouth will also offer, as a new service loop concentration as set forth in Attachment C-16, incorporated herein by this reference. The parties agree that loop concentration service is not an unbundled element.

C. BellSouth will offer to AT&T unbundled loop channelization system service which provides the multiplexing function to convert 96 voice grade loops to DS1 level for connection with AT&T's point of interface. Rates are as set forth in Attachment C-16, incorporated herein by this reference.

D. BellSouth will offer to AT&T unbundled local transport from the trunk side of its switch at the rates as set forth in Attachment B-1, incorporated herein by this reference.

E. BellSouth will offer to AT&T unbundled local switching at the rates as set forth in Attachment C-17, incorporated herein by this reference, for the unbundled exchange service port.

F. The parties agree that BellSouth may provide, upon AT&T request, any other network element on an unbundled basis at any technically feasible point on its network pursuant to the requirements of section 251 of the Act.

VIII. Access To Poles, Ducts, Conduits, and Rights of Way (47 U.S.C. § 251(b)(4) and §271(c)(2)(B)(iii))

A. BellSouth agrees to provide to AT&T, pursuant to 47 U.S.C. § 224, as amended by the Act, nondiscriminatory access to any pole, duct, conduit, or right-of-way owned or controlled by BellSouth.

IX. Access to 911/E911 Emergency Network (47 U.S.C. §271(c)(2)(B)(vii)(I))

A. The parties intend for the provision of access to BellSouth's 911/E911 Emergency network by AT&T pursuant to this section to comply with the requirements of sections 251, 252, and 271 of the Act.

B. For basic 911 service, BellSouth will provide to AT&T a list consisting of each municipality in each state that subscribes to Basic 911 service. The list will also provide, if known, the E911 conversion date for each municipality and, for network routing purposes, a ten-digit directory number representing the appropriate emergency answering position for each municipality subscribing to 911. AT&T will arrange to accept 911 calls from its end users in municipalities that subscribe to Basic 911 service and translate the 911 call to the appropriate 10-digit directory number as stated on the list provided by BellSouth. AT&T will route that call to BellSouth at the appropriate tandem or end office. When a municipality converts to E911 service, AT&T shall discontinue the Basic 911 procedures and begin the E911 procedures, set forth in subsection (B), below.

C. For E911 service, AT&T shall install a minimum of two dedicated trunks originating from AT&T's serving wire center and terminating to the appropriate E911

tandem. The dedicated trunks shall be, at minimum, DS0 level trunks configured either as a 2 wire analog interface or as part of a digital (1.544 Mb/s) interface. Either configuration shall use CAMA type signaling with multifrequency (MF) pulsing that will deliver automatic number identification (ANI) with the voice portion of the call. If the user interface is digital, MF pulses, as well as other AC signals, shall be encoded per the u-255 Law convention. AT&T will provide BellSouth daily updates to the E911 database.

D. If a municipality has converted to E911 service, AT&T will forward 911 calls to the appropriate E911 tandem, along with ANI, based upon the current E911 end office to tandem homing arrangement as provided by BellSouth. If the E911 tandem trunks are not available, AT&T will alternatively route the call to a designated 7-digit local number residing in the appropriate PSAP. This call will be transported over BellSouth's interoffice network and will not carry the ANI of the calling party.

E. BellSouth and AT&T agree that the practices and procedures contained in the E911 Local Exchange Carrier Guide For Facility-Based Providers, as it is amended from time to time during the term of this Agreement by BellSouth, shall determine the appropriate procedures and practices of the parties as to the provision of 911/E911 Access.

F. The applicable rate elements are as set forth in Attachment C-3, incorporated herein by this reference.

X. Provision of Operator Services (47 U.S.C. §271(c)(2)(B)(vii)(II)&(III))

A. The parties intend for the provision of access to BellSouth's operator services by AT&T pursuant to this section to comply with the requirements of sections 251, 252, and 271 of the Act.

B. The parties agree to mutually provide busy line verification and emergency interrupt services pursuant to each party's published Tariffs as the Tariffs are amended from time to time during the term of this Agreement.

C. BellSouth will offer to AT&T Operator Call Processing Access Service; and Directory Assistance Access Services (Number Services). Rates, terms and conditions are set forth in Attachment C-8 for Operator Call Processing Access Service and Attachment C-9 for Directory Assistance Access Services. Both Attachments are incorporated herein by this reference.

D. BellSouth will offer to AT&T CMDS Hosting and the Non Sent Paid Report System pursuant to the terms and conditions set forth in Attachments C-11and C-12, incorporated herein by this reference.

XI. Directory Listings (47 U.S.C.§271(c)(2)(B)(viii))

A. The parties intend for the provision of white pages directory listings to AT&T pursuant to this section to comply with the requirements of sections 251, 252, and 271 of the Act.

B. Subject to execution of an Agreement between AT&T and BellSouth's affiliate, BellSouth Advertising & Publishing Corporation, ("BAPCO"), substantially in the form set forth in Attachment C-1, (1) listings shall be included in appropriate White Pages or alphabetical directories; (2) AT&T's business subscribers' listings shall also be included in appropriate Yellow Pages, or classified directories; and (3) copies of such directories shall be delivered to AT&T's subscribers.

C. BellSouth will include AT&T subscriber listings in BellSouth's directory assistance databases and BellSouth will not charge AT&T to maintain the Directory Assistance database. The parties agree to cooperate with each other in formulating appropriate procedures regarding lead time, timeliness, format and content of listing information.

D. BellSouth will provide AT&T a magnetic tape or computer disk containing the proper format for submitting subscriber listings. AT&T will provide BellSouth with its directory listings and daily updates to those listings, including new, changed, and deleted listings, in an industry-accepted format.

E. BellSouth and BAPCO will accord AT&T's directory listing information the same level of confidentiality which BellSouth and BAPCO accords its own directory listing information, and BellSouth shall limit access to AT&T's customer proprietary confidential directory information to those BellSouth or BAPCO employees who are involved in the preparation of listings.

F. Additional listings and optional listings may be provided by BellSouth at the rates set forth in the General Subscriber Services Tariff as the tariff is amended from time to time during the term of this Agreement.

XII. Access to Telephone Numbers (47 U.S.C. §271(c)(2)(B)(ix))

A. The parties intend for the provision of access to telephone numbers for AT&T pursuant to this section to comply with the requirements of sections 251, 252, and 271 of the Act.

B. BellSouth, during any period under this Agreement in which it serves as a North American Numbering Plan administrator for its territory, shall ensure that AT&T has nondiscriminatory access to telephone numbers for assignment to its telephone

exchange service customers. It is mutually agreed that BellSouth shall provide numbering resources pursuant to the BellCore Guidelines Regarding Number Assignment and compliance with those guidelines shall constitute nondiscriminatory access to numbers. AT&T agrees that it will complete the NXX code application in accordance with Industry Carriers Compatibility Forum, Central Office Code Assignment Guidelines, ICCF 93-0729-010. This service will be as set forth in Attachment C-2, incorporated herein by this reference.

C. If during the term of this Agreement BellSouth is no longer the North American Numbering Plan administrator, the parties agree to comply with the guidelines, plan or rules adopted pursuant to 47 U.S.C. § 251(e).

XIII. Access to Signaling and Signaling Databases (47 U.S.C. §271(c)(2)(B)(x))

A. The parties intend for the provision of access to signaling and signaling databases for AT&T pursuant to this section to comply with the requirements of sections 251, 252, and 271 of the Act.

B. BellSouth will offer to AT&T use of its signaling network and signaling databases on an unbundled basis at published tariffed rates. Signaling functionality will be available with both A-link and B-link connectivity.

C. BellSouth agrees to input the NXXs assigned to AT&T into the Local Exchange Routing Guide ("LERG").

D. BellSouth will enter AT&T line information into its Line Information Database ("LIDB") pursuant to the terms and conditions contained in Attachment C-5, incorporated herein by this reference. Entry of line information into LIDB will enable AT&T's end users to participate or not participate in alternate billing arrangements such as collect or third number billed calls.

E. If AT&T utilizes BellSouth's 800 database for query purposes only, the rates and charges shall be as set forth in Attachment C-4, incorporated herein by this reference.

XIV. BellSouth's Offer of Services Available for Resale (47 U.S.C.§ 251(c)(4), §251(d)(3) & §271(c)(2)(B)(xiv))

A. The parties intend for the provisions contained in this section regarding BellSouth's telecommunications services available for resale to comply with the requirements of sections 251, 252, and 271 of the Act.

B. The rates pursuant by which AT&T is to purchase services from BellSouth for resale shall be at a discount rate off of the retail rate for the telecommunications

service. The discount rates shall be as set forth in Attachment D, attached hereto and incorporated herein by this reference. Such discount shall reflect the costs avoided by BellSouth when selling a service for wholesale purposes.

C. AT&T may resell the tariffed local exchange and toll telecommunications services of BellSouth subject to the terms, and conditions specifically set forth herein. Notwithstanding the foregoing, the following are not available for purchase: Grandfathered services; promotional and trial retail service offerings; lifeline and linkup services; contract service arrangements; installment billing options; 911 and E911 services; interconnection services for mobile service providers; and legislatively or administratively mandated specialized discounts (e.g. education institutions discount).

D. The provision of services by BellSouth to AT&T does not constitute a joint undertaking for the furnishing of any service.

E. AT&T will be the customer of record for all services purchased from BellSouth. Except as specified herein, BellSouth will take orders from, bill and expect payment from AT&T for all services.

F. AT&T will be BellSouth's single point of contact for all services purchased pursuant to this Agreement including all ordering activities and repair calls. For all repair requests, AT&T accepts responsibility for adhering to BellSouth's prescreening guidelines prior to referring the trouble to BellSouth. BellSouth may bill AT&T for handling troubles that are found not to be in the BellSouth network. The parties agree that BellSouth may contact AT&T's customers, if in its sole discretion it deems necessary for maintenance purposes. BellSouth shall have no other contact with the end user except to the extent provided for herein.

G. BellSouth will continue to bill the end user for any services that the end user specifies it wishes to receive directly from BellSouth. BellSouth maintains the right to serve directly any end user within the service area of AT&T and ALEC agrees not to interfere with the right of any end user to obtain service directly from BellSouth. BellSouth will continue to directly market its own telecommunications products and services and in doing so may establish independent relationships with end users of AT&T.

H. In most circumstances, the current telephone number of an end user may be retained by the end user unless the end user has past due charges associated with the BellSouth account for which payment arrangements have not been made. BellSouth will not, however, make the end user's previous telephone number available to AT&T until the end user's outstanding balance has been paid. Denied service means that the service of an end user provided by a local exchange telecommunications

company, including BellSouth has been temporally suspended for nonpayment and subject to complete disconnection.

I. BellSouth may provide any service or facility for which a charge is not established herein, as long as it is offered on the same terms to AT&T for a charge not less than BellSouth's cost.

J. The characteristics and methods of operation of any circuits, facilities or equipment provided by any person or entity other than BellSouth shall not:

1. Interfere with or impair service over any facilities of BellSouth, its affiliates, or its connecting and concurring carriers involved in its service;

2. Cause damage to their plant;

3. Impair the privacy of any communications; or

4. Create hazards to any employees or the public.

AT&T assumes the responsibility of notifying BellSouth regarding less than standard operations with respect to services provided by AT&T.

K. AT&T agrees that its resale of BellSouth services shall be as follows:

1. The resale of telecommunications services shall be limited to users and uses conforming to the class of service restrictions.

2. To the extent AT&T is a telecommunications carrier that serves greater than 5 percent of the Nation's presubscribed access lines, AT&T shall not jointly market its interLATA services with the telecommunications services purchased from BellSouth pursuant to this Agreement in any of the states covered under this Agreement. For purposes of this subsection, to jointly market means any advertisement, marketing effort or billing in which the telecommunications services purchased from BellSouth for purposes of resale to customers and interLATA services offered by AT&T are packaged, tied, bundled, discounted or offered together in any way to the end user. Such efforts include, but are not limited to, sales referrals, resale arrangements, sales agencies or billing agreements. This subsection shall be void and of no effect for a particular state covered under this Agreement as of February 8, 1999 or on the date BellSouth is authorized to offer interLATA services in that state, whichever is earlier.

3. Hotel and Hospital PBX service are the only telecommunications services available for resale to Hotel/Motel and Hospital end users, respectively. Similarly, Access Line Service for Customer Provided Coin Telephones is the only local service available for resale to COCOTS customers. Shared Tenant Service customers can only be sold those telecommunications services available in BellSouth's A23 or A27 Shared Tenant Service Tariff, as appropriate.

4. AT&T is prohibited from furnishing both flat and measured rate service on the same business premises to the same subscribers (end users) as stated in A2.3.2.A. of BellSouth's Tariff.

5. Resold services can only be used in the same manner as specified in BellSouth's Tariff. Resold services are subject to the same terms and conditions as are specified for such services when furnished to an individual end user of BellSouth in the appropriate section of BellSouth's Tariffs. Specific tariff features, e.g. a usage allowance per month, shall not be aggregated across multiple resold services. Resold services cannot be used to aggregate traffic from more than one end user customer except as specified in Section A23. of BellSouth's Tariff referring to Shared Tenant Service.

L. Telephone numbers transmitted via any resold service feature are intended solely for the use of the end user of the feature. Resale of this information is prohibited.

M. Services resold under BellSouth's Tariffs and facilities and equipment provided by BellSouth shall be maintained by BellSouth. AT&T or its end users may not rearrange, move, disconnect, remove or attempt to repair any facilities owned by BellSouth, other than by connection or disconnection to any interface means used, except with the written consent of BellSouth.

N. BellSouth will not perform billing and collection services for AT&T as a result of the execution of this Agreement. All requests for billing services should be referred to the appropriate entity or operational group within BellSouth.

O. Until such time as BellSouth receives permission from the FCC to bill the End User Common Line (EUCL) charge to AT&T, BellSouth will, on an interim basis, bill AT&T the charges shown below which are identical to the EUCL rates billed by BST to its end users.

		Monthly Rate
1.	Residential (a) Each Individual Line or Trunk	$3.50
2.	Single Line Business (b) Each Individual Line or Trunk	$3.50
3.	Multi-line Business (c) Each Individual Line or Trunk	$6.00

P. The procedures for discontinuing end user service purchased by AT&T for resale to an end user are as follows:

1. Where possible, BellSouth will deny service to AT&T's end user on behalf of, and at the request of, AT&T. Upon restoration of the end user's service, restoration charges will apply and will be the responsibility of AT&T

2. At the request of AT&T, BellSouth will disconnect a AT&T end user customer.

3. All requests by AT&T for denial or disconnection of an end user for nonpayment must be in writing.

4. AT&T will be made solely responsible for notifying the end user of the proposed disconnection of the service.

5. BellSouth will continue to process calls made to the Annoyance Call Center and will advise AT&T when it is determined that annoyance calls are originated from one of their end user's locations. BellSouth shall be indemnified, defended and held harmless by AT&T and/or the end user against any claim, loss or damage arising from providing this information to AT&T. It is the responsibility of AT&T to take the corrective action necessary with its customers who make annoying calls. Failure to do so will result in BellSouth's disconnecting the end user's service.

Q. The procedures for discontinuing service to AT&T are as follows:

1. BellSouth reserves the right to suspend or terminate service for nonpayment or in the event of prohibited, unlawful or improper use of the facilities or

service, abuse of the facilities, or any other violation or noncompliance by AT&T of the rules and regulations of BellSouth's Tariffs.

2. If payment of account is not received by the bill day in the month after the original bill day, BellSouth may provide written notice to AT&T, that additional applications for service will be refused and that any pending orders for service will not be completed if payment is not received by the fifteenth day following the date of the notice. If BellSouth does not refuse additional applications for service on the date specified in the notice, and AT&T's noncompliance continues, nothing contained herein shall preclude BellSouth's right to refuse additional applications for service without further notice.

3. If payment of the account is not received, or arrangements made, by the bill day in the second consecutive month, the account will be considered in default and will be subject to denial or disconnection, or both.

4. If AT&T fails to comply with the provisions of this Agreement, including any payments to be made by it on the dates and times herein specified, BellSouth may, on thirty days written notice to the person designated by AT&T to receive notices of noncompliance, discontinue the provision of existing services to AT&T at any time thereafter. In the case of such discontinuance, all billed charges, as well as applicable termination charges, shall become due. If BellSouth does not discontinue the provision of the services involved on the date specified in the thirty days notice, and AT&T's noncompliance continues, nothing contained herein shall preclude BellSouth's right to discontinue the provision of the services to AT&T without further notice.

5. If payment is not received or arrangements made for payment by the date given in the written notification, AT&T's services will be discontinued. Upon discontinuance of service on a AT&T's account, service to AT&T's end users will be denied. BellSouth will also reestablish service at the request of the end user or AT&T upon payment of the appropriate connection fee and subject to BellSouth's normal application procedures.

6. If within fifteen days after an end user's service has been denied no contact has been made in reference to restoring service, the end user's service will be disconnected.

R. BellSouth may require AT&T to make a deposit when purchasing services for resale purposes to be held by BellSouth as a guarantee of the payment of rates and charges. Any such deposit may be held during the continuance of the service and may

not exceed two month's estimated billing. The fact that a deposit has been made in no way relieves AT&T from the prompt payment of bills on presentation nor does it constitute a waiver or modification of the regular practices of BellSouth providing for the discontinuance of service for non-payment of any sums due BellSouth. In the event that AT&T defaults on its account, service to AT&T will be terminated and any deposits held will be applied to its account. In the case of a cash deposit, interest at the rate of six percent per annum shall be paid to AT&T during the continuance of the deposit. Interest on a deposit shall accrue annually and, if requested, shall be annually credited to AT&T by the accrual date.

S. AT&T is strictly prohibited from any use of, including but not limited to sales, marketing or advertising, any BellSouth name or trademark.

XV. Ordering of Services From BellSouth For Resale Purposes

A. The ordering and provision of services purchased from BellSouth for resale purposes by AT&T shall be as set forth in the OLEC-to-BellSouth Ordering Guidelines (Reseller) as those guidelines are amended by BellSouth from time to time during the term of this Agreement.

B. When the initial service is ordered by AT&T, BellSouth will establish an accounts receivable master account for AT&T.

C. BellSouth shall bill AT&T on a current basis all applicable charges and credits, including any service order charges.

D. Payment of all charges will be the responsibility of AT&T. AT&T shall make payment to BellSouth for all services billed. BellSouth is not responsible for payments not received by AT&T from AT&T's customer. BellSouth will not become involved in billing disputes that may arise between AT&T and its customer. Payments made to BellSouth as payment on account will be credited to an accounts receivable master account and not to an end user's account.

E. BellSouth will render bills each month on established bill days for each of AT&T's accounts.

F. BellSouth will bill AT&T in advance charges for all services to be provided during the ensuing billing period except charges associated with service usage, which charges will be billed in arrears. Charges will be calculated on an individual end user account level, including, if applicable, any charges for usage or usage allowances. BellSouth will also bill all charges, including but not limited to 911 and E911 charges, telecommunications relay charges, and franchise fees, on an individual end user account level.

G. The payment will be due by the next bill date (i.e., same date in the following month as the bill date) and is payable in immediately available U.S. funds. Payment is considered to have been made when received by BellSouth.

If the payment due date falls on a Sunday or on a Holiday which is observed on a Monday, the payment due date shall be the first non-Holiday day following such Sunday or Holiday. If the payment due date falls on a Saturday or on a Holiday which is observed on Tuesday, Wednesday, Thursday, or Friday, the payment due date shall be the last non-Holiday day preceding such Saturday or Holiday. If payment is not received by the payment due date, a late payment penalty, as set forth in I. following, shall apply.

H. Upon proof of tax exempt certification from AT&T, the total amount billed to AT&T will not include any taxes due from the end user. AT&T will be solely responsible for the computation, tracking, reporting and payment of all federal, state and/or local jurisdiction taxes associated with the services resold to the end user.

I. As the customer of record, AT&T will be responsible for, and remit to BellSouth, all charges applicable to its resold services for emergency services (E911 and 911) and Telecommunications Relay Service (TRS) as well as any other charges of a similar nature.

J. If any portion of the payment is received by BellSouth after the payment due date as set forth preceding, or if any portion of the payment is received by BellSouth in funds that are not immediately available to BellSouth, then a late payment penalty shall be due to BellSouth. The late payment penalty shall be the portion of the payment not received by the payment due date times a late factor. The late factor shall be the lessor of:

1. The highest interest rate (in decimal value) which may be levied by law for commercial transaction, compounded daily for the number of days from the payment due date to and including the date that AT&T actually makes the payment to BellSouth, or

2. 0.000590 per day, compounded daily for the number of days from the payment due date to and including the date that AT&T actually makes the payment to BellSouth.

K. Any Carrier Common Line charges (CCL) associated with interexchange carrier access to the resold local exchange lines will be billed by, and due to, BellSouth.

L. In general, BellSouth will not become involved in disputes between AT&T and AT&T's end user customers over resold services. If a dispute does arise that cannot be settled without the involvement of BellSouth, AT&T shall contact the designated Service Center for resolution. BellSouth will make every effort to assist in the resolution of the dispute and will work with AT&T to resolve the matter in as timely a manner as possible. AT&T may be required to submit documentation to substantiate the claim.

M. AT&T is responsible for payment of all appropriate charges for completed calls, services, and equipment. If objection in writing is not received by BellSouth within twenty-nine days after the bill is rendered, the account shall be deemed correct and binding upon AT&T.

XVI. Network Design and Management (47 U.S.C. § 251(c)(5))

A. The parties agree to work cooperatively to install and maintain reliable interconnected telecommunications networks, including but not limited to, maintenance contact numbers and escalation procedures. BellSouth agrees to provide public notice of changes in the information necessary for the transmission and routing of services using its local exchange facilities or networks, as well as of any other changes that would affect the interoperability of those facilities and networks.

B. The interconnection of all networks will be based upon accepted industry/national guidelines for transmission standards and traffic blocking criteria.

C. The parties will work cooperatively to apply sound network management principles by invoking appropriate network management controls, e.g.. call gapping, to alleviate or prevent network congestion.

D. BellSouth does not intend to charge rearrangement, reconfiguration, disconnection, or other non-recurring fees that may be associated with the initial reconfiguration AT&T's interconnection arrangement. However, AT&T's interconnection reconfigurations will have to be considered individually as to the application of a charge. Notwithstanding the foregoing, BellSouth does intend to charge AT&T non-recurring fees for any additions to, or added capacity to, any facility or trunk purchased by AT&T.

E. The parties agree to provide LEC-to-LEC Common Channel Signaling (CCS) to one another, where available, in conjunction with all traffic in order to enable full interoperability of CLASS features and functions except for repeat dialing. All CCS signaling parameters will be provided, including automatic number identification (ANI), originating line information (OLI) calling party category, charge number, etc. All privacy indicators will be honored, and the parties agree to cooperate on the exchange of Transactional Capabilities Application Part (TCAP) messages to facilitate full interoperability of CCS-based features between the respective networks.

F. For network expansion, the parties agree to review engineering requirements on a quarterly basis and establish forecasts for trunk utilization as required by Section V of this Agreement. New trunk groups will be implemented as state by engineering requirements for both parties.

G. The parties agree to provide each other with the proper call information, i.e. originated call party number and destination call party number, CIC, and OZZ, including all proper translations for routing between networks and any information necessary for billing where BellSouth provides recording capabilities. The exchange of information is required to enable each party to bill properly.

XVII. Disconnection of Existing End User Service

A. BellSouth will accept requests from AT&T to disconnect the service of an existing BellSouth end user. BellSouth will accept a request directly from an end user for conversion of the end user's service from AT&T to BellSouth or will accept a request from another ALEC or AT&T for conversion of the Service Provider Number Portability service associated with an end user's service from AT&T to the second ALEC or Reseller. BellSouth will notify AT&T that such a request has been processed. BellSouth will not require end user confirmation prior to disconnecting the end user's service. AT&T must, however, provide proof of authorization upon request.

B. If BellSouth determines that an unauthorized change in local service provider has occurred, BellSouth will reestablish service with the appropriate local service provider as requested by the end user and will assess AT&T an Unauthorized Change Charge of $19.41 per line or trunk for Residence of Business and $34.19 for each Public or Semi-Public Line. The appropriate nonrecurring charges to reestablish the customer's service with the appropriate local service provider will also be assessed to AT&T because of the unauthorized change. These charges may be adjusted if AT&T provides satisfactory proof of authorization.

C. BellSouth may designate BellSouth as the preferred provider of local exchange service for its own pay telephones.

XVIII. Effect of Commission Orders, Execution of Agreements or Approval of Tariffs

A. In the event an appropriate regulatory agency or judicial body orders or directs BellSouth or AT&T to provide any substantive portion of this Interim Agreement in a way different than that provided for herein, the parties agree to implement said order so that the parties can incorporate the order on the same day that the order becomes effective. The parties agree that such action shall take place only after all administrative and judicial remedies have been exhausted.

B. In the event BellSouth executes an interconnection, unbundling and resale agreement with any other local exchange carrier, the parties agree that AT&T shall be eligible to supersede this Agreement with the identical rates, terms and conditions contained in the BellSouth agreement with the other local exchange carrier. If AT&T chooses to adopt another agreement in its entirety, the parties agree that the effective day shall be the date the agreement is approved by the Commission.

C. In the event BellSouth files and receives approval for a tariff offering to provide any substantive service of this Agreement in a way different than that provided for herein, the parties agree that AT&T shall be eligible for subscription to said service at the rates, terms and conditions contained in the tariff. The parties agree that such eligibility shall be as of the effective date of the tariff..

XIX. Implementation of Agreement

The parties agree that within 30 days of the execution of this Agreement they will adopt a schedule for the implementation of this Agreement. The schedule shall state with specificity, ordering, testing, and full operational time frames The implementation shall be attached to this Agreement as an addendum and specifically incorporated herein by this reference.

XX. Auditing Procedures

A. Upon thirty (30) days written notice, each party must provide the other the ability and opportunity to conduct an annual audit to ensure the proper billing of traffic between the parties. The parties agree to retain records of call detail for a minimum of nine months from which the PLU can be ascertained. The audit shall be accomplished during normal business hours at an office designated by the party being audited. Audit request shall not be submitted more frequently than one (1) time per calendar year. Audits shall be performed by a mutually acceptable independent auditory paid for by the party requesting the audit. The PLU shall be adjusted based upon the audit results and shall apply to the usage for the quarter the audit was completed, the usage for the quarter prior to the completion of the audit, and to the usage for the two quarters following the completion of the audit. If, as a result of an audit, either party is found to have overstated the PLU by twenty percentage points (20%) or more, that party shall reimburse the auditing party for the cost of the audit.

B. For combined interstate and intrastate AT&T traffic terminated by BellSouth over the same facilities, AT&T shall provide a projected Percentage Interstate Usage ("PIU") as defined herein to BellSouth. All jurisdictional report requirements, rules and regulations for Interexchange Carriers specified in E2.3.14 of BellSouth's Intrastate Access Services Tariff will apply to AT&T. After interstate and intrastate traffic percentages have been determined by use of PIU procedures, the PLU factor will be used for application and billing of local interconnection and intrastate toll access charges.

C. BellSouth reserves the right to periodically audit services purchased by AT&T for the purposes of resale to confirm that such services are being utilized in conformity with this Agreement. AT&T agrees to make any and all records available to BellSouth or its auditors on a timely basis. BellSouth shall bear the cost of said audit that shall not occur more than once in a calendar year. If the audit determines that the services are being utilized in violation of this Agreement, AT&T shall be notified and billing for the service will be immediately changed to conform with this Agreement. Service charges, back billing and interest may be applied.

XXI. Liability and Indemnification

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

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

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

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

E. Notwithstanding subsection A., the party providing services under this Agreement, its affiliates, and its parent company shall be indemnified, defended and held harmless by the party receiving such services against any claim, loss or damage arising from the receiving party's use of the services provided under this Agreement, involving: 1) Claims for libel, slander, invasion of privacy, or infringement of copyright arising from the receiving party's own communications; 2) any claim, loss, or damage claimed by the receiving party's customer(s) arising from such customer's use of any service, including 911/E911, that the customer has obtained from the receiving party and that the receiving party has obtained from the supplying party under this Agreement; or 3) all other claims arising out of an act or omission of the receiving party in the course of using services provided pursuant to this Agreement. Notwithstanding the foregoing, to the extent that a claim, loss or damage is caused by the gross negligence or willful misconduct of a supplying party the receiving party shall have no obligation to indemnify, defend and hold harmless the supplying party hereunder.

F. BellSouth assumes no liability for the accuracy of the data provided to it by AT&T and AT&T agrees to indemnify and hold harmless BellSouth for any claim, action, cause of action, damage, injury whatsoever, that may result from the supply of data from AT&T to BellSouth in conjunction with the provision of any service provided pursuant to this Agreement.

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

H. No license under patents (other than the limited license to use) is granted by one party to the other or shall be implied or arise by estoppel, with respect to any service offered pursuant to this Agreement. Notwithstanding subsection A., the party providing a service pursuant to this Agreement will defend the party receiving such service against claims of patent infringement arising solely from the use by the receiving party of such service and will indemnify the receiving party for any damages awarded based solely on such claims. Such indemnification shall not, however, extend to claims for patent infringement to the extent the alleged infringement results from:

(1) Modification of the service by someone other than the providing party and /or its subcontractors, where there would be no such infringement or violation in the absence of such modification; or

(2) The combination, operation or use of the service with any product, data or apparatus not provided by the providing party and/or its subcontractors, where there would be no such infringement or violation in the absence of such combination, operation or use.

I. Promptly after receipt of notice of any claim or the commencement of any action for which a party may seek indemnification pursuant to this Article IX, such party (the "Indemnified Party") shall promptly give written notice to the other party (the Indemnifying Party") of such claim or action, but the failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party of any liability it may have to the Indemnified Party except to the extent the Indemnifying Party has actually been prejudiced thereby. The Indemnifying Party shall be obligated to assume the defense of such claim, at its own expense. The Indemnified Party shall cooperate with the Indemnifying Party's reasonable requests for assistance or information relating to such claim, at the Indemnifying Party's expense. The Indemnified Party shall have the right to participate in the investigation and defense of such claim or action, with separate counsel chosen and paid for by the Indemnified Party.

J. A party's failure to provide or maintain services offered pursuant to this Agreement shall be excused to the extent such failure is the result of labor difficulties, governmental orders, civil commotion, criminal actions taken against such party, acts of God and other circumstances beyond such party's reasonable control.

XXII. Treatment of Proprietary and Confidential Information

A. Both parties agree that it may be necessary to provide each other during the term of this Agreement with certain confidential information, including trade secret information, including but not limited to, technical and business plans, technical information, proposals, specifications, drawings, procedures, customer account data, call detail records and like information (hereinafter collectively referred to as "Information"). Both parties agree that all Information shall be in writing or other tangible form and clearly marked with a confidential, private or proprietary legend and that the Information will be returned to the owner within a reasonable time. Both parties agree that the Information shall not be copied or reproduced in any form. Both parties agree to receive such Information and not disclose such Information. Both parties agree to protect the Information received from distribution, disclosure or dissemination to anyone except employees of the parties with a need to know such Information and which employees agree to be bound by the terms of this Section. Both parties will use the same standard of care to protect Information received as they would use to protect their own confidential and proprietary Information.

B. Notwithstanding the foregoing, both parties agree that there will be no obligation to protect any portion of the Information that is either: 1) made publicly available by the owner of the Information or lawfully disclosed by a nonparty to this Agreement; 2) lawfully obtained from any source other than the owner of the Information; or 3) previously known to the receiving party without an obligation to keep it confidential.

XXIII. Resolution of Disputes

Except as otherwise stated in this Agreement, the parties agree that if any dispute arises as to the interpretation of any provision of this Agreement or as to the proper implementation of this Agreement, the parties will petition the Commission for a resolution of the dispute. However, each party reserves any rights it may have to seek judicial review of any ruling made by the Commission concerning this Agreement.

XXIV. Limitation of Use

The parties agree that this Agreement shall not be proffered by either party in another jurisdiction as evidence of any concession or as a waiver of any position taken by the other party in that jurisdiction or for any other purpose.

XXV. Waivers

Any failure by either party to insist upon the strict performance by the other party of any of the provisions of this Agreement shall not be deemed a waiver of any of the provisions of this Agreement, and each party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Agreement.

XXVI. Governing Law

This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Georgia, without regard to its conflict of laws principles.

XXVII. Arm's Length Negotiations

This Agreement was executed after arm's length negotiations between the undersigned parties and reflects the conclusion of the undersigned that this Agreement is in the best interests of all parties.

XXVIII. Notices

A. Every notice, consent, approval, or other communications required or contemplated by this Agreement shall be in writing and shall be delivered in person or given by postage prepaid mail, address to:

BellSouth Telecommunications, Inc.	AT&T Communications
_____	_____
_____	_____
_____	_____

or at such other address as the intended recipient previously shall have designated by written notice to the other party.

B. Where specifically required, notices shall be by certified or registered mail. Unless otherwise provided in this Agreement, notice by mail shall be effective on the date it is officially recorded as delivered by return receipt or equivalent, and in the absence of such record of delivery, it shall be presumed to have been delivered the fifth day, or next business day after the fifth day, after it was deposited in the mails.

XXIX. Entire Agreement

This Agreement and its Attachments, incorporated herein by this reference, sets forth the entire understanding and supersedes prior agreements between the parties relating to the subject matter contained herein and merges all prior discussions between them, and neither party shall be bound by any definition, condition, provision, representation, warranty, covenant or promise other than as expressly stated in this Agreement or as is contemporaneously or subsequently set forth in writing and executed by a duly authorized officer or representative of the party to be bound thereby.

BellSouth Telecommunications, Inc.	AT&T Communications Corporation
_____	_____
Signature	Signature
_____	_____
Title	Title
_____	_____
Date	Date

ATTACHMENT A

EXAMPLE OF "5% CAP"

Case 1:	
BellSouth terminates 10,000 min. to ALEC X	ALEC X bills BellSouth for 10,000 min.
ALEC X terminates 15,000 min. to BellSouth	BellSouth bills ALEC X for 10,500 min. (10,000 + 5%)
Case 2:	
BellSouth terminates 15,000 min. to ALEC X	ALEC X bills BellSouth for 10,500 min. (10,000 + 5%)
ALEC X terminates 10,000 min. to BellSouth	BellSouth bills ALEC X for 10,000 min.
Case 3:	
BellSouth terminates zero min. to ALEC X	ALEC X bills BellSouth zero
ALEC X terminates 10,000 min. to BellSouth	BellSouth bills ALEC X zero
Case 4:	
BellSouth terminates 10,000 min. to ALEC X	ALEC X bills BellSouth zero
ALEC X terminates zero min. to BellSouth	BellSouth bills ALEC X zero
Case 5:	
BellSouth terminates 10,000 min. to ALEC X	ALEC X bills BellSouth for 10,000 min.
ALEC X terminates 10,200 min. to BellSouth	BellSouth bills ALEC X for 10,200 min. (difference is less than cap)
Case 6:	

BellSouth terminates 10,200 min. to ALEC X	ALEC X bills BellSouth for 10,200 min. (difference is less than cap)
ALEC X terminates 10,000 min. to BellSouth	BellSouth bills ALEC X for 10,000 min.

Case 7:

BellSouth and ALEC X both terminate 10,000 min. to each other	ALEC X and BellSouth both bill each other 10,000 min.

Attachment B-1

Local Interconnection Service

Service: Local Interconnection*

Description: Provides for the use of BellSouth Switching and transport facilities and common subscriber plant for connecting calls between an ALEC's Point of Interface (POI) and a BellSouth end user.

It can also be used to connect calls between an ALEC and an Interexchange Carrier (IC), and Independant Exchange Telephone Company (ICO), or a Mobile Service Service Provider (MSP), or between two ALECs.

It is furnished on a per-trunk basis. Trunks are differentiated by traffic type and directionality. There are two major traffic types: (1) Local and (2) Intermediary. Local represents traffic from the ALEC's POI to a BellSouth tandem or end office and intermediary represents traffic originated or terminated by an ALEC which is interconnected with an IC, ICO, MSP or another ALEC.

Rates and charges will be applied as indicated below.

State(s): Alabama

RATE ELEMENTS	Per MOU	Applied Per	Monthly Recur.	Applied Per	Non-Recur.	Applied Per
DS1 Local Channel	--	--	$133.81	LC	$666.97	LC - First
					$486.83	LC - Add'l
DS1 Dedicated Transport	--	--	$23.50	per mile	--	--
			$90.00	fac.term.	$100.48	fac. term.
DS1 Common Transport	$0.00004	per mile	--	--	--	--
	$0.00036	fac. term.	--	--	--	--
Local Switching LS2 (FGD)	$0.00755	access mou	--	--	--	--
Tandem Switching	$0.00074	access mou	--	--	--	--
Information Surcharge	$0.03218	100 mou	--	--	--	--
Tandem Intermediary Charge**	$0.002	access mou	--	--	--	--
Composite Rate-DS1 Dedicated	$0.00978					
Composite Rate-DS1 Tandem Sw.	$0.00991					

Florida

RATE ELEMENTS	Per MOU	Applied Per	Monthly Recur.	Applied Per	Non-Recur.	Applied Per
DS1 Local Channel	--	--	$133.81	LC	$666.97	LC - First
					$486.83	LC - Add'l
DS1 Dedicated Transport			$16.75	per mile	--	--
	--	--	$69.75	fac.term.	$100.48	fac. term.
DS1 Common Transport	$0.00004	per mile	--	--	--	--
	$0.00036	fac. term.	--	--	--	--
Local Switching LS2 (FGD)	$0.00676	access mou	--	--	--	--
Tandem Switching	$0.00060	access mou	--	--	--	--
Information Surcharge	--		--	--	--	--
Tandem Intermediary Charge**	$0.002	access mou	--	--	--	--
Composite Rate-DS1 Dedicated	$0.01028					
Composite Rate-DS1 Tandem Sw.	$0.01058					

State(s): Georgia

RATE ELEMENTS	Per MOU	Applied Per	Monthly Recur.	Applied Per	Non-Recur.	Applied Per
DS1 Local Channel	--	--	$133.81	LC	$666.97	LC - First
			--	--	$486.83	LC - Add'l
DS1 Dedicated Transport	--	--	$23.50	per mile	--	--
			$90.00	fac.term.	$100.48	fac. term.
DS1 Common Transport	$0.00004	per mile	--	--	--	--
	$0.00036	fac. term.	--	--	--	--
Local Switching LS2 (FGD)	$0.00787	access mou	--	--	--	--
Tandem Switching	$0.00074	access mou	--	--	--	--
Information Surcharge	--	--	--	--	--	--
Tandem Intermediary Charge**	$0.002	access mou	--	--	--	--
Composite Rate-DS1 Dedicated	$0.00978					
Composite Rate-DS1 Tandem Sw.	$0.00991					

Kentucky

RATE ELEMENTS	Per MOU	Applied Per	Monthly Recur.	Applied Per	Non-Recur.	Applied Per
DS1 Local Channel	--	--	$133.81	LC	$666.97	LC - First
			--	--	$486.83	LC - Add'l
DS1 Dedicated Transport	--	--	$23.50	per mile	--	--
			$90.00	fac.term.	$100.48	fac. term.
DS1 Common Transport	$0.00004	per mile	--	--	--	--
	$0.00036	fac. term.	--	--	--	--
Local Switching LS2 (FGD)	$0.00755	access mou	--	--	--	--
Tandem Switching	$0.00074	access mou	--	--	--	--
Information Surcharge	$0.03218	Prem/100 mou	--	--	--	--
	$0.01448	Trans/100 mou				
Tandem Intermediary Charge**	$0.002	access mou	--	--	--	--
Composite Rate-DS1 Dedicated	$0.00978					
Composite Rate-DS1 Tandem Sw.	$0.00991					

*Rates are displayed at the DS1-1.544 Mbps. level. For rates and charges applicable to other arrangement levels, refer to Section E6 of BellSouth Telecommunication's, Inc.'s Intrastate Access Tariff

**The Tandem Intermediary Charge applies only to Intermediary Traffic.

-DS1 Local Channel: denotes a DS1 dedicated transport facility between the ALEC's serving wire center and the ALEC's POI, also called an Entrance Facility. This element will apply when associated with services ordered by an ALEC which utilizes a BellSouth facilities. This element is not required when an ALEC is collocated.

-DS1 Dedicated Transport: provides transmission and facility termination. The facility termination applies for each DS1 Interoffice Channel terminated. Can be used from the ALEC's serving wire center to the end users end office or from the ALEC's serving with center to the tandem.

-Common Transport: Composed of Common Transport facilities as determined by BellSouth and permits the transmission of calls terminated by BellSouth.

-Access Tandem Switching: provides function of switching traffic from or to the Access Tandem from or to the end office switch(es). The Access Tandem Switching charge is assessed on all terminating minutes of use switched at the access tandem.

-Compensation Credit (CAP): BellSouth and the ALECs will not be required to compensate each other for more than 106% of the total billed local interconnection minutes of use of the party with the lower total billed local interconnection minutes of use in the same month.

Service: Local Interconnection* (Cont'd)

State(s):	Louisiana						Mississippi					
RATE ELEMENTS	Per MOU	Applied Per	Monthly Recur.	Applied Per	Non-Recur.	Applied Per	Per MOU	Applied Per	Monthly Recur.	Applied Per	Non-Recur.	Applied Per
DS1 Local Channel	--	--	$133.81	LC	$866.97	LC - First	--	--	$133.81	LC	$866.97	LC - First
					$486.83	LC - Add'l					$486.83	LC - Add'l
DS1 Dedicated Transport	--	--	$16.75	per mile	--	--			$23.50	per mile	--	--
			$59.75	fac.term.	$100.49	fac. term.	--	--	$90.00	fac.term.	$100.49	fac. term.
DS1 Common Transport	$0.00004	per mile	--	--	--	--	$0.00004	per mile	--	--	--	--
	$0.00036	fac. term.	--	--	--	--	$0.00036	fac. term.	--	--	--	--
Local Switching LS2 (FGD)	$0.00869	access mou	--	--	--	--	$0.00787	access mou	--	--	--	--
Tandem Switching	$0.00050	access mou	--	--	--	--	$0.00074	access mou	--	--	--	--
Information Surcharge	--	--	--	--	--	--	--	--	--	--	--	--
Tandem Intermediary Charge**	$0.002	access mou	--	--	--	--	$0.002	access mou	--	--	--	--
Composite Rate-DS1 Dedicated	$0.01021						$0.00978					
Composite Rate-DS1 Tandem Sw.	$0.01049						$0.00991					

State(s):	N.Carolina						S.Carolina					
RATE ELEMENTS	Per MOU	Applied Per	Monthly Recur.	Applied Per	Non-Recur.	Applied Per	Per MOU	Applied Per	Monthly Recur.	Applied Per	Non-Recur.	Applied Per
DS1 Local Channel	--	--	$133.81	LC	$866.97	LC - First	--	--	$133.81	LC	$866.97	LC - First
					$486.83	LC - Add'l			--		$486.83	LC - Add'l
DS1 Dedicated Transport	--	--	$23.50	per mile	--		--	--	$23.50	per mile	--	--
			$90.00	fac.term.	$100.49	fac. term.			$90.00	fac.term.	$100.49	fac. term.
DS1 Common Transport	$0.00004	per mile	--	--	--	--	$0.00004	per mile	--	--	--	--
	$0.00036	fac. term.	--	--	--	--	$0.00036	fac. term.	--	--	--	--
Local Switching LS2 (FGD)	$0.01140	access mou	--	--	--	--	$0.01085	access mou	--	--	--	--
Tandem Switching	$0.00074	access mou	--	--	--	--	$0.00074	access mou	--	--	--	--
Information Surcharge	--	--	--	--	--	--	$0.03741	100 mou	--	--	--	--
Tandem Intermediary Charge**	$0.002	access mou	--	--	--		$0.002	access mou	--	--	--	
Composite Rate-DS1 Dedicated	$0.01331						$0.01323					
Composite Rate-DS1 Tandem Sw.	$0.01344						$0.01336					

State(s):	Tennessee					
RATE ELEMENTS	Per MOU	Applied Per	Monthly Recur.	Applied Per	Non-Recur.	Applied Per
DS1 Local Channel	--	--	$133.81	LC	$866.97	LC - First
					$486.83	LC - Add'l
DS1 Dedicated Transport	--	--	$23.50	per mile	--	
			$90.00	fac.term.	$100.49	fac. term.
DS1 Common Transport	$0.00004	per mile	--	--	--	--
	$0.00036	fac. term.	--	--	--	--
Local Switching LS2 (FGD)	$0.01750	access mou	--	--	--	--
Tandem Switching	$0.00074	access mou	--	--	--	--
Information Surcharge	--	--	--	--	--	--
Tandem Intermediary Charge**	$0.002	access mou	--	--	--	--
Composite Rate-DS1 Dedicated	$0.01941					
Composite Rate-DS1 Tandem Sw.	$0.01954					

*Rates are displayed at the DS1-1.544 Mbps. level. For rates and charges applicable to other arrangement levels, refer to Section E6 of BellSouth Telecommunication's, Inc.'s Intrastate Access Tariff

**The Tandem Intermediary Charge applies only to Intermediary Traffic.

-DS1 Local Channel: denotes a DS1 dedicated transport facility between the ALEC's serving wire center and the ALEC's POI, also called an Entrance Facility. This element will apply when associated with services ordered by an ALEC which utilizes a BellSouth facilities. This element is not required when an ALEC is collocated.

-DS1 Dedicated Transport: provides transmission and facility termination. The facility termination applies for each DS1 Interoffice Channel terminated. Can be used from the ALEC's serving wire center to the end users end office or from the ALEC's serving with center to the tandem.

-Common Transport: Composed of Common Transport facilities as determined by BellSouth and permits the transmission of calls terminated by BellSouth.

-Access Tandem Switching: provides function of switching traffic from or to the Access Tandem from or to the end office switch(es). The Access Tandem Switching charge is assessed on all terminating minutes of use switched at the access tandem.

-Compensation Credit (CAP): BellSouth and the ALECs will not be required to compensate each other for more than 105% of the total billed local interconnection minutes of use of the party with the lower total billed local interconnection minutes of use in the same month.

Attachment B-3

Local Interconnection Service

Service: Service Provider Number Portability-Remote

Description: Service Provider Number Portability (SPNP) is an interim service arrangement provided by BellSouth to ALECs whereby an end user, who switches subscription to local exchange service from BellSouth to an ALEC, is permitted to retain use of the existing BellSouth assigned telephone number provided that the end user remains at the same location.

SPNP-Remote is a telecommunications service whereby a call dialed to an SPNP-Remote equipped telephone number, assigned by BellSouth, is automatically forwarded to an ALEC assigned seven or ten digit telephone number within BellSouth's basic local calling area as defined in Section A3 of BellSouth's General Subscriber Service Tariff. The forwarded-to number is specified by the ALEC.

SPNP-Remote provides a single call path for the forwarding of no more than one simultaneous call to the ALEC specified forwarded-to number. Additional call paths for the forwarding of multiple simultaneous calls are available on a per path basis, and are in addition to the rate for SPNP-Remote service.

State(s):	Per Number Ported, Each Monthly Rate	Additional Capacity for Simultaneous Call Forwarding, per Additional Path Monthly Rate	Per Order, per end user location Nonrecurring Charge
Alabama	$1.50	$0.75	$25.00
Florida	$1.50 Business $1.25 Residence	$0.50 Business $0.50 Residence	$25.00 Business $25.00 Residence
Georgia	$1.75	$0.75	$25.00
Kentucky	$1.50	$0.75	$25.00
Louisiana	$1.50	$0.75	$25.00
Mississippi	$1.75	$0.75	$25.00
N.Carolina	$1.50	$0.75	$25.00
S.Carolina	$1.50	$0.75	$25.00
Tennessee	$1.75	$0.75	$25.00

Attachment B-2

Local Interconnection Service

Service: Toll Switched Access

Description: Provides the Switched Local Channel, Switched Transport, Access Tandem Switching, local end office switching and end user termination functions necessary to complete the transmission of ALEC intrastate and interstate calls from outside the BellSouth's basic local calling area.

Provided in the terminating direction only. Provides trunk side access to a BellSouth tandem/end office for the ALEC's use in terminating long distance communications from the ALEC to BellSouth end users.

Provided at BellSouth tandem/end office as trunk side terminating switching through the use of tandem/end office trunk equipment. The switch trunk equipment may be provided with wink start-pulsing signals and answer and disconnect supervisory signaling, or without signaling when out of band signaling is provided.

Provided with multifrequency address or out of band signaling. Ten digits of the called party number, as appropriate, will be provided by the ALEC's equipment to a BellSouth tandem/end office.

State(s): All

Rates, Terms and Conditions:

In all states, rates, terms and conditions will be applied as set forth in Section E6 of BellSouth Telecommunication's, Inc.'s Intrastate Access Service Tariffs and in Section 6 of the BellSouth Telecommunication's, Inc. Interstate Access Tariff, F.C.C. No. 1.

Attachment B-4

Local Interconnection Service

Service: Service Provider Number Portability-Direct Inward Dialed (DID)*

Description: Service Provider Number Portability (SPNP) is an interim service arrangement provided by BellSouth to ALECs whereby an end user, who switches subscription to local exchange service from BellSouth to an ALEC is permitted to retain use of the existing BellSouth assigned telephone number provided that the end user remains at the same location.

SPNP-DID provides trunk side access to BellSouth end office switched for direct inward dialing to ALEC premises from the telecommunications network directly to lines associated with ALEC switching equipment.

SPNP-DID will be available on either a DS0, DS1 or DS3 basis.

SPNP-DID Trunk Termination will only be provided with SS7 Signaling at rates set forth in E6 of BellSouth Telecommunication's, Inc.'s Intrastate Access Tariffs.

Direct facilities are required from the BellSouth end office where a ported number resides to the ALEC end office serving the ALEC end user.

State(s): Alabama / Florida

RATE ELEMENTS	Monthly Recurring	Applied Per	Non-Recurring	Applied Per	Monthly Recurring	Applied Per	Non-Recurring	Applied Per
Per Number Ported - Business	$0.01	each	$1.00	each	$0.01	each	$1.00	each
Per Number Ported - Residence	$0.01	each	$1.00	each	$0.01	each	$1.00	each
Per Order	--	--	$25.00	end user	--	--	$25.00	end user
	--	--	--	location	--	--	--	location
SPNP-DID Trunk Termination	$13.00	trunk	$160.00	trunk-init.	$15.00	trunk	$170.00	trunk-init.
			$80.00	trunk-sub.			$86.00	trunk-sub.
DS1 Local Channel**	$133.81	LC	$866.97	LC - First	$133.81	LC	$866.97	LC - First
	--	--	$486.83	LC - Add'l	--	--	$486.83	LC - Add'l
DS1 Dedicated Transport**	$23.50	per mile	--	--	$16.75	per mile	--	--
	$90.00	fac. term.	$100.49	fac. term.	$59.75	fac. term.	$100.49	fac. term.

State(s): Georgia / Kentucky

RATE ELEMENTS	Monthly Recurring	Applied Per	Non-Recurring	Applied Per	Monthly Recurring	Applied Per	Non-Recurring	Applied Per
Per Number Ported - Business	$0.01	each	$1.00	each	$0.01	each	$1.00	each
Per Number Ported - Residence	$0.01	each	$1.00	each	$0.01	each	$1.00	each
Per Order	--	--	$25.00	end user	--	--	$25.00	end user
	--	--		location	--	--		location
SPNP-DID Trunk Termination	$14.00	trunk	$165.00	trunk-init.	$13.00	trunk	$150.00	trunk-init.
			$83.00	trunk-sub.			$80.00	trunk-sub.
DS1 Local Channel**	$133.81	LC	$866.97	LC - First	$133.81	LC	$866.97	LC - First
	--	--	$486.83	LC - Add'l	--	--	$486.83	LC - Add'l
DS1 Dedicated Transport**	$23.50	per mile	--	--	$23.50	per mile	--	--
	$90.00	fac. term.	$100.49	fac. term.	$90.00	fac. term.	$100.49	fac. term.

* Rates are displayed at the DS1-1.544 Mbps. level. For rates and charges applicable to other arrangement levels, refer to Section E6 of BellSouth's Intrastate Access Tariffs.

**May not be required if the ALEC is collocated at the ported number end office.

Service: Service Provider Number Portability-Direct Inward Dialed (DID)* (Cont'd)

State(s): Louisiana / Mississippi

RATE ELEMENTS	Monthly Recurring	Applied Per	Non-Recurring	Applied Per	Monthly Recurring	Applied Per	Non-Recurring	Applied Per
Per Number Ported - Business	$0.01	each	$1.00	each	$0.01	each	$1.00	each
Per Number Ported - Residence	$0.01	each	$1.00	each	$0.01	each	$1.00	each
Per Order	--	--	$25.00	end user	--	--	$25.00	end user
	--	--	--	location	--	--		location
SPNP-DID Trunk Termination	$13.00	trunk	$170.00	trunk-init.	$13.00	trunk	$150.00	trunk-init.
			$86.00	trunk-sub.			$80.00	trunk-sub.
DS1 Local Channel**	$133.81	LC	$866.97	LC - First	$133.81	LC	$866.97	LC - First
	--	--	$486.83	LC - Add'l	--	--	$486.83	LC - Add'l
DS1 Dedicated Transport**	$16.75	per mile	--	--	$23.50	per mile	--	--
	$59.75	fac. term.	$100.49	fac. term.	$90.00	fac. term.	$100.49	fac. term.

State(s): N.Carolina / S.Carolina

RATE ELEMENTS	Monthly Recurring	Applied Per	Non-Recurring	Applied Per	Monthly Recurring	Applied Per	Non-Recurring	Applied Per
Per Number Ported - Business	$0.01	each	$1.00	each	$0.01	each	$1.00	each
Per Number Ported - Residence	$0.01	each	$1.00	each	$0.01	each	$1.00	each
Per Order	--	--	$25.00	end user	--	--	$25.00	end user
	--	--	--	location	--	--		location
SPNP-DID Trunk Termination	$13.00	trunk	$160.00	trunk-init.	$13.00	trunk	$164.00	trunk-init.
			$83.00	trunk-sub.			$81.00	trunk-sub.
DS1 Local Channel**	$133.81	LC	$866.97	LC - First	$133.81	LC	$866.97	LC - First
			$486.83	LC - Add'l			$486.83	LC - Add'l
DS1 Dedicated Transport**	$23.50	per mile	--	--	$23.50	per mile	--	--
	$90.00	fac. term.	$100.49	fac. term.	$90.00	fac. term.	$100.49	fac. term.

State(s): Tennessee

RATE ELEMENTS	Monthly Recurring	Applied Per	Non-Recurring	Applied Per
Per Number Ported - Business	$0.01	each	$1.00	each
Per Number Ported - Residence	$0.01	each	$1.00	each
Per Order	--	--	$25.00	end user
	--	--	--	location
SPNP-DID Trunk Termination	$13.00	trunk	$164.00	trunk-init.
			$83.00	trunk-sub.
DS1 Local Channel**	$133.81	LC	$866.97	LC - First
			$486.83	LC - Add'l
DS1 Dedicated Transport**	$23.50	per mile	--	--
	$90.00	fac. term.	$100.49	fac. term.

*Rates are displayed at the DS1-1.544 Mbps. level. For rates and charges applicable to other arrangement levels, refer to Section E6 of BellSouth Telecommunication's Inc.'s Intrastate Access Tariff.

**May not be required if the ALEC is collocated at the ported number end office.

Attachment C-1

Unbundled Products and Services and New Services

Service: Subscriber Listing Information

Description: Subscriber primary listing information provided at no charge and in an acceptable format will be published at no charge as standard directory listings in an alphabetical directory published by or for BellSouth at no charge to each ALEC end user customer.

State(s): All

Rates:
(1) No charge for ALEC-1 customer primary listings.
(2) Additional listings and optional listings may be provided by BellSouth at rates set forth in BellSouth's intrastate General Subscriber Services Tariffs.

Draft 5/3/96

EXHIBIT _____

ALPHABETICAL DIRECTORY SIDE AGREEMENT

I. CARRIER agrees to provide to BellSouth Advertising & Publishing Corporation ("BAPCO"), through BST, at CARRIER's expense and at no charge, listing information concerning its subscribers (designating any who do not desire published listings), consisting of: customer, name, address, telephone number and all other information reasonably requested by BAPCO for BAPCO's use in publishing directories of whatever type and format and for other derivative purposes. Such information shall be provided on a schedule and in a format reasonably acceptable to BAPCO. CARRIER shall advise BAPCO promptly regarding any directory-related inquiries, requests or complaints which it shall receive from CARRIER's subscribers and shall provide reasonable cooperation to BAPCO in response to or resolution of the same. CARRIER shall respond promptly regarding corrections or queries raised by BAPCO and to process listing changes requested by subscribers.

II. BAPCO shall include one standard listing for each CARRIER subscriber per hunting group in BAPCO's appropriate local alphabetical directory as published periodically by BAPCO unless nonlisted or nonpublished status is designated by subscribers. BAPCO shall also include one standard listing for each CARRIER business subscriber per hunting group in an appropriate heading as selected by the subscriber in BAPCO's appropriate local classified directory as published periodically by BAPCO unless nonlisted or nonpublish status is designated by subscriber. Such listings shall be interfiled with the listings of other local exchange telephone company subscribers and otherwise published in the manner of such other listings according to BAPCO's generally applicable publishing policies and standards. BAPCO shall deliver such local alphabetical and classified directory to CARRIER's subscribers according to BAPCO's generally applicable policies and standards.

III. BAPCO shall maintain full authority over its publishing schedules, policies, standards, and practices and over the scope and publishing schedules of its directories.

IV. Each party agrees to defend, indemnify and hold harmless the other from all damages, claims, suits, losses or expenses, including without limitation costs and attorneys fees, to the extent of such party's relative fault, arising out of or resulting from any error, omission or act of such party hereunder. CARRIER agrees to limit its liability and that of BAPCO by contract with CARRIER's subscribers or by tariff to no more than the cost of service for any errors or

omissions in any listings published hereunder for CARRIER subscribers. Each party shall notify in writing the other promptly of any claimed error or omission affecting this paragraph and of any claim or suit arising hereunder or relating to this Agreement and shall provide reasonable and timely cooperation in its resolution of the same. Without waiver of any rights hereunder, the indemnified party may at its expense undertake its own defense in any such claim or suit.

V. BAPCO's liability to CARRIER for any errors or omissions in directories or for any default otherwise arising hereunder shall be limited to One Dollar ($1) for any error or omission in any subscriber listing in any directory published by BAPCO.

VI. This Side Agreement shall be subject to the term and cancellation provisions of the agreement to which it is appended ("the Agreement"), except that BAPCO shall have the right to terminate this Side Agreement upon sixty days prior written notice given at any time following the initial term of the Agreement.

VII. A separate Agreement may be entered into between BAPCO and CARRIER concerning Yellow Pages, or classified directories, directory delivery, CallGuide pages, and other directory related issues.

BAPCO:	CARRIER:
BY: _____	BY: _____
NAME: _____	NAME: _____
TITLE: _____	TITLE: _____
DATE: _____	DATE: _____

DRAFT 5/20/96

AGREEMENT

In consideration of the mutual promises contained herein, BellSouth Advertising & Publishing Corporation, a Georgia corporation ("BAPCO") and _____, a _____corporation ("CARRIER") agree as follows:

1. RECITALS. BAPCO is the publisher of alphabetical and classified directories for certain communities in the southeastern region of the U.S (the "Directories"). CARRIER provides, or intends to provide, local exchange telephone service in communities in which BAPCO publishes Directories. BAPCO and CARRIER hereby establish the terms by which BAPCO will include listings of CARRIER subscribers in such Directories and by which BAPCO will provide such Directories to CARRIER subscribers.

2. CARRIER OBLIGATIONS. CARRIER agrees as follows:

(a) CARRIER shall provide to BAPCO, or its designee, at CARRIER's expense and at no charge, listing information concerning its subscribers (designating any who do not desire published listings), consisting of customer name, address, telephone number and all other information reasonably requested by BAPCO as set forth on Exhibit A for BAPCO's use in publishing Directories of whatever type and format and for other derivative purposes. Such subscriber listing information shall be provided in the format and on the schedule set forth in said Exhibit, or as otherwise mutually agreed between the parties from time to time.

(b) CARRIER shall also provide directory delivery information to BAPCO as set forth in Exhibit A for all subscribers.

(c) CARRIER shall advise BAPCO promptly of any directory-related inquiries, requests or complaints which it may receive from CARRIER subscribers and shall provide reasonable cooperation to BAPCO in response to or resolution of the same.

(d) CARRIER shall respond promptly regarding corrections or queries raised by BAPCO to process listing changes requested by subscribers.

3. BAPCO OBLIGATIONS. BAPCO agrees as follows:

(a) BAPCO shall include one standard listing for each CARRIER subscriber per hunting group in BAPCO's appropriate local alphabetical Directory as published periodically by BAPCO unless nonlisted or nonpublished status is designated by subscribers. Such listings shall be interfiled with the listings of other local exchange telephone company subscribers and otherwise published in the manner of such other listings according to BAPCO's generally applicable publishing policies and standards.

(b) BAPCO shall publish additional listings, foreign listings and other alphabetical Directory listings of CARRIER subscribers upon their request consistent with BAPCO's generally applicable policies in BAPCO's alphabetical Directories at BAPCO's prevailing rates, terms and conditions.

(c) BAPCO will distribute its regularly published alphabetical and classified Directories to local CARRIER subscribers in accordance with BAPCO's prevailing practices, including delivery following Directory publication and upon establishment of new CARRIER service, if a current Directory for that geographic area has not previously been provided. Such deliveries may include separate advertising materials accompanying the Directories.

(d) BAPCO will include CARRIER information in the customer guide pages of its alphabetical Directories for communities where CARRIER provides local exchange telephone service at the time of publication in accordance with BAPCO's prevailing standards for the same. CARRIER will provide information requested by BAPCO for such purpose on a timely basis.

(e) BAPCO shall make available at no charge to CARRIER or its subscribers one listing for CARRIER business customers per hunting group in one appropriate heading in BAPCO's appropriate local classified directory as published periodically by BAPCO. Such listings shall be published according to BAPCO's generally applicable publishing policies and standards.

(f) BAPCO agrees to solicit, accept and publish directory advertising from business subscribers for CARRIER in communities for which BAPCO publishes classified Directories in the same manner and upon substantially the same terms as it solicits, accepts and publishes advertising from advertisers who are not CARRIER subscribers.

4. PUBLISHING POLICIES. BAPCO shall maintain full authority over its publishing schedules, policies, standards, and practices and over the scope and publishing schedules of its Directories.

5. LIABILITY AND INDEMNITY.

(a) BAPCO's liability to CARRIER for any errors or omissions in directories or for any default otherwise arising hereunder shall be limited to One Dollar ($1) for errors or omissions in any subscriber listing in any directory published by BAPCO.

(b) Each party agrees to defend, indemnify and hold harmless the other from all damages, claims, suits, losses or expenses, including without limitation costs and attorneys fees, to the extent of such party's relative fault, arising out of or resulting from any error, omission or act of such party hereunder. CARRIER agrees to limit its liability and that of BAPCO by contract with CARRIER's subscribers or by tariff to no more than

the cost of service for any errors or omissions in any listings published hereunder for CARRIER subscribers. Each party shall notify in writing the other promptly of any claimed error or omission affecting this paragraph and of any claim or suit arising hereunder or relating to this Agreement and shall provide reasonable and timely cooperation in its resolution of the same. Without waiver of any rights hereunder, the indemnified party may at its expense undertake its own defense in any such claim or suit.

6. TERM. This Agreement shall be effective on the date of the last signature hereto for a term of two (2) years and shall relate to Directories published by BAPCO during such period. Thereafter, it shall continue in effect unless terminated by either party upon sixty days prior written notice.

7. ASSIGNMENT. This Agreement shall be binding upon any successors or assigns of the parties during its Term.

8. RELATIONSHIP OF THE PARTIES. This Agreement does not create any joint venture, partnership or employment relationship between the parties or their employees, and the relationship between the parties shall be that of an independent contractor. There shall be no intended third party beneficiaries to this Agreement.

9. NONDISCLOSURE.

(a) During the term of this Agreement it may be necessary for the parties to provide each other with certain information ("Information") considered to be private or proprietary. The recipient shall protect such Information from distribution, disclosure or dissemination to anyone except its employees or contractors with a need to know such Information in conjunction herewith, except as otherwise authorized in writing. All such Information shall be in writing or other tangible form and clearly marked with a confidential or proprietary legend. Information conveyed orally shall be designated as proprietary or confidential at the time or such oral conveyance and shall be reduced to writing within forty-five (45) days.

(b) The parties will not have an obligation to protect any portion of Information which: (1) is made publicly available lawfully by a nonparty to this Agreement; (2) is lawfully obtained from any source other than the providing party; (3) is previously known without an obligation to keep it confidential; (4) is released by the providing party in writing; or (5) commencing two (2) years after the termination date of this Agreement if such Information is not a trade secret under applicable law.

(c) Each party will make copies of the Information only as necessary for its use under the terms hereof, and each such copy will be marked with the same proprietary notices as appear on the originals. Each party agrees to use the Information solely in support of this Agreement and for no other purpose.

10. FORCE MAJEURE. Neither party shall be responsible to the other for any delay or failure to perform hereunder to the extent caused by fire, flood, explosion, war, strike,

riot, embargo, governmental requirements, civic or military authority, act of God, or other similar cause beyond its reasonable control. Each party shall use best efforts to notify the other promptly of any such delay or failure and shall provide reasonable cooperation to ameliorate the effects thereof.

11. PUBLICITY. Neither party shall disclose the terms of this Agreement nor use the trade names or trademarks of the other without the prior express written consent of the other.

12. REPRESENTATIVES AND NOTICES.

(a) Each party shall name one or more representatives for contacts between the parties which shall be authorized to act on its behalf. Such representatives may be changed from time to time upon written notice to the other party.

(b) Notices required by law or under this Agreement shall be given in writing by hand delivery, certified or registered mail, or by facsimile followed by certified or registered mail, addressed to the named representatives of the parties with copies to:

If to BAPCO:

Director-LEC/BST Interface
BellSouth Advertising & Publishing Corporation
Room 270
59 Executive Park South
Atlanta, GA 30329

With Copy to:

Associate General Counsel
BellSouth Advertising & Publishing Corporation
Room 430
59 Executive Park South
Atlanta, GA 30329

If to CARRIER:

_____

_____

_____

13. MISCELLANEOUS. This Agreement represents the entire Agreement between the parties with respect to the subject matter hereof and supersedes any previous oral or

written communications, representations, understandings, or agreements with respect thereto. It may be executed in counterparts, each of which shall be deemed an original. All prior and contemporaneous written or oral agreements, representations, warranties, statements, negotiations, and /or understandings by and between the parties, whether express or implied, are superseded, and there are no representations or warranties, either oral or written, express or implied, not herein contained. This Agreement shall be governed by the laws of the state of Georgia.

IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized representatives in one or more counterparts, each of which shall constitute an original, on the dates set forth below.

BELLSOUTH ADVERTISING & PUBLISHING CORPORATION	CARRIER: _____
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

EXHIBIT A

- CARRIER Listing Information, Format, Schedule for Provision
- CARRIER Delivery Information, Format, Schedule for Provision

Attachment C-2

Unbundled Products and Services and New Services

Service: Access to Numbers

Description: For that period of time in which BellSouth serves as North American Numbering Plan administrator for the states in the BellSouth region, BellSouth will assist ALECs applying for NXX codes for their use in providing local exchange services.

State(s): All

Rates: No Charge

Attachment C-3

Unbundled Products and Services and New Services

Service: Access to 911 Service

Description: Provides a universal, easy-to-remember number which is recognized nationally as the appropriate number to call in an emergency.

Additionally, ALEC-1 must provide a minimum of two dedicated trunk groups originating from ALEC-1's serving wire center and terminating to the appropriate 911 tandem. These facilities, consisting of a Switched Local Channel from ALEC-1's point of interface to it's serving wire center and Switched Dedicated Transport to the 911 tandem, may be purchased from BellSouth at the Switched Dedicated Transport rates set forth in Section E6 of BellSouth Telecommunication's Inc.'s Intrastate Access Service Tariffs.

State(s): All

Rates: Will be billed to appropriate municipality.

Attachment C-4

Unbundled Products and Services and New Services

Service: 800 Database

Description: Provides for utilization of the BellSouth 800 Service Control Points for obtaining 800 Service routing information.

800 Database service is provided using a common nationwide 800 Database. The BellSouth network components utilized in the provision of this service are the Service Switching Point (SSP), the Common Channel Signaling Seven Network, the Signal Transfer Point (STP), and the Service Control Point (SCP). Additionally, the Service Management System functions nationally as the central point for the administration of all 800 numbers and downloads 800 number information to BellSouth's SCPs.

ALEC's with STPs will be able to connect directly to BellSouth local or regional STP for obtaining 800 database routing information from BellSouth's SCP and will not be required to order FGD or TSBSA Technical Option 3 Service. For this connection the ALECs may utilize Signaling System Seven Terminations interconnected in Birmingham, AL and Atlanta, GA with BellSouth's local or regional STP.

State(s): All

Rates, Terms and Conditions:

In all states, the 800 Database rates, terms and conditions will be applied as set forth in Sections E2, E5, E6 and E13 of BellSouth Telecommunication's, Inc.'s Intrastate Access Service Tariffs.

Attachment C-5

Unbundled Products and Services and New Services

Service: Line Information Database (LIDB)- Storage Agreement

Description: The LIDB Storage Agreement provides the terms and conditions for inclusion in BellSouth's LIDB of billing number information associated with BellSouth exchange lines used for Local Exchange Companies' resale of local exchange service or Service Provider Number Portability arrangements requested Local Exchange Companies' on behalf of the Local Exchange company's end user. BellSouth will store in it's database, the relevant billing number information and will provide responses to on-line, call-by-call queries to this information for purposes of Billed Number Screening, Calling Card Validation and Fraud Control.

Each time an ALECs data is used BellSouth will compensate that ALEC at a rate of 40% of BellSouth's LIDB Validation rate per query as displayed in Attachment C-6 following.

State(s): All

Rates: No Charge

LINE INFORMATION DATA BASE (LIDB)
STORAGE AGREEMENT
FOR RESOLD LOCAL EXCHANGE LINES OR
SERVICE PROVIDER NUMBER PORTABILITY ARRANGEMENTS

This agreement, effective as of _____, 1996, is entered into by and between BellSouth Telecommunications, Inc. ("BST"), a Georgia corporation, and _____, ("Local Exchange Company").

WHEREAS, in consideration of the mutual covenants, agreements and obligations set forth below, the parties hereby agree as follows:

I. SCOPE

This Agreement sets forth the terms and conditions for inclusion in BST's Line Information Data Base (LIDB) of billing number information associated with BST exchange lines used for Local Exchange Company's resale of local exchange service or Service Provider Number Portability (SPNP) arrangements requested by Local Exchange Company on behalf of Local Exchange Company's end user. BST will store in its data base the relevant billing number information, and BST will provide responses to on-line, call-by-call queries to this information for purposes specified below.

LIDB is accessed for:

- Billed Number Screening
- Calling Card Validation for Calling Cards issued by BellSouth
- Fraud Control

II. DEFINITIONS

2.01. Billing number - a number used by BST for the purpose of identifying an account liable for charges. This number may be a line or a special billing number.

2.02. Line number - a ten digit number assigned by BST that identifies a telephone line associated with a resold local exchange service, or with a SPNP arrangement.

2.03 Special billing number - a ten digit number that identifies a billing account established by BST in connection with a resold local exchange service or with a SPNP arrangement.

2.04. Calling Card number - a billing number plus PIN number assigned by BST.

2.05 PIN number - a four digit security code assigned by BST which is added to a billing number to compose a fourteen digit calling card number.

2.06. Toll billing exception indicator - associated with a billing number to indicate that it is considered invalid for billing of collect calls or third number calls or both, by the Local Exchange Company.

2.07. Billed Number Screening - refers to the activity of determining whether a toll billing exception indicator is present for a particular billing number.

2.08. Calling Card Validation - refers to the activity of determining whether a particular calling card number exists as stated or otherwise provided by a caller.

2.09. Billing number information - information about billing number or Calling Card number as assigned by BST and toll billing exception indicator provided to BST by the Local Exchange Company.

III. RESPONSIBILITIES OF PARTIES

3.01. BST will include billing number information associated with resold exchange lines or SPNP arrangements in its LIDB. The Local Exchange Company will request any toll billing exceptions via the Local Service Request (LSR) form used to order resold exchange lines, or the SPNP service request form used to order SPNP arrangements.

3.02. Under normal operating conditions, BST shall include the billing number information in its LIDB upon completion of the service order establishing either the resold local exchange service or the SPNP arrangement, provided that BST shall not be held responsible for any delay or failure in performance to the extent such delay or failure is caused by circumstances or conditions beyond BST's reasonable control. BST will store in its LIDB an unlimited volume of the working telephone numbers associated with either the resold local exchange lines or the SPNP arrangements. For resold local exchange lines or for SPNP arrangements, BST will issue line-based calling cards only in the name of Local Exchange Company. BST will not issue line-based calling cards in the name of Local Exchange Company's individual end users. In the event that Local Exchange Company wants to include calling card numbers assigned by the Local Exchange Company in the BST LIDB, a separate agreement is required.

3.03. BST will provide responses to on-line, call-by-call queries to the stored information for the specific purposes listed in the next paragraph.

3.04. BST is authorized to use the billing number information to perform the following functions for authorized users on an on-line basis:

(a) Validate a 14 digit Calling Card number where the first 10 digits are a line number or special billing number assigned by BST, and where the last four digits (PIN) are a security code assigned by BST.

(b) Determine whether the Local Exchange Company has identified the billing number as one which should not be billed for collect or third number calls, or both.

3.05. BST will provide seven days per week, 24-hours per day, fraud control and detection services. These services include, but are not limited to, such features as sorting Calling Card Fraud detection according to domestic or international calls in order to assist the pinpointing of possible theft or fraudulent use of Calling Card numbers; monitoring bill-to-third number and collect calls made to numbers in BST's LIDB, provided such information is included in the LIDB query, and establishing Account Specific Thresholds, at BST's sole discretion, when necessary. Local Exchange Company understands and agrees BST will administer all data stored in the LIDB, including the data provided by Local Exchange Company pursuant to this Agreement, in the same manner as BST's data for BST's end user customers. BST shall not be responsible to Local Exchange Company for any lost revenue which may result from BST's administration of the LIDB pursuant to its established practices and procedures as they exist and as they may be changed by BST in its sole discretion from time to time.

3.06. Local Exchange Company understands that BST currently has in effect numerous billing and collection agreements with various interexchange carriers and billing clearing houses. Local Exchange Company further understands that these billing and collection customers of BST query BST's LIDB to determine whether to accept various billing options from end users. Additionally, Local Exchange Company understands that presently BST has no method to

differentiate between BST's own billing and line data in the LIDB and such data which it includes in the LIDB on Local Exchange Company's behalf pursuant to this Agreement. Therefore, until such time as BST can and does implement in its LIDB and its supporting systems the means to differentiate Local Exchange Company's data from BST's data and the parties to this Agreement execute appropriate amendments hereto, the following terms and conditions shall apply:

(a) The Local Exchange Company agrees that it will accept responsibility for telecommunications services billed by BST for its billing and collection customers for Local Exchange Customer's end user accounts which are resident in LIDB pursuant to this Agreement. Local Exchange Company authorizes BST to place such charges on Local Exchange Company's bill from BST and agrees that it shall pay all such charges. Charges for which Local Exchange Company hereby takes responsibility include, but are not limited to, collect and third number calls.

(b) Charges for such services shall appear on a separate BST bill page identified with the name of the entity for which BST is billing the charge.

(c) Local Exchange Company shall have the responsibility to render a billing statement to its end users for these charges, but Local Exchange Company's obligation to pay BST for the charges billed shall be independent of whether Local Exchange Company is able or not to collect from Local Exchange Company's end users.

(d) BST shall not become involved in any disputes between Local Exchange Company and the entities for which BST performs billing and collection. BellSouth will not issue adjustments for charges billed on behalf of an entity to Local Exchange Company. It shall

be the responsibility of the Local Exchange Company and the other entity to negotiate and arrange for any appropriate adjustments.

IV. COMPLIANCE

Unless expressly authorized in writing by the Local Exchange Company, all billing number information provided pursuant to this Agreement shall be used for no purposes other than those set forth in this Agreement.

V. TERMS

This Agreement will be effective as of _____, 1996, and will continue in effect for one year, and thereafter may be continued until terminated by either party upon thirty (30) days written notice to the other party.

VI. FEES FOR SERVICE AND TAXES

6.01. The Local Exchange Company will not be charged a fee for storage services provided by BST to the Local Exchange Company, as described in Section I of this Agreement.

6.02. Sales, use and all other taxes (excluding taxes on BST's income) determine by BST or any taxing authority to be due to any federal, state or local taxing jurisdiction with respect to the provision of the service set forth herein will be paid by the Local Exchange Company. The Local Exchange Company shall have the right to have BST contest with the imposing jurisdiction, at the Local Exchange Company's expense, any such taxes that the Local Exchange Company deems are improperly levied.

VII. INDEMNIFICATION

To the extent not prohibited by law, each party will indemnify the other and hold the other harmless against any loss, cost, claim, injury, or liability relating to or arising out of

negligence or willful misconduct by the indemnifying party or its agents or contractors in connection with the indemnifying party's provision of services, provided, however, that any indemnity for any loss, cost, claim, injury or liability arising out of or relating to errors or omissions in the provision of services under this Agreement shall be limited as otherwise specified in this Agreement. The indemnifying party under this Section agrees to defend any suit brought against the other party for any such loss, cost, claim, injury or liability. The indemnified party agrees to notify the other party promptly, in writing, of any written claims, lawsuits, or demands for which the other party is responsible under this Section and to cooperate in every reasonable way to facilitate defense or settlement of claims. The indemnifying party shall not be liable under this Section for settlement by the indemnified party of any claim, lawsuit, or demand unless the defense of the claim, lawsuit, or demand has been tendered to it in writing and the indemnifying party has unreasonably failed to assume such defense.

VIII. LIMITATION OF LIABILITY

Neither party shall be liable to the other party for any lost profits or revenues or for any indirect, incidental or consequential damages incurred by the other party arising from this Agreement or the services performed or not performed hereunder, regardless of the cause of such loss or damage.

IX. MISCELLANEOUS

9.01. It is understood and agreed to by the parties that BST may provide similar services to other companies.

9.02. All terms, conditions and operations under this Agreement shall be performed in accordance with, and subject to, all applicable local, state or federal legal and regulatory tariffs, rulings, and other requirements of the federal courts, the U. S. Department of Justice and state and federal regulatory agencies. Nothing in this Agreement shall be construed to cause either party to violate any such legal or regulatory requirement and either party's obligation to perform shall be subject to all such requirements.

9.03. The Local Exchange Company agrees to submit to BST all advertising, sales promotion, press releases, and other publicity matters relating to this Agreement wherein BST's corporate or trade names, logos, trademarks or service marks or those of BST's affiliated companies are mentioned or language from which the connection of said names or trademarks therewith may be inferred or implied; and the Local Exchange Company further agrees not to publish or use advertising, sales promotions, press releases, or publicity matters without BST's prior written approval.

9.04. This Agreement constitutes the entire agreement between the Local Exchange Company and BST which supersedes all prior agreements or contracts, oral or written representations, statements, negotiations, understandings, proposals and undertakings with respect to the subject matter hereof.

9.05. Except as expressly provided in this Agreement, if any part of this Agreement is held or construed to be invalid or unenforceable, the validity of any other Section of this Agreement shall remain in full force and effect to the extent permissible or appropriate in furtherance of the intent of this Agreement.

9.06. Neither party shall be held liable for any delay or failure in performance of any part of this Agreement for any cause beyond its control and without its fault or negligence, such as acts of God, acts of civil or military authority, government regulations, embargoes, epidemics, war, terrorist acts, riots, insurrections, fires, explosions, earthquakes, nuclear accidents, floods, strikes, power blackouts, volcanic action, other major environmental disturbances, unusually severe weather conditions, inability to secure products or services of other persons or transportation facilities, or acts or omissions of transportation common carriers.

9.07. This Agreement shall be deemed to be a contract made under the laws of the State of Georgia, and the construction, interpretation and performance of this Agreement and all transactions hereunder shall be governed by the domestic law of such State.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their fully authorized officers.

BELLSOUTH TELECOMMUNICATIONS, INC.

By: _____
Title: _____
Date: _____
Address: _____
_____
_____

THE LOCAL EXCHANGE COMPANY

By: _____
Title: _____
Date: _____
Address: _____
_____
_____

Attachment C-6

Unbundled Products and Services and New Services

Service: Line Information Database Access Service (LIDB) - Validation

Description: Provides a customer the ability to receive validation of billing information through query of data stored in BellSouth's LIDB data base. See below for additional information.

State(s): All

Rate Elements	Description	Monthly	Non-Recurring
LIDB Common Transport	Provides for transport of the customer's query from the LIDB Location (RSTP) to the data base (SCP). This charge will apply each time the customer requests and receives validation of a BellSouth calling card or requests and receives the status of a billed number associated with a LEC line stored in the BellSouth LIDB.	$0.00030	–
LIDB Validation	Provides for query of data resident in BellSouth's LIDB. This rate will apply each time a customer requests and receives validation of LEC calling card or requests and receives the status of a billed number associated with a LEC line stored in BellSouth's LIDB. As set forth in Attachment C-5 (LIDB Storage Agreement), preceding, each time an ALEC data is used, BellSouth will compensate that ALEC at a rate of 40% of BellSouth's LIDB Validation rate per query.	$0.03800	–
Originating Point Code Establishment or Change	Provides for the establishment or change of a customer requested Originating Point Code. This charge will apply each time the customer establishes or changes a point code destination identifying one of his locations or a location of one of his end users.	–	$91.00
CCS7 Signaling Connections	Rates, terms and conditions for CCS7 Signaling Connections are as set forth in Section E6.8 of BellSouth Telecommunication's Inc.'s Intrastate Access Services Tariff.		

Attachment C-7

Unbundled Products and Services and New Services

Service: Signaling

Description: Provides for connection to and utilization of BellSouth's Signaling System 7 network for both call setup and non-call setup purposes.

State(s): All

Rate Elements	Monthly Rate	Recurring Rate	Non-Recurring	Applied Per
CCS7 Signaling Connection - Provides a two-way digital 56 Kbps dedicated facility connecting a customer's signaling point of interface in a LATA to a BellSouth STP. Each customer's connection requires either a pair or a quad of signaling connections.	$155.00	–	$510.00	56 Kpbs facility
CCS7 Signaling Termination - Provides a customer dedicated point of interface at the BellSouth STP for each of the customer's SS7 connections.	$355.00	–	–	STP Port
CCS7 Signaling Usage* - Refers to the messages traversing the BellSouth signaling network for call set-up and non call set-up purposes.	– –	$0.000023 $0.000050	– –	Call Set Up Msg. TCAP Msg.
CCS7 Signaling Usage Surrogate*	$395.00	–	–	56 Kpbs facility

*Where signaling usage measurement and billing capability exists, CCS7 Signaling Usage will be billed on a per message basis. Where measurement capability does not exist, CCS7 Signaling Usage Surrogate will be billed on a per 56 Kbps facility basis.

Attachment C-8

Unbundled Products and Services and New Services

Service: Operator Call Processing Access Service

Description: Provides Operator and Automated call handling. This includes processing and verification of alternate billing information for collect, calling card, and billing to a third number. Operator Call Processing Access Service also provides customized call branding; dialing instructions; and other operator assistance the customer may desire.

Rate Elements	State(s)	Monthly Recurring	Applied Per
Operator Provided Call Handling	All	$1.17	Per Work Minute
Call Completion Access Termination Charge	Alabama	$0.06	Per Call Attempt
This charge will be applicable per call attempt	Florida	$0.06	Per Call Attempt
and is in addition to the Operator Provided	Georgia	$0.06	Per Call Attempt
Call Handling charge listed above.	Kentucky	$0.06	Per Call Attempt
	Louisiana	$0.06	Per Call Attempt
	Mississippi	$0.06	Per Call Attempt
	N.Carolina	$0.08	Per Call Attempt
	S.Carolina	$0.08	Per Call Attempt
	Tennessee	$0.12	Per Call Attempt
Fully Automated Call Handling	All	$0.15	Per Attempt
Operator Services Transport			
Operator Services transport rates, terms and conditions are as set forth in E6 of BellSouth Telecommunication's, Inc.'s Intrastate Access Service Tariff.			

Attachment C-9

Unbundled Products and Services and New Services

Service: Directory Assistance Access Service (Number Services)

Description: See below

Rate Elements	Description	State(s)	Monthly Rate
Directory Assistance Call Completion Access Service	Optional service provided to an Access subscriber of BellSouth's DA Access Service. Given a listed telephone number at the request of an Access subscriber's end user, BellSouth will provide or attempt to provide from the DA Operator System, call completion to the number requested. All local and intralata call completion attempts are routed over an intertoll trunk facility directly to the terminating end office that serves the designated number. An Automatic Message Account (AMA) record that includes conversation time, originating, terminating, and billing number details is made for each call completion attempt. This record is in addition to the record made for the DA transaction.	All	$0.25 (per call attempt)
Call Completion Access Termination Charge	This charge will be applicable per call attempt and is in addition to the DACC Access Service charge listed above.	Alabama Florida Georgia Kentucky Louisiana Mississippi N.Carolina S.Carolina Tennessee	$0.06 $0.06 $0.06 $0.06 $0.06 $0.06 $0.06 $0.06 $0.12
Number Services Intercept Access Service	Number Services Intercept Access refers calls from disconnected numbers to the proper number or numbers. A separate dedicated intercept trunk facility to the Number Services switch for intercept calls is required. Standard trunk signaling is used to send the intercepted number to the Number Services switch and a database hook-up is performed to retrieve the referral number. The referral number is provided to the calling party by a mechanized audio announcement. The subscribing Access customer must provide the updates to the intercept database to support the service.	All	$0.30 (per intercept query)
Directory Assistance Service Call	Rates, terms and conditions will be applied as set forth in E9.1.7 for Georgia and as set forth in E9.5.3 for AL,FL,KY,LA,MS,NC,SC,TN of BellSouth Telecommunication's Inc.'s Intrastate Access Service Tariff.		
Directory Transport	Rates, terms and conditions will be applied as set forth in E9.1.7 for Georgia and as set forth in E9.5.3 for AL,FL,KY,LA,MS,NC,SC,TN of BellSouth Telecommunication's Inc.'s Intrastate Access Service Tariff.		
Directory Assistance Interconnection	Rates, terms and conditions will be applied as set forth in E9.1.7 for Georgia and as set forth in E9.5.3 for AL,FL,KY,LA,MS,NC,SC,TN of BellSouth Telecommunication's Inc.'s Intrastate Access Service Tariff.		
Directory Assistance Database Service	Rates, terms and conditions will be applied as set forth in A38.1 of BellSouth Telecommunication's Inc.'s General Subscriber Service Tariff.		
Direct Access to DA Service	Rates, terms and conditions will be applied as set forth in Section 9.3 of BellSouth Telecommunication's, Inc.'s Interstate Access Service Tariff F.C.C. No.1.		

Attachment C-10

Unbundled Products and Services and New Services

Service: Busy Line Verification and Emergency Interrupt

Description: BellSouth will provide Inward Operator Service for Busy Line Verification and Verification and Emergency Interrupt.

State(s): All

Rates, Terms and Conditions: In all states, rates, terms and conditions will be applied as set forth in Section E18 of BellSouth Telecommunication's, Inc.'s Intrastate Access Service Tariff.

Attachment C-11

Unbundled Products and Services and New Services

Service: Centralized Message Distribution System - Hosting (CMDS-Hosting)

Description: CMDS-Hosting is the Bellcore administered national system used to exchange Exchange Message Record (EMR) formatted message data among host companies.

All intraLATA and local messages originated and billed in the BellSouth Region involving BellSouth CMDS hosted companies will be processed through the Non-Send Paid Report System described in Attachment C-12 following.

State(s): All

Rate Elements	Description	Monthly
Message Distribution	Message Distribution is routing determination and subsequent delivery of message data from one company to another. Also included is the interface function with CMDS, where appropriate. This charge is applied on a per message basis.	$0.004
Data Transmission	This charge is applied on a per message basis.	$0.001

Attachment C-12

Unbundled Products and Services and New Services

Service: Non-Sent Paid Report System (NSPRS)

Description: NSPRS includes: 1) a mechanized report system that provides to the BellSouth CMDS hosted companies within the BellSouth Region information regarding Non-Sent Paid message and revenue occurring on calls originated and and billed within the BellSouth region; 2) distribution of Bellcore produced Credit Card and Third Number System (CATS) reports and administration of associated elements; 3) distribution of Bellcore produced non-conterminous CATS reports and administration of associated settlements.

State(s): All

Rate Elements	Billing and Collections Fee Retained by Billing Co.	Applied Per
NSPRS - intrastate FL and NC	$0.066	message
NSPRS - intrastate all other BellSouth states	$0.05	message
NSPRS - CATS	$0.05	message
NSPRS - non-conterminous	$0.16	message

Attachment D

Contract Provisions for RAO Hosting and NSPRS

SECTION 1. SCOPE OF AGREEMENT

1.01 This Agreement shall apply to the services of Revenue Accounting Office (RAO) Hosting and the Non-Sent Paid Report System (NSPRS) as provided by BellSouth to the ALEC. The terms and conditions for the provisions of these services are outlined in the Exhibits to this Agreement.

SECTION 2. DEFINITIONS

2.01 A. Centralized Message Distribution System is the BellCore administered national system, based in Kansas City, Missouri, used to exchange Exchange Message Record (EMR) formatted data among host companies.

B. Compensation is the amount of money due from BellSouth to the ALEC or from the ALEC to BellSouth for services and/or facilities provided under this Agreement.

C. Exchange Message Record is the nationally administered standard format for the exchange of data among Exchange Carriers within the telecommunications industry.

D. Intercompany Settlements (ICS) is the revenue associated with charges billed by a company other than the company in whose service area such charges were incurred. ICS on a national level includes third number and credit card calls. ICS within the BellSouth region includes third number, credit card and collect calls.

E. Message Distribution is routing determination and subsequent delivery of message data from one company to another. Also included is the interface function with CMDS, where appropriate.

F. Non-Sent Paid Report System (NSPRS) is the system that calculates ICS amounts due from one company to another in the state of Florida.

G. Revenue Accounting Office (RAO) Status Company is a local exchange company/alternate local exchange company that has been assigned a unique RAO code. Message data exchanged among RAO status companies is grouped (i.e. packed) according to From/To/Bill RAO combinations.

SECTION 3. RESPONSIBILITIES OF THE PARTIES

3.01 RAO Hosting and NSPRS services provided to the ALEC by BellSouth will be in accordance with the methods and practices regularly adopted and applied by BellSouth to its own operations during the term of this Agreement, including such revisions as may be made from time to time by BellSouth.

3.02 The ALEC shall furnish all relevant information required by BellSouth for the provision of RAO Hosting and NSPRS.

SECTION 4. COMPENSATION ARRANGEMENTS

4.01 Applicable compensation amounts will be billed by BellSouth to the ALEC on a monthly basis in arrears. Amounts due from one party to the other (excluding adjustments) are payable within thirty (30) days of receipt of the billing statement.

SECTION 5. ASSOCIATED EXHIBITS

5.01 Listed below are the exhibits associated with this Agreement.

Exhibit A Message Distribution Service (RAO Hosting)

Exhibit B Intercompany Settlements (NSPRS)

5.02 From time to time by written agreement of the parties, new Exhibits may be substituted for the attached Exhibits, superseding and canceling the Exhibits then in effect.

SECTION 6. TERM OF AGREEMENT

6.01 This agreement is effective _____ and will continue in force until terminated, with or without cause, by thirty (30) days prior notice in writing from either party to the other. This Agreement may be amended from time to time upon written agreement of the parties.

Executed this _____day of_____, 1998.

WITNESS: THE ALEC

_____ _____
(title)

WITNESS: BELLSOUTH TELECOMMUNICATIONS,INC

_____ _____
(title)

SECTION 1. SCOPE OF EXHIBIT

1.01 This exhibit specifies the terms and conditions, including compensation, under which BellSouth shall provide message distribution service to the ALEC. As described herein, message distribution service includes the following:

1) Message Forwarding to Intraregion LEC/ALEC - function of receiving an ALEC message and forwarding the message to another LEC/ALEC in the BellSouth region.

2) Message Forwarding to CMDS - function of receiving an ALEC message and forwarding that message on to CMDS.

3) Message Forwarding from CMDS - function of receiving a message from CMDS and forwarding that message to the ALEC.

SECTION 2. RESPONSIBILITIES OF THE PARTIES

2.01 An ALEC that is CMDS hosted by BellSouth must have its own unique RAO code. Requests for establishment of RAO status where BellSouth is the selected CMDS interfacing host, require written notification from the ALEC to BellSouth at least six (6) weeks prior to the proposed effective date. The proposed effective date will be mutually agreed upon between the parties with consideration given to time necessary for the completion of required BellCore functions. BellSouth will request the assignment of an RAO code from its connecting contractor, currently BellCore, on behalf of the ALEC and will coordinate all associated conversion activities.

2.02 BellSouth will receive messages from the ALEC that are to be processed by BellSouth, another LEC/ALEC in the BellSouth region or a LEC outside the BellSouth region.

2.03 BellSouth will perform invoice sequence checking, standard EMR format editing, and balancing of message data with the EMR trailer record counts on all data received from the ALEC.

2.04 All data received from the ALEC that is to be processed or billed by another LEC/ALEC within the BellSouth region will be distributed to that LEC/ALEC in accordance with the agreement(s) which may be in effect between BellSouth and the involved LEC/ALEC.

2.05 All data received from the ALEC that is to be placed on the CMDS network for distribution outside the BellSouth region will be handled in accordance with the agreement(s) which may be in effect between BellSouth and its connecting contractor (currently BellCore).

2.06 BellSouth will receive messages from the CMDS network that are destined to be processed by the ALEC and will forward them to the ALEC on a daily basis.

2.07 Transmission of message data between BellSouth and the ALEC will be via electronic data transmission.

2.08 All messages and related data exchanged between BellSouth and the ALEC will be formatted in accordance with accepted industry standards for EMR formatted records and packed between appropriate EMR header and trailer records, also in accordance with accepted industry standards.

2.09 The ALEC will ensure that the recorded message detail necessary to recreate files provided to BellSouth will be maintained for back-up purposes for a period of three (3) calendar months beyond the related message dates.

2.10 Should it become necessary for the ALEC to send data to BellSouth more than sixty (60) days past the message date(s), that ALEC will notify BellSouth in advance of the transmission of the data. If there will be impacts outside the BellSouth region, BellSouth will work with its connecting contractor and the ALEC to notify all affected parties.

2.11 In the event that data to be exchanged between the two parties should become lost or destroyed, both parties will work together to determine the source of the problem. Once the cause of the problem has been jointly determined and the responsible party (BellSouth or the ALEC) identified and agreed to, the company responsible for creating the data (BellSouth or the ALEC) will make every effort to have the affected data restored and retransmitted. If the data cannot be retrieved, the responsible party will be liable to the other party for any resulting lost revenue. Lost revenue may be a combination of revenues that could not be billed to the end users and associated access revenues. Both parties will work together to estimate the revenue amount based upon historical data through a method mutually agreed upon. The resulting estimated revenue loss will be paid by the responsible party to the other party within three (3) calendar months of the date of problem resolution, or as mutually agreed upon by the parties.

2.12 Should an error be detected by the EMR format edits performed by BellSouth on data received from the ALEC, the entire pack containing the affected data will not be processed by BellSouth. BellSouth will notify the ALEC of the error condition. The ALEC will correct the error(s) and will resend the entire pack to BellSouth for processing. In the event that an out-of-sequence condition occurs on subsequent packs, the ALEC will resend these packs to BellSouth after the pack containing the error has been successfully reprocessed by BellSouth.

2.13 In association with message distribution service, BellSouth will provide the ALEC with associated intercompany settlements reports (national and regional) as appropriate.

2.14 In no case shall either party be liable to the other for any direct or consequential damages incurred as a result of the obligations set out in this agreement.

SECTION 3. COMPENSATION

3.01 For message distribution service provided by BellSouth for the ALEC, BellSouth shall receive the following as compensation:

Rate Per Message	$0.004

3.02 For data transmission associated with message distribution service, BellSouth shall receive the following as compensation:

Rate Per Message	$0.001

3.03 Data circuits (private line or dial-up) will be required between BellSouth and the ALEC for the purpose of data transmission. Where a dedicated line is required, the ALEC will be responsible for ordering the circuit, overseeing its installation and coordinating the installation with BellSouth. The ALEC will also be responsible for any charges associated with this line. Equipment required on the BellSouth end to attach the line to the mainframe computer and to transmit successfully ongoing will be negotiated on a case by case basis. Where a dial-up facility is required, dial circuits will be installed in the BellSouth data center by BellSouth and the associated charges assessed to the ALEC. Additionally, all message toll charges associated with the use of the dial circuit by the ALEC will be the responsibility of the ALEC. Associated equipment on the BellSouth end, including a modem, will be negotiated on a case by case basis between the parties.

3.04 All equipment, including modems and software, that is required on the ALEC end for the purpose of data transmission will be the responsibility of the ALEC.

Exhibit B

SECTION 1. SCOPE OF EXHIBIT

1.01 This Exhibit specifies the terms and conditions, including compensation, under which BellSouth and the ALEC will compensate each other for Intercompany Settlements (ICS) messages.

SECTION 2. RESPONSIBILITIES OF THE PARTIES

2.01 BellSouth will remit to the ALEC the revenue, less a billing charge, for IntraLATA ICS messages, Local ICS messages, and charges for other services when related messages and/or services are provided by the ALEC and billed to:

1) a BellSouth customer,

2) another company within the BellSouth region (excluding Florida) associated with the exchange of message data with BellSouth (excluding CIID and 891 messages),

3) another company within the conterminous United States that utilizes CMDS directly or indirectly and settles with BellSouth directly or indirectly through the Credit Card and Third Number Settlement System (CATS) administered by BellCore,

4) another company utilizing the non-conterminous RAO codes associated with AT&T's Transport and Tracking Intercompany System settlements with BellSouth.

2.02 These other services include, but are not limited to:

1) Maritime Mobile Radiotelephone Services radio link charges as set forth in the FCC's Maritime Mobile Radiotelephone Services tariff.

2) Aviation Radiotelephone Service radio link charges as set forth in the FCC's Aviation Radiotelephone Service tariff.

3) Public Land Mobile Radiotelephone Transient-Unit Non-Toll Service charges as approved by the authorized state regulatory commission (or municipal regulatory authority).

4) Non-Toll Service Charges billed to a calling card or to a third number as filed with and approved by the authorized state regulatory commission (or municipal regulatory authority).

5) Directory Assistance Call Charges to a calling card or to a third number as approved by the authorized regulatory commission.

2.03 The ALEC will bill, collect and remit to BellSouth the charges for intraLATA and/or local ICS messages and other services as described above where such messages and/or services are provided by:

1) BellSouth,

2) another company within the BellSouth region (excluding Florida) associated with the exchange of message data with BellSouth (excluding CIID and 891 messages),

3) another company within the conterminous United States that utilizes CMDS directly or indirectly and settles with BellSouth directly or indirectly through the Credit Card and Third Number Settlement System (CATS).

2.04 For ICS revenues involving the ALEC and other non-BellSouth LECs/ALECs within the state, BellSouth will provide the ALEC with monthly reports summarizing the ICS revenues for messages that originated with the ALEC and were billed by each of the other Florida LECs/ALECs and those messages that originated with each of the other Florida LECs/ALECs and were billed by the ALEC.

SECTION 3. COMPENSATION

3.01 The following compensation shall be retained by the billing company for the billing of ICS messages and services:

		Rate Per message
1)	Calls originated and billed in Florida or originated and billed in North Carolina	$0.0668
	Calls originated in any of the states within BellSouth region and billed in that same state	$0.05
2)	Calls originated in a state within BellSouth's region and billed in another state or originated in another state and billed in a state within BellSouth's region	$0.05
3)	Calls originated in a state within BellSouth's region and billed outside the conterminous United States	$0.16

Attachment C-13

Unbundled Products and Services and New Services

Service: Virtual Collocation

Description: Virtual Expanded Interconnection Service (VEIS) provides for location interconnection in collocator-provided/BellSouth leased fiber optic facilities to BellSouth's switched and special access services, and local interconnection facilities.

State(s): All

Rates, Terms and Conditions: In all states, the rates, terms and conditions will be applied as set forth in Section 20 of BellSouth Telecommunication's Inc.'s Interstate Access Service Tariff, F.C.C. No. 1.

Service: Physical Collocation

Description: Per FCC - (10/19/92 FCC Order, para 39)
Physical Collocation is whereby "the interconnection party pays for LEC central office space in which to locate the equipment necessary to terminate its transmission links, and has physical access to the LEC central office to install, maintain, and repair this equipment."

State(s): All

Rates, Terms and Conditions: To be negotiated

Attachment C-14

Unbundled Products and Services and New Services

Service: Poles, Ducts, Conduits and Rights of Way

State(s): All

Rates, terms and conditions: This service will be provided via a Standard License Agreement.

Attachment C-15

Unbundled Products and Services and New Services

Service: Unbundled Exchange Access Loop

Description: Provides the connection from the serving central office to a subscriber's premises and is is rated on a distance sensitive basis. It is engineered to meet the same parameters as a residence or business exchange access line.

Information relative to multiplexing of the Unbundled Exchange Access Loop is described in Attachment C-16 following.

State(s):	Alabama			Florida			Georgia		
Rate Elements	Monthly	Nonrecurring Charges First	Add'l	Monthly	Nonrecurring Charges First	Add'l	Monthly	Nonrecurring Charges First	Add'l
Unbundled Exchange Access Loop	$25.00	$68.00	$24.00	$21.15	$71.00	$25.00	$25.00	$71.00	$25.00
Unbundled Exchange Access IOC									
- Fixed	$30.00	$97.00	N/A	$28.50	$87.00	N/A	$32.00	$105.00	N/A
- 1 - 8 Miles	$2.05	N/A	N/A	$1.65	N/A	N/A	$2.05	N/A	N/A
- 9 - 25 Miles	$2.00	N/A	N/A	$1.80	N/A	N/A	$2.00	N/A	N/A
- Over 25 Miles	$1.95	N/A	N/A	$1.55	N/A	N/A	$1.95	N/A	N/A

State(s):	Kentucky			Louisiana			Mississippi		
Rate Elements	Monthly	Nonrecurring Charges First	Add'l	Monthly	Nonrecurring Charges First	Add'l	Monthly	Nonrecurring Charges First	Add'l
Unbundled Exchange Access Loop	$25.00	$68.00	$24.00	$18.50	$73.00	$26.00	$25.00	$69.00	$24.00
Unbundled Exchange Access IOC									
- Fixed	$30.00	$93.00	N/A	$30.00	$100.00	N/A	$30.00	$96.00	
- 1 - 8 Miles	$2.05	N/A	N/A	$2.05	N/A	N/A	$2.05	N/A	N/A
- 9 - 25 Miles	$2.00	N/A	N/A	$2.00	N/A	N/A	$2.00	N/A	N/A
- Over 25 Miles	$1.95	N/A	N/A	$1.95	N/A	N/A	$1.95	N/A	N/A

State(s):	N.Carolina			S.Carolina			Tennessee		
Rate Elements	Monthly	Nonrecurring Charges First	Add'l	Monthly	Nonrecurring Charges First	Add'l	Monthly	Nonrecurring Charges First	Add'l
Unbundled Exchange Access Loop	$30.03	$70.00	$25.00	$25.00	$69.00	$23.00	$25.00	$69.00	$23.00
Unbundled Exchange Access IOC									
- Fixed	$11.85	$71.87	N/A	$50.00	$97.00	N/A	$30.00	$96.00	N/A
- 1 - 8 Miles	$2.15	N/A	N/A	$2.05	N/A	N/A	$2.05	N/A	N/A
- 9 - 25 Miles	$2.15	N/A	N/A	$2.00	N/A	N/A	$2.00	N/A	N/A
- Over 25 Miles	$2.15	N/A	N/A	$1.95	N/A	N/A	$1.95	N/A	N/A

Attachment C-16

Unbundled Products and Services and New Services

Service: Channelization System for Unbundled Exchange Access Loops

Description: This new rate element provides the multiplexing function for Unbundled Exchange Access Loops. It can convert up to 96 voice grade loops to DS1 level for connection with the ALEC's point of interface. The multiplexing can be done on a concentrated basis (delivers at 2 DS1 level to customer premise) or on a non-concentrated basis (delivers at 4 DS1 level to customer premise) at the option of the customer.

In addition to the following rates elements, 1.544 Mbps local channel and/or interoffice channel facilities may be required as set forth in E7 of BellSouth Telecommunication's, Inc.'s Intrastate Access Service Tariff for non-collocated ALECs.

State(s)	Alabama			Florida			Georgia		
Rate Elements	Monthly Rate	Nonrecurring Charge First	Nonrecurring Charge Add'l	Monthly Rate	Nonrecurring Charge First	Nonrecurring Charge Add'l	Monthly Rate	Nonrecurring Charge First	Nonrecurring Charge Add'l
Unbundled Loop Channelization System (DS1 to VG), Per System	$575.00	$525.00	N/A	$555.00	$490.00	N/A	$555.00	$490.00	N/A
Central Office Channel Interface (circuit specific plug-in equipment), 1 per circuit	$1.70	$8.00	$8.00	$1.70	$7.00	$7.00	$1.70	$7.00	$7.00

State(s)	Kentucky			Louisiana			Mississippi		
Rate Elements	Monthly Rate	Nonrecurring Charge First	Nonrecurring Charge Add'l	Monthly Rate	Nonrecurring Charge First	Nonrecurring Charge Add'l	Monthly Rate	Nonrecurring Charge First	Nonrecurring Charge Add'l
Unbundled Loop Channelization System (DS1 to VG), Per System	$540.00	$495.00	N/A	$530.00	$510.00	N/A	$560.00	$450.00	N/A
Central Office Channel Interface (circuit specific plug-in equipment), 1 per circuit	$1.60	$8.00	$8.00	$1.60	$8.00	$8.00	$1.70	$6.00	$6.00

State(s):	N.Carolina			S.Carolina			Tennessee		
Rate Elements	Monthly Rate	Nonrecurring Charge First	Nonrecurring Charge Add'l	Monthly Rate	Nonrecurring Charge First	Nonrecurring Charge Add'l	Monthly Rate	Nonrecurring Charge First	Nonrecurring Charge Add'l
Unbundled Loop Channelization System (DS1 to VG), Per System	$545.00	$475.00	N/A	$520.00	$480.00	N/A	$530.00	$520.00	N/A
Central Office Channel Interface (circuit specific plug-in equipment), 1 per circuit	$1.65	$7.00	$7.00	$1.60	$6.00	$6.00	$1.60	$8.00	$8.00

Attachment C-17

Unbundled Products and Services and New Services

Service: Unbundled Exchange Ports

Description: An exchange port is the capability derived from the central office switch hardware and software required to permit end users to transmit or receive information over BellSouth's public switched network. It provides service enabling and network features and functionality such as translations, a telephone number, switching, announcements, supervision and touch-tone capability.

In addition, a BellSouth provided port with outgoing network access also provides access to other services such as operator services, long distance service, etc. It may also be combinded with other services available in BellSouth's Intrastate Access Service Tariffs as technically feasible.

When an Unbundled Port is connected to BellSouth provided collocated loops, cross-connection rate elements are required as set forth in Section 20 of BellSouth Telecommunications's, Inc.'s Interstate Access Tariff, FCC No.1.

Alabama			Florida		Georgia	
Rate Elements	**Rate**	**Per**	**Rate Elements**	**Rate**	**Rate Elements**	**Rate**
Monthly			**Monthly**		**Monthly**	
Residence Port	$2.50		Residence Port	$2.00	Residence Port	$2.28
Business Port	$7.00		Business Port	$4.50	Business Port	$4.60
PBX Trunk Port	$7.00		PBX Trunk Port	$7.50	PBX Trunk Port	$7.37
Rotary Service	$2.00		Rotary Service	$2.00	Rotary Service	$2.77
Usage-Mileage Bands			**Usage-(STS)**		**Usage-(STS)**	
A (0 miles)	$0.02	Init.min.	- init. min.	$0.0275	-setup per call	$0.02
	$0.01	Add'l min.	- add'l min.	$0.0125	- per minute or	
B (1-10 miles)	$0.04	Init.min.			fraction thereof	$0.02
	$0.02	Add'l min.				
C (11-16 miles)	$0.06	Init.min.				
	$0.04	Add'l min.				
D (17-22 miles & existing LCA described in A3.6 greater than 22 mi.)	$0.10	Init.min.				
	$0.07	Add'l min.				
E (23-30 miles)	$0.10	Init.min.				
	$0.10	Add'l min.				
F (31-40 miles)	$0.10	Init.min.				
	$0.10	Add'l min.				
G (Special Band)*	$0.10	Init.min.				
	$0.10	Add'l min.				

*In addition to the local calling described in A3 of BellSouth's General Subscriber Service Tariff, if any wire center in an exchange is located within 40 miles of any wire center in the originating exchange, local calling will be provided from the entire originating exchange to the entire terminating exchange. The usage charges for Band G are applicable for distances greater than 40 miles.

Unbundled Products and Services and New Services

Service: Unbundled Exchange Ports (Cont'd)

Kentucky

Rate Elements	Rate	Per
Monthly		
Residence Port	$3.50	
Business Port	$10.00	
PBX Trunk Port	$10.00	
Rotary Service	$3.50	
Usage-Mileage Bands		
A (0 miles)	$0.04	Init.Min.
	$0.02	Add'l min.
B (1-10 miles)	$0.04	Init.Min.
	$0.02	Add'l min.
C (Greater than 10 miles Limited LCA)	$0.06	Init.Min.
	$0.04	Add'l min.
D (1-10 miles beyond Limited LCA)	$0.04	Init.Min.
	$0.02	Add'l min.
E (11-16 miles beyond Limited LCA)	$0.06	Init.Min.
	$0.04	Add'l min.
F (17-22 miles beyond Limited LCA)	$0.09	Init.Min.
	$0.07	Add'l min.
G (23-30 miles beyond Limited LCA)	$0.09	Init.Min.
	$0.07	Add'l min.
H (31-40 miles beyond Limited LCA)	$0.09	Init.Min.
	$0.07	Add'l min.
I (Greater than 40 miles beyond Limited LCA)	$0.09	Init.Min.
	$0.07	Add'l min.

Louisiana

Rate Elements	Rate	Per
Monthly		
Residence Port	$2.50	
Business Port	$7.00	
PBX Trunk Port	$7.00	
Rotary Service	$3.50	
Usage-Mileage Bands		
0 (0 miles)	$0.02	Init.Min.
	$0.01	Add'l min.
A (1-10 miles)	$0.04	Init.Min.
	$0.02	Add'l min.
B (11-16 miles)	$0.06	Init.Min.
	$0.04	Add'l min.
C (17-22 miles)	$0.10	Init.Min.
	$0.07	Add'l min.
D (23 - 30 miles Basic LCA and Intra Parish Expanded LCA)	$0.14	Init.Min.
	$0.10	Add'l min.
	$0.10	Add'l min.
E (Greater than 30 miles Basic LCA and Intra Parish Expanded LCA)	$0.14	Init.Min.
	$0.14	Init.Min.
F (23 - 30 miles Inter-Parish Expanded LCA)	$0.14	Init.Min.
	$0.10	Add'l min.
G (31 - 40 miles Inter-Parish Expanded LCA)	$0.14	Init.Min.
	$0.14	Add'l min.
G (Greater than 40 miles Inter-Parish)	$0.14	Init.Min.
	$0.14	Add'l min.

Mississippi

Rate Elements	Rates	Per
Monthly		
Residence Port	$3.75	
Business Port	$7.50	
PBX Trunk Port	$7.50	
Rotary Service	$3.75	
Usage - Mile Bands		
A (0 miles)	$0.02	Init.min.
	$0.01	Add'l min.
B (1-10 miles)	$0.04	Init.min.
C (11-16 miles, existing LCA described in A3.6 greater than 16 miles, and calls to county seat greater than 16 miles)	$0.02	Add'l min.
	$0.06	Init.min.
	$0.04	Add'l min.
D (17-30 miles)	$0.09	Init.min.
	$0.07	Add'l min.
E (31-55 miles Biloxi LATA)	$0.09	Init.min.
	$0.07	Add'l min.
F (31-55 miles Jackson LATA)	$0.12	Init.min.
	$0.10	Add'l min.
G (56-85 miles Biloxi LATA)	$0.18	Init.min.
	$0.14	Add'l min.

N.Carolina

Rate Elements	Rates
Monthly	
Residence Port	$2.00
Business Port	$6.00
PBX Trunk Port	$8.00
Rotary Service	$1.50
Usage - (STS)	
- Init.min.	$0.05
- Add'l min.	$0.02

S.Carolina

Rate Elements	Rates
Monthly	
Residence Port	$4.00
Business Port	$10.50
PBX Trunk Port	$10.50
Rotary Service	$3.00
Usage - (STS)	
- Basic Svc.Area	$0.02
- Expanded Svc.Area	$0.12

Tennessee

Rate Elements	Rates	Per
Monthly		
Residence Port	$4.00	
Business Port	$10.00	
PBX Trunk Port	$10.00	
Rotary Service	$8.50	
Usage - Mile Bands		
A (0-16 miles)	$0.02	mou
B (17-30 miles)	$0.05	mou
C >30 miles	$0.10	mou

Attachment C-18

Unbundled Products and Services and New Services

Service: Local Calling Area Boundary Guide

Description: Provided to ALECs to assist in deployment of numbers on their network to conform with BellSouth existing local calling area geographics.

State: All

Rate(s): No Charge

ATTACHMENT "D"

APPLICABLE DISCOUNTS

The telecommunications services available for purchase by AT&T for the purposes of resale to AT&T end users shall be available at the following discount off of the retail rate.

	DISCOUNT	
STATE	RESIDENCE	BUSINESS
ALABAMA	10%	10%
FLORIDA	18%	12%
GEORGIA	11.6%	9.6%
KENTUCKY	10%	8%
LOUISIANA	11%	10%
MISSISSIPPI	9%	8%
NORTH CAROLINA	12%	9%
SOUTH CAROLINA	10%	9%
TENNESSEE	11%	9%

Discounts will not apply to: Unbundled port service; nonrecurring charges; federal or state subscriber line charges; inside wire maintenance plans; pass-through charges (e.g. N11 end user charges); and taxes

Attachment 3

AT&T

William J. (Jim) Carroll
Vice President

Room 4170
1200 Peachtree St., NE
Atlanta, GA 30309
404 810-7262

June 26, 1996

Via Hand Delivery and Facsimile

Mr. W. Scott Schaefer
Vice President
InterConnection Services
BellSouth Telecommunications
675 W. Peachtree Street
Atlanta, GA 30375

Scott:

This letter is in response to your June 13, 1996 letter and BellSouth's proposed interconnection agreement which I received close of business Friday, June 14, 1996. Because your proposal was delivered late in the day after I had left the office and I had scheduled travel out of the state on Monday, June 17, 1996, I was not able to thoroughly review your proposal until returning to the office Tuesday, June 18. Had you called or paged me and advised that your proposal was on its way to me, I would have made arrangements to thoroughly review it over the weekend. Next time, let me know in advance so I can be prepared to give you a response as soon as possible.

After reviewing your proposal, I was torn between feelings of encouragement and disappointment. The fact that BellSouth had finally delivered a proposal, although four weeks after we first discussed the exchange of comprehensive TSR proposals, was a positive step. However, after reading your proposal, I was disappointed that it failed to capture the agreements achieved thus far and did not respond in any way to AT&T's proposal provided to BellSouth on May 28 and subsequently refined on June 5.

Further, I was disappointed that your letter contained several errors. If you will recall, during our May 21 meeting, we each agreed to prepare proactive proposals and options for resolving outstanding TSR issues. We further agreed that an exchange of these proposals would occur at our May 28 meeting on an "I'll show you mine, if you show me yours" basis. At the May 28 meeting, although BellSouth was not prepared to provide its proposal to AT&T, I chose to share AT&T's proposal with BellSouth. In order to further refine AT&T's positions and to uphold a joint BellSouth/AT&T commitment to close on TSR issues by July 1, I delivered another more comprehensive TSR proposal which included term and volume commitments to Charlie Coe on June 5. I was looking forward to receiving your promised proposal on TSR service and operations on the night of June 11; however, none was delivered. Given these facts, AT&T did not "preempt BellSouth" as your letter suggests. Rather, BellSouth's inability to deliver a proposal prior to June 14 inhibited our ability to make timely progress in our negotiations. Let me assure both you and Charlie that

"preemption" is not an issue. Rather, negotiating a fair, equitable, and lawful settlement which enables us to serve our customers is the issue.

Clearly, I could understand some delay in producing a comprehensive proposal if it represented a proposal custom-tailored to meet AT&T's needs. However, BellSouth's proposal appears to be almost a word for word copy of your recently announced agreement with Hart Communications. As you know, our market entry plans are very different from those of Hart Communications and others with which you have recently announced agreements. I have discussed this with both you and Charlie Coe. We would make more progress in our negotiations if BellSouth would stop trying to develop a "one size fits all" approach for opening the local market. In addition, your proposal fails to incorporate many of the agreements reached between our companies thus far, and includes many currently tariffed BellSouth rates which are inconsistent with the Telecommunications Act of 1996. In fact, in several areas, BellSouth offered less attractive terms than those provided to Time Warner and MCI. As BellSouth's largest customer, I expected your offer to AT&T to be at least comparable to the best agreements already in the marketplace. For instance, your offer on SLNP-Remote is more expensive than that offered to Time Warner. BellSouth also has offered Time Warner more favorable operational interfaces for the interconnection of networks.

Frankly, I also am puzzled and perplexed that your proposal is similar to the "vanilla" offer that first surfaced in Florida earlier this year, with the addition of wholesale discounts and prices for unbundled network elements, and largely is a restatement of long-held BellSouth positions: OLEC handbook and avoided cost discounts as advocated by BellSouth in the regulatory arena, to name but a few. The absence of the approximately 170 of 208 TSR Items "agreed to" between AT&T and BellSouth also is disappointing.

I also disagree with your statement that AT&T's proposal represented a move "farther away from center than toward it". AT&T proposed a baseline TSR discount of 25% which represented a reduction from our publicly held and advocated positions, and we also proposed commitment levels. AT&T's proposal also provided that only certain grandfathered services be available for resale pending the verification of services segments by BellSouth. BellSouth continues to stand firm on its exclusion of grandfathered services and has not yet helped AT&T quantify grandfathered market segments. These are just a few examples where AT&T has moved towards center. You and I discussed this on June 11.

Additionally, while I understand that working from detailed requirements documents may seem burdensome, it would be imprudent for any responsible business to ratify a loosely defined agreement with hopes of working out the details sometime in the future. As you and I both know, "the devil is in the details," and only after we understand detailed processes can we understand how our companies will work together to service customers. As you know, the AT&T brand carries a reputation for industry leading service quality and we are not

ed processes can

willing to adopt an agreement which does not adequately protect the brand by addressing details of service delivery. Accordingly, over the next few weeks we will be focusing our efforts on converting our agreements into contract language which accurately represents the context of our agreements reached to date. This is in accord with our discussions in at least three different negotiating sessions. This focus on detail will ensure that in addition to executing an agreement, we also can operationalize the agreement, thus ensuring that customers have high quality competitive alternatives in the marketplace.

Thus we will provide BellSouth with another "comprehensive" proposal by the end of the week. Again, this is in line with our discussion on June 11. Having analyzed the BellSouth cost studies which you provided, AT&T provided BellSouth with a proposal addressing unbundled elements and interconnection on June 21 to compliment the TSR proposal already provided. This "comprehensive" proposal will incorporate into contract language our earlier TSR proposal, the new unbundled network elements and interconnection proposal made June 21, as well as agreements reached to date. We hope BellSouth will acknowledge receipt of this "comprehensive" proposal and respond to it specifically. In particular, because your June 14 proposal did not respond to our June 5 TSR proposal, we'd like you to give us feedback on this very important aspect of our "comprehensive" agreement. Specifically, does BellSouth support a term and volume concept as you have led us to believe? What specific issues can BellSouth accept? What ones can BellSouth not accept? What is a win/win scenario for BellSouth?

Scott, as I discussed with you on June 19 and June 20, we are looking for a true counter-proposal before we will make another offer. I look forward to the exchange of creative proposals and counterproposals in hopes that we may reach a negotiated settlement.

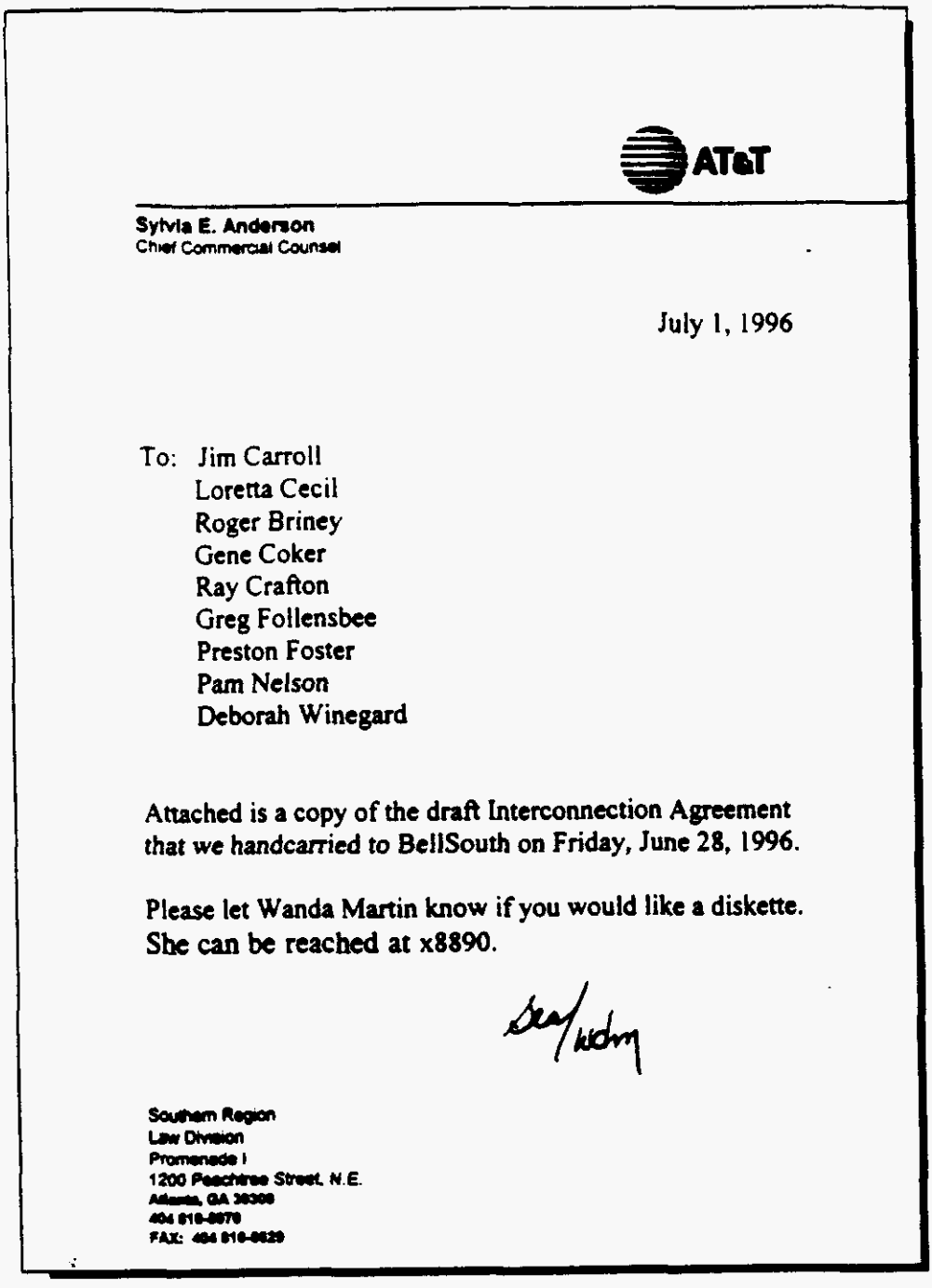
Finally, because this letter discusses various aspects of AT&T's previous proposals to BellSouth, this letter contains AT&T Proprietary Restricted information containing commercially sensitive materials whose disclosure to unauthorized persons could harm AT&T. It is being provided under terms of our confidentiality agreement, entered into for purposes of negotiations under the Telecommunications Act of 1996, and therefore may not be disclosed or used by BellSouth in any regulatory proceedings or with any other parties and should be restricted to individuals within BellSouth with a "need to know" regarding negotiations.

Sincerely,

for William J. Carroll

cc: C. Coe

Attachment 4



AT&T

Sylvia E. Anderson
Chief Commercial Counsel

July 1, 1996

To: Jim Carroll
Loretta Cecil
Roger Briney
Gene Coker
Ray Crafton
Greg Follensbee
Preston Foster
Pam Nelson
Deborah Winegard

Attached is a copy of the draft Interconnection Agreement that we handcarried to BellSouth on Friday, June 28, 1996.

Please let Wanda Martin know if you would like a diskette. She can be reached at x8890.

sea/wdm

Southern Region
Law Division
Promenade I
1200 Peachtree Street, N.E.
Atlanta, GA 30309
404 810-8870
FAX: 404 810-8629

William J. (Jim) Carroll
Vice President

Room 4112
1200 Peachtree St. NE
Atlanta, GA 30309
404 810-7262

June 28, 1996

VIA HAND DELIVERY

Mr. Charles B. Coe
Group President-Customer Operations
BellSouth Telecommunications, Inc.
675 West Peachtree Street,
Suite 4514
Atlanta, Georgia 30375

Dear Charlie:

Enclosed for your review please find a draft comprehensive Interconnection Agreement underwhich BellSouth will provide the resale of local services, the sale of unbundled network elements, and interconnection to AT&T pursuant to the Telecommunications Act of 1996. This draft agreement includes the AT&T requirements modified to reflect the Local Services Resale ("LSR") proposal AT&T provided BellSouth on June 5, 1996, and the unbundled elements and interconnection proposals provided to BellSouth on June 21, 1996. As I indicated in those proposals, this is a "package proposal." No single item or sub-group of items stands alone. BellSouth must accept the entire proposal.

AT&T previously has provided to BellSouth Attachments 2, 3, 4, 5, 6, 7, 8 and 13 of the agreement during the course of negotiations. AT&T has attempted to incorporate the specific agreements reached at the Core, SME, and Executive Team levels in these attachments and throughout the draft. AT&T also has attempted to indicate where items have been raised in negotiations, but are subject to disagreement, or are not finalized and continue to be subject to negotiation. AT&T reserves the right to change any language in this document until the final document is executed.

This draft agreement consists of AT&T Proprietary Restricted information. Part IV, the Pricing Section, in particular, contains commercially sensitive information whose disclosure to unauthorized persons could harm AT&T. The entire document is being provided under the terms of our confidentiality agreement, entered into for purposes of negotiations under the Telecommunications Act of 1996, and, therefore, may not be disclosed or used by BellSouth in any regulatory proceedings or with any other

parties and should be restricted to individuals within BellSouth with a "need to know" regarding negotiations.

As discussed, for your convenience and to assist BellSouth in providing a comprehensive and appropriate response, AT&T also will be forwarding a diskette containing the draft agreement. AT&T looks forward to working with BellSouth to finalize the agreement. In the days ahead, we would expect to make joint improvement through negotiations. As noted in our June 21, 1996, proposal and at our June 27, 1996, Executive Team meeting, we are awaiting cost information from BellSouth in order to finalize our unbundled network element prices and we still await a counter proposal to our June 5 LSR proposal.

Please call me if you have any questions.

Sincerely,

Vice President

cc: Mr. Scott Schaefer
Ms. Suzie Lavett
Ms. Mary Jo Peed

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ALTERNATIVE DISPUTE RESOLUTION

1. **Purpose**

Attachment 1 provides for the expeditious, economical, and equitable resolution of disputes between BellSouth and AT&T arising under this Agreement.

2. **Exclusive Remedy**

2.1 Negotiation and arbitration under the procedures provided herein shall be the exclusive remedy for all disputes between BellSouth and AT&T arising under or related to this Agreement including its breach, except for: (i) disputes arising pursuant to Attachment 6, Connectivity Billing, disputes or matters for which the Telecommunications Act of 1996 specifies a particular remedy or procedure. BellSouth and AT&T agree not to resort to any court, agency, or private group with respect to such disputes except in accordance with this Attachment.

2.1.1 If, for any reason, certain claims or disputes are deemed to be non-arbitrable, the non-arbitrability of those claims or disputes shall in no way affect the arbitrability of any other claims or disputes.

2.1.2 If, for any reason, the Federal Communications Commission or any other federal or state regulatory agency exercises jurisdiction over and decides any dispute related to this Agreement or to any BellSouth Tariff and, as a result, a claim is adjudicated in both an agency proceeding and an arbitration proceeding under this Attachment 1, the following provisions shall apply:

2.1.2.1 To the extent required by law, the agency ruling shall be binding upon the parties for the limited purposes of regulation within the jurisdiction and authority of such agency.

2.1.2.2 The arbitration ruling rendered pursuant to this Attachment 1 shall be binding upon the parties for purposes of establishing their respective contractual rights and obligations under this Agreement, and for all other purposes not expressly precluded by such agency ruling.

3. **Informal Resolution of Disputes**

3.1 The parties to this Agreement shall submit any and all disputes between BellSouth and AT&T for resolution to an Inter-Company Review Board consisting of one representative from AT&T at the Director-or-above level and

one representative from BellSouth at the Vice-President-or-above level (or at such lower level as each Party may designate).

3.2 The Parties may enter into a settlement of any dispute at any time.

4. **Initiation of an Arbitration**

If the Inter-Company Review Board is unable to resolve the dispute within thirty (30) days (or such longer period as agreed to in writing by the Parties) of such submission, and the Parties have not otherwise entered into a settlement of their dispute, either Party may initiate an arbitration in accordance with the rules of the American Arbitration Association ("AAA").

5. **Governing Rules for Arbitration**

The rules set forth below and the rules of the AAA shall govern all arbitration proceedings initiated pursuant to this Attachment; however, such arbitration proceedings shall not be conducted under the auspices of the AAA unless the Parties mutually agree. Where any of the rules set forth herein conflict with the rules of the AAA, the rules set forth in this Attachment shall prevail.

6. **Appointment and Removal of Arbitrator**

6.1 A sole Arbitrator (the "Arbitrator") will preside over each dispute submitted for arbitration under this Agreement.

6.2 The Parties shall appoint an Arbitrator who will serve for the term of this Agreement, unless removed pursuant to Section 6.4 of this Attachment 1. The appointment will be made by mutual agreement in writing within thirty (30) days after the Parties have initiated an arbitration proceeding (or such longer period as the Parties may mutually agree to in writing).

6.3 In the event that multiple arbitration proceedings are in progress simultaneously under this Agreement, the Arbitrator may request, in writing, the appointment of one or more additional Arbitrators. The Parties shall appoint such additional Arbitrators within thirty (30) days after receipt of such request (or within such longer period as the Arbitrator's request designates). The Arbitrator may assign arbitration proceedings to the additional Arbitrators in his or her sole discretion, provided that each such proceeding shall be presided over by a single Arbitrator. Additional Arbitrators shall have all the powers and responsibilities of the Arbitrator in proceedings over which they

preside, but shall serve only for the duration of the disputes for which they were retained.

6.4 The Parties may, by mutual written agreement, remove an Arbitrator at any time, and shall provide prompt written notice of removal to such Arbitrator. Notwithstanding the foregoing, any Arbitrator appointed pursuant to Section 6.6 of this Attachment 1 may be removed at any time unilaterally by either Party, upon thirty (30) days' prior written notice to the Arbitrator and to the other Party.

6.5 In the event that an Arbitrator resigns, is removed pursuant to Section 6.4 of this Attachment 1, or becomes unable to discharge his or her duties, the Parties shall, by mutual written Agreement, appoint a replacement Arbitrator within thirty (30) days after such resignation, removal, or inability, unless a different time period is mutually agreed upon in writing by the Parties. Any matters pending before the Arbitrator at the time he or she resigns, is removed, or becomes unable to discharge his or her duties, will be assigned to the replacement Arbitrator as soon as the replacement Arbitrator is appointed.

6.6 In the event that the Parties do not appoint an Arbitrator within the time limit set forth in Section 6.2 of this Attachment 1, an additional Arbitrator within the time limit set forth in Section 6.3 of this Attachment 1, or a replacement Arbitrator within the time limit set forth in Section 6.5 of this Attachment 1, either Party may apply to AAA for appointment of such Arbitrator. Prior to filing an application with the AAA, the Party filing such application shall provide ten (10) days' prior written notice to the other Party to this Agreement.

7. **Duties and Powers of the Arbitrator**

7.1 The Arbitrator shall receive complaints and other permitted pleadings, oversee discovery, administer oaths and subpoena witnesses pursuant to the United States Arbitration Act, hold hearings, issue decisions, and maintain a record of proceedings. The Arbitrator shall have the power to award any remedy or relief that a court with jurisdiction over this Agreement could order or grant, including, without limitation, the awarding of damages, pre-judgment interest, specific performance of any obligation created under the Agreement, issuance of an injunction, or imposition of sanctions for abuse or frustration of the arbitration process, except that the Arbitrator may not: (i) award punitive damages; (ii) or any remedy rendered unavailable to the Parties pursuant to Section 10.3 of this Agreement; or (iii) limit, expand, or otherwise modify the terms of this Agreement.

7.2

8. **Discovery**

8.1 BellSouth and AT&T shall attempt, in good faith, to agree on a plan for document discovery. Should they fail to agree, either BellSouth or AT&T may request a joint meeting or conference call with the Arbitrator. The Arbitrator shall resolve any disputes between BellSouth and AT&T, and such resolution with respect to the scope, manner, and timing of discovery shall be final and binding.

9. **Privileges**

9.1 Although conformity to certain legal rules of evidence may not be necessary interconnection with arbitrations initiated pursuant to this Attachment, the Arbitrator shall, in all cases, apply the attorney-client privilege and the work product immunity.

9.2 At no time, for any purposes, may a Party introduce into evidence or inform the Arbitrator of any statement or other action of a Party in connection with negotiations between the Parties pursuant to the Informal Resolution of Disputes provision of this Attachment 1.

10. **Location of Hearing**

Unless both Parties agree otherwise, hearings shall take place in Atlanta, Georgia.

11. **Decision**

The Arbitrator's decision and award shall be final and binding, and shall be in writing unless the Parties mutually agree to waive the requirement of a written opinion. Judgment upon the award rendered by the Arbitrator may be entered in any court having jurisdiction thereof. Either Party may apply to the United States District Court for the district in which the hearing occurred for an order enforcing the decision.

12. **Fees**

12.1 The Arbitrator's fees and expenses that are directly related to a particular proceeding shall be paid by the losing Party. In cases where the Arbitrator determines that neither Party has, in some material respect, completely prevailed or lost in a proceeding, the Arbitrator shall, in his or her discretion, apportion expenses to reflect the relative success of each Party. Those fees and expenses not directly related to a particular proceeding shall be shared

equally. In the event that the Parties settle a dispute before the Arbitrator reaches a decision with respect to that dispute, the Settlement Agreement must specify how the Arbitrator's fees for the particular proceeding will be apportioned.

12.2 In an action to enforce or confirm a decision of the Arbitrator, the prevailing Party shall be entitled to its reasonable attorneys' fees, expert fees, costs, and expenses without regard to the local rules of the district in which the suit is brought.

13. **Confidentiality**

13.1 BellSouth, AT&T, and the Arbitrator will treat the arbitration proceeding, including the hearings and conferences, discovery, or other related events, as confidential, except as necessary in connection with a judicial challenge to, or enforcement of, an award, or unless otherwise required by an order or lawful process of a court or governmental body.

13.2 In order to maintain the privacy of all arbitration conferences and hearings, the Arbitrator shall have the power to require the exclusion of any person, other than a Party, counsel thereto, or other essential persons.

13.3 To the extent that any information or materials disclosed in the course of an arbitration proceeding contains proprietary or confidential Information of either Party, it shall be safeguarded in accordance with Section 16 of this Agreement. However, nothing in Section 16 of this Agreement shall be construed to prevent either Party from disclosing the other Party's Information to the Arbitrator in connection with or in anticipation of an arbitration proceeding. In addition, the Arbitrator may issue orders to protect the confidentiality of proprietary information, trade secrets, or other sensitive information.

14. **Service of Process**

Service may be made by submitting one copy of all pleadings and attachments and any other documents requiring service to each Party and one copy to the Arbitrator. Service shall be deemed made (i) upon receipt if delivered by hand; (ii) after three (3) business days if sent by first class certified U.S. mail; (iii) the next business day if sent by overnight courier service; (iv) upon confirmed receipt if transmitted by facsimile. If service is by facsimile, a copy shall be sent the same day by hand delivery, first class U.S. mail, or overnight courier service.

14.1 Service by AT&T to BellSouth and by BellSouth to AT&T at the address designated for delivery of notices in this Agreement shall be deemed to be service to BellSouth or AT&T, respectfully.

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AGREEMENT

between

BellSouth Telecommunications, Inc.

and

AT&T Corp.

Effective Date: _____, 1996

...dor. Subject to the requirements of this Agreement, AT&T ...

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vendor. Subject to the requirements of this Agreement, AT&T

PREFACE

AGREEMENT

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

RECITALS

WHEREAS, The Telecommunications Act of 1996 (the "Act") was signed into law on February 8, 1996; and

WHEREAS, the Act places certain duties and obligations upon, and grants certain rights to Telecommunications Carriers; and

WHEREAS, BellSouth is an Incumbent Local Exchange Carrier or has a majority ownership interest in local exchange companies which are Incumbent Local Exchange Carriers; and

WHEREAS, BellSouth is willing to provide interconnection, unbundled network elements, ancillary functions and additional features, as well as Telecommunications Services for resale, on the terms and subject to the conditions of this Agreement; and

WHEREAS, AT&T is a Telecommunications Carrier and has requested that BellSouth negotiate an Agreement with AT&T for the provision of interconnection, unbundled network elements, ancillary functions and additional features as well as Telecommunications Services for resale, pursuant to the Act and in conformance with BellSouth's duties under the Act; and

WHEREAS, the parties have arrived at this Agreement through voluntary negotiations undertaken pursuant to the Act,

NOW, THEREFORE, in consideration of the promises and the mutual covenants of this Agreement, AT&T and BellSouth hereby agree as follows:

DEFINITIONS and ACRONYMS

For purposes of this Agreement, certain terms have been defined in Attachment 11 and elsewhere in this Agreement to encompass meanings that may differ from, or be in addition to, the normal connotation of the defined word. Unless the context clearly indicates otherwise, any term defined or used in the singular shall include the plural. The words "shall" and "will" are used interchangeably throughout this Agreement and the use of either connotes a mandatory requirement. The use of one or the other shall not mean a different degree of right or obligation for either Party. A defined word intended to convey its special meaning is capitalized when used. Other terms that are capitalized, and not defined in this Agreement, shall have the meaning in the Act. For convenience of reference only, Attachment 10 provides a list of acronyms used throughout this Agreement.

GENERAL TERMS AND CONDITIONS

1. **Provision of Local Service and Unbundled Network Elements**

This Agreement sets forth the terms, conditions and prices under which BellSouth agrees to provide (a) Telecommunications Service that BellSouth currently provides, or may offer hereafter for resale along with the Support Functions and Service Functions set forth in this Agreement (hereinafter collectively referred to as "Local Services") and (b) certain unbundled Network Elements, Ancillary Functions and additional features to AT&T (hereinafter collectively referred to as "Network Elements") or combinations of such Network Elements ("Combinations") for AT&T's own use or for resale to others, and for purposes of offering voice, video, or data services of any kind, including, but not limited to, local exchange services, intrastate toll services, and intrastate and interstate exchange access services. This Agreement also sets forth the terms and conditions for the interconnection of AT&T's network to BellSouth's network and the reciprocal compensation for the transport and termination of telecommunications. BellSouth may fulfill the requirements imposed upon it by this Agreement by itself or may cause its Affiliates to take such actions to fulfill the responsibilities. This Agreement includes Parts I through IV, and their Attachments 1 - 13 and all accompanying Appendices. Unless otherwise provided in this Agreement, BellSouth will perform all of its obligations hereunder throughout its entire service area. The Network Elements, Combinations or Local Services provided pursuant to this Agreement may be connected to other Network Elements, Combinations or Local Services provided by BellSouth or to any Network Elements, Combinations or Local Services provided by AT&T itself or by any other

may, at any

[redacted] AT&T may, at any time add, delete, relocate or modify the Local Services, Network Elements or

Combinations purchased hereunder. BellSouth will not discontinue any Network Element, Combination or Local Service provided hereunder without the prior written agreement of AT&T.

2. **Term of Agreement**

When executed by authorized representatives of BellSouth and AT&T, this Agreement shall become effective as of the Effective Date stated above, and shall expire five (5) years from the Effective Date, unless renewed by AT&T or terminated earlier in accordance with the provisions of this Agreement. BellSouth shall give AT&T notice of the impending expiration of this Agreement (or any renewable term thereof) ninety (90) days before such expiration. AT&T shall have the right to extend the term of this Agreement, in its sole discretion, for successive one-year periods ("Renewal Year") upon expiration of the initial term or any subsequent Renewal Year. Each renewal shall be effective upon notice to BellSouth by AT&T. At the expiration of the term of this Agreement, or any renewal thereof, this Agreement shall continue in effect, on a month-to-month basis, at the same terms, conditions and prices as those in effect at the end of the latest term, or renewal, until terminated by AT&T.

3. **Termination of Agreement; Transitional Support**

3.1 AT&T may elect at any time to terminate this entire Agreement at AT&T's sole discretion, upon sixty (60) days written notice to BellSouth. In such case, AT&T's liability shall be limited to payment of the amounts due for Network Elements, Combinations and Local Services provided up to and including the date of termination. BellSouth recognizes that the Network Elements, Combinations and Local Services provided hereunder are vital to AT&T and must be continued without interruption, and that upon the termination or expiration of this Agreement, AT&T may itself provide or retain another vendor to provide such comparable Network Elements, Combinations or Local Services. BellSouth agrees to cooperate in an orderly and efficient transition to AT&T or another vendor. BellSouth further agrees to coordinate the orderly transition to AT&T or another vendor such that the level and quality of the Network Elements, Combinations and Local Services is not degraded and to exercise its best efforts to effect an orderly and efficient transition.

3.2 AT&T may terminate any Local Service(s), Network Element(s) or Combination(s) provided under this Agreement upon thirty (30) days written notice to BellSouth unless a different notice period or different conditions are specified for termination of such Local Service(s), Network Element(s) or Combination(s) in the applicable tariff, in which event such specific period and conditions shall apply.

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3.3 If a Party is in breach of a material term or condition of this Agreement ("Defaulting Party"), the other Party shall provide written notice of such breach to the Defaulting Party. The Defaulting Party shall have ten (10) days from receipt of notice to cure the breach. If the breach is not cured, the Parties shall follow the dispute resolution procedure of Section 16 and Attachment 1 If the Arbitrator determines that a breach has occurred and the Defaulting Party fails to comply with the decision of the Arbitrator within the time period provided by the Arbitrator (or a period of thirty (30) days if no time period is provided for in the Arbitrator's order), this Agreement may be terminated by the other Party upon sixty (60) days prior written notice.

4. **Good Faith Performance**

In the performance of their obligations under this Agreement, the Parties shall act in good faith and consistently with the intent of the Act. Where notice, approval or similar action by a Party is permitted or required by any provision of this Agreement, (including, without limitation, the obligation of the parties to further negotiate the resolution of new or open issues under this Agreement) such action shall not be unreasonably delayed, withheld or conditioned.

5. **Option to Obtain Local Services, Network Elements and Combinations Under Other Agreements**

If as a result of any proceeding or filing before any Court, State Commission, or the Federal Communications Commission, voluntary agreement or arbitration proceeding pursuant to the Act or pursuant to any applicable state law, BellSouth becomes obligated to provide Local Services, Network Elements or Combinations, whether or not presently covered by this Agreement, to a third party at rates or on terms and conditions more favorable to such third party then the applicable provisions of this Agreement, AT&T shall have the option to substitute, in whole or in part, such more favorable rates, terms, or conditions for the relevant provisions of this Agreement which shall apply to the same States as such other party, and such substituted rates, terms or conditions shall be deemed to have been effective under this Agreement as of the effective date thereof. BellSouth shall provide to AT&T any BellSouth agreement between BellSouth and any third party existing as of the Effective Date of this agreement within five (5) days of the Effective Date or, within five (5) days after the execution of any such agreement, whichever is earlier. **[Pre-Act agreements are subject to negotiation]**

6. **Responsibility of Each Party**

Each Party is an independent contractor, and has and hereby retains the right to exercise full control of and supervision over its own performance of its obligations under this Agreement and retains full control over the

employment, direction, compensation and discharge of all employees assisting in the performance of such obligations. Each Party will be solely responsible for all matters relating to payment of such employees, including compliance with social security taxes, withholding taxes and all other regulations governing such matters. Each Party will be solely responsible for proper handling, storage, transport and disposal at its own expense of all (i) substances or materials that it or its contractors or agents bring to, create or assume control over at Work Locations or, (ii) Waste resulting therefrom or otherwise generated in connection with its or its contractors' or agents' activities at the Work Locations. Subject to the limitations on liability and except as otherwise provided in this Agreement, each Party shall be responsible for (i) its own acts and performance of all obligations imposed by Applicable Law in connection with its activities, legal status and property, real or personal and, (ii) the acts of its own affiliates, employees, agents and contractors during the performance of that Party's obligations hereunder.

7. **Governmental Compliance**

AT&T and BellSouth each shall comply at its own expense with all Applicable Law that relates to (i) its obligations under or activities in connection with this Agreement or (ii) its activities undertaken at, in connection with or relating to Work Locations. AT&T and BellSouth each agree to indemnify, defend (at the other party's request) and save harmless the other, each of its officers, directors and employees from and against any losses, damages, claims, demands, suits, liabilities, fines, penalties and expenses (including reasonable attorneys' fees) that arise out of or result from (i) its failure or the failure of its contractors or agents to so comply or (ii) any activity, duty or status of it or its contractors or agents that triggers any legal obligation to investigate or remediate environmental contamination. BellSouth shall accept orders for Local Service, Network Elements or Combinations in accordance with the Federal Communications Commission Rules or State Commission Rules. BellSouth, at its own expense, will be solely responsible for obtaining from governmental authorities, building owners, other carriers, and any other persons or entities, all rights and privileges (including, but not limited to, space and power), which are necessary for BellSouth to provide the Network Elements, Local Services and Combinations pursuant to this Agreement.

8. **Responsibility For Environmental Contamination**

8.1 AT&T shall in no event be liable to BellSouth for any costs whatsoever resulting from the presence or Release of any Environmental Hazard that AT&T did not introduce to the affected Work Location. BellSouth shall indemnify, defend (at AT&T's request) and hold harmless AT&T, each of its officers, directors and employees from and against any losses, damages, claims, demands, suits, liabilities, fines, penalties and expenses (including

reasonable attorneys' fees) that arise out of or result from (i) any Environmental Hazard that BellSouth, its contractors or agents introduce to the Work Locations or (ii) the presence or Release of any Environmental Hazard for which BellSouth is responsible under Applicable Law.

8.2 BellSouth shall in no event be liable to AT&T for any costs whatsoever resulting from the presence or Release of any Environmental Hazard that BellSouth did not introduce to the affected Work Location. AT&T shall indemnify, defend (at BellSouth's request) and hold harmless BellSouth, each of its officers, directors and employees from and against any losses, damages, claims, demands, suits, liabilities, fines, penalties and expenses (including reasonable attorneys' fees) that arise out of or result from (i) any Environmental Hazard that AT&T, its contractors or agents introduce to the Work Locations or (ii) the presence or Release of any Environmental Hazard for which AT&T is responsible under Applicable Law.

9. Regulatory Matters

9.1 BellSouth shall be responsible for obtaining and keeping in effect all Federal Communications Commission, State Commissions, franchise authority and other regulatory approvals that may be required in connection with the performance of its obligations under this Agreement. AT&T shall be responsible for obtaining and keeping in effect all Federal Communications Commission, state regulatory commission, franchise authority and other regulatory approvals that may be required in connection with its offering of services to AT&T Customers contemplated by this Agreement. AT&T shall reasonably cooperate with BellSouth in obtaining and maintaining any required approvals for which BellSouth is responsible, and BellSouth shall reasonably cooperate with AT&T in obtaining and maintaining any required approvals for which AT&T is responsible.

9.2 In the event that BellSouth is required by any governmental authority to file a tariff or make another similar filing in connection with the performance of any action that would otherwise be governed by this Agreement, BellSouth shall (i) consult with AT&T reasonably in advance of such filing about the form and substance of such filing, (ii) provide to AT&T its proposed tariff and obtain AT&T's agreement on the form and substance of such tariff prior to such filing, and (iii) take all steps reasonably necessary to ensure that such tariff or other filing imposes obligations upon BellSouth that are no less favorable than those provided in this Agreement and preserves for AT&T the full benefit of the rights otherwise provided in this Agreement. In no event shall BellSouth file any tariff that purports to govern Local Service, Network Elements or Combinations that is inconsistent with the rates and other terms and conditions set forth in this Agreement. Unless such rate or other terms and conditions are more favorable than those set forth in this Agreement. If,

her terms and

subsequent to the effective date of any such tariff, BellSouth is ordered not to file tariffs with the State regulatory commission or the Federal Communications Commission, or is permitted not to file tariffs (and elects not to do so), either generally or for specific Network Elements, Combinations or Local Services, the terms and conditions of such tariffs as of the date on which the requirement to file such tariffs was lifted shall, to the degree not inconsistent with this Agreement, be deemed incorporated in this Agreement by reference.

9.3 In the event that any final and nonappealable legislative, regulatory, judicial or other legal action materially affects any material terms of this Agreement, or the ability of AT&T or BellSouth to perform any material terms of this Agreement, AT&T or BellSouth may, on thirty (30) days' written notice (delivered not later than thirty (30) days following the date on which such action has become legally binding and has otherwise become final and nonappealable) require that such terms be renegotiated, and the parties shall renegotiate in good faith such mutually acceptable new terms as may be required. In the event that such new terms are not renegotiated within ninety (90) days after such notice, the Dispute shall be referred to the Alternative Dispute Resolution procedures set forth in Attachment 1.

10. **Liability and Indemnity**

10.1 Liabilities of BellSouth - The liability of BellSouth to AT&T during any contract year resulting from any and all causes other than as specified in Section 12 (and the attachment referenced in that Section), Sections 7, 8, and 10.4, and Attachments 1 and 7 (Appendix 1), shall not exceed the amounts owing AT&T during the contract year in which such cause arises or accrues.

10.2 Liabilities of AT&T - The liability of AT&T to BellSouth during any contract year resulting from and all causes, other than as specified in Sections 7, 8, and 10.4 and Attachment 1, shall not exceed the amounts owing BellSouth during the contract year in which such cause arises or occurs.

10.3 **No Consequential Damages** - NEITHER AT&T NOR BELLSOUTH SHALL BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, RELIANCE, OR SPECIAL DAMAGES SUFFERED BY SUCH OTHER PARTY (INCLUDING WITHOUT LIMITATION DAMAGES FOR HARM TO BUSINESS, LOST REVENUES, LOST SAVINGS, OR LOST PROFITS SUFFERED BY SUCH OTHER PARTIES), REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, WARRANTY, STRICT LIABILITY, OR TORT, INCLUDING WITHOUT LIMITATION NEGLIGENCE OF ANY KIND WHETHER ACTIVE OR PASSIVE, AND REGARDLESS OF WHETHER THE PARTIES KNEW OF THE POSSIBILITY THAT SUCH

DAMAGES COULD RESULT. EACH PARTY HEREBY RELEASES THE OTHER PARTY AND SUCH OTHER PARTY'S SUBSIDIARIES AND AFFILIATES, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS FROM ANY SUCH CLAIM. NOTHING CONTAINED IN THIS SECTION 10 SHALL LIMIT BELLSOUTH'S OR AT&T'S LIABILITY TO THE OTHER FOR (i) WILLFUL OR INTENTIONAL MISCONDUCT (INCLUDING GROSS NEGLIGENCE); (ii) BODILY INJURY, DEATH OR DAMAGE TO TANGIBLE REAL OR TANGIBLE PERSONAL PROPERTY PROXIMATELY CAUSED BY BELLSOUTH'S OR AT&T'S NEGLIGENT ACT OR OMISSION OR THAT OF THEIR RESPECTIVE AGENTS, SUBCONTRACTORS OR EMPLOYEES, NOR SHALL ANYTHING CONTAINED IN THIS SECTION 10 LIMIT THE PARTIES INDEMNIFICATION OBLIGATIONS, AS SPECIFIED BELOW. FOR PURPOSES OF THIS SECTION 10, AMOUNTS DUE AND OWING TO AT&T PURSUANT TO SECTION 12 (REMEDIES FOR FAILURE TO MEET DMOQS) AND THE ATTACHMENT REFERENCED IN THAT SECTION SHALL NOT BE CONSIDERED TO BE INDIRECT, INCIDENTAL, CONSEQUENTIAL, RELIANCE, OR SPECIAL DAMAGES.

10.4 **Obligation to Indemnify** - Each party shall, and hereby agrees to, defend at the other's request, indemnify and hold harmless the other party and each of its officers, directors, employees and agents (each, an "Indemnitee") against and in respect of any loss, debt, liability, damage, obligation, claim, demand, judgement or settlement of any nature or kind, known or unknown, liquidated or unliquidated, including without limitation all reasonable costs and expenses incurred (legal, accounting or otherwise) (collectively, "Damages") arising out of, resulting from or based upon any pending or threatened claim, action, proceeding or suit by any third party (a "Claim") (i) alleging any breach of any representation, warranty or covenant made by such indemnifying party (the "Indemnifying Party") in this Agreement, (ii) based upon injuries or damage to any person or property or the environment arising out of or in connection with this Agreement that are the result of the Indemnifying Party's actions, breach of Applicable Law, or status or the actions, breach of Applicable Law, or status of its employees, agents and subcontractors, or (iii) for actual or alleged infringement of any patent, copyright, trademark, service mark, trade name, trade dress, trade secret or any other intellectual property right, now known or later developed (referred to as "Intellectual Property Rights") to the extent that such claim or action arises from AT&T or AT&T's Customer's use of the Local Services, Network Elements or Combinations provided under this Agreement.

10.5 **Obligation to Defend; Notice; Cooperation** - Whenever a Claim shall arise for indemnification under this Section 10, the relevant Indemnitee, as appropriate, shall promptly notify the Indemnifying Party and request the Indemnifying Party to defend the same. Failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party of any liability that the

Indemnifying Party might have, except to the extent that such failure prejudices the Indemnifying Party's ability to defend such Claim. The Indemnifying Party shall have the right to defend against such liability or assertion in which event the Indemnifying Party shall give written notice to the Indemnitee of acceptance of the defense of such Claim and the identity of counsel selected by the Indemnifying Party. Except as set forth below, such notice to the relevant Indemnitee shall give the Indemnifying Party full authority to defend, adjust, compromise or settle such Claim with respect to which such notice shall have been given, except to the extent that any compromise or settlement shall prejudice the Intellectual Property Rights of the relevant Indemnitees. The Indemnifying Party shall consult with the relevant Indemnitee prior to any compromise or settlement that would affect the Intellectual Property Rights or other rights of any Indemnitee, and the relevant Indemnitee shall have the right to refuse such compromise or settlement and, at the refusing party's or refusing parties' cost, to take over such defense, provided that in such event the Indemnifying Party shall not be responsible for, nor shall it be obligated to indemnify the relevant Indemnitee against, any cost or liability in excess of such refused compromise or settlement. With respect to any defense accepted by the Indemnifying Party, the relevant Indemnitee shall be entitled to participate with the Indemnifying Party in such defense if the Claim requests equitable relief or other relief that could affect the rights of the Indemnitee and also shall be entitled to employ separate counsel for such defense at such Indemnitee's expense. In the event the Indemnifying Party does not accept the defense of any indemnified Claim as provided above, the relevant Indemnitee shall have the right to employ counsel for such defense at the expense of the Indemnifying Party. Each party agrees to cooperate and to cause its employees and agents to cooperate with the other party in the defense of any such Claim and the relevant records of each party shall be available to the other party with respect to any such defense.

11. **Audits and Inspections**

11.1 Subject to BellSouth's reasonable security requirements and except as may be otherwise specifically provided in this Agreement, AT&T may audit BellSouth's books, records and other documents once in each Contract Year for the purpose of evaluating the accuracy of BellSouth's billing and invoicing. AT&T may employ other persons or firms for this purpose. Such audit shall take place at a time and place agreed on by the Parties no later than thirty (30) days after notice thereof to BellSouth.

11.2 BellSouth shall promptly correct any billing error that is revealed in an audit, including reimbursing any overpayment by AT&T in the form of a credit on the invoice for the first full billing cycle after the Parties have agreed upon the accuracy of the audit results. Any Disputes concerning audit results shall

be resolved pursuant to the Alternate Dispute Resolution procedures described in Attachment 1.

11.3 BellSouth shall cooperate fully in any such audit, providing reasonable access to any and all appropriate BellSouth employees and books, records and other documents reasonably necessary to assess the accuracy of BellSouth's bills.

11.4 AT&T may audit BellSouth's books, records and documents more than once during any Contract Year if the previous audit found previously uncorrected net variances or errors in invoices in BellSouth's favor with an aggregate value of at least two percent (2%) of the amounts payable by AT&T for Local Services, Network Elements or Combinations provided during the period covered by the audit.

11.5 Audits shall be at AT&T's expense, subject to reimbursement by BellSouth in the event that an audit finds an adjustment in the charges or in any invoice paid or payable by AT&T hereunder by an amount that is, on an annualized basis, greater than two percent (2%) of the aggregate charges for the Local Services, Network Elements and Combinations during the period covered by the audit.

11.6 Upon (i) the discovery by BellSouth of overcharges not previously reimbursed to AT&T or (ii) the resolution of disputed audits, BellSouth shall promptly reimburse AT&T the amount of any overpayment times the highest interest rate (in decimal value) which may be levied by law for commercial transactions, compounded daily for the number of days from the date of overpayment to and including the date that payment is actually made. In no event, however, shall interest be assessed on any previously assessed or accrued late payment charges.

11.7 Subject to BellSouth's's reasonable security requirements and except as may be otherwise specifically provided in this Agreement, AT&T may inspect once, in each Contract Year, BellSouth's's books, records and other documents related in any way to the Local Services, Network Elements or Combinations provided to AT&T for the purpose of evaluating BellSouth's's compliance with the terms and conditions of this Agreement, in addition to the financial audit rights provided above. AT&T may employ other persons or firms for this purpose.

12. **Remedies for Failure to Meet DMOQs**

12.1 In providing Local Services, Network Elements and Combinations, BellSouth will provide AT&T with at least the capability to provide an AT&T customer with the same experience as BellSouth provides its own customers. BellSouth shall satisfy all service standards, measurements, performance

T&T customer

Except as otherwise specified

requirements, and Direct Measures of Quality (collectively referred to herein as "DMOQs") that are specified in this Agreement. In addition, BellSouth's performance under this Agreement shall provide AT&T with the capability to meet standards or other measurements that are at least equal to the highest level that BellSouth provides or is required to provide by law or its own internal procedures. In the event that the DMOQs specified in the Agreement are different than the standards or measurements that BellSouth provides or is required to provide by law or its own internal procedures, the highest DMOQ, standard or measurement shall apply.

12.2 BellSouth and AT&T agree that delays in the provision of Local Services, Network Elements or Combinations, failures to meet the DMOQs required by this Agreement and delays in providing Customer Usage Data in accordance with the requirements of this Agreement, will cause AT&T to suffer damages, the amount of which cannot easily be determined.

12.3 In the event that any Network Element, Combination or Local Service is not installed or provisioned in accordance with the Due Dates specified in this Agreement, BellSouth shall grant AT&T a credit ("Delay Credit") calculated as provided in Attachment 12 of this Agreement.

12.4 In the event that a Network Element, a Combination or a Local Service fails to meet the DMOQ requirements imposed by this Agreement (or is interrupted causing loss of continuity or functionality), BellSouth shall grant AT&T a credit ("Performance Failure Credit"), as set forth in Attachment 12 of this Agreement.

12.5 In the event that Customer Usage Data is not provided within the time period required by this Agreement, or in the event that Customer Usage Data is not provided in accordance with the specifications of this Agreement, BellSouth shall grant AT&T a credit ("Customer Usage Credit") calculated as provided in Attachment 12 of this Agreement.

12.6 AT&T also shall have the option to obtain an alternative Network Element, Combination or Local Service from BellSouth to replace any Network Element(s), Combination(s) or Local Service(s) for which a Performance Failure Credit or Delay Credit is due. BellSouth will be responsible for any amounts (including installation charges) in excess of the otherwise applicable charges under this Agreement for the affected Network Element, Combination or Local Service. AT&T may obtain an alternative Network Element, Combinations or Local Service from another vendor. AT&T shall choose the least costly Network Element, Combination or Local Service provided by such vendor that reasonably meets its needs, shall subscribe to such Network Element, Combinations or Local Services for the minimum commercially available period and shall move all affected traffic to the newly installed, repaired or restored Network Element, Combinations or Local Services as

uch Network

soon as possible after the end of such period. BellSouth shall be fully responsible for all obligations and shall pay in full all charges associated with the cost of such replacement Network Element, Combinations or Local Services.

12.7 BellSouth and AT&T agree that remedies at law alone are inadequate to compensate AT&T for failures to meet the DMOQ requirements specified by this Agreement, failures to install or provision Network Elements, Combinations or Local Services in accordance with the Due Dates specified in this Agreement, or for failures to provide Customer Usage Data in accordance with this Agreement. AT&T shall have the right to seek injunctive relief and other equitable remedies (in addition to remedies provided in this Agreement, at law and through administrative process) to require BellSouth (1) to cause the Network Elements, Combinations or Local Services ordered by AT&T to meet the DMOQ requirements specified by this Agreement, (2) to install or provision the Network Elements, Combinations or Local Services ordered by AT&T within the Due Dates specific in this Agreement and (3) to provide Customer Usage Data in accordance with this Agreement.

13. **Customer Credit History**

AT&T and BellSouth agree to make available to a designated third-party credit bureau, on a timely basis, such of the following customer payment history information that is available for each person or entity that applies for local or intraLATA toll Telecommunications Service(s) from either carrier. Such information shall be provided on the condition that the credit bureau will only make such information available to the carrier to which the person or entity in question has applied for Telecommunication Service.

Applicant's name;
Applicant's address;
Applicant's previous phone number, if any;
Amount, if any, of unpaid balance in applicant's name;
Whether applicant is delinquent on payments;
Length of service with prior local or intraLATA toll provider;
Whether applicant had local or intraLATA toll service terminated or suspended within the last six months with an explanation of the reason therefor; and
Whether applicant was required by prior local or intraLATA toll provider to pay a deposit or make an advance payment, including the amount of each.

14. **Force Majeure**

(including by way 14.1 Except as otherwise specifically provided in this Agreement (including by way of illustration circumstances where BellSouth is required to implement Disaster Recovery plans to avoid delays or failure in performance and the

implementation of such plans was designed to avoid the delay or failure in performance), neither Party shall be liable for any delay or failure in performance of any part of this Agreement caused by a Force Majeure condition, including acts of the United States of America or any state, territory or political subdivision thereof, acts of God or a public enemy, fires, floods, Disputes, freight embargoes, earthquakes, volcanic actions, wars, civil disturbances, or other causes beyond the reasonable control of the Party claiming excusable delay or other failure to perform. Force Majeure shall not include acts of any Governmental Authority relating to environmental, health or safety conditions at Work Locations. If any Force Majeure condition occurs, the Party whose performance fails or is delayed because of such Force Majeure condition shall give prompt notice to the other Party, and upon cessation of such Force Majeure condition, shall give like notice and commence performance hereunder as promptly as reasonably practicable.

14.2 Notwithstanding Subsection 1, no delay or other failure to perform shall be excused pursuant to this Section: (i) by the acts or omission of a party's subcontractors, materialpersons, suppliers or other third persons providing products or services to such party unless such acts or omissions are themselves the product of a Force Majeure condition, (ii) do not relate to environmental, health or safety conditions at Work Locations and, (iii) unless such delay or failure and the consequences thereof are beyond the control and without the fault or negligence of the Party claiming excusable delay or other failure to perform.

15. **Certain Federal, State and Local Taxes**

Any Federal, state or local excise, license, sales, or use taxes (excluding any taxes levied on income) resulting from the performance of this Agreement shall be borne by the Party upon which the obligation for payment is imposed under applicable law, even if the obligation to collect and remit such taxes is placed upon the other Party. Any such taxes shall be shown as separate items on applicable billing documents between the Parties. The Party so obligated to pay any such taxes may contest the same in good faith, at its own expense, and shall be entitled to the benefit of any refund or recovery, provided that such Party shall not permit any lien to exist on any asset of the other Party by reason of the contest. The Party obligated to collect and remit taxes shall cooperate fully in any such contest by the other Party by providing records, testimony and such additional information or assistance as may reasonably be necessary to pursue the contest..

16. **Alternative Dispute Resolution**

16.1 All disputes, claims or disagreements (collectively "Disputes") arising under or related to this Agreement or the breach hereof shall be resolved in

accordance with the procedures set forth in Attachment 1, except: (i) disputes arising pursuant to Attachment 6, Connectivity Billing; and (ii) disputes or matters for which the Telecommunications Act of 1996 specifies a particular remedy or procedure Disputes involving matters subject to the Connectivity Billing provisions contained in Attachment 6, shall be resolved in accordance with the Billing Disputes section of Attachment 6. In no event shall the parties permit the pendency of a Dispute to disrupt service to any AT&T Customer contemplated by this Agreement. The foregoing notwithstanding, neither this Section or Attachment 1 shall be construed to prevent either party from seeking and obtaining temporary equitable remedies, including temporary restraining orders. A request by a party to a court or a regulatory authority for interim measures or equitable relief shall not be deemed a waiver of the obligation to comply with Attachment 1.

17. **Notices**

Any notices or other communications required or permitted to be given or delivered under this Agreement shall be in hard-copy writing (unless otherwise specifically provided herein) and shall be sufficiently given if delivered personally or delivered by prepaid overnight express service to the following (unless otherwise specifically required by this Agreement to be delivered to another representative or point of contact):

If to AT&T:

Pamela A. Nelson
Vendor Management
AT&T
1200 Peachtree St., N.E.
Atlanta, GA 30309

If to BellSouth: **[To be provided by BellSouth]**

Receiving Party's Name and Title
Company Name
Street Address
City, State Zip Code

Either Party may unilaterally change its designated representative and/or address for the receipt of notices by giving (7) seven days' prior written notice to the other Party in compliance with this Section. Any notice or other communication shall be deemed given when received.

personnel or systems to interface with AT&T Customers

18. **Confidentiality and Proprietary Information**

18.1 For the purposes of this Agreement, "Confidential Information" means confidential or proprietary technical or business Information given by the Discloser to the Recipient. All information which is disclosed by one Party to the other in connection with this Agreement shall automatically be deemed proprietary to the Discloser and subject to this Agreement, unless otherwise confirmed in writing by the Discloser. In addition, by way of example and not limitation, all orders for Local Services, Network Elements or Combinations placed by AT&T pursuant to this Agreement, and information that would constitute Customer Proprietary Network Information of AT&T customers pursuant to the Act and the rules and regulations of the Federal Communications Commission, and Recorded Usage Data as described in Attachment 7, whether disclosed by AT&T to BellSouth or otherwise acquired by BellSouth in the course of the performance of this Agreement, shall be deemed Confidential Information of AT&T for all purposes under this Agreement.

18.2 For a period of (5) five years from the receipt of Confidential Information from the Discloser, except as otherwise specified in this Agreement, the Recipient agrees (a) to use it only for the purpose of performing under this Agreement, (b) to hold it in confidence and disclose it to no one other than its employees having a need to know for the purpose of performing under this Agreement, and (c) to safeguard it from unauthorized use or disclosure with at least the same degree of care with which the Recipient safeguards its own Confidential Information. If the Recipient wishes to disclose the Discloser's Confidential Information to a third party agent or consultant, such disclosure must be mutually agreed to in writing by the Parties to this Agreement, and the agent or consultant must have executed a written agreement of non-disclosure and non-use comparable in scope to the terms of this Section.

18.3 The Recipient may make copies of Confidential Information only as reasonably necessary to perform its obligations under this Agreement. All such copies shall bear the same copyright and proprietary rights notices as are contained on the original.

18.4 The Recipient agrees to return all Confidential Information in tangible form received from the Discloser, including any copies made by the Recipient, within thirty (30) days after a written request is delivered to the Recipient, or to destroy all such Confidential Information, except for Confidential Information that the Recipient reasonably requires to perform its obligations under this Agreement. If either Party loses or makes an unauthorized disclosure of the other party's Confidential Information, it shall notify such other Party immediately and use reasonable efforts to retrieve the lost or wrongfully disclosed information.

18.5 The Recipient shall have no obligation to safeguard Confidential Information: (a) which was in the possession of the Recipient free of restriction prior to its

receipt from the Discloser; (b) after it becomes publicly known or available through no breach of this Agreement by the Recipient; (c) after it is rightfully acquired by the Recipient free of restrictions on its disclosure; or (d) after it is independently developed by personnel of the Recipient to whom the Discloser's Confidential Information had not been previously disclosed. In addition, either Party shall have the right to disclose Confidential Information to any mediator, arbitrator, state or federal regulatory body, the Department of Justice or any court in the conduct of any mediation, arbitration or approval of this Agreement or in any proceedings concerning the provision of interLATA services by BellSouth that are or may be required by the Act. Additionally, the Recipient may disclose Confidential Information if so required by law, a court, or governmental agency, so long as the Discloser has been notified of the requirement promptly after the Recipient becomes aware of the requirement. In all cases, the Recipient must undertake all lawful measures to avoid disclosing such information until Discloser has had reasonable time to seek and comply with a protective order that covers the Confidential Information to be disclosed.

18.6 Each arty's obligations to safeguard Confidential Information disclosed prior to expiration or termination of this Agreement shall survive such expiration or termination.

18.7 Except as otherwise expressly provided elsewhere in this Agreement, no license is hereby granted under any patent, trademark, or copyright, nor is any such license implied, solely by virtue of the disclosure of any Confidential Information.

18.8 Each Party agrees that the Discloser would be irreparably injured by a breach of this Agreement by the Recipient or its representatives and that the Discloser shall be entitled to seek equitable relief, including injunctive relief and specific performance, in the event of any breach of the provisions of this Agreement. Such remedies shall not be deemed to be the exclusive remedies for a breach of this Agreement, but shall be in addition to all other remedies available at law or in equity.

19. **Branding [Subject to Negotiation]**

The Parties agree that the services offered by AT&T that incorporate Local Services, Network Elements or Combinations made available to AT&T pursuant to this Agreement, shall at AT&T's sole discretion, be branded exclusively as AT&T services, or otherwise, as AT&T shall determine. AT&T shall provide the exclusive interface to AT&T Customers, except as AT&T shall otherwise specify. In those instances where AT&T requires BellSouth personnel or systems to interface with AT&T Customers, such personnel shall identify themselves as representing AT&T, and shall not identify themselves as representing BellSouth. All forms, business cards or other business

materials furnished by BellSouth to AT&T Customers shall be subject to AT&T's prior review and approval, and shall bear no corporate name, logo, trademark or tradesman other than AT&T's or such other brand as AT&T shall determine. In no event shall BellSouth, acting on behalf of AT&T pursuant to this Agreement, provide information to AT&T local service customers about BellSouth, products or services. BellSouth agrees to provide for AT&T's review and approval the methods and procedures, training and approaches, to be used by BellSouth to assure that BellSouth meets AT&T's branding requirement in sufficient time for AT&T to review and the parties to approve them by August 1, 1996. For installation and repair services, AT&T agrees to provide BellSouth with branded material at no charge for use by BellSouth on an interim basis. BellSouth will notify AT&T of material supply exhaust in sufficient time that material will always be available.

20. **Directory Listings Requirements**

20.1 BellSouth shall make available to AT&T, for AT&T Customers, non-discriminatory access to its telephone number and address directory listings ("Directory Listings"), under the below terms and conditions. In no event shall AT&T Customers receive Directory Listings that are at less favorable rates, terms or conditions, than the rates, terms or conditions that BellSouth provides its Customers.

20.1.1 BellSouth shall provide to AT&T Customers, at no charge, the same White Pages basic listing(s) that BellSouth provides its customers. Where an AT&T Customer has two numbers for a line due to the implementation of interim Local Number Portability, the second number shall be considered part of the one White Pages basic listing. BellSouth shall permit AT&T Customers the option of not having a published White Pages listing(s). Where BellSouth offers free Yellow Pages basic listings to business customers, BellSouth shall provide, at no charge to AT&T, Yellow Pages basic listing(s) for AT&T business customers.

20.1.2 BellSouth will require its wholly owned subsidiary, BellSouth Advertising and Publishing Corporation ("BAPCO") to provide and publish directory listing in accordance with the agreement attached hereto as Attachment 13. AT&T will sell enhanced White and Yellow Pages listings to AT&T Customers pursuant to said agreement between the parties. BellSouth shall provide, at the rates set forth in Part IV of this Agreement, the Enhanced White Page Listings and Enhanced Yellow Pages Listings for AT&T to offer for resale.

20.1.3 BellSouth shall include in its master subscriber system database all Subscriber List Information for AT&T Customers. Yellow Pages Advertising will be sold and billed to AT&T customers pursuant to Attachment 13, provided however, that AT&T will assume all billing for AT&T customers for Yellow Pages Advertising by **[date to be negotiated]**.

21. **Subscriber List Information**

21.1 BellSouth shall provide to AT&T, at AT&T's request, within thirty (30) days after the Effective Date, all published Subscriber List Information (including such information that resides in BellSouth's master subscriber system database) via electronic data transfer acceptable to AT&T, on the same terms and conditions and at the same rates that the BellSouth provides its own Subscriber List information to itself or to other third parties. Changes to the Subscriber List Information shall be updated on a daily basis through the same electronic data transfer means used to transmit the initial List. Subscriber List Information provided shall indicate whether the customer is a residence or business customer.

21.2 BellSouth shall provide Subscriber List Information that includes AT&T Customers to third parties, as required by the Act, on the same terms and conditions and at the same rates that BellSouth provides its own Subscriber List Information to third parties. AT&T shall receive its pro-rata share of any amounts paid by third parties to BellSouth for such Subscriber List Information. AT&T's pro-rata share shall be calculated based on the proportionate share of AT&T Customers to the total number of customers included in the Subscriber List Information.

22. **Miscellaneous**

22.1 **Delegation or Assignment** - BellSouth may not assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of AT&T which will not be unreasonably withheld. Notwithstanding the foregoing, BellSouth may assign its rights and benefits and delegate its duties and obligations under this Agreement without the consent of AT&T to a 100 percent owned affiliate company of BellSouth, provided that the performance of any such assignee is guaranteed by the assignor. Any prohibited assignment or delegations shall be null and void.

22.2 **Subcontracting** - BellSouth may not subcontract the performance of any obligation under this Agreement without the prior written consent of AT&T, which shall not be unreasonably withheld. If any obligation is performed by a subcontractor or affiliate, BellSouth nevertheless shall remain fully responsible for the performance of this Agreement in accordance with its terms, and BellSouth shall be solely responsible for payments due its subcontractors or affiliates. No contract, subcontract or other agreement entered into by either Party with any third Party affiliate in connection with the provision of Local Services, Network Elements, or Combinations hereunder shall provide for any indemnity, guarantee or assumption of liability by, or other obligation of, the other Party to this Agreement with respect to such arrangement, except as consented to in writing by the other Party. No

ispect to such

subcontractor or affiliate shall be deemed a third party beneficiary for any purposes under this Agreement.

22.3 **Nonexclusive Remedies** - Except as otherwise expressly provided in this Agreement, each of the remedies provided under this Agreement is cumulative and is in addition to any remedies that may be available at law or in equity.

22.4 **No Third-Party Beneficiaries** - Except as may be specifically set forth in this Agreement, this Agreement does not provide and shall not be construed to provide third parties with any remedy, claim, liability, reimbursement, cause of action, or other privilege.

22.5 **Referenced Documents** - Whenever any provision of this Agreement refers to a technical reference, technical publication, AT&T Practice, BellSouth Practice, any publication of telecommunications industry administrative or technical standards, or any other document specifically incorporated into this Agreement, it will be deemed to be a reference to the most recent version or edition (including any amendments, supplements, addenda, or successors) of such document that is in effect, and will include the most recent version or edition (including any amendments, supplements, addenda, or successors) of each document incorporated by reference in such a technical reference, technical publication, AT&T Practice, BellSouth Practice, or publication of industry standards (unless AT&T elects otherwise). Should there be an inconsistency between or among publications or standards, AT&T shall elect which requirement shall apply.

22.6 **Governing Law** - The validity of this Agreement, the construction and enforcement of its terms, and the interpretation of the rights and duties of the Parties shall be governed by the laws of the State of Georgia other than as to conflicts of laws, except insofar as federal law may control any aspect of this Agreement, in which case federal law shall govern such aspect. The Parties submit to personal jurisdiction in Atlanta, Georgia, and waive any objections to a Georgia venue.

22.7 **Publicity and Advertising** - Neither Party shall publish or use any advertising, sales promotions or other publicity materials that use the other party's logo, trademarks or service marks without the prior written approval of the other party.

22.8 **Amendments or Waivers** - Except as otherwise provided in this Agreement, no amendment or waiver of any provision of this Agreement, and no consent to any default under this Agreement, shall be effective unless the same is in writing and signed by an officer of the Party against whom such amendment, waiver or consent is claimed. In addition, no course of dealing or failure of a Party strictly to enforce any term, right or condition of this Agreement shall be

construed as a waiver of such term, right or condition. By entering into this Agreement AT&T does not waive any right granted to it pursuant to the Act.

22.9 **Severability** - If any term, condition or provision of this Agreement is held to be invalid or unenforceable for any reason, such invalidity or unenforceability shall not invalidate the entire Agreement, unless such construction would be unreasonable. The Agreement shall be construed as if it did not contain the invalid or unenforceable provision or provisions, and the rights and obligations of each Party shall be construed and enforced accordingly; provided, however, that in the event such invalid or unenforceable provision or provisions are essential elements of this Agreement and substantially impair the rights or obligations of either Party, the Parties shall promptly negotiate a replacement provision or provisions.

22.10 **Entire Agreement** - This Agreement, which shall include the Attachments, Appendices and other documents referenced herein, constitutes the entire Agreement between the Parties concerning the subject matter hereof and supersedes any prior agreements, representations, statements, negotiations, understandings, proposals or undertakings, oral or written, with respect to the subject matter expressly set forth herein.

22.11 **Survival of Obligations** - Any liabilities or obligations of a Party for acts or omissions prior to the cancellation or termination of this Agreement, any obligation of a Party under the provisions regarding indemnification, Confidential Information, limitations on liability, and any other provisions of this Agreement which, by their terms, are contemplated to survive (or to be performed after) termination of this Agreement, shall survive cancellation or termination thereof.

22.12 **Executed in Counterparts** - This Agreement may be executed in any number of counterparts, each of which shall be deemed an original; but such counterparts shall together constitute one and the same instrument.

22.13 **Headings of No Force or Effect** - The headings of Articles and Sections of this Agreement are for convenience of reference only, and shall in no way define, modify or restrict the meaning or interpretation of the terms or provisions of this Agreement.

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sioner is at least equal in quality to that experienced by a
BellSouth customer and comparable to the Voluntary Federal

Part I: Local Services Resale

23. Telecommunications Services Provided for Resale

23.1 At the request of AT&T, and pursuant to the requirements of the Act, BellSouth will make available to AT&T for unrestricted resale (see Section 24.3) any Telecommunications Service that BellSouth currently provides, or may offer hereafter. BellSouth shall also provide Support Functions and Service Functions, as set forth in Sections 27 and 28 of this Part. The Telecommunications Services, Service Functions and Support Functions provided by BellSouth to AT&T pursuant to this Agreement are collectively referred to as "Local Service."

23.2 This Part describes several services which BellSouth shall make available to AT&T for resale pursuant to this Agreement. This list of services is neither all inclusive nor exclusive. All Telecommunications Services of BellSouth which are to be offered for resale pursuant to the Act are subject to the terms herein, even though they are not specifically enumerated or described.

23.2.1 Features and Functions Subject to Resale

BellSouth agrees to make available for resale all features and functions available in connection with Telecommunications Services, including but not limited to the following:

Dial tone and ring
Capability for either dial pulse or touch tone recognition
Capability to complete calls to any location
Same extended local calling area
1+ IntraLATA toll calling
PIC 1+ service
CIC dialing (10 XXXX)
Same access to vertical features and functions
Call detail recording capability required for end user billing
Flat and Measured Service
International Calling
911, 500, 700, 800, 888, 900, 976
Ringing
Repeat dial capability
Multi-line hunting
PBX trunks and DID service

[illegible] within ten (10) days of the Effective Date [illegible] provide updates to said list as required by Section 24.3.2 [illegible]

23.3 BellSouth will provide AT&T with at least the capability to provide an AT&T customer the same experience as BellSouth provides its own customers with respect to all Local Services. The capability provided to AT&T by BellSouth shall be in accordance with standards or other measurements that are at least equal to the highest level that BellSouth provides or is required to provide by law or its own internal procedures.

24. **General Terms and Conditions for Resale**

24.1 ***Primary Local Exchange Carrier Selection***

BellSouth shall apply the principles set forth in Section 64.1100 of the Federal Communications Commission Rules, 47 C.F.R. §64.1100, to the process for end-user selection of a primary local exchange carrier. BellSouth shall not require a disconnect order from the customer, another carrier, or another entity, in order to process an AT&T order for Local Service for a customer.

24.2 ***Pricing***

The prices charged to AT&T for Local Service are set forth in Part IV of this Agreement.

24.3 **No Restrictions on Resale**

AT&T may resell to any and all classes of end-users Telecommunications Services obtained from BellSouth under this Agreement, except for Lifeline Assistance and Link-Up services which AT&T may only resell to those customers who are eligible for such services. BellSouth will not prohibit, nor impose unreasonable or discriminatory conditions or limitations on the resale of its Telecommunications Services. BellSouth agrees to remove all tariff restrictions which prohibit or limit the aggregation and resale of any such Telecommunication Services.

24.3.1 ***Dialing Parity; Number Portability***

24.3.1.1 BellSouth shall ensure that all AT&T Customers experience the same dialing parity as similarly-situated customers of BellSouth services, such that, for all call types: (i) an AT&T Customer is not required to dial any greater number of digits than a similarly-situated BellSouth customer; (ii) the post-dial delay (time elapsed between the last digit dialed and the first network response), call completion rate and transmission quality experienced by an AT&T Customer is at least equal in quality to that experienced by a similarly-situated BellSouth customer; and (iii) the AT&T Customer may retain its local telephone number. BellSouth shall provide Interim Number Portability as of the Effective Date. Interim Number Portability shall include: Remote Call

similarly situated
When a BellSouth customer eligible for the Voluntary Federal

Forwarding (RCF), Route Indexing (RI), and Local Exchange Routing Guide ("LERG") reassignment. In addition to providing RCF, BellSouth agrees to provide RI or LERG Reassignment in every local serving office. BellSouth also shall provide Permanent Number Portability in accordance with FCC or State Commission requirements.

24.3.2 **Changes in Retail Service**

24.3.2.1 BellSouth will notify AT&T of any changes in the terms and conditions under which it offers Telecommunications Services to subscribers who are not Telecommunications Service providers or carriers, including, but not limited to, the introduction or discontinuance of any features, functions, services or promotions, at least forty-five (45) days prior to the effective date of such change, or concurrent with BellSouth's internal notification process for such change, whichever is earlier.

24.3.2.2 BellSouth agrees to put in place an electronic system to provide for notice of proposed price changes for any Telecommunications Service to AT&T no later than thirty days before they are proposed to become effective. The process will be approved by AT&T, and will be in place no later than October 1, 1996.

24.3.2.3 BellSouth agrees to put in place an electronic system to notify AT&T in accordance with industry standards, but in no event less than six months for operational changes and twelve months for technology changes that are related to Local Services.

25. Requirements for Specific Services

25.1 **CENTREX Requirements [Subject to Negotiation]**

25.1.1 At AT&T's option, AT&T may purchase the entire set of CENTREX features or a subset of any one or any combination of such features. The CENTREX Service provided for resale will meet the following requirements:

25.1.1.1 All features and functions of CENTREX Service, whether offered under tariff or otherwise, shall be available to AT&T for resale, without any geographic or customer class restrictions.

25.1.1.2 BellSouth shall provide to AT&T a list of all CENTREX features and functions offered by BellSouth within ten (10) days of the Effective Date, and shall provide updates to said list as required by Section 24.3.2.

25.1.1.3 All service levels and features of CENTREX Service provided by BellSouth for resale by AT&T shall meet the service parity requirements set forth in this Part.

25.1.1.4 AT&T may aggregate the CENTREX local exchange and IntraLATA traffic usage of AT&T Customers to qualify for volume discounts on the basis of such aggregated usage.

25.1.1.5 AT&T may aggregate multiple AT&T Customers on dedicated access facilities. AT&T may require that BellSouth suppress the need for AT&T Customers to dial "9" when placing calls outside the CENTREX System.

25.1.1.6 AT&T may use remote call forwarding in conjunction with CENTREX Service to provide service to AT&T Local Service Customers residing outside of the geographic territory in which BellSouth provides local exchange service.

25.1.1.7 AT&T may purchase any and all levels of CENTREX Service for resale, without restriction on the minimum or maximum number of lines that may be purchased for any one level of service.

25.1.1.8 BellSouth shall make available to AT&T for resale, at no additional charge, intercom calling among all AT&T Customers who utilize resold CENTREX Service.

25.1.1.9 AT&T may utilize Automatic Route Selection ("ARS") to provision access.

25.2 **CLASS and Custom Features Requirements**

AT&T may purchase the entire set of CLASS and Custom features and functions, or a subset of any one or any combination of such features, on a customer-specific basis, without restriction on the minimum or maximum number of lines or features that may be purchased for any one level of service. BellSouth shall provide to AT&T a list of all such CLASS and Custom features and functions within ten (10) days of the Effective Date and shall provide updates to such list when new features and functions become available.

25.3 **Voluntary Federal and State Customer Financial Assistance Programs**

Local Services provided to low-income subscribers, pursuant to requirements established by the appropriate state regulatory body, include programs such as Voluntary Federal Customer Financial Assistance Program and Link-Up America ("Voluntary Federal Customer Financial Assistance Programs"). When a BellSouth customer eligible for the Voluntary Federal Customer Financial Assistance Program or other similar state programs chooses to obtain Local Service from AT&T, BellSouth shall forward all information

al Customer

regarding such customer's eligibility to participate in such programs to AT&T. in electronic format in accordance with the procedures set forth herein.

25.4 **E911/911 Services**

25.5 **E911/911 Services [Subject to Negotiation]**

BellSouth shall provide access to E911/911 in the same manner that it is provided to BellSouth customers. BellSouth will enable AT&T customers to have E911/911 call routing to the appropriate Public Safety Answering Point (PSAP). BellSouth shall provide and validate AT&T Customer information to the PSAP. BellSouth shall use its service order process to update and maintain, on the same schedule that it uses for its end users, the AT&T Customer service information in the ALI/DMS (Automatic Location Identification/Database Management System) used to support E911/911 services.

25.5.1 AT&T agrees that BellSouth need not offer E911/911 services for resale to government agencies so long as BellSouth provides AT&T the necessary unbundled network elements in order for AT&T to provide E911/911 services to government agencies no later than January 1, 1997.

25.5.2 **Telephone Relay Service**

25.5.3 Where BellSouth provides to speech and hearing-impaired callers a service that enables callers to type a message into a telephone set equipped with a keypad and message screen and to have a live operator read the message to a recipient and to type message recipient's response to the speech or hearing-impaired caller ("Telephone Relay Service"), BellSouth shall make such service available to AT&T at no additional charge, for use by AT&T Customers who are speech or hearing-impaired. If BellSouth maintains a record of customers who qualify under any applicable law for Telephone Relay Service, BellSouth shall make such data available to AT&T as it pertains to AT&T Customers.

25.6 **Obsolete/Grandfathered Services Subject to Negotiation]**

25.6.1 BellSouth shall offer for resale to AT&T all obsolete/grandfathered services

25.6.2 For purposes of this Agreement, an obsolete/grandfathered service is a service that BellSouth offers to existing retail customers but not to new subscribers.

25.6.3 After the Effective Date of this Agreement, AT&T shall have the right to review and approve any request for grandfathering any service to be filed by BellSouth at any Public Utility Commission.

25.7 **Lifeline/Link-Up Service [Subject to Negotiation]**

25.7.1 BellSouth shall offer for resale Lifeline and Link-Up Service.

25.8 **N11 Service [Subject to Negotiation]**

25.8.1 BellSouth agrees not to offer any new N11 services for twelve (12) months after the Effective Date of this Agreement unless BellSouth makes any such service available for resale.

25.8.2 AT&T will not have the right to sell any N11 service, other than 411, 611 or 911 services, existing as of the Effective Date of this Agreement.

25.9 Contract Service Arrangements, Special Arrangements, and Promotions [Subject to Negotiation]

25.9.1 BellSouth shall offer for resale all Contract Service Arrangements, Special Arrangements, and Promotions on a "switch as requested" (transfer of contract) basis.

25.10 State Specific Discount Plans and Services [Subject to Negotiation]

25.10.1 BellSouth shall offer for resale all State Specific Discount Plans or Service.

25.11 **Nonrecurring Services**

25.11.1 Except as provided in Part IV, BellSouth shall offer for resale all non-recurring services.

25.11.2 Inside Wire Maintenance Service

25.11.3 BellSouth shall offer for resale inside wire maintenance service.

25.12 Pay Phone Service

BellSouth shall offer for resale, at a minimum, the following: Coin Line, COCOT Line Coin, and COCOT Line Coinless features:

Billed Number Screening
Ability to "freeze" PIC selection
One bill per line
Point of demarcation at the Network Interface location
Detailed billing showing all 1+ traffic on paper, diskette or electronic format
Option to have BellSouth techs collect, count, and
Wire Maintenance option
Touchtone service
Option for listed or non-listed numbers

Access to 911 service
One directory per line

25.12.1 **BellSouth shall offer for resale, at a minimum, the following Coin Line features:**

Access to all CO intelligence required to perform answer detection, coin collection, coin return, and disconnect.
Answer Detection
Option to block all 1+ calls to international destinations
IntraLATA Call Timing
Option of one way or two way service on line
Flat Rate Service
Originating line screening

[The following Coin Line items are subject to continued negotiation.

AT&T rate tables for local and intraLATA service
Option of measured service
Ability to block any 1+ service that cannot be rated by the coin circuits/TSPS/OSPS
Protect against clip on fraud
Protect against blue box fraud]

25.12.2 BellSouth shall offer for resale, at a minimum, the following COCOT Line Coin and COCOT Line Coinless features:

Originating line screening
Two way service option
Flat rate service based on rate groups

[The following COCOT Line Coin and COCOT Line Coinless items are subject to continued negotiation:

Option of one way service on the line
Option of measured service
Ability to keep existing serving telephone numbers if cutover to AT&T resale line Incoming/outgoing screening]

25.12.3 BellSouth shall offer for resale, at a minimum, the following COCOT Line Coin feature:

Blocking for 1+ international, 10XXXX1+ international, 101XXXX1+ international, 1+900, N11, 976

[The following COCOT Line Coin items are subject to continued negotiation:

Option to block all 1-700 and 1-500 calls
Line side supervision option]

25.12.4 BellSouth shall offer for resale, at a minimum, the following COCOT Line Coinless feature:

Blocking for 1+ international, 10XXXX1+ international, 101XXXX1+ international, 1+900, N11, 976, 7 digit local, 1+DDD

25.12.5 BellSouth shall offer for resale, at a minimum, the following SemiPublic Coin features:

Ability to keep existing serving telephone numbers if cutover to AT&T
Touchtone Service
Option for listed, nonlisted, or non published numbers
Provision 911 service
Access to ANI information
Access to all CO intelligence
Ability to keep existing serving telephone numbers if cutover to AT&T required to perform answer supervision, collect and refund
Far end disconnect recognition
Call timing
PIC protection for all 1+local, interLATA, and intraLATA traffic
Same call restrictions as available on BellSouth phones for interLATA, international, intraLATA, and local calling
One bill per line
Detailed billing showing all 1+ traffic in paper or electronic format
Option to have enclosure installed with set
One directory per line installed
Install the station to at least BellSouth standards

[The following SemiPublic Coin items are subject to continued negotiation:

Option to block all 1+ international calls
Option of one way or two way service
Wire Maintenance option
Ability to block any 1+ service that cannot be rated by the coin circuits/TSPS/OSPS
AT&T rate tables for local and intraLATA service
Option to have BellSouth techs collect, count, and deposit vault contents on behalf of AT&T
Monitor vault contents for slugs and spurious non US

d deposit

currency or theft and notify AT&T of discrepancies
Station or enclosure equipment should only bear the name/brand designated by AT&T on the order form
Protect against clip on fraud
Protect against red box fraud
Protect against blue box fraud
Provide option for use of "bright" station technology including debit cards
Provide revenue, maintenance, collection reports as specified by AT&T on order form on a periodic basis in paper or electronic format]

[The following Coin Line, SemiPublic Coin, COCOT Line Coin, and COCOT Line Coinless, items are subject to continued negotiation for all service types:

Blocking of inbound international calls
Point of demarcation at the set location
Provide service restoration per AT&T's DMOQs
Service outage transfers to AT&T help center
Special screen codes unique to AT&T and/or its customers
Single point of Contact for bills and orders dedicated to Public
Access to AT&T Directory Assistance
Access to AT&T's Network Access Interrupt
Access to ANI Information
Use AT&T branded invoice
Provide all information requested to ensure AT&T can bill for access line
Provide all information requested to ensure AT&T can bill for usage on the line
All calls originating from stations serviced by these lines should be routed to AT&T lines, except where designated
Provide the same monitoring and diagnostic routines on the line as BellSouth would on its own facilities
Provide installation intervals per AT&T DMOQs
Ordering per AT&T DMOQs
Call Transfer per AT&T DMOQs
Billing per AT&T DMOQs
PIC per AT&T DMOQs]

25.13 Voice Mail Service

25.13.1 Bell South shall provide the SMDI-E, Station Message Desk Interface-Enhanced, where available, or SMDI, Station Message Desk Interface where SMDI-E is not available, feature capability allowing for Voice Mail Services.

BellSouth shall provide to the end user the MWI (Message Waiting Indicator) stutter dialtone and message waiting light feature capabilities. BellSouth shall provide CF-B/DA (Call Forward on Busy/Don't Answer), CF/B (Call Forward on Busy), and CF/DA (Call Forward Don't Answer) feature capabilities allowing for Voice Mail services.

25.14 Hospitality Service

25.14.1 BellSouth shall provide all blocking, screening, and all other applicable functions available for hospitality lines.

25.15 Blocking Service

25.15.1 BellSouth shall provide blocking of 700, 900, and 976 services upon request, including bill to third party and collect calls, from AT&T on a line, trunk, or individual service basis.

26. **Advanced Intelligent Network [Subject to Negotiation]**

26.1 AT&T may purchase the entire set of Advanced Intelligent Network ("AIN") features or functions, or a subset of any one or any combination of such features or functions, on a customer-specific basis. The AIN services provided by BellSouth to AT&T for resale shall meet the following requirements:

26.1.1 AIN, whether offered under tariff or otherwise, shall be available to AT&T for resale, without any geographic restrictions;

26.1.2 BellSouth shall provide full functionality access to AT&T on behalf of AT&T Customers, including the Service Control Point Database and Intelligent Functions;

26.1.3 All service levels, features and function components of AIN provided by BellSouth shall meet the service parity requirements set forth in this Part; and

26.1.4 AT&T may purchase any and all levels of AIN service for resale, without restriction on the minimum or maximum number of lines or features that may be purchased for any one level of service.

27. **Support Functions**

BellSouth shall permit AT&T to connect its local operation [illegible] BellSouth's Busy Line Verification and Emergency Line Interrupt

Routing to Directory Assistance, Operator and Repair Services [Subject to Negotiation]

27.1.1 BellSouth shall make available to AT&T the ability to route:

27.1.2 Local Directory Assistance calls (411, (NPA) 555-1212) dialed by AT&T Customers directly to the AT&T Directory Assistance Services platform.

Local Operator Services calls (0+, 0-) dialed by AT&T Customers directly to the AT&T Local Operator Services platform. Such traffic shall be routed over trunk groups between BellSouth end offices and the AT&T Local Operator Services Platform, using standard Operator Services dialing protocols of 0+ or 0.

27.1.3 Repair calls (e.g., 611) dialed by AT&T Customers directly to the AT&T repair center.

27.1.4 All direct routing capabilities described herein shall permit AT&T Customers to dial the same telephone numbers for AT&T Directory Assistance, Local Operator Service and Repair that similarly situated BellSouth customers dial for reaching equivalent BellSouth services.

27.1.5 BellSouth, no later than five (5) days after the Effective Date, shall provide to AT&T, the emergency public agency (e.g., police, fire, ambulance) telephone numbers linked to each NPA-NXX. Such data will be transmitted via the Electronic Interface described in Section 27.1 of this Part. BellSouth will electronically transmit to AT&T, in a timely manner, all changes, alterations, modifications and updates to such data base.

27.2 **Interim Measures**

27.2.1 Until such time as BellSouth routes calls to the AT&T Directory Assistance platform, BellSouth shall provide Directory Assistance to AT&T's customers branded to AT&T pursuant to Section 19.

Where BellSouth is the provider of Directory Assistance service, BellSouth agrees to provide AT&T customers with the same Directory Assistance available to BellSouth customers branded as required by Section 19. Additionally, BellSouth warrants that such service will provide the following minimum capabilities to AT&T's customers:

(1) Two customer listings and/or addresses per AT&T customer call.
(2) Name and address to AT&T customers upon request, except for unlisted numbers, in the same states where such information is provided to BellSouth customers (AL,MS,LA,KY).

(3) Upon request, call completion to the requested number for local and intraLATA toll calls, where this service is available.
(4) Populate the listing database in the same manner and in the same time frame as if the customer was a BellSouth customer.
(5) Any information provided by a Directory Assistance Automatic Response Unit (ARU) will be repeated the same number of times for AT&T customers as for BellSouth's customers.
(6) Service levels will comply with Public Service Commission requirements for:
a) number of rings to answer
b) average work time
c) disaster recovery options
(7) Intercept service for customers moving service will include:
a) referral to new number, either 7 or 10 digits
b) repeat of the new number twice on the referral announcement
c) repeat of the new recording twice.

27.2.2 Until such time as BellSouth routes calls to the AT&T Local Operator Services platform, BellSouth shall provide Operator Services to AT&T's customers. BellSouth agrees to provide AT&T performance metrics for this service that include a) number of rings to answer, b) average work time, c) disaster recovery.

Where BellSouth is the provider for Local Operator Service, (0+,0-), BellSouth agrees to provide AT&T customers the same Operator Services available to BellSouth customers, branded as required by Section 19. Additionally, BellSouth warrants that such service will provide the following minimum capabilities to AT&T customers:

(1) Instant credit on calls, as provided to BellSouth customers.
(2) Routing of calls to AT&T when requested via existing Operator Transfer Service (OTS), at no charge.
(3) Busy Line Verification/Emergency Line Interrupt (BLV/ELI) services.
(4) Emergency call handling.
(5) Notification of the length of call.
(6) Caller assistance for the disabled in the same manner as provided to BellSouth customers.
(7) Handling of collect calls: person to person and/or station to station.

27.3 **Busy Line Verification and Emergency Line Interrupt**

BellSouth shall permit AT&T to connect its Local Operator Service to BellSouth's Busy Line Verification and Emergency Line Interrupt ("BLV/ELI") systems and databases to enable AT&T to perform BLV/ELI services.

BellSouth will engineer its BLV/ELI facilities to accommodate the anticipated volume of BLV/ELI requests during the Busy Hour. AT&T may, from time to time, provide its anticipated volume of BLV/ELI requests to BellSouth. In those instances when the BLV/ELI systems and databases become unavailable, BellSouth shall promptly inform AT&T.

27.4 **Access to the Line Information Database**

BellSouth shall use its service order process to update and maintain, on the same schedule that it uses for its end users, the AT&T Customer service information in the Line Information Database ("LIDB").

27.5 **Telephone Line Number Calling Cards**

Effective as of the date of an end-user's subscription to AT&T Service, BellSouth will terminate its existing telephone line number - based calling cards and remove any BellSouth-assigned Telephone Line Calling Card Number (including area code) ("TLN") from the LIDB. AT&T may issue a new telephone calling card to such customer, utilizing the same TLN, and AT&T shall have the right to enter such TLN in LIDB for calling card validation purposes.

28. **Service Functions**

28.1 **Electronic Interface**

BellSouth shall provide a real-time electronic interface ("EI") for transferring and receiving Service Orders and Provisioning data and materials (e.g., access to Street Address Guide ("SAG") and Telephone Number Assignment database). This interface shall be administered through a gateway that will serve as a single point of contact for the transmission of such data from AT&T to BellSouth, and from BellSouth to AT&T. The requirements and implementation of such a data transfer system shall be negotiated in good faith by the parties and be specified in a written agreement between AT&T and BellSouth that will be completed expeditiously after the Effective Date of this Agreement. AT&T and BellSouth agree that the Electronic Communications gateway described above is to be provided as soon as practicable, but in no event later than the dates specified below. Until such time as a gateway is established, the EI to be used shall be the same EI as is currently used by BellSouth, as may be modified by agreement of the parties during the interim period. AT&T and BellSouth have agreed on interim solutions described below to address the Pre-ordering, Ordering and Provisioning interfaces. BellSouth warrants that such interim solutions shall provide AT&T customers with the same level of service available to BellSouth customers.

Pre-Ordering

1. BellSouth will provide AT&T access to BellSouth's Regional Street Address Guide (RSAG) via dial-up to be replaced with LAN to LAN access no later than September 15,1996.

2. BellSouth will provide AT&T access to BellSouth's Products and Services Inventory Management System (P/SIMS) data via Network Data Mover file transfer. BellSouth shall update this data at least once a week from BellSouth's P/SIMS database. The data shall be available at all times and AT&T may retrieve the data at any time.

3. BellSouth will supply AT&T with Interval Guide Job Aids to be used to determine service installation dates. BellSouth will implement an electronic interface to its Due Date Support Application (DSAP) no later than December 31, 1996.

4. BellSouth will reserve up to 100 telephone numbers per NPA-NXX at AT&T's request, for AT&T's sole use. BellSouth will provide additional number at AT&T's request in order that AT&T have sufficient numbers available to meet expected needs. The telephone number reservations made in this manner are valid for AT&T's assignment for (90) ninety days from the reservation date. BellSouth will make the telephone number reservations available to AT&T via electronic file no later than September 15, 1996. AT&T and BellSouth agree to implement an electronic interface to improve this process no later than: December 31, 1996.

5. BellSouth Local Carrier Service Center (LCSC) will assign vanity numbers and blocks of numbers for use with complex services including, but not limited to, DID and Hunting arrangements, as requested by AT&T, and documented in Work Center Interface agreements.

Ordering

BellSouth agrees to develop, and AT&T agrees to cooperate in the development of, a mutually acceptable Electronic Data Interchange (EDI) for ordering Local Services, Unbundled Elements and Combinations. The ordering process and related transactions (e.g., order confirmation, firm order commitments, supplements and completions) shall be via the EDI interface.

BellSouth agrees to implement the EDI interface to support processes for Local Services for residence POTS and features, business POTS and features and PBX trunks with Direct Inward Dialing by September 1, 1996. By December 15, 1996, all Local Services shall be available for ordering via EDI interface. By March 31, 1997, an interactive direct order entry capability will be implemented for ordering all Local Services, Unbundled Elements and Combinations. Further development of the interface will be documented in a joint implementation agreement currently under negotiation.

28.2 **Work Order Processes**

28.2.1 BellSouth shall ensure that all work order processes used to provision Local Service to AT&T for resale meet the service parity requirements set forth in this Part.

28.2.2 Not later than September 1, 1996, BellSouth and AT&T shall develop mutually agreed-upon escalation and expedite procedures to be employed at any point in the Service Ordering, Provisioning, Maintenance, Billing and Customer Usage Data transfer processes to facilitate rapid and timely resolution of disputes.

These procedures will be maintained in the Work Center Interface Agreements.

28.3 **Point of Contact for the AT&T Customer**

28.3.1 Except as otherwise provided in this Agreement, AT&T shall be the single and sole point of contact for all AT&T Customers.

28.3.2 BellSouth shall refer all questions regarding any AT&T service or product directly to AT&T at a telephone number specified by AT&T.

28.3.3 BellSouth shall ensure that all BellSouth representatives who receive inquiries regarding AT&T services: (i) provide such numbers to callers who inquire about AT&T services or products; and (ii) do not in any way disparage or discriminate against AT&T, or its products or services; and (iii) do not provide information about BellSouth products or services.

28.4 **Single Point of Contact**

Each party shall provide the other party with a single point of contact ("SPOC") for all inquiries regarding the implementation of this Part. Each party shall accept all inquiries from the other party and provide timely responses.

Center Interface

BellSouth Contact numbers will be kept current in the Work Center Interface Agreements.

28.5 **Service Order**

To facilitate the ordering of new service for resale or changes to such service to an AT&T Customer ("Service Order"), BellSouth shall provide AT&T's representative with real-time access (as described in Section 28.1) to BellSouth customer information to enable the AT&T representative to perform the following tasks:

BellSouth will provide AT&T real-time access to the customer profile no later than March 31, 1997. Until real-time access is available via electronic interface, BellSouth agrees that AT&T can obtain customer profile information via telephone conference. Methods and procedures for the interim interface will be defined in a Work Center Interface agreement;

BellSouth will provide AT&T with real-time access to information on all features and services available, including new services, trial offers and promotions. If real time access is not available via electronic interface, BellSouth agrees to make available to AT&T an electronic file with feature and service information in each BellSouth central office;

28.5.1 BellSouth will provide AT&T with real-time access to order entry no later than March 31, 1997. Until real-time access is available via electronic interface, BellSouth agrees to establish the Local Carrier Service Center (LCSC) as the SPOC for order entry. Orders will be received at the LCSC via the EDI interface. BellSouth agrees to enter the service order and provide Firm Order Confirmation (FOC) within 24 hours of receipt of correct Local Service Request.

28.5.2 BellSouth will provide AT&T with real-time access to telephone number reservations no later than December 31, 1996. Until real-time access is available via electronic interface, BellSouth agrees to provide AT&T with a ready supply of telephone numbers. The process is described in Section 28.1 of this document.

28.5.3 BellSouth will provide AT&T with real-time ability to establish directory listings no later than March 31, 1997. Until real-time access is available via electronic interface, BellSouth agrees to establish the appropriate directory listing for AT&T end-users via the LSR and interim service ordering process. AT&T will provide the appropriate directory listing information on the LSR.

28.5.4 BellSouth will provide AT&T with the appropriate information and training materials (job aids) to assist AT&T work centers to determine whether a

e whether a

AT&T Proprietary

6/28/96

service call will be required on a service installation. These job aids are to be the same information available to the BellSouth employees.

28.5.5 BellSouth will provide AT&T with real-time ability to schedule dispatch and installation no later than: December 31, 1996. Until real-time access is available via electronic communications, BellSouth agrees to provide AT&T with interval guides for BellSouth services;

28.5.6 BellSouth will provide AT&T with real-time ability to order local intraLATA toll service and enter AT&T Customer's choice of primary interexchange carrier on a single, unified order no later that March 31, 1997.

28.5.7 BellSouth will suspend, terminate or restore service to an AT&T Customer at AT&T's request.

28.6 **Provisioning**

28.6.1 After receipt and acceptance of a Service Order, BellSouth shall provision such Service Order in accordance with the following Intervals and DMOQs:

28.6.1.1 Turn-up of Local Service where no installation of facilities is required:

Residence and Business: within twenty-four (24) hours of acceptance of Service Order

28.6.1.2 Turn-up of Local Service where installation of facilities is required:

Residence: within seventy-two (72) hours of acceptance of Service Order

28.6.1.3 Feature Changes (after service turn-up):

Feature changes received by BellSouth before 12:00 P.M. will be done on the day of receipt. If request is received after 12:00 P.M., the work will be done on the next day.

28.6.1.4 Service Disconnects:

Residence: Within twenty-four (24) hours after acceptance of Service Order
Business: Within four (4) hours after acceptance of Service Order if only software change is required.
Business: Within twenty-four (24) hours after acceptance of Service Order if central office change or customer premise visit is required.

28.6.1.5 Provisioning functions performed by BellSouth will meet the following DMOQs:

Installation Commitment

Residence: >99% met
Business: >99.5% met

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

Missed Appointments
Residence: <1%
Business: 0%

28.6.2 BellSouth shall provide AT&T with service status notices, within mutually agreed-upon intervals. Such status notices shall include the following:

28.6.2.1 Firm order confirmation, including service availability date and information regarding the need for a service dispatch for installation.

28.6.3 BellSouth will provide AT&T with real-time notice of service installation no later than March 31, 1997. Until real-time electronic interface is available, BellSouth agrees to provide AT&T with completion information on a daily basis for all types of service orders. BellSouth will utilize the EDI interface to transmit that data to AT&T.

If an installation requires deviation from the service order in any manner, or if an AT&T customer requests a service change at the time of installation, BellSouth will call AT&T in advance of performing the installation for authorization. BellSouth will provide to AT&T at that time an estimate of additional labor hours and/or materials required for that installation. After installation is completed, BellSouth will immediately inform AT&T of actual labor hours and/or materials used.

28.6.4 BellSouth will provide AT&T with real-time information exchange for rejection/errors in Service Orders no later than March 31, 1997. Until real-time electronic interface is available, BellSouth agrees to notify AT&T via telephone of any rejection/errors on service orders within one hour of receipt. The process for that notification will be described further in the work center interface agreement between AT&T CNSC and BellSouth LCSC.

28.6.5 BellSouth will provide AT&T real-time access to status information on Service Orders no later than March 31, 1997. Until real-time electronic interface is available, BellSouth agrees that BellSouth's LCSC will immediately notify AT&T if a service appointment is in jeopardy of being missed.

change their local carrier. The process is described as CUTP

28.6.6 BellSouth will provide AT&T with real-time information on charges associated with necessary construction no later than March 31, 1997. Until real-time electronic interface is available, BellSouth agrees that BellSouth's LCSC will immediately notify AT&T of any changes associated with necessary construction.

28.6.7 BellSouth will provide AT&T real-time access to status on service orders no later than March 31, 1997. Until such real-time access to status on Service Orders is available to AT&T, BellSouth agrees to provide proactive status at the following critical intervals: acknowledgment, firm order confirmation, and completion on service orders. AT&T may call the BellSouth LCSC for status upon request.

28.6.8 BellSouth will perform all pre-service testing on resold Local Services.

28.6.9 Where BellSouth provides installation, BellSouth shall notify AT&T immediately if an AT&T Customer requests a service change at the time of installation.

28.6.10 BellSouth shall provide provisioning support to AT&T twenty-four (24) hours a day, seven (7) days a week.

28.6.11 BellSouth shall provide training for all BellSouth employees who may communicate with AT&T Customers, during the provisioning process. Such training shall conform to AT&T's specifications and shall comply with the branding requirements of this Agreement.

28.6.12 BellSouth will provide AT&T with the capability to provide AT&T customers the same ordering, provisioning intervals, and level of service experiences as BellSouth provides to its own customers, in accordance with standards or other measurements that are at least equal to the highest level that BellSouth provides or is required to provide by law or its own internal procedures.

28.6.13 BellSouth will maintain and staff an account team to support AT&T's inquires concerning the ordering of local complex service and designed business services for local services resale. This team will provide information regarding all services, features and functions available, know the forms and additional information required beyond the standard local service request, assist AT&T in preparation of such orders, and coordinate within BellSouth to insure parity with the end users of BellSouth's retail services.

28.6.14 BellSouth will provide AT&T with the information AT&T will need to certify customers as exempt from charges, or eligible for reduced charges associated with the provisioning of new services, including but not limited to handicapped individuals, and certain governmental bodies and public institutions. BellSouth, when notified that an order for new service is exempt in some fashion, will not bill AT&T.

28.6.15 BellSouth will provide the same intercept treatment and transfer of service announcements to AT&T's customers as BellSouth provides to its own end users without any branding.

28.6.16 BellSouth will provide AT&T with appropriate notification of all area transfers with line level detail 120 days before service transfer, and will also notify AT&T within 120 days before such change of any LATA boundary changes.

28.6.17 BellSouth agrees to develop with AT&T cooperation, mutually acceptable interface agreements between work centers regarding the exchange of information and process expectations.

28.6.18 BellSouth will suspend AT&T local customers' service upon AT&T's request via the receipt of a Local Service Request. The service will remain suspended until such time as AT&T submits an Local Service Request requesting BellSouth to reactivate.

28.6.19 BellSouth will provide AT&T's end users the same call blocking options available to BellSouth's own end users.

28.6.20 BellSouth will work cooperatively with AT&T in practices and procedures regarding Law Enforcement and service annoyance call handling. To the extent that circuit-specific engineering is required for resold services, BellSouth will provide the same level of engineering support as BellSouth provides for its comparable retail services.

28.6.21 BellSouth will provide information about the certification process for the provisioning of LifeLine, Linkup and other similar services.

28.6.22 BellSouth will provide a daily electronic listing of AT&T customers who change their local carrier. The process is described as OUTPLOC (See reference in Local Account Maintenance Requirements of Attachment 7.)

PLOC (See

28.7 **Maintenance**

Maintenance shall be provided in accordance with the requirements and standards set forth in Attachment 5. Maintenance will be provided by BellSouth in accordance with the service parity requirements set forth in this Part.

28.8 **Provision of Customer Usage Data**

BellSouth shall provide the Customer Usage Data recorded by the BellSouth. Such data shall include complete AT&T Customer usage data for Local Service, including both local and intraLATA toll service (e.g., call detail for all services, including flat-rated and usage-sensitive features), in accordance with the terms and conditions set forth in Attachment 7.

28.9 **Service/Operation Readiness Testing**

28.9.1 In addition to testing described elsewhere in this Section, BellSouth shall test the systems used to perform the following functions at least ninety (90) days prior to commencement of BellSouth's provision of Local Service, in order to establish system readiness capabilities:

28.9.1.1 All interfaces between AT&T and BellSouth work centers for Service Order, Provisioning;

28.9.1.2 Maintenance, Billing and Customer Usage Data;

28.9.1.3 The process for BellSouth to provide customer profiles;

28.9.1.4 The installation scheduling process;

28.9.1.5 Network alarm reporting;

28.9.1.6 Telephone number assignment;

28.9.1.7 Procedures for communications and coordination between AT&T SPOC and BellSouth SPOC;

28.9.1.8 Procedures for transmission of Customer Usage Data; and

28.9.1.9 Procedures for transmitting bills to AT&T for Local Service; and

28.9.1.10 The process for wholesale billing for local service.

28.9.2 The functionalities identified above shall be tested in order to determine whether BellSouth performance meets the applicable service parity requirements, DMOQs and other performance standards set forth herein. BellSouth shall make available sufficient technical staff to perform such

testing. BellSouth technical staff shall be available to meet with AT&T as necessary to facilitate testing. BellSouth and AT&T shall mutually agree on the schedule for such testing.

28.9.3 At AT&T's request, BellSouth shall provide to AT&T any results of the testing performed pursuant to the terms of this Part. AT&T may review such results and may notify BellSouth of any failures to meet the requirements of this Agreement.

28.9.4 During the term of this Agreement, BellSouth shall participate in cooperative testing requested by AT&T whenever it is deemed necessary by AT&T to ensure service performance, reliability and customer serviceability.

28.10 **Billing For Local Service**

28.10.1 BellSouth shall bill AT&T for Local Service provided by BellSouth to AT&T pursuant to the terms of this Part, and in accordance with the terms and conditions for Connectivity Billing and Recording in Attachment 6.

28.10.2 BellSouth shall recognize AT&T as the customer of record for all Local Service and will send all notices, bills and other pertinent information directly to AT&T unless AT&T specifically requests otherwise.

...less as ...ell or to any other party. The Network Elements are descri... ...technical descriptions and requirements for each Network E...

PART II: UNBUNDLED NETWORK ELEMENTS

29. **Introduction**

This Part II sets forth the unbundled Network Elements that BellSouth agrees to offer to AT&T in accordance with its obligations under Section 251(c)(3) of the Act. The specific terms and conditions that apply to the unbundled Network Elements are described below and in the Network Elements Service Description, Attachment 2. The price for each Network Element is set forth in Part IV of this Agreement. Except as otherwise set forth in this Part II, BellSouth shall offer Network Elements to AT&T as of November 1, 1996.

30. **Unbundled Network Elements**

30.1 BellSouth shall offer Network Elements to AT&T on an unbundled basis on rates, terms and conditions that are just, reasonable, and non-discriminatory in accordance with the terms and conditions of this Agreement and the requirements of Section 251 and Section 252 of the Act.

30.2 BellSouth will permit AT&T to interconnect AT&T's facilities or facilities provided by AT&T or by third parties with each of BellSouth's unbundled Network Elements at any point designated by AT&T that is technically feasible.

30.3 AT&T, at its option, may designate any technically feasible network interface at a Served Premises, including without limitation, DS0, DS-1, DS-3, STS-1, and OC-n (where n equals 1 to 48) interfaces, and any other interface described in the applicable technical references.

30.4 AT&T may use one or more Network Elements to provide any feature, function, or service option that such Network Element is capable of providing or any feature, function, or service option that is described in the technical references identified herein, or as may otherwise be determined by AT&T.

30.5 BellSouth shall offer each Network Element individually and in combination with any other Network Element or Network Elements in order to permit AT&T to provide Telecommunications Services to its customers.

30.6 For each Network Element, BellSouth shall provide a demarcation point (e.g., an interconnection point at a Digital Signal Cross Connect or Light Guide Cross Connect panel or a Main Distribution Frame) and, if necessary, access to such demarcation point, which AT&T agrees is suitable. However, where BellSouth provides contiguous Network Elements to AT&T, BellSouth may provide the existing interconnections and no demarcation point shall exist between such contiguous Network Elements.

30.7 BellSouth shall not charge AT&T an interconnection fee or demand other consideration for directly interconnecting any Network Element or Combination to any other Network Element or Combination provided by BellSouth to AT&T if BellSouth directly interconnects same two Network Elements or Combinations in providing any service to its own customers or a BellSouth affiliate, including the use of intermediate devices, such as a digital signal cross connect panel, to perform such interconnection.

30.8 The total charge to AT&T to interconnect any Network Element or Combination to any other Network Element or Combination provided by BellSouth to AT&T if BellSouth does not directly interconnect the same two Network Elements or Combinations in providing any service to its own customers or a BellSouth affiliate (e.g., the interconnection required to connect the Loop Feeder to an ALEC's collocated equipment), shall be BellSouth's total service long-run incremental cost of providing the interconnection.

30.9 Subsections 1 through 11 below list the Network Elements that AT&T and BellSouth have identified as of the Effective Date of this Agreement. AT&T and BellSouth agree that the Network Elements identified in this Part II are not exclusive. Either party may identify additional or revised Network Elements as necessary to improve services to customers, to improve network or service efficiencies or to accommodate changing technologies, customer demand, or regulatory requirements. Upon the identification of a new or revised Network Element, the party so identifying the new or revised Network Element shall notify the other party of the existence of and the technical characteristics of the new or revised Network Element. If the parties do not agree on the existence of and the technical characteristics of the newly identified or revised Network Element, any issues that have not been resolved by the parties within thirty days of notification shall be submitted to the Dispute Resolution Procedures as set forth in this Agreement. Within thirty (30) days of AT&T and BellSouth agreeing on the technical characteristics of the new or revised Network Element, the parties will attempt to agree on the rates, terms and conditions that would apply to such Network Element and the effects, if any, on the price, performance or other terms and conditions of existing Network Elements. If the parties do not agree on rates, terms and conditions and other matters set forth herein, any issues that have not been resolved by the parties within thirty days shall be submitted to the Dispute Resolution Procedures as set forth in this Agreement. Additionally, if BellSouth provides any Network Element that is not identified in this Agreement, to itself, to its own customers, to a BellSouth affiliate or to any other entity, BellSouth will provide the same Network Element to AT&T on rates, terms and conditions no less favorable to AT&T than those provided to itself or to any other party. The Network Elements are described below. Additional descriptions and requirements for each Network Element are set forth in Attachment 2.

BellSouth shall provide a contiguous loop as of November 1, 1996. If BellSouth uses integrated Digital Loop Carrier (DLCs) systems to provide the local loop, BellSouth will make alternate arrangements to permit AT&T to order a contiguous unbundled local loop. These arrangements may, at BellSouth's option, include the following: provide AT&T with copper facilities that are acceptable to AT&T; deploy Virtual Remote Terminals; allow AT&T to purchase the entire integrated DLC; or convert integrated DLCs to non-integrated systems.

30.9.1 **"Loop Distribution"** is a Network Element that is composed of two distinct component parts: a Network Interface Device and Distribution Media. By no later than August 15, 1996, BellSouth shall provide AT&T with a proposal to develop the capacity to offer unbundled Loop Distribution. AT&T will respond to BellSouth's proposal by no later than October 1, 1996. If AT&T accepts BellSouth's proposal by November 1, 1996, BellSouth shall offer unbundled Loop Distribution as of October 1, 1997.

30.9.1.1 The "Network Interface Device (NID)" is a single-line termination device or that portion of a multiple-line termination device required to terminate a single line or circuit. The fundamental function of the NID is to establish the official network demarcation point between a carrier and its end-user customer. The NID features two independent chambers or divisions which separate the service provider's network from the customer's inside wiring. Each chamber or division contains the appropriate connection points or posts to which the service provider, and the end-user customer each make their connections. The NID provides a protective ground connection, and is capable of terminating cables such as twisted pair cable. If AT&T requires a NID without other subloop elements, AT&T shall provide and BellSouth shall accept AT&T's certified grounding of BellSouth's Loop Distribution Facility when it is disconnected from the NID. **[Subject to Negotiation]**

30.9.1.2 **Distribution Media**

30.9.1.2.1 **"Distribution Media"** provides connectivity between the NID component of Loop Distribution and the terminal block on the customer-side of a Feeder Distribution Interface (FDI). The FDI is a device that terminates the Distribution Media and the Loop Feeder, and cross-connects them in order to provide a continuous transmission path between the NID and a telephone company central office. For loop plant that contains a Loop Concentrator/Multiplexer, the Distribution Media may terminate at the FDI (if one exists), or at a termination and cross-connect field associated with the Loop Concentrator/Multiplexer. This termination and cross-connect field may be in the form of an outside plant distribution cabinet, remote terminal or fiber node, or an underground vault.

e terminal or fiber

30.9.1.2.2 The Distribution Media may be copper twisted pair, coax cable, or single or multi-mode fiber optic cable. A combination that includes two or more of these media is also possible. In certain cases, AT&T shall require a copper twisted pair Distribution Media even in instances where the Distribution Media for services that BellSouth offers is other than a copper facility.

30.9.2 **Loop Concentrator/Multiplexer**

30.9.2.1 The "Loop Concentrator/Multiplexer" is the Network Element that: (1) aggregates lower bit rate or bandwidth signals to higher bit rate or bandwidth signals (multiplexing); (2) disaggregates higher bit rate or bandwidth signals to lower bit rate or bandwidth signals (demultiplexing); (3) aggregates a specified number of signals or channels to fewer channels (concentrating); (4) performs signal conversion, including encoding of signals (*e.g.*, analog to digital and digital to analog signal conversion); and (5) in some instances performs electrical to optical (E/O) conversion.

30.9.2.2 The Loop Concentrator/Multiplexer function may be provided through a Digital Loop Carrier (DLC) system, channel bank, multiplexer or other equipment at which traffic is encoded and decoded, multiplexed and demultiplexed, or concentrated. In cases where this Network Element is required on an integrated DLC, BellSouth will provide it by a universal DLC alternative.

30.9.2.3 By no later than August 15, 1996, BellSouth shall provide AT&T with a proposal to develop the capacity to offer unbundled Loop Concentrator/Multiplexer. AT&T will respond to BellSouth's proposal by no later than October 1, 1996. If AT&T accepts BellSouth's proposal by November 1, 1996, BellSouth shall offer unbundled Loop Concentrator/Multiplexer by October 1, 1997.

30.9.3 **Loop Feeder**

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

30.9.3.2 The physical medium of the Loop Feeder may be copper twisted pair, or single or multi-mode fiber as designated by AT&T. In certain cases, AT&T will require a copper twisted pair loop even in instances where the medium of the Loop Feeder for services that BellSouth offers is other than a copper facility.

30.9.4 **Service Control Points (SCPs)/Databases** 30.9.10 S

30.9.4 **Local Switching**

30.9.4.1 "Local Switching" is the Network Element that provides the functionality required to connect the appropriate originating lines or trunks wired to the Main Distributing Frame (MDF) or Digital Cross Connect (DSX) panel to a desired terminating line or trunk. Such functionality shall include all of the features, functions, and capabilities that the underlying BellSouth switch that is providing such Local Switching function is then capable of providing, including but not limited to: line signaling and signaling software, digit reception, dialed number translations, call screening, routing, recording, call supervision, dial tone, switching, telephone number provisioning, announcements, calling features and capabilities (including call processing), Centrex, Automatic Call Distributor (ACD), Carrier pre-subscription (e.g. long distance carrier, intraLATA toll), Carrier Identification Code (CIC) portability capabilities, testing and other operational features inherent to the switch and switch software. It also provides access to transport, signaling (ISDN User Part (ISUP) and Transaction Capabilities Application Part (TCAP), and platforms such as adjuncts, Public Safety Systems (911), operator services, directory services and Advanced Intelligent Network (AIN). Remote Switching Module functionality is included in the Local Switching function. The switching capabilities used will be based on the line side features they support. Local Switching will also be capable of routing local, intraLATA, interLATA, and calls to international customer's preferred carrier; call features (e.g., call forwarding) and Centrex capabilities.

30.9.4.2 Local Switching, including the ability to route to AT&T's transport facilities, dedicated facilities and systems, shall be unbundled from all other unbundled Network Elements, i.e., Operator Systems, Common Transport, and Dedicated Transport. In addition, BellSouth agrees to work with AT&T and other ALECs on a routing resource conservation program and file a capacity expansion program to relieve routing resource constraints for 95% of the market in each state by December 31, 1997. Local Switching includes Data Switching as described in Attachment 2.

30.9.5 **"Operator Systems"** is the Network Element that provides operator and automated call handling and billing, special services, customer telephone listings and optional call completion services separate and distinct from local switching. The Operator Systems, Network Element provides two types of functions: Operator Service functions and Directory Service functions, each of which are described below.

30.9.5.1 **Operator Service** provides: (1) operator handling for call completion (for example, collect, third number billing, and manual credit card calls), (2) operator or automated assistance for billing after the customer has dialed the called number (for example, credit card calls); and (3) special services including but not limited to Busy Line Verification and Emergency Interrupt

(BLV/EI), Emergency Agency Call, Operator-assisted Directory Assistance, and Rate Quotes.

30.9.5.2 **Directory Service** provides local customer telephone number listings with the option to complete the call at the callers direction separate and distinct from local switching.

30.9.6 **"Common Transport"** is an interoffice transmission path between BellSouth Network Elements. Where BellSouth Network Elements are connected by intra-office wiring, such wiring is provided as a part of the Network Elements and is not Common Transport. BellSouth shall offer Common Transport as of November 1, 1996, at DS1, DS3, STS-1 or higher transmission bit rate circuits. Common Transport consists of BellSouth inter-office transport facilities and is distinct and separate from local switching.

30.9.7 **"Dedicated Transport"** is an interoffice transmission path between AT&T designated locations separate and distinct from local switching .

BellSouth shall offer AT&T Digital Cross Connect Systems (DCS). DCS provides for the automated cross connection of digital signals at DSO and higher bit rates. BellSouth shall offer DCS at DSO, DS1, DS3, STS-1, and other technically feasible cross connects as designated by AT&T. BellSouth agrees to provide operations support to AT&T twenty-four (24) hours a day, seven (7) days a week.

30.9.8 AT&T designated locations may include BellSouth central offices or other equipment locations, AT&T network components, other carrier network components, or customer premises. Dedicated Transport includes all Dedicated Transport technologies such as DS1, DS3, and SONET. In addition, Dedicated transport includes the Digital Cross-Connect System (DCS) functionality as an option. Transport facilities consist of optical fiber, copper, and coaxial cable.

30.9.8.1 **"Signaling Link Transport"** is a set of two or four dedicated 56 Kbps. transmission paths between AT&T-designated Signaling Points of Interconnection (SPOI) that provides appropriate physical diversity. BellSouth shall offer Signaling Link Transport as of November 1, 1996.

30.9.9 **"Signaling Transfer Points"** is a signaling network function that includes all of the capabilities provided by the signaling transfer point switches (STPSs) and their associated signaling links which enable the exchange of SS7 messages among and between switching elements, database elements and STPSs. BellSouth shall offer SS7 AIN unmediated access through its STPSs. BellSouth shall offer Signaling Transfer Points as of November 1, 1996.

30.9.10 **Service Control Points (SCPs)/Databases**

30.9.10.1 **Databases** are the Network Elements that provide the functionality for storage of, access to, and manipulation of information required to offer a particular service or capability. Databases include, but are not limited to: Local Number Portability, LIDB, Toll Free Number Database, Automatic Location Identification/Data Management System, access to Service Creation Environment and Service Management System (SCE/SMS).

30.9.10.2 A **Service Control Point (SCP)** is a specific type of Database functionality deployed in a Signaling System 7 (SS7) network that executes service application logic in response to SS7 queries sent to it by a switching system also connected to the SS7 network. SCPs also provide operational interfaces to allow for provisioning, administration and maintenance of subscriber data and service application data. (*e.g.*, an 800 database stores customer record data that provides information necessary to route 800 calls).

30.9.11 **"Tandem Switching"** is the function that establishes a communications path between two switching offices through a third switching office (the tandem switch). BellSouth shall offer Tandem Switching as of November 1, 1996.

30.10 **Standards for Network Elements**

30.10.1 Each Network Element shall be equal to or better than the requirements set forth in the technical references, as well as any performance or other requirements, identified herein. If another Bell Communications Research, Inc. ("Bellcore"), or industry standard (e.g., American National Standards Institute ("ANSI")) technical reference or a more recent version of such reference sets forth a different requirement, AT&T may elect, where technically feasible, which standard shall apply.

30.10.2 If one or more of the requirements set forth in this Agreement are in conflict, AT&T shall elect which requirement shall apply.

30.10.3 Each Network Element provided by BellSouth to AT&T shall be at least equal in the quality of design, performance, features, functions and other characteristics, including but not limited to levels and types of redundant equipment and facilities for power, diversity and security, that BellSouth provides in the BellSouth network to itself, BellSouth's own customers, to a BellSouth affiliate or to any other entity.

30.10.3.1 BellSouth shall provide to AT&T, upon reasonable request, such engineering, design, performance and other network data sufficient for AT&T to determine that the requirements of this Section 30 are being met. In the event that such data indicates that the requirements of this Section 30 are not being met, BellSouth shall, within 10 days, cure any design, performance or other deficiency and provide new data sufficient for AT&T to determine that such deficiencies have been cured.

30.10.3.2 BellSouth agrees to work cooperatively with AT&T to provide Network Elements that will meet AT&T's needs in providing services to its customers.

30.10.4 Unless otherwise designated by AT&T, each Network Element and the interconnections between Network Elements provided by BellSouth to AT&T shall be made available to AT&T on a priority basis that is equal to or better than the priorities that BellSouth provides to itself, BellSouth's own customers, to a BellSouth affiliate or to any other entity.

[illegible] business lines) specified below [illegible]

PART III: ANCILLARY FUNCTIONS

31 **Introduction**

This Part III sets forth the Ancillary Functions that BellSouth agrees to offer to AT&T so that AT&T may obtain and use unbundled Network Elements or BellSouth services to provide services to its customers.

32. **BellSouth Provision of Ancillary Functions**

32.1 BellSouth will offer Ancillary Functions to AT&T on rates, terms and conditions that are just, reasonable, and non-discriminatory and in accordance with the terms and conditions of this Agreement.

32.2 BellSouth will permit AT&T to interconnect AT&T's equipment and facilities or equipment and facilities provided by AT&T or by third parties at any point designated by AT&T that is technically feasible.

32.3 AT&T may use any Ancillary Function to provide any feature, function, or service option that such Ancillary Function is capable of providing or any feature, function, or service option that is described in the technical references identified herein, or as may otherwise be designated by AT&T.

32.4 The Ancillary Functions that AT&T has identified as of the Effective Date of this Agreement are Collocation; Rights Of Way (ROW); Conduits and Pole Attachments and Used Transmission Media. AT&T and BellSouth agree that the Ancillary Functions identified in this Part III are not exclusive. Either party may identify additional or revised Ancillary Functions as necessary to improve services to customers, to improve network or service efficiencies or to accommodate changing technologies, customer demand, or regulatory requirements. Upon the identification of a new or revised Ancillary Function, the party so identifying the new or revised Ancillary Function shall notify the other Party of the existence of and the technical characteristics of the new or revised Ancillary Function. If the Parties do not agree on the existence of and the technical characteristics of the newly identified or revised Ancillary Function, any issues that have not been resolved by the parties within thirty (30) days of notification shall be submitted to the Dispute Resolution Procedures as set forth in Section 16 of the General Terms and Conditions. Within thirty (30) days of AT&T and BellSouth agreeing on the technical characteristics of the new or revised Ancillary Function, the Parties will attempt to agree on the rates, terms and conditions that would apply to such Ancillary Function and the effects, if any, on the price, performance or other terms and conditions of existing Network Elements or Ancillary Functions. If the parties do not agree on rates, terms and conditions and other matters set forth herein, any issues that have not been resolved by the parties within thirty days shall be submitted to the Dispute Resolution Procedures as set

forth in this Agreement. Additionally, if BellSouth provides any Ancillary Function that is not identified in this Agreement to itself, to its own customers, to a BellSouth affiliate or to any other entity, BellSouth will provide the same Ancillary Function to AT&T at rates, terms and conditions no less favorable to AT&T than those provided by BellSouth to itself or to any other party. The Ancillary Functions and requirements for each Ancillary Function are set forth in Attachment 3.

33. **Standards for Ancillary Functions**

33.1 Each Ancillary Function shall meet or exceed the requirements set forth in the technical references, as well as the performance and other requirements, identified herein. If another Bell Communications Research, Inc. ("Bellcore"), or industry standard (e.g., American National Standards Institute ("ANSI")) technical reference sets forth a different requirement, AT&T may elect, where technically feasible, which standard shall apply.

33.2 Each Ancillary Function provided by BellSouth to AT&T shall be at least equal in the quality of design, performance, features, functions and other characteristics, including, but not limited to levels and types of redundant equipment and facilities for diversity and security, that BellSouth provides in BellSouth network to itself, its own customers, its affiliates or any other entity.

33.3 BellSouth shall provide to AT&T, upon reasonable request, such engineering, design, performance and other network data sufficient for AT&T to determine that the requirements of this Agreement are being met. In the event that such data indicates that the requirements of this Agreement are not being met, BellSouth shall, within thirty (30) days, cure any design, performance or other deficiency and provide new data sufficient for AT&T to determine that such deficiencies have been cured.

33.3.1 BellSouth agrees to work cooperatively with AT&T to provide Ancillary Functions that will meet AT&T's needs in providing services to its customers.

33.4 Unless otherwise designated by AT&T, each Ancillary Function provided by BellSouth to AT&T shall be made available to AT&T on a priority basis that is at least equal to the priorities that BellSouth provides to itself, its customers, its affiliates or any other entity.

[illegible] agrees to [illegible]
residence lines plus business lines) specified below betwe[illegible]

PART IV PRICING[1]:

34 **General Principles**

All services currently provided hereunder (including resold Local Services), Network Elements and Combinations and all new and additional services or Network Elements to be provided hereunder, shall be priced in accordance with all applicable provisions of the Act and the rules and orders of the Federal Communications Commission and any state public utility commission having jurisdiction over this Agreement.

34.1 **Most Favored Customer**

35. Pursuant to Section 5 of this Agreement, BellSouth will treat AT&T as a Most Favored Customer.

36. **Price Schedules**

36.1 **Local Service Resale**

The rates that AT&T shall pay to BellSouth for Local Services resale shall be BellSouth's Retail Rates less the Total Applicable Discount. If BellSouth reduces its Retail Rates after AT&T executes this Agreement, the Total Applicable Discount shall be applied to the reduced Retail Rates.

36.1.1 **Total Applicable Discount**

The Total Applicable Discount is the sum of three separate discounts: (i) the Region-wide Base Line discount; (ii) the Operational Parity Discount; and (iii) the Volume Discount.

36.1.1.1 **Region-Wide Base Line**

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[1] THIS PART IV CONTAINS AT&T PROPRIETARY AND COMMERCIALLY SENSITIVE INFORMATION WHICH MAY BE DISCLOSED BY BELLSOUTH ONLY TO EMPLOYEES OR REPRESENTATIVES OF BELLSOUTH WITH A "NEED TO KNOW" PURSUANT TO THE BELLSOUTH/AT&T CONFIDENTIALITY AGREEMENT ENTERED INTO FOR PURPOSES OF NEGOTIATIONS UNDER THE TELECOMMUNICATIONS ACT OF 1996. DISCLOSURE TO ANY OTHER PARTY WITHOUT THE WRITTEN PERMISSION OF AT&T IS PROHIBITED.

nction where local calls originated by an AT&T customer

The Region-Wide Base Line discount equals ( ) percent and applies to any and all Telecommunication Services available for Resale as described in Part II of this agreement.

36.1.1.2 **Operational Parity Discount**

36.1.1.3 BellSouth shall provide the electronic interfaces required under this Agreement to enable AT&T to achieve operational parity with BellSouth by . If the respective electronic interfaces are not fully operational by the dates specified in this Agreement then each of the specified elements of the Operational Parity discount shall become effective immediately at such specified dates and shall apply to all Telecommunication Services until the respective electronic interfaces are fully operational for ninety (90) consecutive days. BellSouth and AT&T shall agree on performance metrics that BellSouth must meet to be considered "fully operational."

Interface Elements	Operational Parity Discount
Pre-Service Ordering Interfaces	3%
Service Order Processing & Provisioning Interfaces	3%
Directory Listing and Line Information Database	3%
Service Trouble Reporting Interfaces	3%
Daily Local Usage Data	3%

36.1.1.3.1 **Non-Recurring Charges for OUTPLOC**

BellSouth will charge dollars for each "switch as requested" until electronic interfaces are fully operational, at which time BellSouth will charge the same rate as it charges for PIC changes.

36.1.1.4 **Volume Discount**

AT&T agrees to purchase from BellSouth the number of lines (basic residence lines plus business lines) specified below between the

effective dates specified below and . If AT&T meets its volume commitment levels before the specified effective dates, the discount rate corresponding to higher volume commitment level shall apply immediately to all Telecommunication Services.

Effective Date	Lines (Millions)	Volume Discount
		%
		%
		%
		%
		%
		%
		%
		%

BellSouth will not be required to make available for resale all of its Contract Service Arrangements, Special Arrangements, and Promotion after the applicable Volume Discount equals or exceeds ( ) percent.

36.1.2 **Physical Arrangements**

BellSouth will make interconnection arrangements available at all tandem switching and end office switching locations.

At the discretion of AT&T, local interconnection may be accomplished via one-way local trunks, or two way local trunks, or AT&T may choose to deliver both Local Traffic and toll traffic over the same trunk group(s). With respect to the latter scenario, AT&T will have to provide an Percent Local Usage (PLU) to facilitate billing if it desires application of the local interconnection rate.

36.1.3 Compensation for the exchange of Local Traffic shall be accomplished initially on a "bill and keep" basis. After twelve months of performance under this Agreement, either BellSouth or AT&T may demand that compensation due both parties for the exchange of Local Traffic be set at an amount equal to the TSLRIC incurred by BellSouth to provide interconnection service on a per-minute-of-use basis. For the first twelve months of TSLRIC compensation, each party's payments will be limited to one hundred five (105) percent of the calculated reciprocal payment on a monthly billing basis. In no event shall TSLRIC exceed $0.001 per-minute-of-use during the term of this Agreement.

36.1.4 AT&T shall pay BellSouth the TSLRIC associated with the tandem switching function where local calls originated by an AT&T customer traverses a BellSouth tandem switch to be completed to another ALEC. In no event shall

the TSLRIC exceed $0.0003 per-minute-of-use during the term of the Agreement.

36.1.5 Compensation for the termination of toll traffic and the origination of 800 traffic between the interconnecting parties shall equal the applicable interexchange access charges.

36.1.6 Standard meet point billing arrangements shall apply when the completion of a toll call involves both BellSouth and AT&T facilities.

36.1.7 In the event a toll call is completed through an interim service provider's number portability arrangement (e.g., remote call forwarding, flexible DID, etc.) to a Customer of the new Carrier of Record, the new Carrier of Record is entitled to applicable end office terminating switched access charges (e.g., local switching, line termination, carrier common line, residential interconnection charge, etc.) The company forwarding the call will be considered to be adequately compensated through the charges it receives for porting the number.

36.2 Unbundled Network Elements/Ancillary Function

The charges that AT&T shall pay to BellSouth for Unbundled Network elements are set forth in Table 1.

36.3 Directory Listing

BellSouth will not charge AT&T or its customers for (i) basic white page listings for residential customers; (ii) basic yellow page and business white page listings (as available to BellSouth customers) for business customers; or (iii) distribution of white and yellow page directories. BellSouth shall offer for resale enhanced directory listings at Retail Rates, less the Total applicable Discount, and pursuant to the terms and conditions offered to BellSouth customers.

36.3.1 AT&T is responsible for providing BellSouth with accurate directory information in an established format and in a timely manner.

UNBUNDLED NETWORK ELEMENTS

Item	Type	Explanation	AT&T Price Proposal	
			Recurring	NRC
Network Interface Device	Twisted Pair	For 2 or 4-wire termination	None	All States
	Smart- Jack	T1 Line	Proposed price(s) will be provided following receipt and review of BellSouth price proposal and/or receipt of BellSouth cost data	
	Fiber		BellSouth agrees to provide at direct economic cost upon receipt of a bona fide request from AT&T	
	Coax		BellSouth agrees to provide at direct economic cost upon receipt of a bona fide request from AT&T	
Distribution Media (Loop Distribution)	Various capabilities, incl twisted pair, DS1 DS3, Optical SONET OCn, Analog Radio Freq., Broadband		AT&T and BellSouth agree to work together to expeditiously resolve issues regarding the provision of this unbundled element, and to reach a resolution satisfactory to both parties	
Loop Concentrator/ Multiplexer	Virtual remote terminal @ DS0 and DS1 levels DLC system offering		Proposed price(s) will be provided following receipt and review of BellSouth price proposal and/ or receipt of BellSouth cost data.	
Loop Feeder	Various options, including twisted pair, DS1, Fiber OCn		Proposed price(s) will be provided following rece and review of BellSouth price proposal and/ or receipt of BellSouth cost data.	
Loop Combination	2W	POTS, Centrex, ISDN, PBX, PL, FX Digital Data, etc.	Al- Fla- Ga- Ky- La- Mis- N.C.- S.C.- Tn- No SLC billing by BellSouth to AT&T or its customers	Proposed price(s) will be provided following receipt of suitable BellSouth price proposal that recognizes various unbundled element ordering options

This proposal is contingent upon reaching agreement with respect to Local Services Resale (LSR) and Interconnection.

Item	Type	Explanation	AT&T Price Proposal	
			Recurring	NRC
Loop Combination Cont'd	4W	POTS Centrex ISDN PBX PL FX Digital Data etc	La Fa- Ga- Ky- La- Ms- N C - S C - Te- No SLC billing by BellSouth to AT&T or its customers	Processed prices will be provided following receipt of suitable BellSouth price proposa that recognizes various unbundled element ordering options
	DS1	Terminated on DSX-1	All states per month	See comment under 4W NRC
	DS3	Fiber Optic cable	Proposed price(s) will be provided following receipt and review of BellSouth price proposal and/ or receipt of BellSouth cost data.	
	Optical SONET OCn		Proposed price(s) will be provided following receipt and review of BellSouth price proposal and/ or receipt of BellSouth cost data.	
	SONET ring, terminated in CO		Proposed price(s) will be provided following receipt and review of BellSouth price proposal and/ or receipt of BellSouth cost data.	
	SONET ring between customers		Proposed price(s) will be provided following receipt and review of BellSouth price proposal and/ or receipt of BellSouth cost data.	
	IOC Mileage	LEC office to ALEC office	Dedicated local transport charges apply	
	Channelization	Converts up to 96 VG loops to DS1 level for connection with ALEC POI. Concentrated or non-concentrated @ option of customer	monthly per system plus $ per circuit.	for first system and for each additional system, plus per circuit
	Coin	Includes public set/pub COCOT and options	$ Th	

Item	Type	Explanation	AT&T Price Proposal	
			Recurring	NRC
	Distance sensitive loop rates		To the extent BellSouth offers rates to retail customers reflecting distance sensitive loop charges it shall provide loops to AT&T at equivalent charges. This provision applies to both implicit and explicit deaveraged pricing	

AT&T PRICE PROPOSAL TO BELLSOUTH
UNBUNDLED NETWORK ELEMENTS

Item	Type	Explanation	AT&T Price Proposal	
			Recurring	NRC
Loop Combination and Sub-Loop Elements	Loop cost variance by geographic area	Wire center, census group, etc	Proposed loop prices are composite state averages. BellSouth will perform cost studies to determine geographic cost differences and implement prices that reflect those differences	
Local Switching	Features	Route operator and directory assistance traffic to customer's preferred carrier	None	None
		Route local, intraLATA, interLATA, international traffic to customer's preferred carrier	None	None
		Translations to direct AIN queries to AT&T SS7 network to receive responses and to continue call handling in accordance with responses	None	None
	Line Interface	Residence Service. Standard tip & ring. Includes loop start, ground start, on-hook	Monthly: Al- Fla- Ga- Ky- La- Ms- N.C.- S.C.- Tn-	Proposed price(s) will be provided following receipt of suitable BellSouth price proposal that recognizes various unbundled element ordering options.
		Business Service. Standard tip & ring. Includes loopstart, groundstart, on-hook	Monthly: Al- Fla- Ga- Ky- La- Ms- N.C.- S.C.- Tn-	Proposed price(s) will be provided following receipt of suitable BellSouth price proposal that recognizes various unbundled element ordering options
		Coin. Includes public, semi-pub, COCOT and options	Monthly: Al- Fla- Ga- Ky- La- Ms- N.C.- S.C.- Tn-	Proposed price(s) will be provided following receipt of suitable BellSouth price proposal that recognizes various unbundled element ordering options.

Item	Type	Explanation	AT&T Price Proposal	
			Recurring	NRC
Local Switching Cont'd	Line Interface Cont'd	2W ISDN	All States per month	Proposed prices will be provided following receipt of suitable BellSouth price process that recognizes various unbundled element ordering options
		DS1 ISDN	All States per month per line interface	See Note for 2W ISDN
		TR 08- Dig Loop Cxr	Proposed price(s) will be provided following receipt and review of BellSouth price proposal and/ or receipt of BellSouth cost data.	
		TR 303- Dig Loop Cxr	Proposed price(s) will be provided following receipt and review of BellSouth price proposal and/ or receipt of BellSouth cost data.	
		2-Wire/ 4-Wire analog interface to PBX	Monthly: Al - $ Fla- $ Ga- $ Ky- $ La- $ Ms- N.C.- S.C.- Tn-	Proposed price(s) will be provided following receipt of suitable BellSouth price proposal that recognizes various unbundled element ordering options.
		DS1 interface to PBX or CPE	All States: per month	See Note for 2W ISDN
		Switched Fractional DS1 with capabilities to configure Nx64 channels, n <25	Proposed price(s) will be provided following receipt and review of BellSouth price proposal and/ or receipt of BellSouth cost data.	
	connect	Direct In Dial	All States: per month per equipped line	None

Item	Type	Explanation	AT&T Price Proposal	
			Recurring	NRC
Local Switching Cont'd	Rotary		All States per month per equipped line	None
	End office switching functions including intraoffice, interoffice toll, access, and local	Originating and Terminating switching	All States Originating, first minute Originating, add'l minute Terminating, per minute	None
	BellSouth proposed universal local call termination option. Includes local switching, common transport, signaling, and far end local switching to terminate local calls.	Originating and Terminating switching plus local trpt. Includes intraoffice. Also includes calling to expanded local and toll substitute plan areas.	All States: Originating, first minute Originating, add'l minute Terminating, per minute Includes access traffic and calling to and from all points in expanded and toll substitute areas	None
	Features	Residential Features	None	All States: per feature activated after initial service installation
		CLASS features	None	All States: per feature activated after initial service installation

Item	Type	Explanation	AT&T Price Proposal	
			Recurring	NRC
Local Switching (Cont'd)	Features (Cont'd)	Business/ Centrex Features	None	All States per feature activated after initial service installation
		AIN Features	None	All States per feature activated after initial service installation
	Trunk Terminations	CAMA ANI	None	None
		FGB	None	None
		FGD/ IEC Operator	None	None
		DS 3	None	None
		64 kbps clear channel	None	None
		Switched digital- 56 & 64 kb/s	None	None
	Loop/ Switch cross-connect	Connection of unbundled switch and colocated loop elements	Included in individual element rates	
	Switch/ Trunk Cross-connect	Connection of unbundled switch and colocated transport elements	Included in individual element rates	

Item	Type	Explanation	AT&T Price Proposal	
			Recurring	NRC
Local Operator Services	0+ Calling Card	0+ calling card	per call	None
		automated calling card	per call	None
	Station	0- calling card	per call	None
		0- bill to third	per call	None
		0- collect	per call	None
		0- no attempt	per call	None
		0+ bill to third	per call	None
		Automated bill to third	per call	None
		0+ collect	per call	None
		automated collect	per call	None
		sent paid	per call	None
	Person	0- calling card	per call	None
		0- bill to third	per call	None
		0- collect	per call	None
		0+ calling card	per call	None
		0+ bill to third	per call	None
		0+ collect	per call	None
	Dialing instructions		Per call rate based on expense per work minute	None
	Route 0- to live operator		None	None
	Time & Charges		Per call rate based on expense per work minute	None

Item	Type	Explanation	AT&T Price Proposal	
			Recurring	NRC
Local Operator Services (Cont'd)	Busy Line Verification		Proposed price(s) will be provided following receipt and review of BellSouth cost data	
	Emergency Interrupt		Proposed price(s) will be provided following receipt and review of BellSouth cost data	
	Emergency Call Trace		Proposed price(s) will be provided following receipt and review of BellSouth cost data	
	Operator Transport		No additional charge under combined switch/transport proposal. Charge from ALEC switch @ proposed rates, less credit of per call	
Local Directory Assistance	Directory assistance		per call	None
	Directory Transport		No additional charge under combined switch/transport proposal. Charge from ALEC switch @ proposed rates, less credit of per call	
	DA Interconnection		None	
	DA Database Service		AT&T will respond to BellSouth proposal on or before July 3, 1996.	
	Direct Access to DA		AT&T will respond to BellSouth proposal on or before July 3, 1996.	
	DA Call Completion		AT&T will respond to BellSouth proposal on or before	
	Call Completion Termination Charge		AT&T will respond to BellSouth proposal on or before July 3, 1996.	
	Intercept		Proposed price(s) will be provided following receipt and review of BellSouth cost data	
Common Transport	Features, Functions, Capabilities not	An interoffice transmission path between LEC network elements. Includes multiplexing, grooming, cross-office wiring to DSX or LGX. Includes DS1, DS3, various SONET level term options, two way or one way option	per mi., per local minute fac. term., per local minute	None

Item	Type	Explanation	AT&T Price Proposal	
			Recurring	NRC
Dedicated Transport	Voice Grade	An interoffice transmission path between AT&T designated locations	2-Wire Loc Chan per mo 4-Wire Local Chan per mo IO Channel per mile per fac term Loc Chan not applicable when terminated in BellSouth office	2-W Loc Chan first Add'l 4-W Loc Chan First Add'l IOC First Add'l
	DS0	An interoffice transmission path between AT&T designated locations.	2-Wire Loc Chan per mo 4-Wire Local Chan per mo IO Channel per mile per fac term Loc Chan not applicable when terminated in BellSouth office	2-W Loc Chan first Add'l 4-W Loc Chan First Add'l IOC First Add'l
	DS1	An interoffice transmission path between AT&T designated locations.	Local Channel: per mo. IO Channel: per mile per fac term. Loc Chan not applicable when terminated in BellSouth office	Local Chan: first Add'l IOC: Each
	DS3	An interoffice transmission path between AT&T designated locations.	Local Channel: per mo. IO Channel: per mile per fac term. Loc Chan not applicable when terminated in BellSouth office	Local Channel IOC: Each
	STS-1		Proposed price(s) will be provided following receipt and review of BellSouth price proposal and/ or receipt of BellSouth cost data.	

Item	Type	Explanation	AT&T Price Proposal	
			Recurring	NRC
	Capacity on shared circuit	Includes multiplexing and grooming functionality and redundant equip and facilities to support protection and restoration	Proposed price(s) will be provided following receipt and review of BellSouth price proposal and/or receipt of BellSouth cost data	
Dedicated Transport Cont'd	System dedicated to AT&T	Includes transmission equipment facilities and redundant equip and facilities to support protection and restoration	See SONET Rings	
		SONET line switched rings OC48	Proposed price(s) will be provided following receipt and review of BellSouth price proposal and/or receipt of BellSouth cost data	
		SONET path switched rings OC 3 OC 12	Proposed price(s) will be provided following receipt and review of BellSouth price proposal and/or receipt of BellSouth cost data.	
Digital Cross Connect System (DCS)		Auto x-connect, grooming, pt to multi-pt, auto test, broadcast capabilities Include x-conn to DSX or LGX. AT&T has real time access, real time configuration capabilities		
	DCS1/0	Per System	per month	) first Add'l
	DCS3/1	28 DS1 Channel System	per month	) first $135.00 Add'l
		Per DS1	per month	) first add'l
	DCS3/3		Proposed price(s) will be provided following receipt and review of BellSouth price proposal and/ or receipt of BellSouth cost data.	
	STS-1 X-conn		Proposed price(s) will be provided following receipt and review of BellSouth price proposal and/ or receipt of BellSouth cost data.	
Tandem Switching			per minute	None
Unbundled Element Features	Various	Features, functions, capabilities not specifically listed in this proposal	BellSouth will provide upon request at direct economic cost.	

Item	Type	Explanation	AT&T Price Proposal	
			Recurring	NRC
Data Switching	Circuit Switched Data Switching	Data switching functionality required to switch between industry standard ISDN interfaces	Proposed price(s) will be provided following receipt and review of BellSouth price proposal and/or receipt of BellSouth cost data	
	ISDN Packet Switching	Data switching functionality required to switch between industry standard ISDN interfaces	Proposed price(s) will be provided following receipt and review of BellSouth price proposal and/or receipt of BellSouth cost data	
	Frame Relay	Switching functionality required to connect facilities from the Frame Relay User to Network Interface (UNI) to either another UNI or a communications path at the Network to Network Interface (NNI)	Proposed price(s) will be provided following receipt and review of BellSouth price proposal and/or receipt of BellSouth cost data	
	ATM	Switching functionality required to connect facilities from the ATM User to Network Interface (UNI) to either another UNI or a communications path at the Network to Network Interface (NNI)	Proposed price(s) will be provided following receipt and review of BellSouth price proposal and/or receipt of BellSouth cost data.	
STPs	ISUP Msg.		All States: per msg.	None
	TCAP Msg.		All States: per msg.	None
	Usage Surrogate	Where measurement not available	All States: per month per 56kbps facility	None
Signaling Link Transport	A or D link facility	56kbps	All States: per month	All States: first Add'l
	Signaling facility termination	56kbps	All States: 00 per month	None
	Signaling facility termination	DS1	Proposed price(s) will be provided following receipt and review of BellSouth price proposal and/or receipt of BellSouth cost data.	

equipment terminated to operationalize its

Item	Type	Explanation	AT&T Price Proposal	
			Recurring	NRC
SCPs, Data Bases	Line Info Database (LIDB)	Storage Agreement	AT&T will respond to BellSouth proposal on or before July 3, 1996	
		Use of ALEC LIDB data	AT&T will respond to BellSouth proposal on or before July 3, 1996	
		Validation	AT&T will respond to BellSouth proposal on or before July 3, 1996	
	Toll Free Number Portability Database		AT&T will respond to BellSouth proposal on or before July 3, 1996.	
	ALI/DMS Database	Contains information regarding routing of calls to public safety answering points	AT&T may access 911 Tandem using local transport facilities contained in this proposal	
	SCE/SMS/ AIN Access	Ability to create service applications in the BST SCE and deploy those applications to the BST SCP	Proposed price(s) will be provided following receipt of BellSouth cost data.	
		Ability to create service applications in the AT&T SCE and deploy those applications via the AT&T SCP to BST SSPs	Proposed price(s) will be provided following receipt of BellSouth cost data.	

AT&T PRICE PROPOSAL [illegible]
UNBUNDLED NETWORK ELEMENTS

Item	Type	Explanation	AT&T Price Proposal	
			Recurring	NRC
Interim Number Portability	SPNP- Remote		Proposed price(s) will be provided following receipt of BellSouth cost data	
	SPNP-Directory Number-Route Index		Proposed price(s) will be provided following receipt of BellSouth cost data	
	SPNP-LERG Reassignment		Proposed price(s) will be provided following receipt of BellSouth cost data.	
Directory Listings			See interconnection proposal. In addition, charges for additional and optional listings shall be subject to reductions for sales commissions paid AT&T	
CMDS- Hosting			AT&T will respond to BellSouth proposal on or before July 3, 1996.	
Non-Sent Paid Report System		Mechanized report system providing companies within BellSouth region info regarding Non-Sent Paid message and revenue distribution	AT&T will respond to BellSouth proposal on or before July 3, 1996.	
Poles, Ducts, Conduits and Rights of Way			Proposed price(s) will be provided following receipt and review of BellSouth price proposal and/ or receipt of BellSouth cost data.	
Virtual Collocation			Proposed price(s) will be provided following receipt and review of BellSouth cost data.	
Physical Collocation			Proposed price(s) will be provided following receipt and review of BellSouth cost data.	
Lease of unused transmission media		Interoffice transmission media which has no lightwave or electronic transmission equipment terminated to operationalize its transmission capabilities.	Proposed price(s) will be provided following receipt and review of BellSouth price proposal and/ or receipt of BellSouth cost data.	

[illegible] of BellSouth cost data

Service Functions

Item	Type	Explanation	AT&T Price Proposal	
			Recurring	NRC
Local Calling Area Boundary Guide			BellSouth proposal to provide at no charge accepted	
Recorded Usage Data Charge			Proposed price(s) will be provided following receipt and review of BellSouth cost data	Not Applicable

IN WITNESS WHEREOF, the parties have executed this Agreement through their authorized representatives.

BELLSOUTH TELECOMMUNICATIONS, INC.	AT&T Corp.
By:_____	By:_____
Name	Name
Title	Title
Date	Date

28 Service Functions

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SERVICE DESCRIPTION: UNBUNDLED NETWORK ELEMENTS

1. **Introduction**

This Attachment sets forth the descriptions and requirements for unbundled network elements that BellSouth agrees to offer to AT&T under this Agreement.

2. **Contiguous Loop**

3. BellSouth uses integrated Digital Loop Carrier (DLCs) systems to provide the local loop, BellSouth will make alternative arrangements to permit AT&T to order a contiguous unbundled local loop. These arrangements may, at BellSouth's option, include the following: provide AT&T with copper facilities that are acceptable to AT&T; deploy Virtual Remote Terminals; allow AT&T to purchase the entire integrated DLC; or convert integrated DLCs to non-integrated systems.

4. **Loop Distribution**

Loop Distribution is a Network Element that is composed of two distinct component parts: a Network Interface Device and Distribution Media. Each component part is defined in detail below.

4.1 **Network Interface Device**

4.1.1 **Definition:**

4.1.1.1 The Network Interface Device (NID) is a single-line termination device or that portion of a multiple-line termination device required to terminate a single line or circuit. The fundamental function of the NID is to establish the official network demarcation point between a carrier and its end-user customer. The NID features two independent chambers or divisions which separate the service provider's network from the customer's inside wiring. Each chamber or division contains the appropriate connection points or posts to which the service provider and the end-user customer each make their connections. The NID provides a protective ground connection, and is capable of terminating cables such as twisted pair cable.

4.1.1.2 With respect to multiple-line termination devices, AT&T shall specify the quantity of NIDs it requires within such device.

4.1.1.3 Figure 1 shows a schematic of a NID.

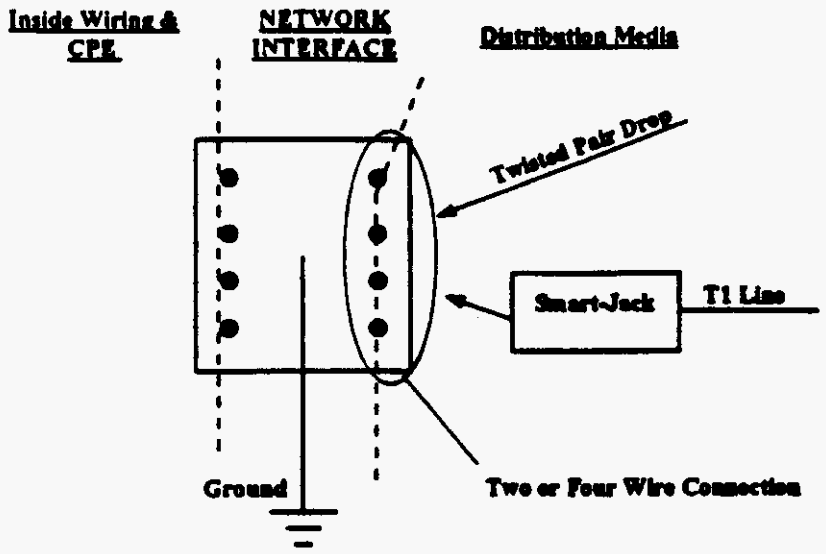

Figure 1 - Network Interface Device

4.1.2 **Technical Requirements**

4.1.2.1 The Network Interface Device shall provide a clean, accessible point of connection for the inside wiring and for the Distribution Media and shall maintain a connection to ground that meets the requirements set forth below.

4.1.2.2 The NID shall be capable of transferring electrical analog or digital signals between the customer's inside wiring and the Distribution Media.

4.1.2.3 All NID posts or connecting points shall be in place, secure, usable and free of any rust or corrosion. The protective ground connection shall exist and be properly installed. The ground wire will also be free of rust or corrosion and have continuity relative to ground.

4.1.2.4 The NID shall be capable of withstanding all normal local environmental variations.

4.1.2.5 Where the NID is not located in a larger, secure cabinet or closet, the NID shall be protected from physical vandalism. The NID shall be

physically accessible to AT&T designated personnel. In cases where entrance to the customer premises is required to give access to the NID, AT&T shall obtain entrance permission directly from the customer.

4.1.2.6 BellSouth shall offer the NID together with, and separately from the Distribution Media component of Loop Distribution.

4.1.3 **Interface Requirements**

4.1.3.1 The NID shall be the interface to customers' premises wiring for alternative loop technologies.

4.1.3.2 BellSouth shall permit AT&T to remove any existing terminations to the NID and replace them with terminations designated by AT&T. BellSouth shall not remove or alter customer inside wiring. If AT&T requires a NID without other subloop elements, AT&T shall provide and BellSouth shall accept AT&T's certified grounding of BellSouth's Loop[Distribution Facility when it is disconnected from the NID. **[Subject to Negotiation]**

4.1.3.3 The NID shall be equal to or better than all of the requirements for NIDs. set forth in the following technical references:

4.1.3.3.1 Bellcore Technical Advisory TA-TSY-000120 "Customer Premises or Network Ground Wire";

4.1.3.3.2 Bellcore Generic Requirement GR-49-CORE "Generic Requirements for Outdoor Telephone Network Interface Devices";

4.1.3.3.3 Bellcore Technical Requirement TR-NWT-00239 "Indoor Telephone Network Interfaces";

4.1.3.3.4 Bellcore Technical Requirement TR-NWT-000937 "Generic Requirements for Outdoor and Indoor Building Entrance"; and,

4.1.3.3.5 Bellcore Technical Requirement TR-NWT-000133 "Generic Requirements for Network Inside Wiring."

4.2 **Distribution Media**

4.2.1 **Definition:**

4.2.1.1 Distribution Media provides connectivity between the NID component of Loop Distribution and the terminal block on the customer-side of a Feeder Distribution Interface (FDI). The FDI is a device that terminates the Distribution Media and the Loop Feeder, and cross-connects them in order to provide a continuous transmission path between the NID and a

telephone company central office. For loop plant that contains a Loop Concentrator/Multiplexer, the Distribution Media may terminate at the FDI (if one exists), or at a termination and cross-connect field associated with the Loop Concentrator/Multiplexer. This termination and cross-connect field may be in the form of an outside plant distribution closure, remote terminal or fiber node, or an underground vault.

4.2.1.2 The Distribution Media may be copper twisted pair, coax cable, or single or multi-mode fiber optic cable. A combination that includes two or more of these media is also possible. In certain cases, AT&T shall require a copper twisted pair Distribution Media even in instances where the Distribution Media for services that BellSouth offers is other than a copper facility.

4.2.2 **Requirements for All Distribution Media**

4.2.2.1 Distribution Media shall be capable of transmitting signals for the following services (as needed by AT&T to provide end-to-end service capability to its customer):

4.2.2.1.1 2-wire voice grade basic telephone services;

4.2.2.1.2 2-wire ISDN;

4.2.2.1.3 2-wire Centrex;

4.2.2.1.4 2 and 4-wire PBX lines or trunks;

4.2.2.1.5 2 and 4-wire voice grade private lines and foreign exchange lines;

4.2.2.1.6 4-wire digital data (2.4Kbps through 64Kbps and n times 64Kbps (where $n \leq 24$); and

4.2.2.1.7 4-wire DS1 (switched or private line).

4.2.2.2 Distribution Media shall transmit all signaling messages or tones. Where the Distribution Media includes any active elements that terminate any of the signaling messages or tones, these messages or tones shall be reproduced by the Distribution Media at the interfaces to an adjacent Network Element in a format that maintains the integrity of the signaling messages or tones.

4.2.2.3 Distribution Media shall support functions associated with provisioning, maintenance and testing of the Distribution Media itself, as well as provide necessary access to provisioning, maintenance and testing functions for Network Elements to which it is associated.

4.2.2.4 Distribution Media shall provide performance monitoring of the Distribution Media itself, as well as provide necessary access for performance monitoring for Network Elements to which it is associated.

4.2.2.5 Distribution Media shall be equal to or better than all of the applicable requirements set forth in the following technical references:

4.2.2.5.1 Bellcore TR-TSY-000057, "Functional Criteria for Digital Loop Carrier Systems"; and,

4.2.2.5.2 Bellcore TR-NWT-000393, "Generic Requirements for ISDN Basic Access Digital Subscriber Lines."

4.2.2.6 BellSouth shall provide AT&T with physical access to, and the right to connect to, the FDI.

4.2.2.6.1 BellSouth shall offer Distribution Media together with, and separately from the NID component of Loop Distribution.

4.2.3 **Additional Requirements for Special Copper Distribution Media**

In addition to Distribution Media that supports the requirements in Section 2.2.2 (above), AT&T may designate Distribution Media to be copper twisted pair which are unfettered by any intervening equipment (*e.g.*, filters, load coils, range extenders) so that AT&T can use these loops for a variety of services by attaching appropriate terminal equipment at the ends.

4.2.4 **Additional Requirements for Fiber Distribution Media**

Fiber optic cable Distribution Media shall be capable of transmitting signals for the following services in addition to the ones under Section 2.2.2.1 above:

4.2.4.1 **DS3 rate private line service;**

4.2.4.2 **Optical SONET OCn rate private lines (where n is defined in the technical reference in Section 3.2.4.4; and**

4.2.4.3 **Analog Radio Frequency based services (*e.g.*, Cable Television (CATV)**

4.2.5 **Additional Requirements for Coaxial Cable Distribution Media**

Coaxial cable (coax) Distribution Media shall be capable of transmitting signals for the following services in addition to the ones under Section 2.2.2.1 above:

4.2.5.1 **Broadband data, either one way or bi-directional, symmetric or asymmetric, at rates between 1.5 Mb/s and 45 Mb/s; and**

4.2.5.2 Analog Radio Frequency based services (e.g. CATV).

4.2.6 **Interface Requirements**

4.2.6.1 Signal transfers between the Distribution Media and the NID and an adjacent Network Element shall have levels of degradation that are within the performance requirements set forth in Section 13.2 of this Attachment 2.

4.2.6.2 Distribution Media shall be equal to or better than each of the applicable interface requirements set forth in the following technical references:

4.2.6.2.1 Bellcore TR-NWT-000049, "Generic Requirements for Outdoor Telephone Network Interface Devices," Issued December 1,1994;

4.2.6.2.2 Bellcore TR-NWT-000057, "Functional Criteria for Digital Loop Carrier Systems," Issued January 2, 1993;

4.2.6.2.3 Bellcore TR-NWT-000393, "Generic Requirements for ISDN Basic Access Digital Subscriber Lines";

4.2.6.2.4 Bellcore TR-NWT-000253, SONET Transport Systems: Common Criteria (A module of TSGR, FR-NWT-000440), Issue 2, December 1991;

4.2.6.2.5 AT&T Data Communications Technical Reference TR 62310, DS0 Digital Local Channel Description and Interface Specification, August 1993; Also Addendum 1 and Addendum 2;

4.2.6.2.6 AT&T Technical Reference TR 62411, ACCUNET T1.5 Service Description and Interface Specification, December 1990; Addendum 1, March 1991; Addendum 2, October 1992; and

4.2.6.2.7 AT&T Technical Reference TR 62421, ACCUNET Spectrum of Digital Services Description and Interface Specification, December 1989; Also TR 62421A Addendum 2, November 1992.

5. **Loop Concentrator/Multiplexer**

5.1 **Definition:**

5.1.1 The Loop Concentrator/Multiplexer is the Network Element that: (1) aggregates lower bit rate or bandwidth signals to higher bit rate or bandwidth signals (multiplexing); (2) disaggregates higher bit rate or bandwidth signals to lower bit rate or bandwidth signals (demultiplexing); (3) aggregates a specified number of signals or channels to fewer channels (concentrating); (4) performs signal conversion, including

encoding of signals (*e.g.*, analog to digital and digital to analog signal conversion); and (5) in some instances performs electrical to optical (E/O) conversion.

5.1.2 The Loop Concentrator/Multiplexer function may be provided through a Digital Loop Carrier (DLC) system, channel bank, multiplexer or other equipment at which traffic is encoded and decoded, multiplexed and demultiplexed, or concentrated.

5.2 **Technical Requirements**

5.2.1 The Loop Concentrator/Multiplexer shall be capable of performing its functions on the signals for the following services, including but not limited to, (as needed by AT&T to provide end-to-end service capability to its customer):

5.2.1.1 2-wire voice grade basic telephone services;

5.2.1.2 2-wire ISDN;

5.2.1.3 2-wire Centrex;

5.2.1.4 2 and 4-wire PBX lines or trunks;

5.2.1.5 2 and 4-wire voice grade private lines and foreign exchange lines;

5.2.1.6 4-wire digital data (2.4Kbps through 64Kbps and n times 64Kbps (where $n \leq 24$);

5.2.1.7 4-wire DS1 (switched or private line);

5.2.1.8 DS-3 rate private lines;

5.2.1.9 Optical SONET rate private lines; and

5.2.1.10 Coin services

5.2.2 The Loop Concentrator/Multiplexer shall perform the following functions as appropriate:

5.2.2.1 Analog to digital signal conversion of both incoming and outgoing (upstream and downstream) analog signals;

5.2.2.2 Multiplexing of the individual digital signals up to higher transmission bit rate signals (*e.g.*, DS0, DS1, DS3, or optical SONET rates) for transport to BellSouth central office through the Loop Feeder; and

5.2.2.3 Concentration of end-user customer signals onto fewer channels of a Loop Feeder (The concentration ratio provided for the Network Elements requested by AT&T shall be no higher than the Loop Concentrator/Multiplexer concentration ratio BellSouth uses to provide service to its own customers.).

5.2.3 BellSouth shall provide power for the Loop Concentrator/ Multiplexer, through a non-interruptible source if the function is performed in a central office, or from a commercial AC power source with battery backup if the equipment is located outside a central office. Such power shall also adhere to the requirements stated in the Section 2 Attachment 3.

5.2.4 The Loop Concentrator/Multiplexer shall be provided to AT&T in accordance with the following Technical References:

5.2.4.1 Bellcore TR-NWT-000057, Functional Criteria for Digital Loop Carrier Systems, Issue 2, January 1993.

5.2.4.2 Bellcore TR-NWT-000393, Generic Requirements for ISDN Basic Access Digital Subscriber Lines.

5.2.4.3 ANSI T1.106 - 1988, American National Standard for Telecommunications - Digital Hierarchy - Optical Interface Specifications (Single Mode).

5.2.4.4 ANSI T1.105 - 1995, American National Standard for Telecommunications - Synchronous Optical Network (SONET) - Basic Description including Multiplex Structure, Rates and Formats.

5.2.4.5 ANSI T1.102 - 1993, American National Standard for Telecommunications - Digital Hierarchy - Electrical Interfaces.

5.2.4.6 ANSI T1.403- 1989, American National Standard for Telecommunications - Carrier to Customer Installation, DS1 Metallic Interface Specification.

5.2.4.7 Bellcore GR-253-CORE, Synchronous Optical Network Systems (SONET), Common Generic Criteria.

5.2.4.8 AT&T Data Communications Technical Reference TR 62310, DS0 Digital Local Channel Description and Interface Specification, August 1993; Also Addendum 1 and Addendum 2.

5.2.4.9 AT&T Technical Reference TR 62411, ACCUNET T1.5 Service Description and Interface Specification, December 1990; Addendum 1, March 1991; Addendum 2, October 1992.

5.2.4.10 AT&T Technical Reference TR 62421, ACCUNET Spectrum of Digital Services Description and Interface Specification, December 1989; Also TR 62421A Addendum 2, November 1992.

5.2.4.11 AT&T Technical Reference TR 54014, ACCUNET T45 Reserved Services - Service Description and Interface Specification.

5.2.4.12 AT&T Technical Reference TR 54018, ACCUNET T155 Service Description and Interface Specification.

5.2.4.13 Bellcore TR-TSY-000008, Digital Interface Between the SLC 96 Digital Loop Carrier System and a Local Digital Switch, Issue 2, August 1987.

5.2.4.14 Bellcore TR-NWT-000303, Integrated Digital Loop Carrier System Generic Requirements, Objectives and Interface, Issue 2, December 1992; Rev.1, December 1993; Supplement 1, December 1993.

5.2.4.15 Bellcore TR-TSY-000673, Operations Systems Interface for an IDLC System, (LSSGR) FSD 20-02-2100, Issue 1, September 1989.

5.2.4.16 AT&T Technical Reference TR 62411, ACCUNET T1.5 Service Description and Interface Specification, December 1990; Addendum 1, March 1991; Addendum 2, October 1992.

5.2.4.17 AT&T Technical Reference TR 62421, ACCUNET Spectrum of Digital Services Description and Interface Specification, December 1989; Also TR 62421A Addendum 2, November 1992.

5.2.4.18 AT&T Technical Reference TR 54014, ACCUNET T45 Reserved Services - Service Description and Interface Specification.

5.2.4.19 AT&T Technical Reference TR 54018, ACCUNET T155 Service Description and Interface Specification.

5.3 **Requirements for an Intelligent Loop Concentrator/Multiplexer**

5.3.1 In addition to the basic functions described above for the Loop Concentrator/Multiplexer, the Intelligent Loop Concentrator/Multiplexer (IC/M) shall provide facility grooming, facility test functions, format conversion and signaling conversion as appropriate.

5.3.2 At AT&T's option, BellSouth shall provide immediate and continuous configuration and reconfiguration of the channels within the physical interfaces (i.e., of cross connects, as well as direct AT&T control of such configurations and reconfigurations) on the underlying device that provides such IC/M function.

5.3.3 At AT&T's option, BellSouth shall provide scheduled configuration and reconfiguration of the channels within the physical interfaces (i.e., of cross connects, as well as direct AT&T control of such configurations and reconfigurations) on the underlying device that provides such IC/M function.

5.3.4 The underlying equipment that provides such IC/M function shall continuously monitor protected circuit packs and redundant common equipment.

5.3.5 The underlying equipment that provides such IC/M function shall automatically switch to a protection circuit pack on detection of a failure or degradation of normal operation.

5.3.6 The underlying equipment that provides such IC/M function shall be equipped with a redundant power supply or a battery back-up.

5.3.7 At AT&T's option, BellSouth shall provide AT&T with real time performance monitoring and alarm data on IC/M elements that may affect AT&T's traffic. This includes IC/M hardware alarm data and facility alarm data on the underlying device that provides such IC/M function.

5.3.8 At AT&T's option, BellSouth shall provide AT&T with real time ability to initiate tests on the underlying device that provides such IC/M function integrated test equipment as well as other integrated functionality for routine testing and fault isolation.

5.3.9 The IC/M shall be capable of performing signaling conversion and data conditioning in compliance with AT&T Technical Reference TR 62421 ACCUNET® Spectrum of Digital Services, December 1989 and AT&T Technical Reference TR 62310 DS0 Digital Local Channel Description and Interface Specification, August 1993, including current addendums.

5.4 **Interface Requirements**

The Loop Concentrator/Multiplexer shall meet the following interface requirements, as appropriate for the configuration that AT&T designates:

5.4.1 The Loop Concentrator/Multiplexer shall provide an analog voice frequency copper twisted pair interface to the local switch (*e.g.*, universal DLC applications), as described in the references in Section 3.2.4.

5.4.2 The Loop Concentrator/Multiplexer shall provide digital 4-wire electrical interfaces to the local digital switch, as described in the references in Section 3.2.3.1.

5.4.3 The Loop Concentrator/Multiplexer shall provide optical SONET interfaces at rates of OC-1, OC-3, OC-12 and OC-48#, # as described in the references in Section 3.2.3.1.4.

5.4.4 The Loop Concentrator/Multiplexer shall provide the Bellcore TR-303 DS1 level interface to a Local Digital switch. Loop Concentrator/Multiplexer shall provide Bellcore TR-08 modes 1&2 DS1 interfaces when designated by AT&T. Such interface requirements are specified in the references in Section 3.2.4.

5.4.5 The Loop Concentrator/Multiplexer shall provide Integrated Network Access (INA) DS1s for non-locally switched or non-switched special services, as described in the references in Section 3.2.4.

5.5 The Intelligent Loop Concentrator/Multiplexer shall be provided to AT&T in accordance with the Technical References set forth in Sections 3.2.3.1.13 through 3.2.1.19. above.

6. Loop Feeder

6.1 **Definition:**

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

6.1.2 The physical medium of the Loop Feeder may be copper twisted pair, or single or multi-mode fiber as designated by AT&T. In certain cases, AT&T will require a copper twisted pair loop even in instances where the medium of the Loop Feeder for services that BellSouth offers is other than a copper facility.

6.2 **Requirements for All Loop Feeder Media**

6.2.1 The Loop Feeder shall be capable of transmitting analog voice frequency, basic rate ISDN, digital data, or analog radio frequency signals.

6.2.2 BellSouth shall provide appropriate power for all active elements in the Loop Feeder. BellSouth will provide appropriate power from a central office source, or from a commercial AC source with rectifiers for AC to DC conversion and 8-hour battery back-up when the equipment is located in an outside plant Remote Terminal (RT).

6.3 **Additional Requirements for Special Copper Loop Feeder Medium**

In addition to requirements set forth in Section 4.2 (above), AT&T may require BellSouth to provide copper twisted pair Loop Feeder which are unfettered by any intervening equipment (e.g. filters, load coils, and range extenders), so that AT&T can use these Loop Feeders for a variety of services by attaching appropriate terminal equipment at the ends.

6.4 **Additional Technical Requirements for DS1 Conditioned Loop Feeder**

In addition to the requirements set forth in Section 4.2 above, AT&T may designate that the Loop Feeder be conditioned to transport a DS1 signal. The requirements for such transport are defined in the references below in Section 4.6.

6.5 **Additional Technical Requirements for Optical Loop Feeder**

In addition to the requirements set forth in Section 4.2 above, AT&T may designate that Loop Feeder will transport DS3 and OCn (where n is defined in the technical reference in Section 3.2.4.4. The requirements for such transport are defined in the references below in Section 4.6.

6.6 **BellSouth shall offer Loop Feeder in accordance with the requirements set forth in the following Technical References:**

6.6.1 **AT&T Technical Reference TR-62415 "Access Specifications for High Capacity DS1/DS3 Dedicated Digital Service";**

6.6.2 **Bellcore Technical Requirement TR-NWT-000499, Issue 5, December 1993, section 7 for DS1 interfaces;**

6.6.3 **AT&T Data Communications Technical Reference TR 62310, DS0 Digital Local Channel Description and Interface Specification, August 1993; Also Addendum 1 and Addendum 2.**

6.6.4 **Bellcore TR-NWT-000057, Functional Criteria for Digital Loop Carrier Systems, Issue 2, January 1993.**

6.6.5 Bellcore TR-NWT-000393, Generic Requirements for ISDN Basic Access Digital Subscriber Lines.

6.6.6 ANSI T1.106 - 1988, American National Standard for Telecommunications - Digital Hierarchy - Optical Interface Specifications (Single Mode).

6.6.7 ANSI T1.105 - 1995, American National Standard for Telecommunications - Synchronous Optical Network (SONET) - Basic Description including Multiplex Structure, Rates and Formats.

6.6.8 ANSI T1.102 - 1993, American National Standard for Telecommunications - Digital Hierarchy - Electrical Interfaces.

6.6.9 ANSI T1.403- 1989, American National Standard for Telecommunications - Carrier to Customer Installation, DS1 Metallic Interface Specification.

6.6.10 Bellcore GR-253-CORE, Synchronous Optical Network Systems (SONET), Common Generic Criteria.

6.6.11 AT&T Technical Reference TR 62411, ACCUNET T1.5 Service Description and Interface Specification, December 1990; Addendum 1, March 1991; Addendum 2, October 1992.

6.6.12 AT&T Technical Reference TR 62421, ACCUNET Spectrum of Digital Services Description and Interface Specification, December 1989; Also TR 62421A Addendum 2, November 1992.

6.6.13 AT&T Technical Reference TR 54014, ACCUNET T45 Reserved Services - Service Description and Interface Specification.

6.6.14 AT&T Technical Reference TR 54018, ACCUNET T155 Service Description and Interface Specification.

6.7 **Interface Requirements**

6.7.1 The Loop Feeder point of termination (POT) within a BellSouth central office will be as follows:

6.7.1.1 Copper twisted pairs shall terminate on the MDF;

6.7.1.2 DS1 Loop Feeder shall terminate on a DSX1, DCS1/0 or DCS3/1; and

6.7.1.3 Fiber Optic cable shall terminate on a LGX.

6.7.2 When requested by AT&T:

The Loop Feeder shall provide the analog voice frequency copper twisted pair interface for switched or private line services, as defined in the references in Section 4.6.3.

6.7.2.1 The Loop Feeder shall provide the ISDN basic rate interface, as defined in the references in Section 4.6.3, to the local digital switch designated by AT&T.

6.7.2.2 The Loop Feeder shall provide digital 4-wire electrical interfaces for digital data services, as defined in the references in Section 4.6.3.

6.7.2.3 The Loop Feeder shall provide the standard electrical DS1 interface for applications utilizing DS1 feeder, as defined in the references in Section 4.6.3.

6.7.2.4 The Loop Feeder shall provide optical SONET interfaces at one or more of the following rates, OC-1, OC-3, OC-12 or OC-48, as defined in the references in Section 4.6.3.

6.7.3 Loop Feeder shall be equal to or better than each of the applicable interface requirements set forth in the following technical references:

6.7.3.1 Bellcore TR-TSY-000008, Digital Interface Between the SLC 96 Digital Loop Carrier System and a Local Digital Switch, Issue 2, August 1987.

6.7.3.2 Bellcore TR-NWT-000303, Integrated Digital Loop Carrier System Generic Requirements, Objectives and Interface, Issue 2, December 1992; Rev.1, December 1993; Supplement 1, December 1993.

6.7.3.3 AT&T Technical Reference TR 62411, ACCUNET T1.5 Service Description and Interface Specification, December 1990; Addendum 1, March 1991; Addendum 2, October 1992.

6.7.3.4 AT&T Technical Reference TR 62421, ACCUNET Spectrum of Digital Services Description and Interface Specification, December 1989; Also TR 62421A Addendum 2, November 1992.

6.7.3.5 AT&T Technical Reference TR 54014, ACCUNET T45 Reserved Services - Service Description and Interface Specification.

6.7.3.6 AT&T Technical Reference TR 54018, ACCUNET T155 Service Description and Interface Specification.

(MhT and test calls such as 105, 107, and 108.)

7. **Local Switching**

7.1 **Definition:**

7.1.1 Local Switching is the Network Element that provides the functionality required to connect the appropriate originating lines or trunks wired to the Main Distributing Frame (MDF) or Digital Cross Connect (DSX) panel to a desired terminating line or trunk. Such functionality shall include all of the features, functions, and capabilities that the underlying BellSouth switch that is providing such Local Switching function is then capable of providing, including but not limited to: line signaling and signaling software, digit reception, dialed number translations, call screening, routing, recording, call supervision, dial tone, switching, telephone number provisioning, announcements, calling features and capabilities (including call processing), Centrex, Automatic Call Distributor (ACD), Carrier pre-subscription (e.g. long distance carrier, intraLATA toll), Carrier Identification Code (CIC) portability capabilities, testing and other operational features inherent to the switch and switch software. It also provides access to transport, signaling (ISDN User Part (ISUP) and Transaction Capabilities Application Part (TCAP), and platforms such as adjuncts, Public Safety Systems (911), operator services, directory services and Advanced Intelligent Network (AIN). Remote Switching Module functionality is included in the Local Switching function. The switching capabilities used will be based on the line side features they support. Local Switching will also be capable of routing local, intraLATA, interLATA, and calls to international customer's preferred carrier; call features (e.g., call forwarding) and Centrex capabilities.

7.1.2 Local Switching also includes Data Switching, which provides:

7.1.2.1 For Asynchronous Transfer Mode (ATM) and Frame Relay Service, data services switching functionality that is required to connect the facilities from the User to Network Interface (UNI) to either another UNI or to a communications path at the Network to Network Interface (NNI). In this case, the purpose of Data Switching is to terminate, concentrate, and switch data traffic from Customer Premises Equipment (CPE) in the digital format consistent with the UNI specification for the customer. Data Switching also provides connectivity for the purpose of conveying the customer data to its final destination. The UNI and NNI are industry standard interface specifications that contain physical transmission layer requirements for speeds and line formats; data link layer requirements for the format of the data units that are passed between the user and the network; and protocol requirements for control procedures used in managing the interface. Data Switching provides this functionality in two distinct formats, ATM and Frame Relay. As these formats each have their own sets of industry UNI and NNI specifications, they are described separately below.

7.1.2.2 For ISDN Packet and Circuit Switched Data service, the data switching functionality that is required to connect between industry standard ISDN interfaces. In this case, the purpose of Data Switching is to terminate, concentrate, and switch data traffic from Customer Premises Equipment (CPE) in the digital format consistent with ISDN standards. Data Switching also provides connectivity for the purpose of conveying the customer data to its final destination.

7.2 The requirements set forth in this Section 5.2 apply to Local Switching, but not to the Data Switching function of Local Switching.

7.2.1 **Technical Requirements**

7.2.1.1 Local Switching shall be equal to or better than the requirements for Local Switching set forth in Bellcore's Local Switching Systems General Requirements (FR-NWT-000064).

7.2.1.2 When applicable, BellSouth shall route calls to the appropriate trunk or lines for call origination or termination.

7.2.1.3 BellSouth local switch shall maintain translations necessary to direct AIN queries for select lines and dialing sequences to the AT&T SS7 network.

7.2.1.4 BellSouth local switch shall accept AIN responses from the AT&T SCP via SS7 network interconnection then continue call handling according to instructions contained in the response.

7.2.1.5 BellSouth shall route calls on a per line or per screening class basis to (1) BellSouth platforms providing Network Elements or additional requirements, (2) AT&T designated platforms, or (3) third-party platforms.

7.2.1.6 BellSouth shall provide recorded announcements as designated by AT&T and call progress tones to alert callers of call progress and disposition.

7.2.1.7 BellSouth shall activate service for an AT&T customer or network interconnection on any of the Local Switching interfaces. This includes provisioning changes to change a customer from BellSouth's services to AT&T's services without loss of feature functionality.

7.2.1.8 BellSouth shall perform routine testing (e.g., Mechanized Loop Tests (MLT) and test calls such as 105, 107 and 108 type calls) and fault isolation on a schedule designated by AT&T.

7.2.1.9 BellSouth shall repair and restore any equipment or any other maintainable component that may adversely impact Local Switching.

7.2.1.10 BellSouth shall control congestion points such as those caused by radio station call-ins, and network routing abnormalities, using capabilities such as Automatic Call Gapping, Automatic Congestion Control, and Network Routing Overflow.

7.2.1.11 BellSouth shall perform manual call trace as designated by AT&T and permit customer originated call trace.

7.2.1.12 BellSouth shall record billable events and send the appropriate billing data to AT&T as outlined in Attachment 7.

7.2.1.13 For Local Switching used as 911 Tandems, BellSouth shall allow interconnection from AT&T local switching elements and BellSouth shall route the calls to the appropriate Public Safety Access Point (PSAP).

7.2.1.14 BellSouth shall provide, at least, each of the following special services:

7.2.1.14.1 Essential Service Lines;

7.2.1.14.2 Telephone Service Prioritization;

7.2.1.14.3 Related services for handicapped;

7.2.1.14.4 Soft dial tone where required by law; and

7.2.1.14.5 Any other service required by law.

7.2.1.15 BellSouth shall provide Switching Service Point (SSP) capabilities and signaling software to interconnect the signaling links destined to the Signaling Transfer Point Switch (STPS). In the event that Local Switching is provided out of a switch without SS7 capability, the Tandem shall provide this capability as discussed in the section on Tandem Switching. These capabilities shall adhere to Bellcore specifications - TCAP (GR-1432-CORE), ISUP(GR-905-CORE), Call Management (GR-1429-CORE), Switched Fractional DS1 (GR-1357-CORE), Toll Free Service (GR-1428-CORE), Calling Name (GR-1597-CORE), Line Information Database (GR-954-CORE), and Advanced Intelligent Network (GR-2863-CORE).

7.2.1.16 BellSouth shall provide interfaces to adjuncts through industry standard and Bellcore interfaces. These adjuncts can include, but are not limited to, the Service Circuit Node and Automatic Call Distributors. Examples of existing interfaces are ANSI ISDN standards Q.931 and Q.932.

7.2.1.17 BellSouth shall provide performance data regarding a customer line, traffic characteristics or other measurable elements to AT&T, upon AT&T's request.

7.2.1.18 BellSouth shall offer Local Switching that provides feature offerings at parity to those provided by BellSouth RLECs to itself or any other party. Such feature offerings shall include but are not limited to:

7.2.1.18.1 Basic and primary rate ISDN;

7.2.1.18.2 Residential features;

7.2.1.18.3 Customer Local Area Signaling Services (CLASS/LASS);

7.2.1.18.4 Centrex (including equivalent administrative capabilities, such as customer accessible reconfiguration and detailed message recording); and

7.2.1.18.5 Advanced intelligent network triggers supporting AT&T features. BellSouth shall offer to AT&T all AIN triggers currently available to BellSouth for offering AIN-based services in accordance with the technical reference in Section 5.2.1.6.3, e.g.:

7.2.1.18.5.1 Off-Hook Immediate;

7.2.1.18.5.2 Off-Hook Delay;

7.2.1.18.5.3 Private EAMF Trunk;

7.2.1.18.5.4 Shared Interoffice Trunk (EAMF, SS7);

7.2.1.18.5.5 Termination Attempt;

7.2.1.18.5.6 3/6/10;

7.2.1.18.5.7 N11;

7.2.1.18.5.8 Feature Code Dialing;

7.2.1.18.5.9 Custom Dialing Plan; and

7.2.1.18.5.10 Automatic Route Selection.

7.2.1.19 BellSouth shall assign each AT&T customer line the class of service designated by AT&T (e.g., using line class codes or other switch specific provisioning methods), and shall route directory assistance calls from AT&T customers to AT&T directory assistance operators at AT&T's option.

7.2.1.20 BellSouth shall assign each AT&T customer line the class of services designated by AT&T (e.g., using line class codes or other switch specific provisioning methods) and shall route operator calls from AT&T

customers to AT&T operators at AT&T's option. For example, BellSouth may translate 0- and 0+ intraLATA traffic, and route the call through appropriate trunks to an AT&T Operator Services Position System (OSPS). Calls from Local Switching must pass the ANI-II digits unchanged.

7.2.1.21 If AT&T requests the termination of Local Switching, BellSouth shall promptly remove the class of service assignment from the line.

7.2.1.22 If an AT&T customer subscribes to AT&T provided voice mail and messaging services, BellSouth shall redirect incoming calls to the AT&T system based upon presubscribed service arrangements (e.g., busy, don't answer, number of rings). In addition, BellSouth shall provide a Standard Message Desk Interface-Enhanced (SMDI-E) interface to the AT&T system. BellSouth shall support the Inter-switch Voice Messaging Service (IVMS) capability.

7.2.1.23 Local Switching shall be offered in accordance with the requirements of the following technical references:

7.2.1.23.1 GR-1298-CORE, AIN Switching System Generic Requirements;

7.2.1.23.2 GR-1299-CORE, AIN Switch-Service Control Point (SCP)/Adjunct Interface Generic Requirements;

7.2.1.23.3 TR-NWT-001284, AIN 0.1 Switching System Generic Requirements;

7.2.1.23.4 SR-NWT-002247, AIN Release 1 Update.

7.2.2 **Interface Requirements**

7.2.2.1 BellSouth shall provide the following interfaces to loops:

7.2.2.1.1 Standard Tip/Ring interface including loopstart or groundstart, on-hook signaling (*e.g.*, for calling number, calling name and message waiting lamp);

7.2.2.1.2 Coin phone signaling;

7.2.2.1.3 Basic Rate Interface ISDN adhering to ANSI standards Q.931, Q.932 and appropriate Bellcore Technical Requirements;

7.2.2.1.4 Two-wire analog interface to PBX;

7.2.2.1.5 Four-wire analog interface to PBX;

7.2.2.1.6 Four-wire DS1 interface to PBX or customer provided equipment (e.g. computers and voice response systems);

7.2.2.1.7 Primary Rate ISDN to PBX adhering to ANSI standards Q.931, Q.932 and appropriate Bellcore Technical Requirements;

7.2.2.1.8 Switched Fractional DS1 with capabilities to configure Nx64 channels (where N = 1 to 24); and

7.2.2.1.9 Loops adhering to Bellcore TR-NWT-08 and TR-NWT-303 specifications to interconnect Digital Loop Carriers.

7.2.2.2 *BellSouth shall provide access to the following but not limited to:*

7.2.2.2.1 SS7 Signaling Network or Multi-Frequency trunking if requested by AT&T;

7.2.2.2.2 Interface to AT&T operator services systems or Operator Services through appropriate trunk interconnections for the system; and

7.2.2.2.3 Interface to AT&T directory assistance services through the AT&T switched network or to Directory Services through the appropriate trunk interconnections for the system; and 950 access or other AT&T required access to interexchange carriers as requested through appropriate trunk interfaces.

7.3 The requirements set forth in this Section 5.3 applies only to the Data Switching function of Local Switching.

7.3.1 **Data Switching Technical Requirements**

7.3.1.1 Data Switching includes the necessary cross-office connectivity to the DSX or other appropriate connection point where interconnection to transport, or a cross-connect device can occur. Wherever Data Switching interconnects across network boundaries, it shall be in accordance with Network-to-Network Interface standards.

7.3.1.2 **Frame Relay Functional Requirements**

7.3.1.2.1 Frame Relay Data Switching shall provide Permanent Virtual Circuits (PVCs) in accordance with the core protocol in ANSI Standard T1.618 ("Core aspects of Frame Protocol for use with Frame Relay Bearer Service," ANSI Standard T1.618, October 1991).

7.3.1.2.2 Control procedures for PVC management that shall be provided by Data Switching over the UNI include at least the Local Management interface (LMI) (as described in "Frame Relay Specification with Extensions," Rev 1.0, Digital Equipment Corporation, Northern Telecom, Inc., and StrataCom, Inc., September 18, 1990), ANSI Standard T1.617: Annex D ("Signaling Specification for Frame Relay Bearer Service," ANSI

Standard T1.617, October 1991), and ITU-T Recommendation Q.933: Annex A ("Digital subscriber Signaling System No. 1 – Signaling specification for frame mode bearer service," ITU-T Recommendation Q.933, March 1993) specifications.

7.3.1.2.3 Data Switching provided to AT&T shall be given equal priority to BellSouth's's own traffic during overflow and congestion conditions. To control the flow of data through the network and to prevent congestion of shared resources, Data Switching shall perform traffic management and policing functions on the ingress of data (flowing from customer into the network) and the egress of data (flowing from the network out to the customer). Traffic management is the mechanism used by Data Switching to prevent and reduce congestion within the network, such as buffering data and discarding data when buffers overflow, and may be performed on ingress or egress. Traffic policing is the enforcement by Data Switching of the contracted rate for the ingress of data, described in terms of several parameters such as Peak Rate, Committed Rate, and Burst Size. Traffic management and policing performed at ingress and egress on AT&T's traffic shall be at parity with that performed on BellSouth's traffic.

7.3.1.2.4 Data Switching shall provide remote data access to integrated test equipment and other integrated functionality on a demand basis in accordance with the following:

7.3.1.2.4.1 Real-time, remote data access to systems that enable the determination of Data Link Connection Identifiers (DLCIs) used by a PVC;

7.3.1.2.4.2 Real-time, remote data access to performance monitoring and alarm data on events affecting (or potentially affecting) AT&T's traffic; and

7.3.1.2.4.3 Real-time, remote data access to maintenance systems to enable end-to-end (customer site-to-customer site) performance and error testing.

7.3.1.2.5 BellSouth shall provision and maintain the underlying facilities required to provide Data Switching.

7.3.1.3 **Frame Relay Interface Requirements**

7.3.1.3.1 From Customer Premises Equipment (CPE), AT&T's customers may interconnect to Data Switching using the transmission speeds, formats, and protocols as specified in the Frame Relay Forum Implementation Agreement 1 (FRF-1.1) ("User-to-Network Implementation Agreement (UNI)," FRF-1.1, Frame Relay Forum Technical Committee, January 18, 1996) and the standards cited in that document for the physical layer, data transfer, and control procedures. This includes, but is not limited

to, access circuits at fractional T1 rates (56Kbps, Nx64 Kbps, (where N is 1 to 24)), T1, and T3.

7.3.1.3.2 Each T1 UNI interface port shall provide at least 250 PVCs.

7.3.1.3.3 T1 interfaces shall be provided using Extended SuperFrame (ESF) format, for enhanced error monitoring and to aid in sectionalizing problems.

7.3.1.4 **NNI Interface B Requirements**

7.3.1.4.1 Data Switching shall interconnect across network boundaries using the Network-to-Network Interface standards as specified in Frame Relay Forum Implementation Agreement 2 (FRF-2.1) ("Network -to-Network Implementation Agreement (NNI)," FRF-2.1, Frame Relay Forum Technical Committee, July 10, 1995) for the physical layer, data transfer, and control (signaling) procedures. This standard includes both DS1 and DS3 among its listed physical interface formats.

7.3.1.4.2 Each T1 NNI should be capable of providing at least 200 PVCs; each T3 NNI should be capable of providing at least 1700 PVCs.

7.3.1.4.3 Frame Relay Variant A Functional Requirement: The distinction between Frame Relay Variant A format and the Frame Relay format is the interconnection to other carriers. The Frame Relay Variant A format shall provide such connectivity. This connectivity to other carriers may also take place through an ATM format NNI.

7.3.1.4.4 Frame Relay Variant A Interface Requirement: The NNI interface shall support the BICI specification from the ATM Forum ("Broadband Inter-Carrier Interface," V. 1.1, ATM Forum, August 1994). This requires that the customer data be converted from Frame Relay format to ATM based on either the Frame Relay/ATM Network Interworking standard consistent with the technical requirements in, "Frame Relay/ATM PVC Network Interworking Implementation Agreement," FRF-5, Frame Relay Forum Technical Committee, December 20, 1994, or the Frame Relay/ATM Service Interworking standard consistent with the technical requirements in "Frame Relay/ATM PVC Service Interworking Implementation Agreement," FRF-8, Frame Relay Forum Technical Committee, April 14, 1995.

7.3.1.5 **ATM Functional Requirements**

7.3.1.5.1 ATM Data Switching shall provide ATM PVCs and Switched Virtual Circuits (SVCs) according to the most recent ATM Forum UNI specifications that have been implemented by the vendor of the underlying device that provides Data Switching (e.g., "ATM User-to-

Network Interface Specification," Version 3.1, ATM Forum, September 1994, ("ATM User-to-Network Interface Specification," Version 4.0, ATM Forum, (expected 1996)).

7.3.1.5.2 Data Switching provided to AT&T shall be given equal priority to BellSouth's own traffic during overflow and congestion conditions. Traffic management and policing performed at ingress and egress on AT&T's traffic shall be at least at parity with that provided by BellSouth for its own traffic.

7.3.1.5.3 Data Switching shall provide on-demand, real time, remote data access to integrated test equipment and other integrated functionality in accordance with the following:

7.3.1.5.3.1 Real time, remote data access to systems that enable the determination of Virtual Path Identifiers (VPIs) and Virtual Channel Identifiers (VCIs) that are used by a PVC or an SVC;

7.3.1.5.3.2 Real time, remote data access to performance monitoring and alarm data affecting (or potentially affecting) AT&T's traffic (upon AT&T's request); and

7.3.1.5.3.3 Real time, remote data access to maintenance systems to enable end-to-end (customer site-to-customer site) performance testing and error monitoring shall be provided by BellSouth.

7.3.1.5.4 Data Switching shall provide spare facilities and equipment necessary to support provisioning and maintenance Direct Measures of Quality (DMOQs). This shall require sufficient redundancy, hot standby, and Mean Time To Restore engineering to meet the required availability DMOQs. Similarly, sufficient spare facilities, spare parts, and provisioning staff and systems shall be provided to meet DMOQs on time to provision new requests for service, at least at parity with BellSouth's own services.

7.3.1.5.5 BellSouth shall provision and maintain the facilities required to provide Data Switching.

7.3.1.6 **ATM Interface Requirements** -- the following interfaces shall be provided by BellSouth:

7.3.1.6.1 **UNI Interface Requirements**

7.3.1.6.1.1 AT&T's customers may interconnect to Data Switching using the transmission speeds, formats, and protocols as specified in the latest ATM Forum UNI specification that has been implemented by the switch

vendor. This includes, but is not limited to, access circuits at T1, T3, and OC-3 speeds.

7.3.1.6.1.2 BellSouth shall provide T1 interfaces using Extended SuperFrame (ESF) format, for enhanced error monitoring and to aid in sectionalizing problems.

7.3.1.6.2 **FUNI Interface Requirements**

AT&T's customers may interconnect to Data Switching using the transmission speeds, formats, and protocols as specified in the ATM Forum Frame-based User-to-Network Interface ("ATM Inverse Multiplexer NxT1," Version 1.0, (expected 1996)) with access speeds including DS1 and NxDS0 (where N ≤ 24).

7.3.1.6.3 **ATM Inverse Multiplexing Interface Requirements**

AT&T's customers may interconnect to Data Switching using the transmission speeds, formats, and protocols as specified in the ATM Forum's inverse Multiplexer specification ("ATM Inverse Multiplexer NxT1," Version 1.0, (expected 1996)), expected in 1996. The speeds will be NxT1 (where N equals 1 to 8).

7.3.1.6.4 **NNI Interface D Requirements**

Data Switching shall interconnect across network boundaries using the Network-to-Network Interface standards as specified by the ATM Forum that will be available in the following time frames:

7.3.1.6.4.1 1996 – Implementation not yet available.

7.3.1.6.4.2 1997 – Interim Interswitch Signaling Protocol (IISP) ("Interim Interswitch Signaling Protocol (IISP)," Version 1.0, ATM Forum , December 14, 1994) for PVC and SVC services.

7.3.1.6.4.3 1997 – Broadband Inter-Carrier Interface (BICI) Version 1.1 for PVC services.

7.3.1.6.4.4 1998 – BICI Version 2.0 ("Broadband Inter-Carrier Interface," V. 2.0, ATM Forum, December 1995) for PVC and SVC services.

7.3.1.6.4.5 BellSouth shall provide the BICI interface if available in the specified timeframe. The IISP is not specified for use between two public networks, but may be provided as a second alternative for an interface.

7.3.1.6.4.6 Data Switching shall provide interface speeds of: T3 and OC-3, and OC-12 in 1998.

7.3.1.6.5 **Network Management Systems Interconnection (M5) Interface Requirements**

7.3.1.6.6 Effective as of the date this unbundled Network Element is offered, BellSouth will perform network management function twenty-four (24) hours a day, seven (7) days a week electronic interfaces between the AT&T and BellSouth Network Management Centers.

7.3.1.6.6.1 Network Management systems shall be interconnected starting in the 1997-98 time frame by the M5 interface ("ATM Forum M5 Interface Specification," ATM Forum, (expected 1997)) which provides the following management capabilities for PVC and SVC services across the BICI:

7.3.1.6.6.1.1 Configuration Management;

7.3.1.6.6.1.2 Fault Management;

7.3.1.6.6.1.3 Loopbacks (ATM and Physical);

7.3.1.6.6.1.4 Threshold Reporting;

7.3.1.6.6.1.5 Alarm Indication Signal/Remote Defect Indication (RDI) cell support;

7.3.1.6.6.1.6 Operation and Maintenance (OAM) F4 and F5 cells for sectional and end to end tests;

7.3.1.6.6.1.7 Performance Management -- access Management Information Bases (MIBs) via BellSouth Network Management Systems (NMS) to obtain network level information and status;

7.3.1.6.6.1.8 Security Management -- read-only access between networks; and

7.3.1.6.6.1.9 Accounting Management -- ability to retrieve required usage information from BellSouth for billing purposes

7.3.1.6.6.2 The M5 Interface shall interface with the CMIP and SNMP protocols.

7.3.1.7 **Integrated Services Digital Network (ISDN)**

Integrated Services Digital Network (ISDN) is defined in two variations. The first variation is Basic Rate ISDN (BRI). BRI consists of 2 Bearer (B) Channels and one Data (D) Channel. The second variation is Primary Rate ISDN (PRI). PRI consists of 23 B Channels and one D Channel. Both BRI and PRI B Channels may be used for voice, Circuit Switched Data (CSD) or Packet Switched Data (PSD). The BRI D Channel may be used for call related signaling, non-call

related signaling or packet switched data. The PRI D Channel may be used for call related signaling.

7.3.1.7.1 **Technical Requirements - ISDN**

7.3.1.7.1.1 BellSouth shall offer Data Switching providing ISDN that, at a minimum:

7.3.1.7.1.1.1 Provides integrated packet handling capabilities;

7.3.1.7.1.1.2 Allows for full 2B+D Channel functionality for BRI; and

7.3.1.7.1.1.3 Allows for full 23B+D Channel functionality for PRI.

7.3.1.7.1.2 Each B Channel shall allow for voice, 64Kbs CSD, and PSD of 128 logical channels at minimum speeds of 19Kbs throughput of each logical channel up to the total capacity of the B Channel.

7.3.1.7.1.3 Each B Channel shall provide capabilities for alternate voice and data on a per call basis.

7.3.1.7.1.4 The BRI D Channel shall allow for call associated signaling, non-call associated signaling and PSD of 16 logical channels at minimum speeds of 9.6 Kbs throughput of each logical channel up to the total capacity of the D channel.

7.3.1.7.1.5 The PRI D Channel shall allow for call associated signaling.

7.3.1.7.2 **Interface Requirements - ISDN**

7.3.1.7.2.1 BellSouth shall provide the BRI U interface using 2 wire copper loops in accordance with TR-NWT-000393, January 1991, *Generic Requirements for ISDN Basic Access Digital Subscriber Lines.*

7.3.1.7.2.2 BellSouth shall provide the BRI interface using Digital Subscriber Loops adhering to Bellcore TR-NWT-303 specifications to interconnect Digital Loop Carriers.

7.3.1.7.2.3 BellSouth shall offer PSD interfaces adhering to the X.25, S.75 and S.75' ANSI and Bellcore requirements.

7.3.1.7.2.4 BellSouth shall offer PSD trunk interfaces operating at 56Kbs.

8. **Operator Systems**

8.1 **Definition**

Operator Systems is the Network Element that provides operator and automated call handling and billing, special services, customer telephone listings and optional call completion services. The Operator Systems, Network Element provides two types of functions: Operator Service functions and Directory Service functions, each of which are described in detail below.

8.2 **Operator Service**

8.2.1 **Definition**

Operator Service provides: (1) operator handling for call completion (for example, collect, third number billing, and manual credit card calls), (2) operator or automated assistance for billing after the customer has dialed the called number (for example, credit card calls); and (3) special services including but not limited to Busy Line Verification and Emergency Line Interrupt (ELI), Emergency Agency Call, Operator-assisted Directory Assistance, and Rate Quotes.

8.2.2 **Requirements**

8.2.2.1 Operator Services for calls which are routed from the local switch shall be in accordance with the following:

8.2.2.1.1 BellSouth shall complete 0+ and 0- dialed local calls.

8.2.2.1.2 BellSouth shall complete 0+ intraLATA toll calls.

8.2.2.1.3 BellSouth shall complete calls that are billed to a calling card and AT&T shall designate to BellSouth the acceptable types of special billing.

8.2.2.1.4 BellSouth shall complete person-to-person calls.

8.2.2.1.5 BellSouth shall complete collect calls.

8.2.2.1.6 BellSouth shall provide the capability for callers to bill to a third party and complete such calls.

8.2.2.1.7 BellSouth shall complete station-to-station calls.

8.2.2.1.8 BellSouth shall process emergency calls.

8.2.2.1.9 BellSouth shall process Busy Line Verify and Emergency Line Interrupt requests.

8.2.2.1.10 BellSouth shall process emergency call trace.

8.2.2.1.11 BellSouth shall process operator-assisted directory assistance calls.

8.2.2.1 12 BellSouth shall provide rate quotes.

8.2.2.1.13 BellSouth shall process time-and-charges requests.

8.2.2.1.14 BellSouth shall route 0- traffic directly to a "live" operator team.

8.2.2.1.15 BellSouth shall brand Operator Service as specified by AT&T in Part I, Section 19, entitled "Branding."

8.2.2.2 Operator Service shall provide AT&T's local service rates when providing rate quote and time-and-charges services.

8.2.2.3 Operator Service shall adhere to equal access requirements.

8.2.2.4 BellSouth shall exercise at least the same level of fraud control in providing Operator Service to AT&T that BellSouth provides for its own *operator service*.

8.2.2.5 BellSouth shall perform Billed Number Screening when handling Collect, Person-to-Person, and Billed-to-Third-Party calls.

8.2.2.6 BellSouth shall provide service measurements and accounting reports as designated by AT&T.

8.2.2.7 BellSouth shall direct customer account and other similar inquiries to the customer service center designated by AT&T.

8.2.2.8 BellSouth shall provide an electronic feed of customer call records in "EMR" format to AT&T in accordance with the time schedule designated by AT&T.

8.2.2.9 BellSouth shall accept and process overflow 911 traffic routed from AT&T to the underlying platform used to provide Operator Service.

8.2.3 **Interface Requirements:**

With respect to Operator Services for calls that originate on local switching capability provided by or on behalf of AT&T, the interface requirements shall conform to the then current established system interface specifications for the platform used to provide Operator Service and the interface shall conform to industry standards.

8.3 **Directory Service**

8.3.1 **Definition:** [illegible]

Directory Service provides local customer telephone number listings with the option to complete the call at the callers direction.

8.3.2 **Requirements**

8.3.2.1 Directory Service shall provide up to two listing requests per call and, if requested, shall complete the call to one of the provided listings.

8.3.2.2 BellSouth shall brand Directory Service with the brand designated by AT&T. If such branding is not technically feasible, then BellSouth shall not brand Directory Service whatsoever.

8.3.2.3 At AT&T's request, caller-optional directory assistance call completion service which meets the service parity requirements set forth in this Attachment;

8.3.2.4 BellSouth shall provide data regarding billable events as requested by AT&T.

8.3.2.5 **Directory Service Updates**

8.3.2.5.1 BellSouth shall update customer listings changes daily. These changes include:

8.3.2.5.1.1 New customer connections;

8.3.2.5.1.2 Customer disconnections; and

8.3.2.5.1.3 Customer address changes.

8.3.2.6 These updates shall also be provided for non-listed and non-published numbers for use in emergencies.

9. **Common Transport**

9.1 **Definition:** Common Transport is an interoffice transmission path between BellSouth Network Elements (illustrated in Figure 2). Where BellSouth Network Elements are connected by intra-office wiring, such wiring is provided as a part of the Network Elements and is not Common Transport.

Figure 2

9.2 **Technical Requirements**

9.2.1 Common Transport provided on DS1 or VT1.5 circuits, shall, at a minimum, meet the performance, availability, jitter, and delay requirements specified for Central Office to Central Office "CO to CO" connections in the technical reference set forth in Section 7.2.4.31.

9.2.2 Common Transport provided on DS3 circuits, STS-1 circuits, and higher transmission bit rate circuits, Common Transport shall, at a minimum, meet the performance, availability, jitter, and delay requirements specified for Central Office to Central Office "CO to CO" connections in the technical reference set forth in Section 7.2.4.30.

9.2.3 BellSouth shall be responsible for the engineering, provisioning, and maintenance of the underlying equipment and facilities that are used to provide Common Transport.

9.2.4 At a minimum, Common Transport shall meet all of the requirements set forth in the following technical references (as applicable for the transport technology being used):

9.2.4.1 ANSI T1.101-1994, American National Standard for Telecommunications - Synchronization Interface Standard Performance and Availability;

9.2.4.2 ANSI T1.102-1993, American National Standard for Telecommunications - Digital Hierarchy - Electrical Interfaces;

9.2.4.3 ANSI T1.102.01-199x, American National Standard for Telecommunications - Digital Hierarchy - VT1.5;

9.2.4.4 ANSI T1.105-1995, American National Standard for Telecommunications - Synchronous Optical Network (SONET) - Basic Description including Multiplex Structure, Rates and Formats;

9.2.4.5 ANSI T1.105.01-1995, American National Standard for Telecommunications - Synchronous Optical Network (SONET) - Automatic Protection Switching;

9.2.4.6 ANSI T1.105.02-1995, American National Standard for Telecommunications - Synchronous Optical Network (SONET) - Payload Mappings;

9.2.4.7 ANSI T1.105.03-1994, American National Standard for Telecommunications - Synchronous Optical Network (SONET) - Jitter at Network Interfaces;

9.2.4.8 ANSI T1.105.03a-1995, American National Standard for Telecommunications - Synchronous Optical Network (SONET): Jitter at Network Interfaces - DS1 Supplement;

9.2.4.9 ANSI T1.105.05-1994, American National Standard for Telecommunications - Synchronous Optical Network (SONET) - Tandem Connection;

9.2.4.10 ANSI T1.105.06-199x, American National Standard for Telecommunications - Synchronous Optical Network (SONET) - Physical Layer Specifications;

9.2.4.11 ANSI T1.105.07-199x, American National Standard for Telecommunications - Synchronous Optical Network (SONET) - Sub STS-1 Interface Rates and Formats;

9.2.4.12 ANSI T1.105.09-199x, American National Standard for Telecommunications - Synchronous Optical Network (SONET) - Network Element Timing and Synchronization;

9.2.4.13 ANSI T1.106-1988, American National Standard for Telecommunications - Digital Hierarchy - Optical Interface Specifications (Single Mode);

9.2.4.14 ANSI T1.107-1988, American National Standard for Telecommunications - Digital Hierarchy - Formats Specifications;

9.2.4.15 ANSI T1.107a-1990 - American National Standard for Telecommunications - Digital Hierarchy - Supplement to Formats Specifications (DS3 Format Applications);

9.2.4.16 ANSI T1.107b-1991 - American National Standard for Telecommunications - Digital Hierarchy - Supplement to Formats Specifications;

9.2.4.17 ANSI T1.117-1991, American National Standard for Telecommunications - Digital Hierarchy - Optical Interface Specifications (SONET) (Single Mode - Short Reach);

9.2.4.18 ANSI T1.403-1989, Carrier to Customer Installation, DS1 Metallic Interface Specification;

9.2.4.19 ANSI T1.404-1994, Network-to-Customer Installation - DS3 Metallic Interface Specification;

9.2.4.20 ITU Recommendation G.707, Network node interface for the synchronous digital hierarchy (SDH);

9.2.4.21 ITU Recommendation G.704, Synchronous frame structures used at 1544, 6312, 2048, 8488 and 44736 kbit/s hierarchical levels;

9.2.4.22 Bellcore FR-440 and TR-NWT-000499, Transport Systems Generic Requirements (TSGR): Common Requirements;

9.2.4.23 Bellcore GR-820-CORE, Generic Transmission Surveillance: DS1 & DS3 Performance;

9.2.4.24 Bellcore GR-253-CORE, Synchronous Optical Network Systems (SONET); Common Generic Criteria;

9.2.4.25 Bellcore TR-NWT 000507, Transmission, Section 7, Issue 5 (Bellcore, December 1993). (A module of LSSGR, FR-NWT-000064.);

9.2.4.26 Bellcore TR-NWT-000776, Network Interface Description for ISDN Customer Access;

9.2.4.27 Bellcore TR-INS-000342, High-Capacity Digital Special Access Service-Transmission Parameter Limits and Interface Combinations, Issue 1 February 1991;

9.2.4.28 Bellcore ST-TEC 000052, Telecommunications Transmission Engineering Textbook, Volume 2: Facilities, Third Edition, Issue I May 1989;

9.2.4.29 Bellcore ST-TEC-000051, Telecommunications Transmission Engineering Textbook Volume 1: Principles, Third Edition. Issue 1 August 1987;

9.2.4.30 AT&T Technical Reference 54014, ACCUNET T45 Service Description and Interface Specification, May 1992; and

9.2.4.31 AT&T Technical Reference TR 62411 ACCUNET T1.5 Service Description And Interface Specification, December 1990 and all addenda.

10. **Dedicated Transport**

10.1 **Definition:**

10.1.1 Dedicated Transport is an interoffice transmission path between AT&T designated locations. Such locations may include BellSouth central offices or other equipment locations, AT&T network components, other carrier network components, or customer premises. Dedicated Transport is depicted below in Figure 3.

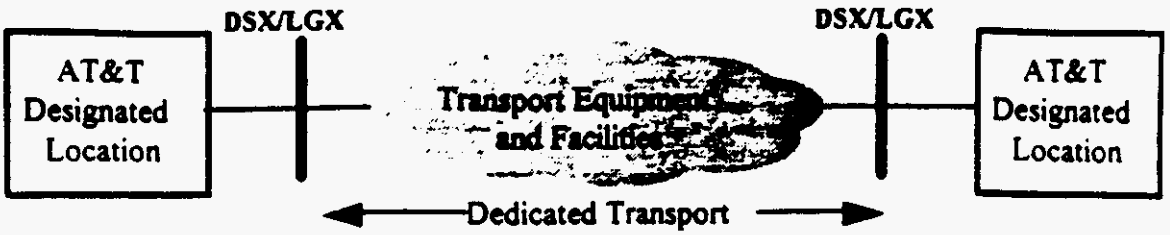

Figure 3

10.1.2 BellSouth shall offer Dedicated Transport in each of the following ways:

10.1.2.1 As capacity on a shared circuit.

10.1.2.2 As a circuit (e.g., DS1, DS3, STS-1) dedicated to AT&T.

10.1.2.3 As a system (i.e., the equipment and facilities used to provide Dedicated Transport such as SONET ring) dedicated to AT&T.

10.1.3 When Dedicated Transport is provided as a circuit or as capacity on a shared circuit, it shall include (as appropriate):

10.1.3.1 Multiplexing functionality;

10.1.3.2 Grooming functionality; and,

10.1.3.3 Redundant equipment and facilities necessary to support protection and restoration.

10.1.4 When Dedicated Transport is provided as a system it shall include:

10.1.4.1 Transmission equipment such as multiplexers, line terminating equipment, amplifiers, and regenerators;

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

10.1.4.3 Redundant equipment and facilities necessary to support protection and restoration; and,

10.1.4.4 Dedicated Transport includes the Digital Cross-Connect System (DCS) functionality as an option. DCS is described below in Section 8.5.

10.2 **Technical Requirements**

This Section sets forth technical requirements for all Dedicated Transport.

10.2.1 When BellSouth provides Dedicated Transport as a circuit or a system, the entire designated transmission circuit or system (*e.g.*, DS1, DS3, STS-1) shall be dedicated to AT&T designated traffic.

10.2.2 BellSouth shall offer Dedicated Transport in all then currently available technologies including, but not limited to, DS1 and DS3 transport systems, SONET (or SDH) Bi-directional Line Switched Rings, SONET (or SDH) Unidirectional Path Switched Rings, and SONET (or SDH) point-to-point transport systems (including linear add-drop systems), at all available transmission bit rates.

10.2.3 For DS1 or VT1.5 circuits, Dedicated Transport shall, at a minimum, meet the performance, availability, jitter, and delay requirements specified for Customer Interface to Central Office "CI to CO" connections in the technical reference set forth in Section 7.2.4.31.

10.2.4 For DS3 circuits, STS-1 circuits, and higher rate circuits, Dedicated Transport shall, at a minimum, meet the performance, availability, jitter, and delay requirements specified for Customer Interface to Central Office "CI to CO" connections in the technical reference set forth in Section 7.2.4.30.

10.2.5 When requested by AT&T, Dedicated Transport shall provide physical diversity. Physical diversity means that two circuits are provisioned in such a way that no single failure of facilities or equipment will cause a failure on both circuits.

10.2.6 When physical diversity is requested by AT&T, BellSouth shall provide the maximum feasible physical separation between intra-office and inter-office transmission paths (unless otherwise agreed by AT&T).

10.2.7 Upon AT&T's request, BellSouth shall provide real time and continuous remote access to performance monitoring and alarm data affecting, or potentially affecting, AT&T's traffic.

10.2.8 BellSouth shall offer the following interface transmission rates for Dedicated Transport:

10.2.8.1 DS1 (Extended SuperFrame - ESF, D4, and unframed applications shall be provided);

10.2.8.2 DS3 (C-bit Parity, M13, and unframed applications shall be provided);

10.2.8.3 SONET standard interface rates in accordance with ANSI T1.105 and ANSI T1.105.07 and physical interfaces per ANSI T1.106.06 (including referenced interfaces). In particular, VT1.5 based STS-1s will be the interface at an AT&T service node.

10.2.8.4 SDH Standard interface rates in accordance with International Telecommunications Union (ITU) Recommendation G.707 and Plesiochronous Digital Hierarchy (PDH) rates per ITU Recommendation G.704.

10.2.9 BellSouth shall provide cross-office wiring up to a suitable Point of Termination (POT) between Dedicated Transport and AT&T designated equipment. BellSouth shall provide the following equipment for the physical POT:

10.2.9.1 DSX1 for DS1s or VT1.5s;

10.2.9.2 DSX3 for DS3s or STS-1s; and

10.2.9.3 LGX for optical signals (e.g., OC-3 and OC-12)

10.2.10 BellSouth shall provide physical access to the POT for personnel designated by AT&T (for testing, facility interconnection, and other purposes designated by AT&T) 24 hours a day, 7 days a week.

10.2.11 For Dedicated Transport provided as a system, BellSouth shall design the system (including but not limited to facility routing and termination points) according to AT&T specifications.

10.2.12 Upon AT&T's request, BellSouth shall provide AT&T with electronic provisioning control of an AT&T specified Dedicated Transport.

10.2.13 BellSouth shall offer Dedicated Transport together with and separately from DCS.

10.3 **Technical Requirements for Dedicated Transport Using SONET technology.**

This Section sets forth additional technical requirements for Dedicated Transport using SONET technology including rings, point-to-point systems, and linear add-drop systems.

10.3.1 All SONET Dedicated Transport provided as a system shall:

10.3.1.1 Be synchronized from both a primary and secondary Stratum 1 level timing source. Additional detail on synchronization requirements are given in Section 13.4.

10.3.1.2 Provide SONET standard interfaces which properly interwork with SONET standard equipment from other vendors. This includes, but is not limited to, SONET standard Section, Line, and Path performance monitoring, maintenance signals, alarms, and data channels.

10.3.1.3 Provide Data Communications Channel (DCC) or equivalent connectivity through the SONET transport system. Dedicated Transport provided over a SONET transport system shall be capable of routing DCC messages between AT&T SONET network components connected to the Dedicated Transport. For example, if AT&T leases a SONET ring from BellSouth, that ring shall support DCC message routing between AT&T SONET network components connected to the ring.

10.3.1.4 Support the following performance requirements for each circuit (STS-1, DS1, DS3, etc.):

10.3.1.4.1 No more than 10 Errored Seconds Per Day (Errored Seconds are defined in the technical reference at Section 8.4.5); and

10.3.1.4.2 No more than 1 Severely Errored Second Per Day (Severely Errored Seconds are defined in the technical reference at Section 8.4.5).

10.3.2 All SONET rings shall:

10.3.2.1 Be provisioned on physically diverse fiber optic cables (including separate building entrances where available and diversely routed intra-office wiring). "Diversely routed" shall be interpreted as the maximum feasible physical separation between transmission paths, unless otherwise agreed by AT&T.

10.3.2.2 Support dual ring interworking per SONET Standards.

10.3.2.3 Provide the necessary redundancy in optics, electronics, and transmission paths (including intra-office wiring) such that no single failure will cause a service interruption.

10.3.2.4 Provide the ability to disable ring protection switching at AT&T's direction (selective protection lock-out). This requirement applies to line switched rings only.

10.3.2.5 Provide the ability to use the protection channels to carry traffic (extra traffic). This requirement applies to line switched rings only.

10.3.2.6 Provide 50 millisecond restoration unless a ring protection delay is set to accommodate dual ring interworking schemes.

10.3.2.7 Have settable ring protection switching thresholds that shall be set in accordance with AT&T's specifications.

10.3.2.8 Provide revertive protection switching with a settable wait to restore delay with a default setting of 5 minutes. This requirement applies to line switched rings only.

10.3.2.9 Provide non-revertive protection switching. This requirement applies to path switched rings only.

10.3.2.10 Adhere to the following availability requirements, where availability is defined in the technical reference set forth in Section 8.4.5.

10.3.2.10.1 No more than 0.25 minutes of unavailability month; and

10.3.2.10.2 No more than 0.5 minutes of unavailability per year.

10.4 At a minimum, Dedicated Transport shall meet each of the requirements set forth in Section 7.2.4 and in the following technical references.

10.4.1 ANSI T1.105.04-1995, American National Standard for Telecommunications - Synchronous Optical Network (SONET) - Data Communication Channel Protocols and Architectures;

10.4.2 ANSI T1.119-1994, American National Standard for Telecommunications - Synchronous Optical Network (SONET) - Operations, Administration, Maintenance, and Provisioning (OAM&P) Communications;

10.4.3 ANSI T1.119.01-1995, American National Standard for Telecommunications - Synchronous Optical Network (SONET) - Operations, Administration, Maintenance, and Provisioning (OAM&P) Communications Protection Switching Fragment;

10.4.4 ANSI T1.119.02-199x, American National Standard for Telecommunications - Synchronous Optical Network (SONET) - Operations, Administration, Maintenance, and Provisioning (OAM&P) Communications Performance Monitoring Fragment;

10.4.5 ANSI T1.231-1993 -American National Standard for Telecommunications - Digital Hierarchy - Layer 1 In-Service Digital Transmission performance monitoring.

10.4.6 AT&T Technical Reference TR 54016, Requirements For Interfacing Digital Terminal Equipment To Services Employing The Extended Superframe Format, September 1989;

10.4.7 AT&T Technical Reference TR 62421 ACCUNET Spectrum of Digital Services Description And Interface Specification, December 1989 and all addenda;

10.4.8 AT&T Technical Reference TR 62310, DS0 Digital Local Channel Description And Interface Specification, August 1993 and all addenda; and

10.4.9 AT&T Technical Reference TR 62415, Access Specification For High Capacity (DS1/DS3) Dedicated Digital Service, June 1989 and all addenda.

10.5 **Digital Cross-Connect System (DCS)**

10.5.1 **Definition:**

10.5.1.1 DCS is a function which provides automated cross connection of Digital Signal level 0 (DS0) or higher transmission bit rate digital channels within physical interface facilities. Types of DCSs include but are not limited to DCS 1/0s, DCS 3/1s, and DCS 3/3s, where the nomenclature 1/0 denotes interfaces typically at the DS1 rate or greater with cross-connection typically at the DS0 rate. This same nomenclature, at the appropriate rate substitution, extends to the other types of DCSs specifically cited as 3/1 and 3/3. Types of DCSs that cross-connect Synchronous Transport Signal level 1 (STS-1s) or other Synchronous Optical Network (SONET) signals (*e.g.*, STS-3) are also DCSs, although not denoted by this same type of nomenclature. DCS may provide the functionality of more than one of the aforementioned DCS types (e.g., DCS 3/3/1 which combines functionality of DCS 3/3 and DCS 3/1). For such DCSs, the requirements will be, at least, the aggregation of requirements on the "component" DCSs.

10.5.1.2 In locations where automated cross connection capability does not exist, DCS will be defined as the combination of the functionality provided by a Digital Signal Cross-Connect (DSX) or Light Guide Cross-Connect (LGX) patch panels and D4 channel banks or other DS0 and above multiplexing equipment used to provide the function of a manual cross connection.

10.5.1.3 Interconnection between a DSX or LGX, to a switch, another cross-connect, or other service platform device, is included as part of DCS.

10.6 **DCS Technical Requirements**

10.6.1 DCS shall provide completed end-to-end cross connection of the channels designated by AT&T.

10.6.2 DCS shall perform facility grooming, multipoint bridging, one-way broadcast, two-way broadcast, and facility test functions.

10.6.3 DCS shall provide multiplexing, format conversion, signaling conversion, or other functions.

10.6.4 The end-to-end cross connection assignment shall be input to the underlying device used to provide DCS from an operator at a terminal or

via an intermediate system. The cross connection assignment shall remain in effect whether or not the circuit is in use.

10.6.5 BellSouth shall continue to administer and maintain DCS, including updates to the control software to current available releases.

10.6.6 BellSouth shall provide various types of Digital Cross-Connect Systems including:

10.6.6.1 DS0 cross-connects (typically termed DCS 1/0);

10.6.6.2 DS1/VT1.5 (Virtual Tributaries at the 1.5Mbps rate) cross-connects (typically termed DCS 3/1);

10.6.6.3 DS3 cross-connects (typically termed DCS 3/3);

10.6.6.4 STS-1 cross-connects; and

10.6.6.5 Other technically feasible cross-connects designated by AT&T.

10.6.7 BellSouth shall provide immediate and continuous configuration and reconfiguration of the channels between the physical interfaces (*i.e.*, BellSouth shall establish the processes to implement cross connects on demand, or, at AT&T's option, permit AT&T control of such configurations and reconfigurations).

10.6.8 BellSouth shall provide scheduled configuration and reconfiguration of the channels between the physical interfaces (*i.e.*, BellSouth shall establish the processes to implement cross connects on the schedule designated by AT&T, or, at AT&T's option, permit AT&T to control such configurations and reconfigurations).

10.6.9 DCS shall continuously monitor protected circuit packs and redundant common equipment.

10.6.10 DCS shall automatically switch to a protection circuit pack on detection of a failure or degradation of normal operation.

10.6.11 The underlying equipment used to provide DCS shall be equipped with a redundant power supply or a battery back-up.

10.6.12 BellSouth shall make available to AT&T spare facilities and equipment necessary for provisioning repairs, and to meet AT&T's Direct Measures Of Quality (DMOQs) as specified in the Provisioning and Maintenance sections.

10.6.13 Effective as of the date this unbundled network element is offered, BellSouth will perform network management functions twenty-four (24) hours a day seven (7) days a week via electronic interfaces between AT&T and BellSouth network management centers. At AT&T's option, BellSouth shall provide AT&T with real time performance monitoring and alarm data on the signals and the components of the underlying equipment used to provide DCS that actually impact or might impact AT&T's services. For example, this may include hardware alarm data and facility alarm data on a DS3 in which an AT&T DS1 is traversing.

10.6.14 At AT&T's option, BellSouth shall provide AT&T with real time ability to initiate tests on integrated equipment used to test the signals and the underlying equipment used to provide DCS, as well as other integrated functionality for routine testing and fault isolation.

10.6.15 DCS shall provide SONET to asynchronous gateway functionality (*e.g.*, STS-1 to DS1 or STS-1 to DS3).

10.6.16 DCS shall perform optical to electrical conversion where the underlying equipment used to provide DCS contains optical interfaces or terminations (*e.g.*, Optical Carrier level 3, i.e., OC-3, interfaces on a DCS 3/1).

10.6.17 DCS shall have SONET ring terminal functionality where the underlying equipment used to provide DCS acts as a terminal on a SONET ring.

10.6.18 DCS shall provide multipoint bridging of multiple channels to other DCSs. AT&T may designate multipoint bridging to be one-way broadcast from a single master to multiple tributaries, or two-way broadcast between a single master and multiple tributaries.

10.6.19 DCS shall multiplex lower speed channels onto a higher speed interface and demultiplex higher speed channels onto lower speed interfaces as designated by AT&T.

10.6.20 DCS shall perform signaling conversion and data conditioning as designated by AT&T. Such functions shall comply, at a minimum, with AT&T Technical Reference TR 62421 ACCUNET® Spectrum of Digital Services, December 1989 and AT&T Technical Reference TR 62310 DS0 Digital Local Channel Description and Interface Specification, August 1993, including current addendums.

10.7 **DCS Interface Requirements**

10.7.1 BellSouth shall provide physical interfaces on DS0, DS1, and VT1.5 channel cross-connect devices at the DS1 rate or higher. In all such

cases, these interfaces shall be in compliance with applicable Bellcore, ANSI, ITU, and AT&T standards.

10.7.2 BellSouth shall provide physical interfaces on DS3 channel cross-connect devices at the DS3 rate or higher. In all such cases, these interfaces shall be in compliance with applicable Bellcore, ANSI, ITU, and AT&T standards.

10.7.3 BellSouth shall provide physical interfaces on STS-1 cross-connect devices at the OC-3 rate or higher. In all such cases, these interfaces shall be in compliance with applicable Bellcore, ANSI, ITU , and AT&T standards.

10.7.4 Interfaces on all other cross-connect devices shall be in compliance with applicable Bellcore, ANSI, ITU , and AT&T standards.

10.8 DCS shall, at a minimum, meet all the requirements set forth in the following technical references:

10.8.1 AT&T Technical Reference TR 62421 ACCUNET® Spectrum of Digital Services Description And Interface Specification, December 1989 and TR 62421A Addendum 2, November 1992;

10.8.2 AT&T Data Communications Technical Reference TR 62310 DS0 Digital Local Channel Description and Interface Specification, August 1993, and all addendums;

10.8.3 AT&T Technical Reference TR 62415 Access Specification For High Capacity (DS1/DS3) Dedicated Digital Service, June 1989, and all addendums including TR 62415A3 July, 1992;

10.8.4 AT&T Technical Reference TR 62411 ACCUNET® T1.5 Service Description And Interface Specification, December 1990 and all addendums including Addendum 2, October 1992;

10.8.5 AT&T Technical Reference TR 54014 ACCUNET® T45 and T45 Reserved Services - Service Description And Interface Specification;

10.8.6 AT&T Technical Reference TR 54018 OC-3 Optical Interface Specifications, November 1991;

10.8.7 AT&T Technical Reference TR 54016 Requirements For Interfacing Digital Terminal Equipment To Services Employing The Extended Superframe Format, September 1989;

10.8.8 ANSI T1.102-1993, American National Standard for Telecommunications - Digital Hierarchy - Electrical Interfaces;

10.8.9 ANSI T1.102.01-199x, American National Standard for Telecommunications - Digital Hierarchy - VT1.5;

10.8.10 ANSI T1.105-1995, American National Standard for Telecommunications - Synchronous Optical Network (SONET) - Basic Description including Multiplex Structure, Rates and Formats;

10.8.11 ANSI T1.105.03-1994, American National Standard for Telecommunications - Synchronous Optical Network (SONET) - Jitter at Network Interfaces;

10.8.12 ANSI T1.105.03a-1995, American National Standard for Telecommunications - Synchronous Optical Network (SONET): Jitter at Network Interfaces - DS1 Supplement;

10.8.13 ANSI T1.105.06-199x, American National Standard for Telecommunications - Synchronous Optical Network (SONET) - Physical Layer Specifications;

10.8.14 ANSI T1.106-1988, American National Standard for Telecommunications - Digital Hierarchy - Optical Interface Specifications (Single Mode);

10.8.15 ANSI T1.107-1988, American National Standard for Telecommunications - Digital Hierarchy - Formats Specifications;

10.8.16 ANSI T1.107a-1990 - American National Standard for Telecommunications - Digital Hierarchy - Supplement to Formats Specifications (DS3 Format Applications);

10.8.17 ANSI T1.107b-1991 - American National Standard for Telecommunications - Digital Hierarchy - Supplement to Formats Specifications;

10.8.18 ANSI T1.117-1991, American National Standard for Telecommunications - Digital Hierarchy - Optical Interface Specifications (SONET) (Single Mode - Short Reach);

10.8.19 ANSI T1.403-1989, Carrier to Customer Installation, DS1 Metallic Interface Specification;

10.8.20 ANSI T1.404-1994, Network-to-Customer Installation - DS3 Metallic Interface Specification;

10.8.21 ITU Recommendation G.707, Network node interface for the synchronous digital hierarchy (SDH);

10.8.22 ITU Recommendation G.704, Synchronous frame structures used at 1544, 6312, 2048, 8488 and 44736 kbit/s hierarchical levels;

10.8.23 FR-440 and TR-NWT-000499, Transport Systems Generic Requirements (TSGR): Common Requirements;

10.8.24 GR-820-CORE, Generic Transmission Surveillance: DS1 & DS3 Performance;

10.8.25 GR-253-CORE, Synchronous Optical Network Systems (SONET); Common Generic Criteria; and

10.8.26 TR-NWT-000776, Network Interface Description for ISDN Customer Access.

11. Signaling Link Transport

11.1 Definition:

Signaling Link Transport is a set of two or four dedicated 56 Kbps. transmission paths between AT&T-designated Signaling Points of Interconnection (SPOI) that provides appropriate physical diversity.

11.2 Technical Requirements

11.2.1 Signaling Link Transport shall consist of full duplex mode 56 kbps transmission paths.

11.2.2 Of the various options available, Signaling Link Transport shall perform in the following two ways:

11.2.2.1 As an "A-link" which is a connection between a switch or SCP and a home Signaling Transfer Point Switch (STPS) pair; and

11.2.2.2 As a "D-link" which is a connection between two STPS pairs in different company networks (e.g., between two STPS pairs for two Competitive Local Exchange Carriers (CLECs)).

11.2.3 Signaling Link Transport shall consist of two or more signaling link layers as follows:

11.2.3.1 An A-link layer shall consist of two links.

11.2.3.2 A D-link layer shall consist of four links.

Third-party-provided S

11.2.4 A signaling link layer shall satisfy a performance objective such that:

11.2.4.1 There shall be no more than two minutes down time per year for an A-link layer; and

11.2.4.2 There shall be negligible (less than 2 seconds) down time per year for a D-link layer.

11.2.5 A signaling link layer shall satisfy interoffice and intraoffice diversity of facilities and equipment, such that:

11.2.5.1 No single failure of facilities or equipment causes the failure of both links in an A-link layer (i.e., the links should be provided on a minimum of two separate physical paths end-to-end); and

11.2.5.2 No two concurrent failures of facilities or equipment shall cause the failure of all four links in a D-link layer (i.e., the links should be provided on a minimum of three separate physical paths end-to-end).

11.3 **Interface Requirements**

11.3.1 There shall be a DS1 (1.544 Mbps) interface at the AT&T-designated SPOIs. Each 56 kbps transmission path shall appear as a DS0 channel within the DS1 interface.

12. **Signaling Transfer Points (STPs)**

12.1 **Definition:** Signaling Transfer Points is a signaling network function that includes all of the capabilities provided by the signaling transfer point switches (STPSs) and their associated signaling links which enable the exchange of SS7 messages among and between switching elements, database elements and signaling transfer point switches. Figure 4 depicts Signaling Transfer Points.

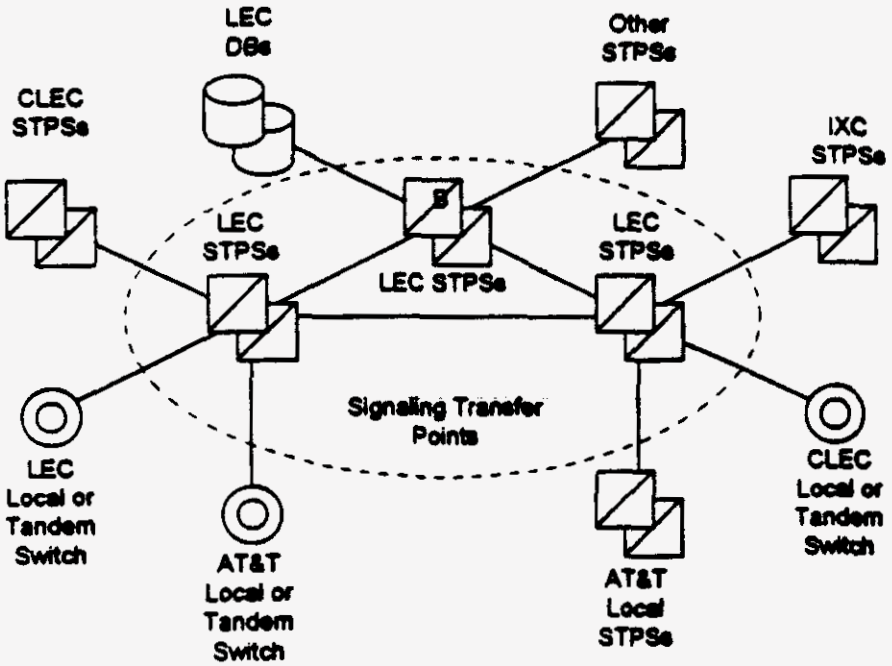

Figure 4

12.2 **Technical Requirements**

12.2.1 STPs shall provide access to all other Network Elements connected to BellSouth SS7 network. These include:

12.2.1.1 BellSouth Local Switching or Tandem Switching;

12.2.1.2 BellSouth Service Control Points/DataBases;

12.2.1.3 Third-party local or tandem switching systems; and

12.2.1.4 Third-party-provided STPSs.

12.2.2 The connectivity provided by STPs shall fully support the functions of all other Network Elements connected to BellSouth SS7 network. This

explicitly includes the use of BellSouth SS7 network to convey messages which neither originate nor terminate at a signaling end point directly connected to BellSouth SS7 network (*i.e.*, transient messages). When BellSouth SS7 network is used to convey transient messages, there shall be no alteration of the Integrated Services Digital Network User Part (ISDNUP) or Transaction Capabilities Application Part (TCAP) user data that constitutes the content of the message.

12.2.3 If a BellSouth tandem switch routes calling traffic, based on dialed or translated digits, on SS7 trunks between an AT&T local switch and third party local switch, BellSouth SS7 network shall convey the TCAP messages that are necessary to provide Call Management features (Automatic Callback, Automatic Recall, and Screening List Editing) between the AT&T local STPSs and the STPSs that provide connectivity with the third party local switch, even if the third party local switch is not directly connected to BellSouth STPSs.

12.2.4 STPs shall provide all functions of the MTP as specified in ANSI T1.111 (Reference 12.12.4.12.4.1). This includes:

12.2.4.1 Signaling Data Link functions, as specified in ANSI T1.111.2:

12.2.4.2 Signaling Link functions, as specified in ANSI T1.111.3; and

12.2.4.3 Signaling Network Management functions, as specified in ANSI T1.111.4.

12.2.5 STPs shall provide all functions of the SCCP necessary for Class 0 (basic connectionless) service, as specified in ANSI T1.112 (Reference 12.12.4.12.4.3). In particular, this includes Global Title Translation (GTT) and SCCP Management procedures, as specified in T1.112.4. In cases where the destination signaling point is a BellSouth local or tandem switching system or data base, or is an AT&T or third party local or tandem switching system directly connected to BellSouth SS7 network, STPs shall perform final GTT of messages to the destination and SCCP Subsystem Management of the destination. In all other cases, STPs shall perform intermediate GTT of messages to a gateway pair of STPSs in an SS7 network connected with BellSouth SS7 network, and shall not perform SCCP Subsystem Management of the destination.

12.2.6 STPs shall also provide the capability to route SCCP messages based on ISNI, as specified in ANSI T1.118 (Reference 12.12.4.12.4.6), when this capability becomes available on BellSouth STPSs.

12.2.7 STPs shall provide all functions of the OMAP commonly provided by STPSs, as specified in the reference in Section 10.4.5. This includes:

12.2.7.1 MTP Routing Verification Test (MRVT); and,

12.2.7.2 SCCP Routing Verification Test (SRVT).

12.2.8 In cases where the destination signaling point is a BellSouth local or tandem switching system or DB, or is an AT&T or third party local or tandem switching system directly connected to the BellSouth SS7 network, STPs shall perform MRVT and SRVT to the destination signaling point. In all other cases, STPs shall perform MRVT and SRVT to a gateway pair of STPSs in an SS7 network connected with the BellSouth SS7 network. This requirement shall be superseded by the specifications for Internetwork MRVT and SRVT if and when these become approved ANSI standards and available capabilities of BellSouth STPSs.

12.2.9 STPs shall be equal to or better than the following performance requirements:

12.2.9.1 MTP Performance, as specified in ANSI T1.111.6; and

12.2.9.2 SCCP Performance, as specified in ANSI T1.112.5.

12.2.10 SS7 Advanced Intelligent Network (AIN) Access

12.2.10.1 SS7 AIN Access shall provide the AT&T SCP access to BellSouth local switch via interconnection of BellSouth SS7 and AT&T SS7 networks. This interconnection arrangement shall result in the BellSouth local switch recognizing the AT&T SCP as at least at parity with BellSouth SCPs in terms of interfaces, performance and capabilities.

12.2.10.2 SS7 AIN Access is the provisioning of AIN triggers in a BellSouth local switch and interconnection of the BellSouth SS7 network with the AT&T SS7 network to exchange TCAP queries and responses with an AT&T SCP. See Figure 5 below.

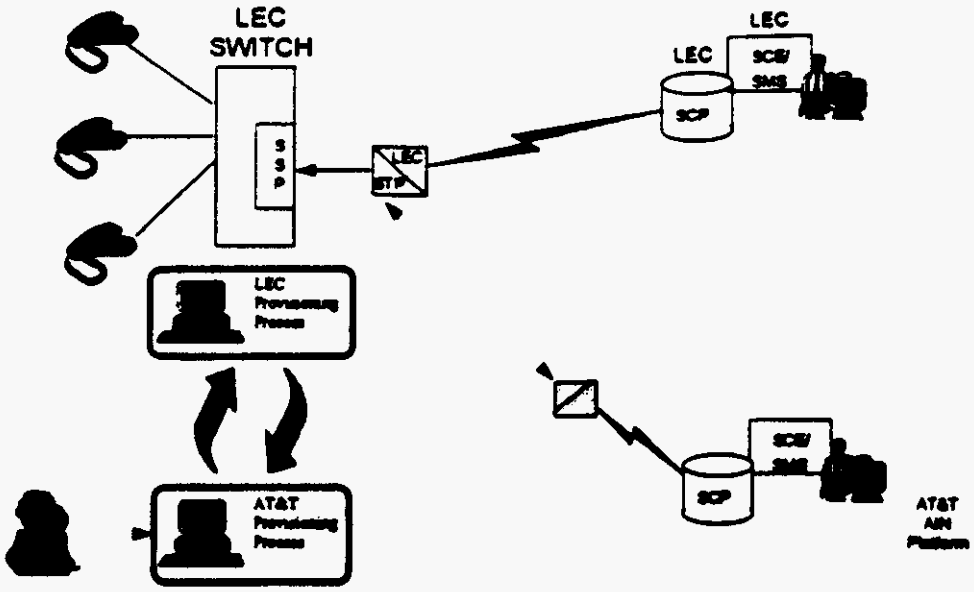

Figure 5

12.2.10.3 Physical interconnection between the BellSouth SS7 and the AT&T SS7 networks shall be through facilities and protocols as specified in the SS7 Network Interconnection section of this Agreement

12.2.10.4 Reliability of interconnection shall be consistent with requirements for diversity and survivability as specified in the SS7 Network Interconnection section of this Agreement.

12.2.10.5 Delay associated with BellSouth local switch queries to the AT&T SCP shall be equal to or shorter than the delay associated with queries to BellSouth SCP.

12.2.10.6 BellSouth STPs shall maintain global title translations necessary to direct AIN queries for select global title address and translation type values to the AT&T SS7 network.

12.2.10.7 BellSouth STPs shall route AIN responses from the AT&T SCP via SS7 network interconnect to the local switch designated in the Signaling Connection Control Part (SCCP) called party address.

12.2.10.8 Network management controls resulting from an overload in elements not supporting AT&T customers shall not affect queries to AT&T SCPs.

12.2.10.9 Requirements for billing and recording information to track AIN query-response usage shall be consistent with Connectivity Billing and Recording requirements as specified in Attachment 6 (*e.g.*, recorded message format and content, timeliness of feed, data format and transmission medium).

12.2.10.10 BellSouth shall provide to AT&T all necessary testing resources and staff to perform service certification testing prior to service deployment in accordance with the Cooperative section of this Agreement.

12.2.10.11 When AT&T selects SS7 AIN Access, BellSouth will provide an interface to BellSouth STP provisioning process for provisioning of BellSouth STP global title translation data.

12.2.10.12 When AT&T selects SS7 AIN Access, BellSouth will provide interconnection of its SS7 network with BellSouth SS7 network for exchange of AIN TCAP messages as described in Section 10.2.10.13.2

12.2.10.13 STPs shall offer SS7 AIN Access in accordance with the requirements of the following technical references:

12.2.10.13.1 GR-2863-CORE, CCS Network Interface Specification Supporting Advanced Intelligent Network (AIN); and

12.2.10.13.2 GR-2902-CORE, CCS Network Interface Specification (CCSNIS) Supporting Toll-Free Service Using Advanced Intelligent Network (AIN).

12.3 **Interface Requirements**

12.3.1 BellSouth shall provide the following STPs options to connect AT&T or AT&T-designated local switching systems or STPSs to BellSouth SS7 network:

12.3.1.1 An A-link interface from AT&T local switching systems; and,

12.3.1.2 A D-link interface from AT&T local STPSs.

12.3.2 Each type of interface shall be provided by one or more sets (layers) of signaling links, as follows:

12.3.2.1 An A-link layer shall consist of two links, as depicted in Figure 6.

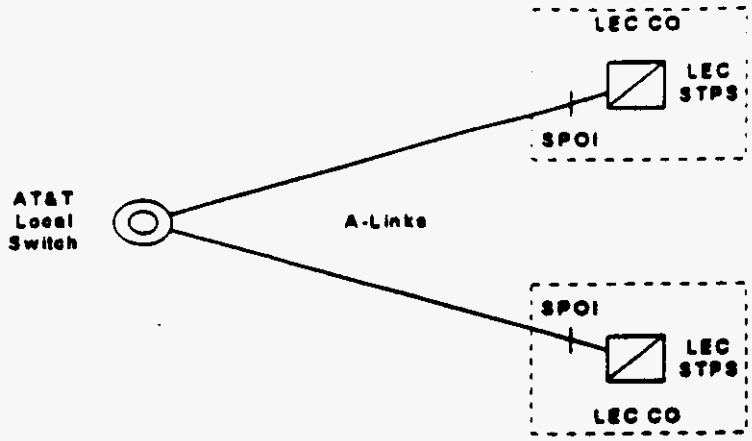

Figure 6. A-Link Interface

12.3.2.2 A D-link layer shall consist of four links, as depicted in Figure 7.

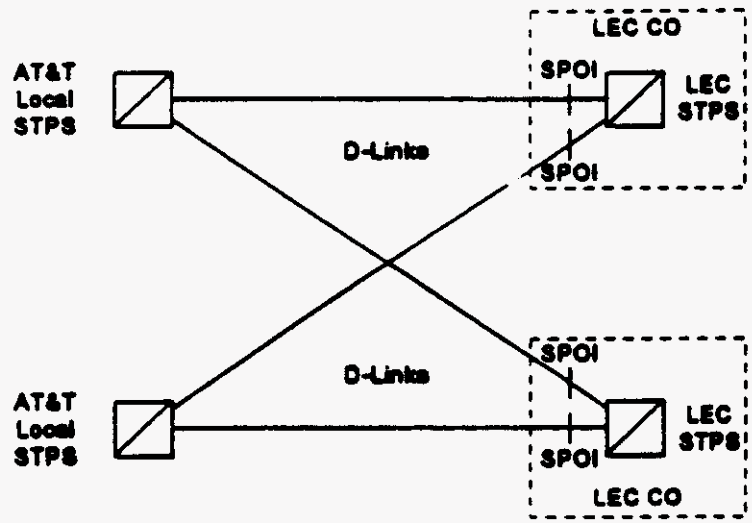

Figure 7. D-Link Interface

BellSouth shall provide

12.3.3 The Signaling Point of Interconnection (SPOI) for each link shall be located at a cross-connect element, such as a DSX-1, in the Central Office (CO) where BellSouth STPS is located. There shall be a DS1 or higher rate transport interface at each of the SPOIs. Each signaling link shall appear as a DS0 channel within the DS1 or higher rate interface. BellSouth shall offer higher rate DS1 signaling for interconnecting AT&T local switching systems or STPSs with BellSouth STPSs as soon as these become approved ANSI standards and available capabilities of BellSouth STPSs.

12.3.4 BellSouth CO shall provide intraoffice diversity between the SPOIs and BellSouth STPS, so that no single failure of intraoffice facilities or equipment shall cause the failure of both D-links in a layer connecting to a BellSouth STPS.

12.3.5 BellSouth shall provide MTP and SCCP protocol interfaces that shall conform to all sections relevant to the MTP or SCCP in the following specifications:

12.3.5.1 Bellcore GR-905-CORE, Common Channel Signaling Network Interface Specification (CCSNIS) Supporting Network Interconnection, Message Transfer Part (MTP), and Integrated Services Digital Network User Part (ISDNUP);

12.3.5.2 Bellcore GR-1432-CORE, CCS Network Interface Specification (CCSNIS) Supporting Signaling Connection Control Part (SCCP) and Transaction Capabilities Application Part (TCAP).

12.3.5.3 **Message Screening**

12.3.6 BellSouth shall set message screening parameters so as to accept messages from AT&T local or tandem switching systems destined to any signaling point in BellSouth SS7 network with which the AT&T switching system has a legitimate signaling relation.

12.3.7 BellSouth shall set message screening parameters so as to accept messages from AT&T local or tandem switching systems destined to any signaling point or network interconnected within BellSouth SS7 network with which the AT&T switching system has a legitimate signaling relation.

12.3.8 BellSouth shall set message screening parameters so as to accept messages destined to an AT&T local or tandem switching system from any signaling point or network interconnected within BellSouth SS7 network with which the AT&T switching system has a legitimate signaling relation.

12.3.9 BellSouth shall set message screening parameters so as to accept and send messages destined to an AT&T SCP from any signaling point or network interconnected within BellSouth SS7 network with which the AT&T SCP has a legitimate signaling relation.

12.4 STPs shall be equal to or better than all of the requirements for STPs set forth in the following technical references:

12.4.1 ANSI T1.111-1992 American National Standard for Telecommunications - Signaling System Number 7 (SS7) - Message Transfer Part (MTP);

12.4.2 ANSI T1.111A-1994 American National Standard for Telecommunications - Signaling System Number 7 (SS7) - Message Transfer Part (MTP) Supplement;

12.4.3 ANSI T1.112-1992 American National Standard for Telecommunications - Signaling System Number 7 (SS7) - Signaling Connection Control Part (SCCP);

12.4.4 ANSI T1.115-1990 American National Standard for Telecommunications - Signaling System Number 7 (SS7) - Monitoring and Measurements for Networks;

12.4.5 ANSI T1.116-1990 American National Standard for Telecommunications - Signaling System Number 7 (SS7) - Operations, Maintenance and Administration Part (OMAP);

12.4.6 ANSI T1.118-1992 American National Standard for Telecommunications - Signaling System Number 7 (SS7) - Intermediate Signaling Network Identification (ISNI);

12.4.7 Bellcore GR-905-CORE, Common Channel Signaling Network Interface Specification (CCSNIS) Supporting Network Interconnection, Message Transfer Part (MTP), and Integrated Services Digital Network User Part (ISDNUP); and

12.4.8 Bellcore GR-1432-CORE, CCS Network Interface Specification (CCSNIS) Supporting Signaling Connection Control Part (SCCP) and Transaction Capabilities Application Part (TCAP).

13. **Service Control Points/Databases**

13.1 **Definition:**
BellSouth shall provide GTT for LASS or LIDB queries [illegible] 13323

13.1.1 Databases are the Network Elements that provide the functionality for storage of, access to, and manipulation of information required to offer a particular service and/or capability.

13.1.2 A Service Control Point (SCP) is a specific type of Database Network Element functionality deployed in a Signaling System 7 (SS7) network that executes service application logic in response to SS7 queries sent to it by a switching system also connected to the SS7 network. SCPs also provide operational interfaces to allow for provisioning, administration and maintenance of subscriber data and service application data. (e.g., an 800 database stores customer record data that provides information necessary to route 800 calls).

13.2 **Technical Requirements for SCPs/Databases**

Requirements for SCPs/Databases within this section address storage of information, access to information (e.g. signaling protocols, response times), and administration of information (e.g., provisioning, administration, and maintenance). All SCPs/Databases shall be provided to AT&T in accordance with the following requirements, except where such a requirement is superseded by specific requirements set forth in Subsections 11.3 through 11.7:

13.2.1 BellSouth shall provide physical interconnection to SCPs through the SS7 network and protocols, as specified in Section 10 of this Attachment, with TCAP as the application layer protocol.

13.2.2 BellSouth shall provide physical interconnection to databases via industry standard interfaces and protocols (e.g. ISDN and X.25).

13.2.3 The reliability of interconnection options shall be consistent with requirements for diversity and survivability as specified in Section 10 of this Attachment (which applies to both SS7 and non-SS7 interfaces).

13.2.4 Database functionality shall be unavailable a maximum of 30 minutes per year.

13.2.5 BellSouth shall provide Database provisioning consistent with the provisioning requirements of this Agreement (e.g., data required, edits, acknowledgments, data format and transmission medium and notification of order completion).

13.2.6 The operational interface provided by BellSouth shall complete Database transactions (i.e. add, modify, delete) for AT&T customer records stored in BellSouth databases within 24 hours, or sooner where BellSouth provisions its own customer records within a shorter interval.

13.2.7 BellSouth shall provide Database maintenance consistent with the maintenance requirements as specified in this Agreement (e.g., notification of BellSouth Network Affecting Events, testing, dispatch schedule and measurement and exception reports).

13.2.8 BellSouth shall provide billing and recording information to track database usage consistent with connectivity billing and recording requirements as specified in this Agreement (e.g., recorded message format and content, timeliness of feed, data format and transmission medium).

13.2.9 BellSouth shall provide SCPs/Databases in accordance with the physical security requirements specified in this Agreement.

13.2.10 BellSouth shall provide SCPs/Databases in accordance with the logical security requirements specified in this Agreement.

13.3 **Local Number Portability Database**

13.3.1 **Definition**

The Local Number Portability (LNP) database supplies routing numbers for calls involving numbers that have been ported from one local service provider to another. LNP database functionality shall also include Global Title Translations (GTT) for calls involving ported numbers even if BellSouth provides GTT functionality in another Network Element. This Subsection 11.3 supplements the requirements of Subsection 11.2 and 11.7. BellSouth shall provide the Local Number Portability Database in accordance with the following:

13.3.2 **Requirements**

13.3.2.1 **BellSouth shall make the BellSouth LNP database available for AT&T switches to query to obtain the appropriate routing number on calls to ported numbers or the industry specified indication that the number is not ported for non-ported numbers in NPA-NXXs that are opened to portability. The specified indication will also be provided when the NPA-NXX is not open to portability;**

13.3.2.2 Query responses shall provide such additional information, for example, Service Provider identification, as may be specified in the LNP implementation in the relevant regulatory jurisdiction;

ted to 13.3.2.3 [illegible] provide in order to support each required LIDB function. BellSouth shall provide GTT for CLASS or LIDB queries routed to BellSouth network by AT&T switches. BellSouth database or other

Network Element shall perform the GTT function and route the query to the appropriate switch or LIDB accordingly;

13.3.2.4 The LNP database shall provide such other functionality as has been specified in the regulatory jurisdiction in which portability has been implemented;

13.3.2.5 Unavailability of the LNP database query and GTT applications shall not exceed 4 minutes per year; and

13.3.2.6 The BellSouth LNP database shall respond to a query within 125 msec. of receipt of the query.

13.3.3 **Interface Requirements**

BellSouth shall interconnect the signaling interface between the AT&T or other local switch and the LNP database using the TCAP protocol as specified in the technical reference in Section 11.7.1, together with the signaling network interface as specified in the technical reference in Section 11.7.2, and such further requirements (e.g., AIN or IN protocols) as may be specified by bodies responsible for implementation of number portability in the jurisdiction at hand; (e.g., Generic Requirements for SCP Application and GTT Function for Number Portability, Issue 0.3, Final Draft, March 22, 1996 [Editor - Ameritech Inc.]).

13.4 **Line Information Database (LIDB).**

This Subsection 11.4 defines and sets forth additional requirements for the Line Information Database. This Subsection 11.4 supplements the requirements of Subsection 11.2 and 11.7.

13.4.1 **Definition:**

The Line Information Database (LIDB) is a transaction-oriented database accessible through Common Channel Signaling (CCS) networks. It contains records associated with customer Line Numbers and Special Billing Numbers (in accordance with the requirements in the technical reference in Section 11.7.5). LIDB accepts queries from other Network Elements and provides appropriate responses. The query originator need not be the owner of LIDB data. LIDB queries include functions such as screening billed numbers that provides the ability to accept Collect or Third Number Billing calls and validation of Telephone Line Number based non-proprietary calling cards. The interface for the LIDB functionality is the interface between BellSouth CCS network and other CCS networks. LIDB also interfaces to administrative systems.

The administrative system interface provides Work Centers with an interface to LIDB for functions such as provisioning, auditing of data, access to LIDB measurements and reports.

13.4.2 **Technical Requirements**

13.4.2.1 Prior to the availability of a long-term solution for Local Number Portability, BellSouth shall enable AT&T to store in BellSouth's LIDB any customer Line Number or Special Billing Number record, (in accordance with the technical reference in Section 11.7.5) whether ported or not, for which the NPA-NXX or NXX-0/1XX Group is supported by that LIDB.

13.4.2.2 Prior to the availability of a long-term solution for Local Number Portability, BellSouth shall enable AT&T to store in BellSouth's LIDB any customer Line Number or Special Billing Number (in accordance with the technical reference in Section 11.7.5) record, whether ported or not, and NPA-NXX and NXX-0/1XX Group Records, belonging to an NPA-NXX or NXX-0/1XX owned by AT&T.

13.4.2.3 Subsequent to the availability of a long-term solution for Local Number Portability, BellSouth shall enable AT&T to store in BellSouth's LIDB any customer Line Number or Special Billing Number (in accordance with the technical reference in Section 11.7.5) record, whether ported or not, regardless of the number's NPA-NXX or NXX-0/1XX.

13.4.2.4 BellSouth shall perform the following LIDB functions (i.e., processing of the following query types as defined in the technical reference in Section 11.7.5) for AT&T's customer records in LIDB:

13.4.2.4.1 Billed Number Screening (provides information such as whether the Billed Number may accept Collect or Third Number Billing calls); and

13.4.2.4.2 Calling Card Validation

13.4.2.5 BellSouth shall process AT&T's customer records in LIDB at least at parity with BellSouth customer records, with respect to other LIDB functions (as defined in the technical reference in Section 11.7.5). BellSouth shall indicate to AT&T what additional functions (if any) are performed by LIDB in their network.

13.4.2.6 Within two (2) weeks after a request by AT&T, BellSouth shall provide AT&T with a list of the customer data items which AT&T would have to provide in order to support each required LIDB function. The list shall indicate which data items are essential to LIDB function, and which are required only to support certain services. For each data item, the list shall show the data formats, the acceptable values of the data item and the meaning of those values.

The list shall [illegible] values [illegible] for all queries to LIDB

13.4.2.7 BellSouth shall provide LIDB systems for which operating deficiencies that would result in calls being blocked, shall not exceed 30 minutes per year.

13.4.2.8 BellSouth shall provide LIDB systems for which operating deficiencies that would not result in calls being blocked shall not exceed 12 hours per year.

13.4.2.9 BellSouth shall provide LIDB systems for which the LIDB function shall be in overload (degraded performance in accordance with the technical reference in Section 11.7.5) no more than 12 hours per year. Such deficiency period is in addition to the periods specified in Sections 11.4.2.7 and 11.4.2.8 above.

13.4.2.10 BellSouth shall provide AT&T with the capability to provision (e.g., to add, update, and delete) NPA-NXX and NXX-0/1XX Group Records, and Line Number and Special Billing Number Records, associated with AT&T customers, directly into the BellSouth's LIDB provisioning process.

13.4.2.11 In the event that end user customers changes their local service provider, BellSouth shall maintain customer data (for line numbers, card numbers, and for any other types of data maintained in LIDB) so that such customers shall not experience any interruption of service due to the lack of such maintenance of customer data.

13.4.2.12 All additions, updates and deletions of AT&T data to the LIDB shall be solely at the direction of AT&T.

13.4.2.13 BellSouth shall provide priority updates to LIDB for AT&T data upon AT&T's request (e.g., to support fraud protection).

13.4.2.14 BellSouth shall provide AT&T the capability to directly obtain, through an electronic interface, reports of all AT&T data in LIDB.

13.4.2.15 BellSouth shall provide LIDB systems such that no more than 0.01% of AT&T customer records will be missing from LIDB, as measured by AT&T audits.

13.4.2.16 BellSouth shall perform backup and recovery of all of AT&T's data in LIDB as frequently as AT&T may reasonably specify, including sending to LIDB all changes made since the date of the most recent backup copy.

13.5.1.1 BellSouth shall make BellSouth Toll Free (Number Database

13.4.2.17 BellSouth shall provide to AT&T access to LIDB measurements and reports at least at parity with the capability the BellSouth has for its own

customer records and that BellSouth provides to any other party. Such access shall be electronic.

13.4.2.18 BellSouth shall provide AT&T with LIDB reports of data which are missing or contain errors, as well as any misroute errors, within the time period reasonably designated by AT&T.

13.4.2.19 BellSouth shall prevent any access to or use of AT&T data in LIDB by BellSouth personnel or by any other party that is not authorized by AT&T in writing.

13.4.2.20 BellSouth shall provide AT&T performance of the LIDB Data Screening function, which allows a LIDB to completely or partially deny specific query originators access to LIDB data owned by specific data owners, (in accordance with the technical reference in Section 11.7.5) for Customer Data that is part of an NPA-NXX or NXX-0/1XX wholly or partially owned by AT&T at least at parity with BellSouth Customer Data. BellSouth shall obtain from AT&T the screening information associated with LIDB Data Screening of AT&T data in accordance with this requirement.

13.4.2.21 BellSouth shall accept queries to LIDB associated with AT&T customer records, and shall return responses in accordance with the requirements of this Section 11.

13.4.2.22 BellSouth shall provide mean processing time at the LIDB within 0.50 seconds under normal conditions as defined in the technical reference in Section 11.7.5.

13.4.2.23 BellSouth shall provide processing time at the LIDB within 1 second for 99% of all messages under normal conditions as defined in the technical reference in Section 11.7.5.

13.4.2.24 BellSouth shall provide 99.9 % of all LIDB queries in a round trip within 2 seconds.

13.4.2.25 BellSouth shall provide LIDB performance that complies with the following AT&T Direct Measures of Quality (DMOQs) :

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

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

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

xed data

13.4.2.25.4 No more than 0.01% of all LIDB queries shall return a missing customer record.

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

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

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

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

13.4.2.25.6.3 Non-Participating Group and unavailable Network Resource - should be identified in the LARG (LIDB Access Routing Guide) so AT&T does not pay access for queries that will be denied in LIDB.

13.4.3 **Interface Requirements.**
BellSouth shall offer LIDB in accordance with the requirements of this subsection 11.4.3.

13.4.3.1 The interface to LIDB shall be in accordance with the technical reference in Section 11.7.3.

13.4.3.2 The CCS interface to LIDB shall be the standard interface described in Section 11.7.3.

13.4.3.3 The LIDB Data Base interpretation of the ANSI-TCAP messages shall comply with the technical reference in Section 11.7.4. Global Title Translation shall be maintained in the signaling network in order to support signaling network routing to the LIDB.

13.5 **Toll Free Number Database**

The Toll Free Number Database is a SCP that provides functionality necessary for toll free (e.g., 800 and 888) number services by providing routing information and additional so-called vertical features during call set-up in response to queries from SSPs. This Subsection 11.5 supplements the requirements of Subsection 11.2 and 11.7. BellSouth shall provide the Toll Free Number Database in accordance with the following:

13.5.1 **Technical Requirements**

available 13.5.1.1 BellSouth shall make BellSouth Toll Free Number Database available for AT&T to query with a toll-free number and originating information. 13.7.4

13.5.1.2 The Toll Free Number Database shall return carrier identification and, where applicable, the queried toll free number, translated numbers and instructions as it would in response to a query from a BellSouth switch.

13.5.1.3 The SCP shall also provide, at AT&T's option, such additional feature as described in SR-TSV-002275 (BOC Notes on BellSouth Networks, SR-TSV-002275, Issue 2, (Bellcore, April 1994)) as are available to BellSouth. These may include but are not limited to:

13.5.1.3.1 Network Management;

13.5.1.3.2 Customer Sample Collection; and

13.5.1.3.3 Service Maintenance

13.5.2 **Interface Requirements**

The signaling interface between the AT&T or other local switch and the Toll-Free Number database shall use the TCAP protocol as specified in the technical reference in Section 11.7.1, together with the signaling network interface as specified in the technical reference in Sections 11.7.2 and 11.7.6

13.6 **Automatic Location Identification/Data Management System (ALI/DMS)**

The ALI/DMS Database contains customer information (including name, address, telephone information, and sometimes special information from the local service provider or customer) used to determine to which Public Safety Answering Point (PSAP) to route the call. The ALI/DMS database is used to provide more routing flexibility for E911 calls than Basic 911. This Subsection 11.7 supplements the requirements of Subsection 11.7.2 and 11.7.6. BellSouth shall provide the Emergency Services Database in accordance with the following:

13.6.1 **Technical Requirements**

13.6.1.1 **BellSouth shall offer AT&T a data link to the ALI/DMS database or permit AT&T to provide its own data link to the ALI/DMS database. BellSouth shall provide error reports from the ALI/DMS data base to AT&T immediately after AT&T inputs information into the ALI/DMS data base. Alternately, AT&T may utilize BellSouth, to enter customer information into the data base on a demand basis, and validate customer information on a demand basis.**

13.6.1.2 **The ALI/DMS database shall contain the following customer information:**

13.6.1.2.1 Name;

13.6.1.2.2 Address;

13.6.1.2.3 Telephone number; and

13.6.1.2.4 Other information as appropriate (e.g., whether a customer is blind or deaf or has another disability).

13.6.1.3 When the BellSouth is responsible for administering the ALI/DMS database in its entirety, ported number NXXs entries for the ported numbers should be maintained unless AT&T requests otherwise and shall be updated if AT&T requests.

13.6.1.4 When Remote Call Forwarding (RCF) is used to provide number portability to the local customer and a remark or other appropriate field information is available in the database, the shadow or "forwarded-to" number and an indication that the number is ported shall be added to the customer record.

13.6.1.5 If BellSouth is responsible for configuring PSAP features (for cases when the PSAP or BellSouth supports an ISDN interface) it shall ensure that CLASS Automatic Recall (Call Return) is not used to call back to the ported number.

13.6.2 **Interface Requirements.**

The interface between the E911 Switch or Tandem and the ALI/DMS database for AT&T customers shall meet industry standards.

13.7 SCPs/Databases shall be equal to or better than all of the requirements for SCPs/Databases set forth in the following technical references:

13.7.1 GR-246-CORE, Bell Communications Research Specification of Signaling System Number 7, ISSUE 1 (Bellcore, December 199);

13.7.2 GR-1432-CORE, CCS Network Interface Specification (CCSNIS) Supporting Signaling Connection Control Part (SCCP) and Transaction Capabilities Application Part (TCAP). (Bellcore, March 1994);

13.7.3 GR-954-CORE, CCS Network Interface Specification (CCSNIS) Supporting Line Information Database (LIDB) Service 6, Issue 1, Rev. 1 (Bellcore, October 1995);

, Issue 1

13.7.4 GR-[illegible] Issue 1 (Bellcore, October 1995) (Replaces TR-NWT-001149);

13.7.5 GR-1158-CORE, OSSGR Section 22.3: Line Information Database 6, Issue (Bellcore, October 1995);

13.7.6 GR-1428-CORE, CCS Network Interface Specification (CCSNIS) Supporting Toll Free Service (Bellcore, May 1995); and

13.7.7 BOC Notes on BellSouth Networks, SR-TSV-002275, ISSUE 2, (Bellcore, April 1994).

13.8 **Service Creation Environment and Service Management System (SCE/SMS) Advanced Intelligent Network (AIN) Access**

13.8.1 SCE/SMS AIN Access shall provide AT&T the ability to create service applications in BellSouth SCE and deploy those applications via BellSouth SMS to BellSouth SCP. This interconnection arrangement shall provide AT&T access to BellSouth development environment and administrative system in a manner at least at parity with BellSouth's ability to deliver its own AIN-based services. SCE/SMS AIN Access is the provisioning of AIN triggers in a BellSouth local switch, development of service applications within BellSouth Service Creation Environment, and deployment of service applications via BellSouth Service Management System. See Figure 8 below.

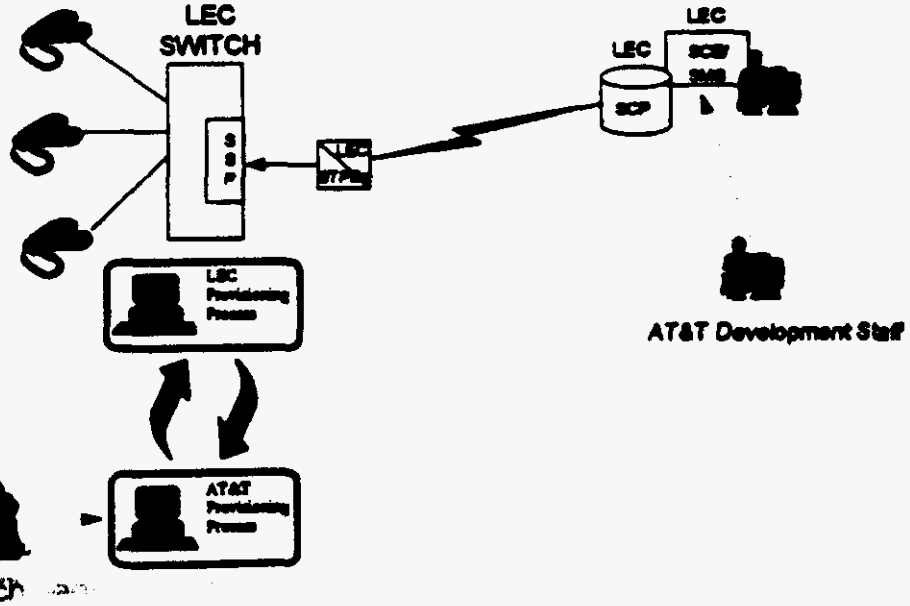

Figure 8

13.8.2 BellSouth shall make SCE hardware, software, testing and technical support (*e.g.*, help desk, system administrator) resources available to

AT&T. Scheduling of SCE resources shall allow AT&T at least equal priority to BellSouth.

13.8.3 BellSouth SCE/SMS shall allow for multi-user access with proper source code management and other logical security functions as specified in the Security section of this Agreement.

13.8.4 BellSouth SCP shall partition and protect AT&T service logic and data from unauthorized access, execution or other types of compromise.

13.8.5 BellSouth shall provide training, documentation, and technical support of AT&T development staff in a manner at least at parity with that provided to BellSouths own development staff. Training sessions shall be "suitcased" to AT&T facilities or delivered at BellSouth facilities, at AT&T's discretion.

13.8.6 When AT&T selects SCE/SMS AIN Access, BellSouth shall provide for a secure, controlled access environment on-site as well as via remote data connections (*e.g.*, dial up, LAN, WAN).

13.8.7 When AT&T selects SCE/SMS AIN Access, BellSouth shall allow AT&T to download data forms and/or tables to BellSouth SCP via BellSouth SMS without intervention from BellSouth (*e.g.*, service customization and customer subscription).

13.8.8 SCPs/Databases shall offer SCE/SMS AIN Access in accordance with the requirements of: GR-1280-CORE, AIN Service Control Point (SCP) Generic Requirements.

14. Tandem Switching

14.1 Definition

Tandem Switching is the function that establishes a communications path between two switching offices through a third switching office (the tandem switch).

14.2 Technical Requirements

14.2.1 Tandem Switching shall have the same capabilities or equivalent capabilities as those described in Bell Communications Research TR-[illegible] Tandem Supplement, 8/1/90. The requirements for Tandem Switching include, but are not limited to the following:

) The requirements

with which

14.2.1.1 Tandem Switching shall provide signaling to establish a tandem connection;

14.2.1.2 Tandem Switching shall provide screening and routing as designated by AT&T;

14.2.1.3 Tandem Switching shall provide recording of all billable events designated by AT&T;

14.2.1.4 Tandem Switching shall provide Advanced Intelligent Network triggers supporting AIN features;

14.2.1.5 Tandem Switching shall provide connectivity to Operator Systems as designated by AT&T;

14.2.1.6 Tandem Switching shall provide access to Toll Free number portability database as designated by AT&T;

14.2.1.7 Tandem Switching shall provide all trunk interconnections discussed under the "Network Interconnection" section (e.g., SS7, MF, DTMF, DialPulse, PRI-ISDN, DID, and CAMA-ANI (if appropriate for 911));

14.2.1.8 Tandem Switching shall provide connectivity to PSAPs where 911 solutions are deployed and the tandem is used for 911; and

14.2.1.9 Tandem Switching shall provide connectivity to transit traffic to and from other carriers.

14.2.2 Tandem Switching shall accept connections (including the necessary signaling and trunking interconnections) between end offices, other tandems, IECs, ICOs, CAPs and CLEC switches.

14.2.3 Tandem Switching shall provide local tandeming functionality between two end offices including two offices belonging to different CLEC's (e.g., between an AT&T end office and the end office of another CLEC).

14.2.4 Tandem Switching shall preserve CLASS/LASS features and Caller ID as traffic is processed. Additional signaling information and requirements are provided in Section 10.

14.2.5 Tandem Switching shall record billable events and send them to the area billing centers designated by AT&T. Billing requirements are specified in Attachment 6 of this Agreement.

14.2.6 BellSouth shall perform routine testing and fault isolation on the underlying switch that is providing Tandem Switching and all its

interconnections. When requested by AT&T, the results and reports of the testing shall be made immediately available to AT&T.

14.2.7 BellSouth shall maintain AT&T's trunks and interconnections associated with Tandem Switching at least at parity to its own trunks and interconnections.

14.2.8 When requested by AT&T, BellSouth shall provide performance data regarding traffic characteristics or other measurable elements to AT&T for review.

14.2.9 Tandem Switching shall control congestion using capabilities such as Automatic Congestion Control and Network Routing Overflow. Congestion control provided or imposed on AT&T traffic shall be at parity with controls being provided or imposed on BellSouth traffic (e.g., BellSouth shall not block AT&T traffic and leave its traffic unaffected or less affected).

14.2.10 Tandem Switching shall route calls to BellSouth or AT&T endpoints or platforms (e.g., operator services and PSAPs) on a per call basis as designated by AT&T. Detailed primary and overflow routing plans for all interfaces available within BellSouth switching network shall be mutually agreed to by AT&T and BellSouth. Such plans shall meet AT&T requirements for routing calls through the local network.

14.2.11 Tandem Switching shall process originating toll-free traffic received from an AT&T local switch.

14.2.12 In support of AIN triggers and features, Tandem Switching shall provide SSP capabilities when these capabilities are not available from the Local Switching Network Element.

14.2.13 The Local Switching and Tandem Switching functions may be combined in an office. If this is done, both Local Switching and Tandem switching shall provide all of the functionality required of each of those Network Elements in this Agreement.

14.3 **Interface Requirements**

14.3.1 Tandem Switching shall provide interconnection to the E911 PSAP where the underlying Tandem is acting as the E911 Tandem.

14.3.2 Tandem Switching shall interconnect, with direct trunks, to all carriers with which BellSouth interconnects.

14.3.3 BellSouth shall provide all signaling necessary to provide Tandem Switching with no loss of feature functionality.

14.3.4 Tandem Switching shall interconnect with AT&T's switch, using two-way trunks, for traffic that is transiting via BellSouth network to interLATA or intraLATA carriers. At AT&T's request, Tandem Switching shall record and keep records of traffic for billing.

14.3.5 At AT&T's request, Tandem Switching shall provide overflow routing of traffic from a given trunk group or groups onto another trunk group or groups according to the methodology that AT&T designates.

14.3.6 Tandem Switching shall adhere to the Trunk Interface Requirements provided in the "Network Interconnection" section.

14.4 Tandem Switching shall meet or exceed (i.e., be more favorable to AT&T) each of the requirements for Tandem Switching set forth in the following technical references:

14.4.1 Bell Communications Research TR-TSY-000540 Issue 2R2, Tandem Supplement, 6/1/90;

14.4.2 GR-905-CORE covering CCSNIS;

14.4.3 GR-1429-CORE for call management features; and
GR-2863-CORE and GR-2902-CORE covering CCS AIN interconnection

15. **Additional Requirements**

This Section 13 of Attachment 2 sets forth the additional requirements for unbundled Network Elements which BellSouth agrees to offer to AT&T under this Agreement.

15.1 **Cooperative Testing**

15.1.1 **Definition:**

Cooperative Testing means that BellSouth shall cooperate with AT&T upon request or as needed to (1) ensure that the Network Elements and Ancillary Functions and additional requirements being provided to AT&T by BellSouth are in compliance with the requirements of this Agreement, and (2) test the overall functionality of various Network Elements and Ancillary Functions provided by BellSouth to AT&T in combination with each other or in combination with other equipment and facilities provided by AT&T or third parties, and to ensure that all operational interfaces and processes are in place and functioning properly and efficiently for the provisioning and maintenance of Network Elements and Ancillary Functions and so that all appropriate billing data can be provided to AT&T.

nd processes an for Evolving Digital Networks

15.1.2 **Requirements**

Within sixty (60) days of the Effective Date of this Agreement, AT&T and BellSouth will agree upon a process to resolve technical issues relating to interconnection of AT&T's network to BellSouth's network and Network Elements and Ancillary Functions. The agreed upon process shall include procedures for escalating disputes and unresolved issues up through higher levels of each company's management. If AT&T and BellSouth do not reach agreement on such a process within sixty (60) days, any issues that have not been resolved by the parties with respect to such process shall be submitted to the ADR procedures set forth in Section 163 and Attachment A of this Agreement unless both parties agree to extend the time to reach agreement on such issues.

15.1.2.1 BellSouth shall provide AT&T access for testing at any interface between a BellSouth Network Element or combinations and AT&T equipment or facilities. Such test access shall be sufficient to ensure that the applicable requirements can be tested by AT&T. This access shall be available seven (7) days per week, 24 hours per day.

15.1.2.2 AT&T may test any interfaces, Network Elements or Ancillary Functions and additional requirements provided by BellSouth pursuant to this Agreement.

15.1.2.3 BellSouth shall provide engineering data as requested by AT&T for the loop components as set forth in Sections 2, 3 and 4 of this Attachment which AT&T may desire to test. Such data shall include equipment engineering and cable specifications, signaling and transmission path data.

15.1.2.4 Upon AT&T's request, BellSouth shall provide to AT&T any office records, central office layout and design records and drawings, system engineering and other applicable documentation pertaining to a Network Element or Ancillary Function or the underlying equipment that is then providing a Network Element or Ancillary Function to AT&T.

15.1.2.5 BellSouth shall provide to AT&T upon request, any applicable test results, from BellSouth testing activities on a Network Element or Ancillary Function or Additional Requirement or the underlying equipment providing a Network Element or Ancillary Function or Additional Requirements to AT&T. AT&T may review such testing results and may notify BellSouth of any deficiencies that are detected.

15.1.2.6 BellSouth shall temporarily provision selected Local Switching features for testing. Within (60) days of the Effective Date of this Agreement AT&T and BellSouth shall mutually agree on the procedures to be

established between BellSouth and AT&T to expedite such provisioning processes for feature testing.

15.1.2.7 Upon AT&T's request, BellSouth shall provide technical staff to meet with AT&T representatives to provide required support for Cooperative Testing.

15.1.2.8 Dedicated Transport and Loop Feeder may experience alarm conditions due to in-progress tests. BellSouth shall not remove such facilities from service without obtaining AT&T's prior approval.

15.1.2.9 BellSouth shall conduct tests or maintenance procedures on Network Elements or Ancillary Functions or on the underlying equipment that is then providing a Network Element or Ancillary Function, that may cause a service interruption or degradation if such tests and procedures are at a time that is mutually acceptable to AT&T and BellSouth.

15.1.2.10 BellSouth shall provide a single point of contact to AT&T that is available 7 days per week, 24 hours per day for trouble status, sectionalization, resolution, escalation, and closure. Such staff shall be adequately skilled to allow expeditious problem resolution.

15.1.2.11 BellSouth shall provide to AT&T electronic access to 105 responders, 100-type test lines, or 102-type test lines associated with any circuits under test.

15.1.2.12 BellSouth shall participate in Cooperative Testing with AT&T upon AT&T's request to test any operational interface or process used to provide Network Elements, Ancillary Functions or Services to AT&T.

15.1.2.13 AT&T and BellSouth shall endeavor to complete Cooperative Testing expeditiously.

15.1.2.14 During Cooperative Testing, RLEC provisioning processes shall be enhanced to deliver Network Elements and Ancillary Functions and any Additional Requirements to AT&T in shorter intervals than during subsequent normal service periods.

15.1.2.15 BellSouth shall participate in Cooperative Testing requested by AT&T whenever it is deemed necessary by AT&T to insure service performance, reliability and customer serviceability.

15.1.2.16 AT&T may accept or reject the Network Element ordered by AT&T if upon completion of cooperative acceptance testing, the tested Network Element does not meet the requirements stated herein.

tested Network

Plan for Evolving Digital Networks. Also supplement [illegible]

15.2 **Performance**

15.2.1 **Scope:**

This section addresses performance requirements for Network Elements and Ancillary Functions to provide local service. It includes requirements for the reliability and availability of Network Elements and Ancillary Functions, and quality parameters such as transmission quality (analog and digital), and speed (or delay). In addition, an overview of service performance requirements is given.

15.2.1.1 The General Performance Requirements in this section apply to all aspects of Network Elements and Ancillary Functions. Additional requirements are given in this performance section and in the individual Network Elements sections.

15.2.1.2 BellSouth shall work cooperatively with AT&T to determine appropriate performance allocations across Network Elements.

15.2.2 BellSouth shall provide performance equal to or better than all of the requirements set forth in the following technical references:

15.2.3 BellSouth shall provide real-time, remote data access to performance monitoring and alarm data on events affecting (or potentially affecting) AT&T's traffic.

15.2.3.1 **Bell Communications Research, Inc. Documents**

15.2.3.1.1 FR-64, *LATA Switching Systems Generic Requirements (LSSGR).* This document contains 117 Technical References and Generic Requirements. Sections provide the requirements for local switching systems (also referred to as end offices) that serve customers' lines. Some modules of the LSSGR are also referenced separately in this document.

15.2.3.1.2 TR-NWT-000499, Issue 5, Rev 1, April 1992, *Transport Systems Generic Requirements (TSGR): Common Requirements.*

15.2.3.1.3 TR-NWT-000418, Issue 2, December 1992, *Generic Reliability Assurance Requirements For Fiber Optic Transport Systems.*

15.2.3.1.4 TR-NWT-000057, Issue 2, January 1993, *Functional Criteria for Digital Loop Carriers Systems.*

15.2.3.1.5 TR-NWT-000507, Issue 5, December 1993, *LSSGR - Transmission, Section 7, Technical Reference* TR 62411, December 199[illegible]

15.2.3.1.6 GR-303-CORE, Issue 1, September 1995, *Integrated Digital Loop Carrier System Generic Requirements, Objectives, and Interface.*

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15.2.3.1.7 GR-334-CORE, Issue 1, June 1994, *Switched Access Service: Transmission Parameter Limits and Interface Combinations.*

15.2.3.1.8 TR-NWT-000335, Issue 3, May 1993, *Voice Grade Special Access Services - Transmission Parameter Limits and Interface Combinations.*

15.2.3.1.9 TR-TSY-000529, Issue 2, July 1987, *Public Safety - LSSGR.*

15.2.3.1.10 GR-1158-CORE, Issue 2, October 1995, *OSSGR Section 22.3: Line Information Database.*

15.2.3.1.11 TR-TSY-000511, Issue 2, July 1987, *Service Standards, a Module (Section 11) of LATA Switching Systems Generic Requirements (LSSGR, FR-NWT-000064).*

15.2.3.1.12 TR-NWT-000393, January 1991, *Generic Requirements for ISDN Basic Access Digital Subscriber Lines.*

15.2.3.1.13 TR-NWT-000909, December 1991, *Generic Requirements and Objectives for Fiber In The Loop Systems.*

15.2.3.1.14 TR-NWT-000505, Issue 3 , May 1991, *LSSGR Section 5, Call Processing.*

15.2.3.1.15 FR-NWT-000271, 1993, *Operator Services Systems Generic Requirements (OSSGR).*

15.2.3.1.16 TR-NWT-001156, Issue 2, July 1993, *OSSGR Operator Services Systems Generic Requirements, Section 21, Operator Subsystem.*

15.2.3.1.17 SR-TSY-001171, Issue 1, January 1989, *Methods and Procedures for System Reliability Analysis.*

15.2.3.1.18 Bellcore *Telecommunications Transmission Engineering*, 3rd Ed, 1990.

15.2.3.2 **ANSI Standards**

15.2.3.2.1 ANSI T1.512-1994, Network Performance - Point-to-Point Voice-Grade Special Access Network Voiceband Data Transmission Objectives.

15.2.3.2.2 ANSI T1.506-1990, Network Performance - Transmission Specifications for Switched Exchange Access Network.

15.2.3.2.3 ANSI T1.508-1992, Telecommunications - Network Performance - Loss Plan for Evolving Digital Networks. Also supplement T1.508a-1993.

a-1993

15 2 4 2 7

15.2.3.2.4 ANSI T1.101-1994, Digital Synchronization Network Plan.

15.2.3.3 **TIA/EIA Standards**

15.2.3.3.1 Requirements not specifically addressed here shall be found in the documents listed in Electronic Industries Association/Telecommunications Industries Association Standards and Engineering Publications.

15.2.3.3.2 TIA/EIA TSB-37A, Telephone Network Transmission Model for Evaluating Modem Performance.

15.2.3.3.3 TIA/EIA TSB-38, Test Procedure for Evaluation of 2-wire 4 kHz Voiceband Duplex Modems.

15.2.3.4 **IEEE Standards**

15.2.3.4.1 IEEE Standard 743-1984, IEEE Standard Methods and Equipment for Measuring Transmission Characteristics of Analog Voice Frequency Circuits.

15.2.3.4.2 ANSI/IEEE Standard 820-1984, Telephone Loop Performance Characteristics.

15.2.3.5 **AT&T Standards**

15.2.3.5.1 Outside Plant Engineering Handbook, August 1994.

15.2.3.5.2 AT&T Pub. 60220, Issue 1, April 1991, 5ESS OSPS Interface Technical Specification for Domestic Toll And Assistance Applications.

15.2.3.5.3 AT&T Technical Reference TR 43202, May 1985, AT&T Analog Voice Total and Coordinated Services.

15.2.3.5.4 AT&T Technical Reference TR 41458, April 1990, Special Access Connection to the AT&T Network.

15.2.3.5.5 AT&T Technical Reference TR 62415, June 1989, Access Specification For High Capacity (DS1/DS3) Dedicated Digital Service. Also TR 62415A2 November 1990, and TR 62415A3 July 1992 which are addendae to TR 62415.

15.2.3.5.6 AT&T Technical Reference TR 54016, September 1989, Requirements For Interfacing Digital Terminal Equipment To Services Employing The Extended Superframe Format.

0 ACCUNET T1 [illegible] 15.2.5.3.1.7

15.2.3.5.7 AT&T Technical Reference TR 62411, December 1990, ACCUNET T1.5 Service Description And Interface Specification. Also Addendum 1 March 1991 and Addendum 2 October 1992.

15.2.3.5.8 AT&T Technical Reference TR 62421, December 1989, ACCUNET Spectrum of Digital Services Description And Interface Specification. Also TR 62421A Addendum 2 November 1992.

15.2.3.5.9 AT&T Data Communications Technical Reference TR 62310, August 1993, DS0 Digital Local Channel Description And Interface Specification. Also Addendum 2 November 1992.

15.2.3.5.10 AT&T Technical Reference TR 54014, 1992, ACCUNET T45 and T45 Reserved Services - Service Description And Interface Specification.

15.2.3.5.11 AT&T Technical Reference TR 54018, most current issue, ACCUNET T155 Service Description And Interface Specification.

15.2.4 **Services and Capabilities**

15.2.4.1 All Network Elements shall provide performance sufficient, in combination with other Network Elements, to provide the following applications in accordance with the requirements of this document:

15.2.4.1.1 All types of voice services.

15.2.4.1.2 All types of voice-band data modem connections up to and including 28.8 kbps V.34.

15.2.4.1.3 All types of FAX transmissions up to and including 14.4 kbps group 3.

15.2.4.1.4 All CLASS/LASS features.

15.2.4.1.5 All Operator Systems.

15.2.4.2 The following capabilities shall be provided as applicable:

15.2.4.2.1 ISDN BRI

15.2.4.2.2 ISDN PRI

15.2.4.2.3 Switched Digital Data

15.2.4.2.4 Non-Switched Digital Data

15.2.4.2.5 Any types of Video applications that a customer may order

15.2.4.2.6 Any Coin Services the customer may order

15.2.4.2.7 [illegible] it can degrade voice transm[illegible]

15.2.4.2.8 Private Line Services

15.2.5 Specific Performance Requirements for Network Elements and Ancillary Functions

15.2.5.1 The following sections itemize performance parameters for Network Elements and Ancillary Functions. BellSouth shall provide performance equal to or better than all of the requirements set forth in this Section. Unless noted otherwise, requirements and objectives are given in terms of specific limits. This means that all tests (acceptance and ongoing performance) shall meet the limit(s) to satisfy the requirement.

15.2.5.2 **Performance Allocation** Transmission path impairments may be classified as either analog or digital, and will depend on the nature of the signal transmitted across the Network Element. Analog impairments are introduced on any analog portion of the loop, typically between the NID portion of Loop Distribution and the analog to digital (A/D) conversion, and are usually correlated with the length of the physical plant. Digital impairments are introduced by A/D conversion and by interfaces between digital Network Elements. In addition, noise can be introduced by either analog transmission or the A/D conversion.

15.2.5.3 **Loop Combination Architecture Constraints**

15.2.5.3.1 The following constraints will limit not only the variety of Loop Combination architectures that may be considered, but also the architectures BellSouth may consider to deliver any Ancillary Function or Network Element. These constraints apply to the entire path between the NID portion of Loop Distribution and BellSouth switch. Any exceptions to these restrictions shall be specifically requested or approved by AT&T in writing.

15.2.5.3.1.1 No more than 1 A-D conversion.

15.2.5.3.1.2 No more than 1, 2-to-4-wire hybrid.

15.2.5.3.1.3 No voice compression.

15.2.5.3.1.4 No echo cancelers or suppressers.

15.2.5.3.1.5 One digital loss pad per PBX.

15.2.5.3.1.6 No digital gain.

15.2.5.3.1.7 [illegible] intermodulation distortion. [illegible] 1704 Hz tone and is given in microsec[illegible]

15.2.5.4 **Transmission Impairments**

15.2.5.4.1 **Analog Impairments** Analog impairments are those introduced on portions of the end-to-end circuit on which communications signals are transmitted in analog format. These portions of the transmission path would typically be between NID and an A/D conversion, most commonly on the metallic loop. The performance on the analog portion of a circuit is typically inversely proportional to the length of that circuit.

15.2.5.4.1.1 **Loss**

15.2.5.4.1.1.1 Electrical loss is measured using a 1004 Hz 0.0dB one Milliwatt 900 ohm test tone.

15.2.5.4.1.1.2 Off-hook electrical loss between the NID and the switch shall be no more than 8.0 dB for any line, and the mean value for all lines shall be 3.5 dB ±0.5 dB. On-hook electrical loss between the NID and the switch shall be no more than 4.0 dB above the off-hook electrical loss for any line.

15.2.5.4.1.2 **Idle Channel Circuit Noise**

15.2.5.4.1.2.1 Idle channel circuit noise (C-message) is added by analog facilities, by the A/D conversion of signals, by digital processing equipment (e.g. echo cancelers, digital loss pads), robbed bit signaling, and errors on digital facilities.

15.2.5.4.1.2.2 Idle channel circuit noise shall be less than or equal to 18 dBrnC.

15.2.5.4.1.3 **Talker Echo**

15.2.5.4.1.3.1 The primary source of echo is improper impedance-matching at the 2-to-4 wire hybrid in BellSouth network. The impact on customer perception is a function of both echo return loss and delay.

15.2.5.4.1.3.2 Echo Return Loss (ERL) shall be greater than 26dB to a standard termination (900 ohms, 2.16 μFd), and greater than 14 dB to a telephone set off-hook. Singing Return Loss (SRL) shall be greater than 21dB to a standard termination, and greater than 11 dB to a telephone set off-hook.

15.2.5.4.1.4 **Listener Echo**

Listener echo is a double reflection of a transmitted signal at two different impedance mismatches in the end-to-end connection. While in extreme cases it can degrade voice transmission performance, listener echo is primarily an issue for voiceband data. The requirements on Talker Echo shall apply to Listener Echo.

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15.2.5.4.1.5 **Propagation and Processing Delay**

15.2.5.4.1.5.1 Propagation delay is the delay involved in transmitting information from one location to another. It is caused by processing delays of equipment in the network and delays associated with traveling across transmission facilities.

15.2.5.4.1.5.2 BellSouth shall cooperate with AT&T to limit total service propagation and processing delay to levels at parity with that within the BellSouth local network.

15.2.5.4.1.6 **Signal-to-Noise Ratio**

15.2.5.4.1.6.1 The Signal-to-Noise Ratio (S/N) is a critical parameter in determining voiceband data performance. It is typically measured with a 1004 Hz tone.

15.2.5.4.1.6.2 BellSouth must provide on the Loop Combination a signal-to-noise ratio of at least 37 dB between the NID and the end office.

15.2.5.4.1.7 **C-Notched Noise**

The requirements for Signal-to-Noise Ration shall apply to C-Notched Noise.

15.2.5.4.1.8 **Attenuation Distortion**

15.2.5.4.1.8.1 Attenuation distortion, also known as frequency distortion or gain slope, measures the variations in loss at different frequencies across the voice frequency spectrum (200 Hz - 3400 Hz). It is measured by subtracting the loss at 1004 Hz from the loss at the frequency of interest.

15.2.5.4.1.8.2 Attenuation distortion from the NID to the switch shall be within the range ± 0.5 dB for frequencies between 304 and 3004 Hz; from the switch to NID attenuation distortion shall be within the range ± 0.5 dB for frequencies between 204 Hz and 3004 Hz. In addition, attenuation distortion shall remain within the range +1dB/-3dB for frequencies between 200 Hz and 3500 Hz.

15.2.5.4.1.9 **Envelope Delay Distortion**

15.2.5.4.1.9.1 Envelope Delay Distortion (EDD) measures the difference in transit time [illegible] relative to the transit time of a 1704 Hz. tone, and is given in microseconds. EDD is used as an approximation of the group delay of the channel.

15.2.5.4.1.9.2 EDD shall be: 1704 Hz to 604 Hz -- ≤ 350 μsec.; 1704 Hz to 2804 Hz – ≤ 195 μsec.; 1704 Hz to 204 Hz -- ≤ 580 μsec.; 1704 Hz to 3404 Hz – ≤ 400 μsec.

15.2.5.4.1.10 **Phase Jitter**

15.2.5.4.1.10.1 Phase jitter measures the unwanted angular modulation of a signal. It is caused by noise or the actual modulation of the signal by another unwanted signal. It displaces the zero crossings of a signal. It is measured in terms of peak-to-peak deviations of a 1004 Hz. tone from its nominal zero crossings, and in a particular frequency band (20-300 Hz and either 4-300 Hz or 2-300 Hz). Phase jitter impacts voiceband data performance and can make modems more susceptible to other impairments, including noise.

15.2.5.4.1.10.2 From the NID to the interexchange carrier point of termination, phase jitter shall be <1.5 ° point-to-point in the 20-300 Hz band, and <1.8° point-to-point in the 4-300 Hz. band.

15.2.5.4.1.11 **Amplitude Jitter**

15.2.5.4.1.11.1 Amplitude jitter is any deviation of the peak value of a 1004 Hz signal from its nominal value. Excessive amounts can impair voiceband data performance. It is primarily caused by noise but can also be caused by phase jitter, gain hits, or single frequency interference.

15.2.5.4.1.11.2 In NID-interexchange carrier point of termination, ≤2.5% of amplitude jitter is permitted in the 20-300 Hz band and ≤2.9% in the 4-300 Hz band.

15.2.5.4.1.12 **Intermodulation Distortion**

15.2.5.4.1.12.1 Intermodulation distortion (IMD) measures non-linear distortions of a signal. It compares the power of harmonic tones to the power of the transmitted tones. It is measured for both the 2nd and 3rd harmonics of the transmitted tones. IMD is caused by compression or clipping and can impair voiceband data performance.

15.2.5.4.1.12.2 Both 2nd and 3rd order IMD between the NID and end office must be ≥ 52dB.

15.2.5.4.1.13 **Impulse Noise**

[illegible] they can impact voice[illegible] performance.

15.2.5.4.1.13.1 Impulse noise is a sudden and large increase in noise on a channel for a short duration of time. Impulse noise is measured as a count of the number of times a noise threshold is exceeded during a given time period (typically 5 or 15 minutes). It is caused by protection switching,

maintenance activities, electromechanical switching systems, digital transmission errors, and line coding mismatches. Impulse noise sounds like clicking noises or static on voice connections. Impulse noise impairs voiceband data performance.

15.2.5.4.1.13.2 The NID to interexchange carrier point of termination portions of connections shall introduce no impulse noise events within 6dB of the received signal power on 93% of all 15 minute connections. In addition, there shall be no more than 1 impulse noise event within 6 dB of the received signal power during any 30-minute period.

15.2.5.4.1.14 **Phase Hits**

15.2.5.4.1.14.1 Phase hits are a sudden change in the phase of a signal lasting at least 4 msec. Phase hits are measured using a threshold which indicates how much the phase of the signal has changed with respect to its nominal phase. Phase hits are caused by protection switching and slips or other synchronization errors. Phase hits can impair voiceband data performance.

15.2.5.4.1.14.2 Between the NID and interexchange carrier point of termination, 99.75% of all 15-minute connections shall have no phase hits exceeding 10°. In addition, there shall be no more than 1 phase hit exceeding 10° in any 30-minute period.

15.2.5.4.1.15 **Gain Hits**

15.2.5.4.1.15.1 Gain hits are sudden changes in the level of a signal that last at least 4 msec. Gain hits are measured against a threshold of typically 2-5 dB relative to the signal's nominal level. Gain hits are usually caused by protection switches and can impair voiceband data performance.

15.2.5.4.1.15.2 Between the NID and the interexchange carrier point of termination, 99.5% of all 15-minute connections shall have no gain hits exceeding 3 dB. In addition, there shall be no more than 1 gain hit exceeding 3 dB in any 30-minute period.

15.2.5.4.1.16 **Dropouts**

15.2.5.4.1.16.1 Dropouts are drops in the level of a signal of 12 dB or more for at least 4 msec. They are caused by protection switching events, radio fading, and conditions causing digital carrier systems to lose frame. Dropouts [illegible] enough, will also affect voice quality.

15.2.5.4.1.16.2 Between the NID and the interexchange carrier point of termination, 99.9% of all 15-minute connections shall have no dropouts and in

addition, no connection shall suffer more than 1 dropout in any 60-minute period.

15.2.5.4.1.17 **Frequency Shift**

15.2.5.4.1.17.1 Frequency shift measures any frequency changes that occur when a signal is transmitted across a channel. It is typical measured using a 1004 Hz tone. Frequency shift has very little impact on voice or voiceband data performance; however, round-trip frequency shifts can affect the ability of echo cancelers to remain converged.

15.2.5.4.1.17.2 No more than 0.2 Hz frequency shift shall be on any connection. In addition, 99.5% of all calls shall have frequency shift < 0.1 Hz.

15.2.5.4.1.18 **Crosstalk**

15.2.5.4.1.18.1 Crosstalk is the presence of signals from other telephone connections on a circuit. Crosstalk can be either intelligible, when speech from other connections can be heard and understood, or unintelligible. Crosstalk is caused by inter-channel interference on the transmission system. Crosstalk is difficult to measure: it requires correlating signals on different circuits or using human listeners to identify its presence. Trouble reports may be used to estimate the probability of crosstalk.

15.2.5.4.1.18.2 99% of Loop Combinations shall have probability ≤ 0.1% of experiencing crosstalk exceeding -65 dBm0.

15.2.5.4.1.19 **Clipping**

15.2.5.4.1.19.1 Clipping occurs when part of a transmitted signal is dropped and does not reach the receiving portion on a connection. It can be caused by Digital Speech Interpolation (DSI) equipment used in Digital Circuit Multiplication Systems (DCMS) which increase the amount of traffic that transmission facilities carry, and by echo cancelers or echo suppressers.

15.2.5.4.1.19.2 No clipping incidents shall occur on any call.

15.2.5.4.2 **Digital Impairments**

Digital impairments occur in the signal wherever it is transmitted in digital format. These errors are usually introduced upon conversion of the signal from analog to digital, as well as at interfaces between digital components. While many digital impairments have little [illegible] they can impact voiceband data performance.

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15.2.5.4.2.1 **Signal Correlated Distortion**

15.2.5.4.2.1.1 Signal correlated distortion (SCD) is unwanted noise or distortion introduced into a signal through the conversion of a signal from analog to digital format or through digital processing that changes the transmitted signal. SCD affects performance when a sign is being transmitted. The primary sources of SCD are signal encoders, echo cancelers, digital loss pads, and robbed bit signaling. SCD affects both voice and voiceband data performance.

15.2.5.4.2.1.2 The NID-to-end-office connection shall allow:

15.2.5.4.2.1.2.1 A maximum of 1 A/D conversion, using 64Kbps μ-law (μ=255) PCM;

15.2.5.4.2.1.2.2 No voice compression;

15.2.5.4.2.1.2.3 No echo cancellation; and

15.2.5.4.2.1.2.4 Robbed bit signaling only if SS7 or ISDN are not used.

15.2.5.4.2.2 **Slips**

15.2.5.4.2.2.1 Slips occur when a frame of digital data is either deleted or repeated because of differences in the clocks used to synchronize digital facilities. Slips sound like clicks or pops on voice calls and have major impact on voiceband data performance.

15.2.5.4.2.2.2 The NID-to-interexchange carrier point of termination portion of connections shall have fewer than 0.45 slips every 24 hours on average.

15.2.5.4.2.3 **Digital Timing Jitter and Wander**

15.2.5.4.2.3.1 Digital timing jitter is the unwanted phase modulation of digital signals at rates above 10 Hz. Wander is the unwanted phase modulation of digital signals at rates below 10 Hz. Digital timing jitter is caused by imperfections in the timing recovery process of repeaters and the stuffing synchronization process used by multiplexer/demultiplexers. Wander is caused by slowly varying changes in digital signal phase due to clock frequency offset and drift, changes in propagation delay of terrestrial facilities due to temperature changes and changes in the distance of satellites from the earth. These events have a major impact on voiceband data performance.

15.2.5.4.2.3.2 The maximum digital timing jitter allowed in the 10 Hz to 8 kHz frequency band at any network interface or any terminal equipment in the network is 5 Unit Intervals (UI). The maximum digital timing jitter allowed in the 8 kHz to 40 kHz frequency band is 0.1 UI. The objective for wander is less than 28 UI at any network interface or terminal equipment.

15.2.5.4.2.4 **DS-1 Errored Seconds**

15.2.5.4.2.4.1 An Errored Second (ES) on a DS-1 facility is any second during which at least 1 bit is in error. The impact of an ES on performance depends on the number of errors that occur during a second. Typically, voice performance is not significantly impacted by ES but they can cause errors in voiceband data transmissions.

15.2.5.4.2.4.2 Each BellSouth work shall have less than 20 ESs per 24 hour period.

15.2.5.4.2.5 **DS-1 Severely Errored Seconds**

15.2.5.4.2.5.1 A severely Errored Second (SES) is any second during which a DS-1 has an error rate exceeding 0.001. An SES can be caused by a loss of framing, a slip, or a protection switch. SESs have impacts on both voice and voiceband data performance. For voice, an SES will sound like a burst of noise or static. SESs that occur during a voiceband data transmission cause a significant burst of errors and can cause modems to retrain.

15.2.5.4.2.5.2 The digital portion of each NID to POP connection shall have less than 2 SESs per 24 hour period).

15.2.5.4.2.6 **Short Failure Events**

15.2.5.4.2.6.1 A Short Failure Event (SFE) is a Loss of Frame (LOF) event of less than two minutes' duration. An LOF event is declared when, on detection of a Loss of Signal (LOS) or Out-of-Frame (OOF), a rise-slope-type integration process starts that declares a LOF after 2.5±0.5 sec. of continuous LOS or OOF. If the LOS or OOF is intermittent, the integration process shall decay at a slope of 1/5 the rise slope during the period when the signal is normal. Thus, if the ratio of a LOS or OOF to a normal signal is greater than 1/2, a LOF will be declared. A LOS condition shall be declared when the Network Channel Terminating Equipment has determined that 175±75 successive pulse positions with no pulses of either positive or negative polarity have occurred. An OOF condition shall be declared when either Network equipment or Digital Terminal Equipment detects errors in the framing pattern.

15.2.5.4.2.6.2 There shall be fewer than 1 SFE per month.

15.2.5.5 **Service Availability and Reliability**

15.2.5.5.1 Availability refers to the time period during which the service is up and usable for its intended purpose. Reliability refers to the probability that a task will be completed successfully, given that it is successfully begun.

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15.2.5.5.1 **Blocked Calls**

15.2.5.5.1.1 Blocking is the fraction of call origination attempts denied service during a stated measurement period. Blocking occurs because of competition for limited resources within the network.

15.2.5.5.1.2 For intraLATA toll service as well as for local exchange service, the blocking level from originating network interface (NID) to terminating NID shall not exceed 1% in any hour, except under conditions of service disruption. For access to or egress from the AT&T long distance network, the blocking rate shall not exceed 0.5% in any hour, except under conditions of service disruption.

15.2.5.5.2 **Blocked Dial Tone**

15.2.5.5.2.1 Blocked dial tone occurs when the subscriber does not receive dial tone within 3 seconds of going off-hook.

15.2.5.5.2.2 Customers shall not experience more than 0.1% dial tone blocking during average busy season busy hour (ABSBH).

15.2.5.5.3 **Downtime**

Downtime is the period of time that a system is in a failed state.

15.2.5.5.3.1 The average downtime for all subscriber Loop Combinations shall be less than 49 minutes per year. The maximum downtime for 99% of all subscriber Loop Combinations shall be less than 74 minutes per year.

15.2.5.5.3.2 The average downtime for an end office switch shall be less than 3 minutes per year. The average downtime for individual trunks shall be less than 28 minutes per year. The average downtime for digital trunk groups shall be less than 20 minutes per year. The average downtime for an individual line appearance at the switch shall be less than 28 minutes per year. The average downtime for a Remote Terminal (RT) shall be less than 17 minutes per year. The average downtime for an individual line on a Remote Terminal (RT) shall be less than 13 minutes per year.

15.2.5.5.3.3 The mean time to repair (MTTR) of any equipment at an attended site shall be less than 3 hours. The mean time to repair (MTTR) of any equipment at an unattended site shall be less than 4 hours. 95% of all repairs to the network interface (NID) shall be completed within 24 hours.

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15.2.5.5.3.4 There shall be no downtime due to power failures at the switch.

15.2.5.5.3.5 The probability of a stable call being cut off shall be less than 20 cutoffs per one million 1 minute calls.

15.2.5.5.3.6 The rate of ineffective machine attempts at the end office shall be less than 0.0005 (5 failures per 10,000 call attempts).

15.2.5.5.3.7 BellSouth shall meet all requirements for private line services in TR-NWT-000335, ANSI T1.512-1994, and AT&T Technical References as listed in this Section 13.2.

15.2.5.5.4 **Dial Tone Delay**

15.2.5.5.4.1 Dial-Tone Delay is the time period between a customer off-hook and the receipt of dial tone from an originating end office. Dial-Tone Delay has a significant effect on customer opinion of service quality.

15.2.5.5.4.2 The average dial-tone delay shall not exceed 0.6 seconds. At most 0.5% of calls during the average-season busy hour (ABSBH) shall experience dial-tone delay greater than 3 seconds. At most 8% of calls during the ten-high-day busy hour (THDBH) shall experience dial-tone delay greater than 3 seconds. At most 10% of calls during the high-day busy hour (HDBH) shall experience dial-tone delay greater than 3 seconds.

15.2.5.5.5 **Dial Tone Removal**

15.2.5.5.5.1 Dial tone removal is the time between recognition of the first address digit to the removal of dial tone on the line.

15.2.5.5.5.2 The maximum dial tone removal interval shall be ≤ 500 milliseconds.

15.2.5.5.6 **Post Dial Delay**

15.2.5.5.6.1 Post Dial Delay (PDD) is the amount of time a caller must wait after entering or dialing the last digit of a Destination Telephone Number (DTN) before hearing a valid audible network response. The PDD for an end user is measured from the time the caller has pressed or dialed the last digit of a DTN until receipt of an audible network response.

15.2.5.5.6.2 The requirements given reflect an end-to-end CCS7 protocol for AT&T end users. Where a mixture of CCS7 and inband (MF) signaling protocols are employed, an increase in the PDD can be expected.

15.2.5.5.6.2.1 [illegible] increased PDD.

15.2.5.5.6.2.1.1 Intra-LSO calls do not employ external signaling protocols. The PDD for intra-LSO calls flows are dependent upon the processor cycle time and traffic load conditions. This PDD is assumed to be between

customers on the same AT&T LSO, between the Remote Switch Modules (RSMs) on the same Host, or between an RSM and 5ESS Host customers.

15.2.5.5.6.2.1.2 The objective for intra-LSO PDD is less than 310 milliseconds for 50% of all calls and less than 460 milliseconds for 95% of all calls.

15.2.5.5.6.2.2 **PDD1 - B - AT&T LSO to Another AT&T Local LSO**

15.2.5.5.6.2.2.1 The signaling protocols from an AT&T LSO to another AT&T LSO are assumed to employ out-of-band Common Channel Signaling System 7 (CCS7) format. Local calls, that is, calls from an AT&T LSO to another AT&T LSOs are assumed to have no more than one pair of Signaling Transfer Point Switches (STPSs) and no more than one data base dip.

15.2.5.5.6.2.2.2 This PDD is expected to be better than the AT&T Long Distance objective with an average PDD of ≤ .870 seconds with 95% ≤ 1.34 seconds.

15.2.5.5.6.2.3 **PDD1 - C - AT&T LSO to Other LSO**

15.2.5.5.6.2.3.1 Calls from an AT&T LSO to other LSOs are dependent upon the interface agreements between AT&T and the LSO service provider and may employ CCS7, inband (MF) or a combination of both protocols.

15.2.5.5.6.2.3.2 Calls from an AT&T LSO to another LSO via the Public Switched Telecommunications Network (PSTN), using end-to-end CCS7 signaling protocols, can expect to meet the AT&T PDD objectives of an average of 2.0 seconds with 95% in ≤ 2.5 seconds. Calls from an AT&T LSO via the PSTN to LSOs outside the local service area are assumed to use CCS7 signaling protocols to the AT&T #4ESS.™ The egress signaling protocols from the AT&T Switched Network (ASN) to the many different local telephone company service providers however does not necessarily utilize CCS7 signaling. There are three basic egress signaling configuration. They are:

15.2.5.5.6.2.3.2.1 Network Inter-Connect, CCS7 between AT&T and the local telephone company.

15.2.5.5.6.2.3.2.2 Inband Multifrequency (MF) signaling protocols without a RLEC egress tandem in the connection.

15.2.5.5.6.2.3.2.3 Inband MF signaling protocols with a RLEC egress tandem in the connection.

implementations shall be negotiated between AT&T and BellSouth.

13.2.4.6.3.2.3.2.3.1 Calls from an AT&T LSO to other LSOs outside the local service area are assumed to have multiple STPSs for 1 + traffic in

the access and ASN portion of the connection. The egress from the ASN for 1 + traffic is again dependent upon the interface agreements in that service area and may consist of CCS7 or inband MF protocols.

13.2.4.6.3.2.3.2.3.2 Calls from an AT&T's LSO to another AT&T LSO with a mixture of CCS7 or all inband signaling protocols are expected to receive PDDs on the average of 2.9 seconds with 95% in ≤ 6.5 seconds.

15.2.5.5.6.2.4 **PDD2 - AT&T LSO to Operator Services**

15.2.5.5.6.2.4.1 The signaling protocols between an AT&T LSO and the AT&T ASN 5ESS® Operator Services Position Systems (OSPS) will employ IN-band Feature Group C Modified Operator Services Multifrequency signaling format. As with 1+ traffic, the egress from the ASN to the local service providers LSO is dependent upon the interface.

15.2.5.5.6.2.5 PDD2 - A - AT&T LSO to 5ESS® OSPS 0 Only

15.2.5.5.6.2.5.1 When a "0" has been entered by the customer, timing is applied in the absence of a DTMF "#". If a "#" is not entered, the objective is for the timer to expire in 4 seconds +/- 1 second. After the timer has expired, or the "#" has been entered, the average PDD shall not exceed 2.2 seconds.

15.2.5.5.6.2.6 **PDD2 - B - 0 Plus Calls**

On calls where analysis of the first 6 digits (area code + central office code) is required, the PDD shall not exceed 2.0 seconds on the average, and 2.5 seconds in 95% of all occurrences. For calls that require analysis of the 10-digits CALLED number and the 7 digits of calling number (ANI, e.g. Automatic Charge Quotation Service) the PDD is expected to be 4.5 seconds on the average and < 5.0 seconds in 95% of all occurrences. These delays are based on the calling customer receiving a network response as described above, specifically the calling card alerting tone from the 5ESS® OSPS. The remaining call completion PDD to the DTN, after the customer has completed the Operator Service function, will take the form of the PDDs discussed in PDD1-C.

15.2.5.5.6.2.7 **Impact of Local Number Portability (LNP)**

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Local Number Portability will increase PDD if a call forwarding option is used as an interim solution for LNP, the delay due to additional switching in the local access is estimated to be 0.3 seconds (mean) and 0.4 seconds (95th percentile) in addition to the

PDDs described earlier. These estimates assumes CCS7 signaling between LSOs. If inband signaling is used between LSOs, the PDD will be increased by 1.9 to 3.6 (1.7 + 1.9) seconds compared to the PDDs provided in the section on Post Dial Delay.

15.2.5.5.6.2.8 **Custom Local Area Subscriber Services (CLASS)**

CLASS^{SM} features such as Calling Name Delivery can contribute to the PDD of a call. This delay is caused by the additional time (RLEC option) before the ringing interval commences. This default delay is 3 seconds. Optional settings are available in 1 second intervals from 1 to 6 seconds. Calls to DTNs that have CLASS^{SM} features, particularly with calling name delivery, can expect to experience from 1 to 6 seconds (3 seconds default) of additional PDD compared to the PDDs shown for PDD1-C.

15.2.5.5.6.2.9 **Partial Dial Timing**

15.2.5.5.6.2.9.1 The interval between each information digit from a customer's line, until the LSO or switching system has determined that the digit string is incomplete.

15.2.5.5.6.2.9.2 For customer lines, partial dial timing shall be ≥ 16 seconds and ≤ 24 seconds. For trunks, inband signaling time-out shall be ≥ 5 seconds and ≤ 20 seconds.

15.2.5.6 **Local Switching**

BellSouth shall provide performance equal to or better than the requirements for Local Switching set forth in Bellcore LSSGR TR-TSY-000511. Post dial delay for connections to AT&T local operator services shall be no worse than Operator Services provided by BellSouth. Additionally, post dial delay from the Operator Services to destination numbers shall be no worse than that provided by BellSouth. Post dial delay for connections to AT&T local directory services shall be no worse than directory services provided by BellSouth. Additionally, post dial delay from the directory system to destination numbers shall be no worse than that provided by BellSouth. Specific requirements for the Data Switching function of Local Switching are in Section 5.3. In all cases the performance of Data Switching shall meet the general requirements stated in "General Performance Requirements." Allocation of impairments shall be negotiated between AT&T and BellSouth.

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15.2.5.7 **Operator Systems**

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Operator System connections shall comply with the requirements for the Loop Combination, Local Switching, Operator Service, and Directory Service requirements.

15.2.5.8 **Common Transport**

Specific requirements for this Network Element or Ancillary Function are in the Common Transport section. In all cases the performance of this Network Element shall meet the general requirements stated in "General Performance Requirements." Allocation of impairments shall be negotiated between AT&T and BellSouth.

15.2.5.9 **Dedicated Transport**

Specific requirements for this Network Element are in the Dedicated Transport section. In all cases the performance of this Network Element shall meet the general requirements stated in "General Performance Requirements." Allocation of impairments shall be negotiated between AT&T and BellSouth.

15.2.5.10 **Signaling Transfer Points**

Specific requirements for this Network Element are in the Signaling Transfer Points section. In all cases the performance of this Network Element shall meet the general requirements stated in "General Performance Requirements." Allocation of impairments shall be negotiated between AT&T and BellSouth.

15.2.5.11 **Signaling Link Transport**

Specific requirements for this Network Element are in the Signaling Link Transport section. In all cases the performance of this Network Element shall meet the general requirements stated in "General Performance Requirements." Allocation of impairments shall be negotiated between AT&T and BellSouth.

15.2.5.12 **SCPs/Databases**

The performance requirements for databases (LNP, LIDB, E911, etc.) vary depending on the database and the application(s) it supports. Database-specific performance requirements are included in the sections addressing individual Network Elements and in applicable Bellcore documents. In all cases, the query response time, availability, accuracy, updating capabilities, and other performance parameters shall at least be at parity with those services as provided to BellSouth or other customer.

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15.2.5.13 **Tandem Switching**

Specific requirements for this Network Element are in the Tandem Switching section. In all cases the performance of this Network Element shall meet the general requirements stated in "General Performance Requirements." Allocation of impairments shall be negotiated between AT&T and BellSouth.

15.2.6 **Test and Verification**

15.2.6.1 BellSouth shall permit AT&T to confirm acceptable performance of any Network Element.

15.2.6.1.1 At AT&T's request, BellSouth will provide access to the Network Element sufficient for AT&T to test the performance of that Network Element to AT&T's satisfaction.

15.2.6.1.2 At AT&T's request, BellSouth will perform tests to confirm acceptable performance and provide AT&T with documentation of test procedures and results acceptable to AT&T.

15.3 **Protection, Restoration, and Disaster Recovery**

15.3.1 **Scope:**

This Section refers specifically to requirements on the use of redundant network equipment and facilities for protection, restoration, and disaster recovery.

15.3.2 **Requirements**

15.3.2.1 **BellSouth shall provide protection, restoration, and disaster recovery capabilities at parity with those capabilities provided for their own services, facilities and equipment (*e.g.*, equivalent circuit pack protection ratios, facility protection ratios).**

15.3.2.2 **BellSouth shall provide Network Elements and Ancillary Functions equal priority in protection, restoration, and disaster recovery as provided to their own services, facilities and equipment.**

15.3.2.3 **BellSouth shall provide Network Elements and Ancillary Functions equal priority in the use of spare equipment and facilities as provided to their own services, facilities and equipment.**

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15.3.2.4 **BellSouth shall restore Network Elements to which specific to AT&T end user customers on a priority basis as AT&T may designate.** 15.4.3.6

15.4 **Synchronization**

15.4.1 Definition:

Synchronization is the function which keeps all digital equipment in a communications network operating at the same average frequency. With respect to digital transmission, information is coded into discrete pulses. When these pulses are transmitted through a digital communications network, all synchronous Network Elements are traceable to a stable and accurate timing source. Network synchronization is accomplished by timing all synchronous Network Elements in the network to a stratum 1 source so that transmission from these network points have the same average line rate.

15.4.2 **Technical Requirements**

The following requirements are applicable to the case where BellSouth provides synchronization to equipment that AT&T owns and operates within a RLEC location. In addition, these requirements apply to synchronous equipment that is owned by BellSouth and is used to provide a Network Element to AT&T.

15.4.2.1 The synchronization of clocks within digital networks is divided into two parts: intra-building and inter-building. Within a building, a single clock is designated as the Building Integrated Timing Supply (BITS), which provides all of the DS1 and DS0 synchronization references required by other clocks in such building. This is referred to as intra-building synchronization. The BITS receives synchronization references from remotely located BITS. Synchronization of BITS between buildings is referred to as inter-building synchronization.

15.4.2.2 To implement a network synchronization plan, clocks within digital networks are divided into four stratum levels. All clocks in strata 2, 3, and 4 are synchronized to a stratum 1 clock, that is, they are traceable to a stratum 1 clock. A traceable reference is a reference that can be traced back through some number of clocks to a stratum 1 source. Clocks in different strata are distinguished by their free running accuracy or by their stability during trouble conditions such as the loss of all synchronization references.

15.4.2.2.1 **Intra-Building**

15.4.2.2.1.1 Within a building, there are different kinds of equipment that require synchronization at the DS1 and DS0 rates. Synchronization at the DS1 rate is accomplished by the frequency synchronizing presence of buffer stores at various DS1 transmission interfaces. Synchronization at the DS0 rate is accomplished by using a composite clock signal that phase synchronizes the clocks. Equipment requiring DS0 synchronization frequently does not have adequate buffer storage to accommodate the phase variations among different equipment. Control of phase

signal that phase

variations to an acceptable level is accomplished by externally timing all interconnecting DS0 circuits to a single clock source and by limiting the interconnection of DS0 equipment to less than 1,500 cable feet. Therefore, a BITS shall provide DS1 and composite clock signals when appropriate The composite signal is a 64-kHz 5/8th duty cycle, return to zero with a bipolar violation every eighth pulse (B8RZ).

15.4.2.2.2 **Inter-Building**

15.4.2.2.2.1 BellSouth shall provide inter-building synchronization at the DS1 rate, and the BITS shall accept the primary and secondary synchronization links from BITS in other buildings. From hierarchical considerations, the BITS shall be the highest stratum clock within the building and BellSouth shall provide operations capabilities (this includes, but is not limited to: synchronization reference provisioning; synchronization reference status inquiries; timing mode status inquiries; and alarm conditions).

15.4.3 **Synchronization Distribution Requirements**

15.4.3.1 Central office BITS shall contain redundant clocks meeting or exceeding the requirements for a stratum 2 clock as specified in ANSI T1.101-1994 and Bellcore *TR-NWT-001244 Clocks for the Synchronized Network: Common Generic Criteria.*

15.4.3.2 Central office BITS shall be powered by primary and backup power sources.

15.4.3.3 If both reference inputs to the BITS are interrupted or in a degraded mode (meaning off frequency greater than twice the minimum accuracy of the BITS, loss of frame, excessive bit errors, or in Alarm Indication Signal), then the stratum clock in the BITS shall provide the necessary bridge in timing to allow the network to operate without a frame repetition or deletion (slip free) with better performance than 1 frame repetition or deletion (slip) per week.

15.4.3.4 DS1s multiplexed into a SONET synchronous payload envelope within an STS-n (where n is defined in ANSI T1.105-1995) signal shall not be used as reference facilities for network synchronization.

15.4.3.5 The total number of Network Elements cascaded from the stratum 1 source shall be minimized.

ference signal k of equivalent or

15.4.3.6 [illegible] reference signal only from another Network Element that contains a clock of equivalent or superior quality (stratum level).

15.4.3.7 BellSouth shall select for synchronization those facilities shown to have the greatest degree of availability (absence of outages).

15.4.3.8 Where possible, all primary and secondary synchronization facilities shall be physically diverse (this means the maximum feasible physical separation of synchronization equipment and cabling).

15.4.3.9 No timing loops shall be formed in any combination of primary and secondary facilities.

15.4.3.10 An Operations Support System (OSS) shall continuously monitor the BITS for synchronization related failures or degradation.

15.4.3.11 An OSS shall continuously monitor all equipment transporting synchronization facilities for synchronization related failures or degradation.

15.4.3.12 For non-SONET equipment, BellSouth shall provide synchronization facilities which, at a minimum, comply with the standards set forth in ANSI T1.101-1994.

15.4.3.13 For SONET equipment, BellSouth shall provide synchronization facilities that have time deviation (TDEV) for integration times greater than 0.05 seconds and less than or equal to 10 seconds, that is less than or equal to 10 nanoseconds. TDEV, in nanoseconds, for integration times greater than 10 seconds and less than 1000 seconds, shall be less than 3.1623 times the square-root of the integration time. For example, for integration times of 25 seconds, TDEV shall be less than 15.8 nanoseconds.

15.5 **SS7 Network Interconnection**

15.5.1 Definition:

Figure 9 depicts Signaling System 7 (SS7) Network Interconnection. SS7 Network Interconnection is the interconnection of AT&T local Signaling Transfer Point Switches (STPS) and AT&T local or tandem switching systems with BellSouth STPSs. This interconnection provides connectivity that enables the exchange of SS7 messages among BellSouth switching systems and databases (DBs), AT&T local or tandem switching systems, and other third-party switching systems directly connected the to BellSouth SS7 network.

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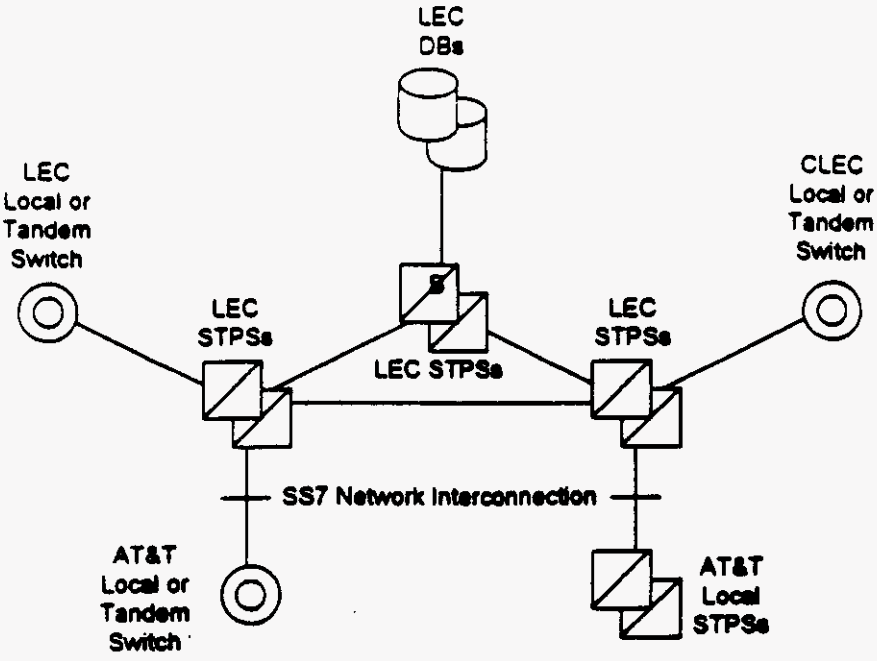

Figure 9. SS7 Network Interconnection

15.5.2 **Technical Requirements**

15.5.2.1 SS7 Network Interconnection shall provide connectivity to all components of the BellSouth SS7 network. These include:

15.5.2.1.1 RLEC local or tandem switching systems;

15.5.2.1.2 RLEC DBs; and

15.5.2.1.3 Other third-party local or tandem switching systems.

15.5.2.2 The connectivity provided by SS7 Network Interconnection shall fully support the functions of RLEC switching systems and DBs and AT&T or other third-party switching systems with A-link access to the BellSouth SS7 network.

15.5.2.3 In particular Figure 10 depicts a circumstance where SS7 Network Interconnection shall provide transport for certain types of Transaction Capabilities Application Part (TCAP) messages. If traffic is routed based on dialed or translated digits between an AT&T local switching system and a RLEC or other third-party local switching system, either directly or via a RLEC tandem switching system, then it is a requirement that the BellSouth SS7 network convey via SS7 Network Interconnection the TCAP messages that are necessary to provide Call Management

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services (Automatic Callback, Automatic Recall, and Screening List Editing) between the AT&T local STPSs and BellSouth or other third-party local switch.

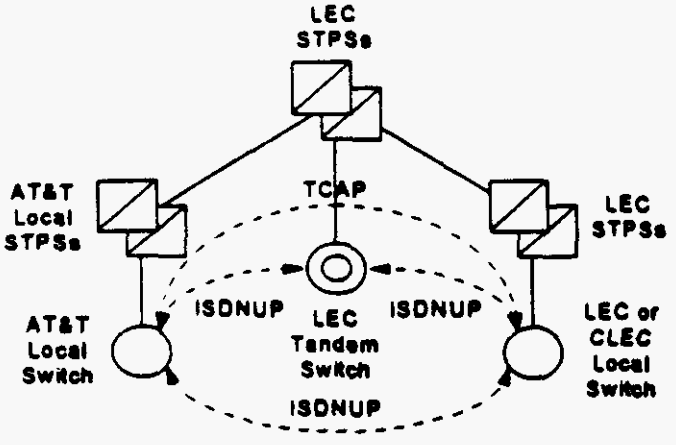

Figure 10. Interswitch TCAP Signaling for SS7 Network Interconnection

15.5.2.4 When the capability to route messages based on Intermediate Signaling Network Identifier (ISNI) is generally available on RLEC STPSs, the BellSouth SS7 Network shall also convey TCAP messages using SS7 Network Interconnection in similar circumstances where the BellSouth switch routes traffic based on a Carrier Identification Code (CIC).

15.5.2.5 SS7 Network Interconnection shall provide all functions of the MTP as specified in ANSI T1.111 (Reference 15.5.15.5.4.15.5.4.2). This includes:

15.5.2.5.1 Signaling Data Link functions, as specified in ANSI T1.111.2;

15.5.2.5.2 Signaling Link functions, as specified in ANSI T1.111.3; and

15.5.2.5.3 Signaling Network Management functions, as specified in ANSI T1.111.4.

15.5.2.6 SS7 Network Interconnection shall provide all functions of the SCCP necessary for Class 0 (basic connectionless) service, as specified in ANSI T1.112 (Reference 15.5.15.5.4.15.5.4.4). In particular, this includes Global Title Translation (GTT) and SCCP Management procedures, as specified in T1.112.4. Where the destination signaling point is a RLEC switching system or DB, or is another third-party local or tandem switching system directly connected to the BellSouth SS7 network, SS7 Network Interconnection shall include final GTT of messages to the destination and SCCP Subsystem Management of the destination. Where the destination signaling point is an AT&T local or tandem switching system, SS7 Network Interconnection shall include intermediate GTT of messages to a gateway pair of AT&T local STPSs, and shall not include SCCP Subsystem Management of the destination.

15.5.2.7 SS7 Network Interconnection shall provide all functions of the Integrated Services Digital Network User Part (ISDNUP), as specified in ANSI T1.113 (Reference 15.5.15.5.4.15.5.4.5).

15.5.2.8 SS7 Network Interconnection shall provide all functions of the TCAP, as specified in ANSI T1.114 (Reference 15.5.15.5.4.15.5.4.6).

15.5.2.9 If and when Internetwork MTP Routing Verification Test (MRVT) and SCCP Routing Verification Test (SRVT) become approved ANSI

S7 Network Specifications and available capabilities of RLEC STPSs, SS7 Network Interconnection shall provide these functions of the OMAP.

15.5.2.10 SS7 Network Interconnection shall be equal to or better than the following performance requirements:

15.5.2.10.1 MTP Performance, as specified in ANSI T1.111.6;

15.5.2.10.2 SCCP Performance, as specified in ANSI T1.112.5; and

15.5.2.10.3 ISDNUP Performance, as specified in ANSI T1.113.5.

15.5.3 **Interface Requirements**

15.5.3.1 BellSouth shall offer the following SS7 Network Interconnection options to connect AT&T or AT&T-designated local or tandem switching systems or STPSs to the BellSouth SS7 network:

15.5.3.1.1 A-link interface from AT&T local or tandem switching systems; and

15.5.3.1.2 D-link interface from AT&T STPSs.

15.5.3.2 Each interface shall be provided by one or more sets (layers) of signaling links, as follows:

15.5.3.2.1 An A-link layer shall consist of two links, as depicted in Figure 11.

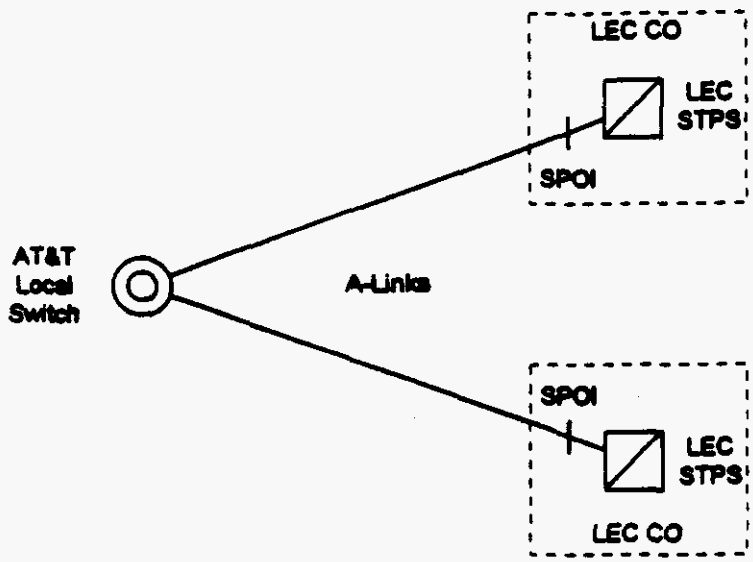

Figure 11. A-Link Interface

signaling system numbers, [illegible] Monitoring and Me[illegible]
messages so that interim LNP can be provided.

15.5.3.2.2 A D-link layer shall consist of four links, as depicted in Figure 12.

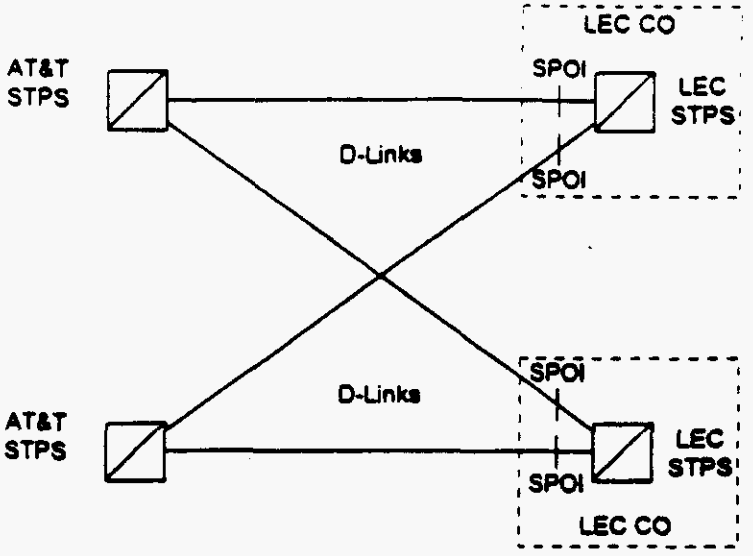

Figure 12. D-Link Interface

15.5.3.3 The Signaling Point of Interconnection (SPOI) for each link shall be located at a cross-connect element, such as a DSX-1, in the Central Office (CO) where the BellSouth STPS is located. There shall be a DS1 or higher rate transport interface at each of the SPOIs. Each signaling link shall appear as a DS0 channel within the DS1 or higher rate interface. BellSouth shall offer higher rate DS1 signaling links for interconnecting AT&T local switching systems or STPSs with RLEC STPSs as soon as these become approved ANSI standards and available capabilities of RLEC STPSs.

15.5.3.4 BellSouth CO shall provide intraoffice diversity between the SPOIs and the BellSouth STPS, so that no single failure of intraoffice facilities or equipment shall cause the failure of both D-links in a layer connecting to a BellSouthSTPS.

15.5.3.5 The protocol interface requirements for SS7 Network Interconnection include the MTP, ISDNUP, SCCP, and TCAP. These protocol interfaces shall conform to the following specifications:

ction Message

15.5.3.5.1 Bellcore GR-905-CORE, Common Channel Signaling Network Interface Specification (Issue 1) Supporting Network Interconnection, Message Transfer Part (MTP), and Integrated Services Digital Network User Part (ISDNUP);

15.5.3.5.2 Bellcore GR-1428-CORE, CCS Network Interface Specification (CCSNIS) Supporting Toll Free Service;

15.5.3.5.3 Bellcore GR-1429-CORE, CCS Network Interface Specification (CCSNIS) Supporting Call Management Services; and

15.5.3.5.4 Bellcore GR-1432-CORE, CCS Network Interface Specification (CCSNIS) Supporting Signaling Connection Control Part (SCCP) and Transaction Capabilities Application Part (TCAP).

15.5.3.6 BellSouth shall set message screening parameters to block accept messages from AT&T local or tandem switching systems destined to any signaling point in the BellSouth SS7 network with which the AT&T switching system has a legitimate signaling relation.

15.5.4 SS7 Network Interconnection shall be equal to or better than all of the requirements for SS7 Network Interconnection set forth in the following technical references:

15.5.4.1 ANSI T1.110-1992 American National Standard Telecommunications – Signaling System Number 7 (SS7) - General Information;

15.5.4.2 ANSI T1.111-1992 American National Standard for Telecommunications - Signaling System Number 7 (SS7) - Message Transfer Part (MTP);

15.5.4.3 ANSI T1.111A-1994 American National Standard for Telecommunications - Signaling System Number 7 (SS7) - Message Transfer Part (MTP) Supplement;

15.5.4.4 ANSI T1.112-1992 American National Standard for Telecommunications - Signaling System Number 7 (SS7) - Signaling Connection Control Part (SCCP);

15.5.4.5 ANSI T1.113-1995 American National Standard for Telecommunications - Signaling System Number 7 (SS7) - Integrated Services Digital Network (ISDN) User Part;

15.5.4.6 ANSI T1.114-1992 American National Standard for Telecommunications - Signaling System Number 7 (SS7) - Transaction Capabilities Application Part (TCAP);

15.5.4.7 ANSI T1.115-1990 American National Standard for Telecommunications - Signaling System Number 7 (SS7) - Monitoring and Measurements for Networks;

easurements for necessary that interim LNP can be provided.

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15.5.4.8 ANSI T1.116-1990 American National Standard for Telecommunications - Signaling System Number 7 (SS7) - Operations, Maintenance and Administration Part (OMAP);

15.5.4.9 ANSI T1.118-1992 American National Standard for Telecommunications - Signaling System Number 7 (SS7) - Intermediate Signaling Network Identification (ISNI);

15.5.4.10 Bellcore GR-905-CORE, Common Channel Signaling Network Interface Specification (CCSNIS) Supporting Network Interconnection, Message Transfer Part (MTP), and Integrated Services Digital Network User Part (ISDNUP);

15.5.4.11 Bellcore GR-954-CORE, CCS Network Interface Specification (CCSNIS) Supporting Line Information Database (LIDB) Service;

15.5.4.12 Bellcore GR-1428-CORE, CCS Network Interface Specification (CCSNIS) Supporting Toll Free Service;

15.5.4.13 Bellcore GR-1429-CORE, CCS Network Interface Specification (CCSNIS) Supporting Call Management Services; and,

15.5.4.14 Bellcore GR-1432-CORE, CCS Network Interface Specification (CCSNIS) Supporting Signaling Connection Control Part (SCCP) and Transaction Capabilities Application Part (TCAP).

15.6 **Network Interconnection**

15.6.1 **Technical Requirements**

15.6.1.1 When requested by AT&T, BellSouth shall provide interconnections between BellSouth Network Elements provided to AT&T and AT&T's network at transmission rates designated by AT&T, including, but not limited to DS1, DS3, and STS-1.

15.6.1.2 Traffic shall be combined and routed as follows:

15.6.1.2.1 BellSouth shall provide direct trunks for intraLATA traffic (except 911, directory assistance, operator services, and other services that may require special routing) and, at AT&T's request, BellSouth shall allow AT&T to route such traffic either directly to a RLEC tandem or directly to a RLEC end-office. At AT&T's option, intraLATA toll and local traffic shall be combined onto one truck group.

exceed all of the requirements for Network Interconnection

15.6.1.2.2 At AT&T's request, BellSouth shall receive AT&T traffic destined to BellSouth Operator Systems Network Element, on trunks from an AT&T end-office or an AT&T tandem.

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15.6.1.2.3 At AT&T's request, BellSouth shall receive AT&T CAMA-ANI (Centralized Automatic Message Accounting - Automatic Number identification) traffic destined to BellSouth B911 PSAPs, or E911 tandems, on trunks from an AT&T end-office.

15.6.1.2.4 At AT&T's request, BellSouth shall receive AT&T SS7 traffic destined to any RLEC S911 tandem on trunks from an AT&T end-office.

15.6.1.3 When requested by AT&T and a third party carrier, BellSouth shall provide interconnections between AT&T's network, and the other carrier's network through BellSouth network at transmission rates designated by AT&T, including, but not limited to DS1, DS3, and STS-1. BellSouth shall combine and route traffic to and from other local carriers and interLATA carriers through BellSouth network, and at AT&T's request, BellSouth shall record and keep records of such traffic for AT&T billing purposes.

15.6.1.4 BellSouth shall provide two-way trunk groups for interconnections. At AT&T's request, BellSouth shall provide uni-directional traffic on such trunks, in either direction, effectively operating them as if they were one-way trunk groups.

15.6.1.5 BellSouth shall provision trunks without any user restrictions (*e.g.*, option for two-way trunking, and no unnecessary trunk group fragmentation by traffic types).

15.6.1.6 All trunking provided by BellSouth shall adhere to the applicable performance requirements set forth in the "General Performance Requirements" section of this Agreement.

15.6.1.7 At AT&T's request, BellSouth shall provide for overflow routing from e given high usage trunk group or groups onto another final tandem trunk group as AT&T designates.

15.6.1.8 BellSouth and AT&T shall agree on the establishment of two-way trunk groups for the exchange of traffic for other IXCs. These trunk groups can be provided in a "meet point" arrangement.

15.6.1.9 Interconnection shall be made available upon AT&T's request at any technically feasible point of interface. All trunk interconnections shall be provided, including, SS7, MF, DTMF, DialPulse, PRI-ISDN (where available), DID (Direct Inward Dialing), CAMA-ANI, and trunking necessary so that interim LNP can be provided.

15.6.1.10 **Trunk Interface Requirements**

15.6.1.10.1 **B911/E911 Trunks**

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15.6.1.10.1.1 BellSouth shall allow AT&T to provide direct trunking to each RLEC B911 serving end office, or RLEC E911 tandem, as is appropriate for the applicable serving area. These trunks are to be provided as one-way trunks from a given AT&T end office to BellSouth 911 end-office or tandem.

15.6.1.10.1.2 BellSouth shall provide for overflow 911 traffic to be sent to BellSouth operator services platform or, at AT&T's direction, routed directly to AT&T's operator services platform.

15.6.1.10.2 **S911 Trunks**

In areas where S911 tandems are used, BellSouth shall allow AT&T to provide direct trunking to each RLEC S911 tandem. Such SS7 trunks are to be provided as one-way trunks from a given AT&T end-office to BellSouth S911 tandem.

15.6.1.10.3 **Local Switch and Access Tandem Trunks**

15.6.1.10.3.1 BellSouth shall provide trunks groups provisioned exclusively to carry intraLATA traffic, as designated by AT&T.

15.6.1.10.3.2 BellSouth shall provide trunk groups provisioned exclusively to carry interLATA traffic, as designated by AT&T.

15.6.1.10.3.3 BellSouth shall provide SS7 trunks which provide SS7 interconnection. At AT&T's request, MF trunks may be substituted for SS7 trunks where applicable.

15.6.1.10.3.4 BellSouth shall simultaneous route calls based on dialed digits (in accordance with the standard GR-317-CORE), and Carrier Identification Code (in accordance with the standard GR-394-CORE) over a single SS7 trunk group.

15.6.1.10.4 **BellSouth Operator Services Trunk**

15.6.1.10.4.1 For traffic from BellSouth's network to AT&T for Operator Services, BellSouth shall provide one trunk group per NPA served by the local RLEC switch.

15.6.1.10.4.2 BellSouth shall provide such trunks as one-way trunks from BellSouth network to the AT&T network.

15.6.2 Network Interconnection between BellSouth and AT&T shall meet or exceed all of the requirements for Network Interconnection set forth in the following technical references:

et forth in

15.6.2.1 GR-317-CORE, Switching System generic requirements for Call Control Using the Integrated Services Digital Network User Part (ISDNUP), Bellcore, February, 1994;

15.6.2.2 GR-394-CORE, Switching System generic requirements for Interexchange Carrier Interconnection Using the Integrated Services Digital Network User Part (ISDNUP), Bellcore, February, 1994;

15.6.2.3 FR-NWT-000271, OSSGR Operator Services Systems generic requirements, Bellcore, 1994 Edition; and

15.6.2.4 FR-NWT-000064, LATA Switching Systems Generic Requirements (LSSGR), Bellcore, 1994 Edition.

15.7 **Basic 911 and E911**

15.7.1 **Definition:**

Basic 911 and E911 is an additional requirement that provides a caller access to the applicable emergency service bureau by dialing a 3-digit universal telephone number (911).

15.7.2 **Requirements**

15.7.2.1 Basic 911 shall collect 911 calls from one or more local exchange switches that serve a geographic area. It shall then send these calls to the correct authority designated to receive such calls.

15.7.2.2 E911 shall provide additional routing flexibility for 911 calls. E911 shall use customer data, contained in the Automatic Location Identification/Data Management System (ALI/DMS), to determine to which Public Safety Answering Point (PSAP) to route the call.

15.7.2.3 If available BellSouth shall offer a third type of 911 service, S911. All requirements for E911 also apply to S911 with the exception of the type of signaling used on the interconnection trunks from the local switch to the S911 tandem.

15.7.2.4 Basic 911 and E911 functions provided to AT&T shall be at least at parity with the support and services that BellSouth provides to its customers for such similar functionality.

15.7.2.5 Basic 911 and E911 access from Local Switching shall be provided to AT&T in accordance with the following:

15.7.2.5.1 BellSouth shall conform to all state regulations concerning emergency services;

15.7.2.5.2 BellSouth shall route calls to the appropriate PSAP.

15.7.2.5.3 For B911, BellSouth shall provide and validate customer information to the PSAPs.

15.7.2.5.4 For E911, BellSouth shall use its service order process to update and maintain customer information in the ALI/DMS data base. Through this process BellSouth shall provide and validate customer information resident or entered into the ALI/DMS data base.

15.7.2.5.5 BellSouth shall provide for overflow 911 traffic to be routed to BellSouth Operator Services or, at AT&T's discretion, directly to AT&T operator services.

15.7.2.6 Basic 911 and E911 access from the AT&T local switch shall be provided to AT&T in accordance with the following:

15.7.2.6.1 If required by AT&T, BellSouth shall interconnect direct trunks from the AT&T network to the B911 PSAP, or the E911 tandems as designated by AT&T. Such trunks may alternatively be provided by AT&T.

15.7.2.6.2 For E911, BellSouth, shall provide AT&T the capability to make queries to the ALI database. BellSouth shall provide AT&T the capability to connect a data link to the ALI database. BellSouth shall provide error reports from the ALI database to AT&T immediately after AT&T inputs information into the ALI database. Alternatively, AT&T may utilize BellSouth, to enter customer information into the database on a demand basis, and validate customer information on a demand basis.

15.7.2.6.3 BellSouth shall provide AT&T with an initial Master Street and Address Guide (MSAG) (paper or magnetic tape) no later than [date to be provided] and will provide updates of this MSG quarterly.

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

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

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

operationalize its transmission capabilities. Alternately, Dark Fiber means unused wavelengths within a fiber strand for purposes of coarse or dense wavelength division multiplexed (WDM) applications. Typical single wavelength transmission involves propagation of optical signals at single wavelengths (1.3 or 1.55 micron wavelengths). In WDM applications, a WDM device is used to combine optical signals at different wavelengths on to a single fiber strand. The combined signal is then transported over the fiber strand. For coarse WDM applications, one signal each at 1.3 micron and 1.55 micron wavelength are combined. For dense WDM applications, many signals in the vicinity of 1.3 micron wavelength or 1.55 micron wavelength are combined. Spare wavelengths on a fiber strand (for coarse or dense WDM) are considered Dark Fiber.

4.2. **Requirements**

4.2.1. BellSouth shall offer all Unused Transmission Media to AT&T under a lease agreement.

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

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

4.2.4. BellSouth shall provide to AT&T information regarding the location, availability and performance of Unused Transmission Media within five (5) business days for a records based answer and ten (10) business days for a field based answer, after receiving a request from AT&T.

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

4.3. **Requirements Specific to Dark Fiber**

(including an emergency spare), BellSouth shall offer AT&T the use of at least one inner duct. BellSouth agrees to limit its reservation period of inner ducts to one year plus maintenance spares.

3.2.18. Where a spare inner duct does not exist, BellSouth shall allow AT&T to install an inner duct in a spare BellSouth conduit.

3.2.19. Where BellSouth has any ownership or other rights to ROW to buildings or building complexes, or within buildings or building complexes, BellSouth shall offer to AT&T through a lease or purchase agreement:

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

3.2.19.2. The right to use any spare metallic and fiber optic cable ROW from the property boundary into the building or building complex;

3.2.19.3. The right to use any available space owned or controlled by BellSouth in the building or building complex to install AT&T equipment and facilities;

3.2.19.4. Ingress and egress to such space; and

3.2.19.5. The right to use electrical power at parity with BellSouth's rights to such power.

4. Unused Transmission Media

4.1. Definitions:

4.1.1. Unused Transmission Media is physical inter-office transmission media (e.g., optical fiber, copper twisted pairs, coaxial cable) which has no lightwave or electronic transmission equipment terminated to such media to operationalize its transmission capabilities. This media may exist in aerial or underground structure or within a building.

4.1.2. Dark Fiber, one type of unused transmission media, is unused strands of optical fiber. Dark Fiber also includes strands of optical fiber existing in aerial or underground structure which have lightwave repeater (regenerator or optical amplifier) equipment interspliced to it at appropriate distances, but which has no line terminating elements terminated to such strands to

3.2.11. BellSouth shall make conduit and pole space available to AT&T within twenty (20) business days after they receive written confirmation from AT&T that the space previously deemed available by BellSouth is wanted for use by AT&T. BellSouth agrees to limit its reservation period of conduits and pole space to one year plus maintenance spares.

3.2.12. BellSouth shall relocate existing pole attachments where necessary and feasible to provide space for AT&T's pole attachment requirements. The parties shall endeavor to mutually agree upon the time frame for the completion of such work within five (5) days following AT&T's requests of this work. If such agreement does not occur within five (5) days, the matter may be submitted according to the Alternate Dispute Resolution Process, described in Attachment 1. by either party.

3.2.13. AT&T may, at its option, make pole attachments and use AT&T or AT&T-designated personnel to attach its equipment to BellSouth poles.

3.2.14. BellSouth shall complete any work (also referred to as make ready work) required on pole or conduit structures to enable AT&T to install its facilities on these structures. This work shall be accomplished within a reasonable time frame to be agreed upon by BellSouth and AT&T. BellSouth and AT&T shall endeavor to agree on this time frame within five (5) days after AT&T requests this structure for use. If such agreement does not occur within five (5) days, the matter may be escalated according to the Alternate Dispute Resolution Process, described in Attachment 1, by either party.

3.2.15. BellSouth shall provide AT&T space in manholes for racking and storage of cable and other materials as requested by AT&T.

3.2.16. BellSouth shall remove any retired cable from conduit systems to allow for the efficient use of conduit space within a reasonable period of time. If the parties are unable to agree to such interval, the matter may be submitted according to the Alternate Dispute Resolution Process, described in Attachment 1, by either party.

3.2.17. Where BellSouth has spare inner ducts which are not, at that time, being used for providing its services, BellSouth shall offer such ducts for AT&T's use. BellSouth shall not reserve more than one inner duct in any conduit cross section for emergency purposes. Where only two inner ducts remain available

to AT&T because of the potential needs of itself or of other parties.

3.2.6. Pole attachments will be placed in the space on the pole designated for communications use. This space is generally located below electric supply circuits and excludes the neutral space between the electrical and communication space. BellSouth shall make this space available for AT&T use.

3.2.7. BellSouth shall not attach, or permit other entities to attach facilities on existing AT&T facilities without AT&T's prior written consent.

3.2.8. BellSouth agrees to produce current detailed engineering and other plant records and drawings of conduit, poles and other ROW, within a reasonable time frame, which in no case shall exceed two (2) business days following AT&T's request for access to such detailed engineering and other plant records and drawings of additional conduit, poles and other ROW in selected areas as specified by AT&T. Such information shall be of equal type and quality as that of BellSouth's own engineering and operations staff. BellSouth shall also allow personnel designated by AT&T to examine such engineering records and drawings at BellSouth Central Offices and BellSouth Engineering Offices on a demand basis.

3.2.9. BellSouth shall provide to AT&T a Single Point of Contact for negotiating all structure lease and ROW agreements.

3.2.10. BellSouth shall provide information regarding the availability and condition of conduit or pole attachments within five (5) business days of AT&T's request if the information then exists in the BellSouth's's records (a records based answer) and ten (10) business days of AT&T's request if BellSouth must physically examine the conduit or pole attachments (a field based answer). AT&T shall have the option to be present at the field based survey and BellSouth shall provide AT&T at least twenty-four (24) hours notice prior to the start of such field survey. During and after this period, BellSouth shall allow AT&T personnel to enter manholes and view pole structures to inspect such structures in order to confirm usability or assess the condition of the structure.

3.1 Definitions

3.1.1. A Right of Way (ROW) is the right to use the land or other property of another party to place poles, conduits, cables, other structures and equipment, or to provide passage to access such structures and equipment. A ROW may run under, on, or above public or private property (including air space above public or private property) and may include the right to use discrete space in buildings, building complexes, or other locations.

3.1.2. A conduit is a tube or protected trough that may be used to house communication or electrical cables. Conduit may be underground or above ground (for example, inside buildings) and may contain one or more inner ducts.

3.1.3. A pole attachment is the connection of a facility to a utility pole. Some examples of facilities are mechanical hardware, grounding and transmission cable, and equipment boxes.

3.2. Requirements

3.2.1. BellSouth shall make ROW, conduit and pole attachments available to AT&T through agreements.

3.2.2. BellSouth will complete an Environmental, Health and Safety Questionnaire for each Work Location AT&T requests or BellSouth suggests as a site to be covered under such ROW, conduit or pole attachment agreement. BellSouth shall return the questionnaire to AT&T within ten (10) days and shall assist AT&T, at AT&T's cost, with any further inquiries (such as Phase I or Phase II site assessments) AT&T may desire to make into environmental, health or safety conditions at the Work Location.

3.2.3. BellSouth shall not prevent or delay any third party assignment of ROW to AT&T.

3.2.4. BellSouth shall offer the use of such ROWs it has obtained from a third party to AT&T, to the extent such agreement does not prohibit BellSouth from granting such rights to AT&T.

3.2.5. BellSouth shall provide AT&T equal and non-discriminatory access to poles, ducts, conduit, entrance facilities, ROW and any other pathways on terms and conditions equal to that provided by BellSouth to itself or to any other party. Further, BellSouth shall not preclude or delay allocation of these facilities

telephone of any emergency power activity that would impact AT&T equipment.

2.3 **Technical References** - BellSouth shall provide collocation in accordance with the following standards:

2.3.1. Institute of Electrical and Electronics Engineers (IEEE) Standard 383, IEEE Standard for Type Test of Class 1 E Electric Cables, Field Splices, and Connections for Nuclear Power Generating Stations.

2.3.2. National Electrical Code (NEC) use latest issue.

2.3.3. TA-NPL-000286, NEBS Generic Engineering Requirements for System Assembly and Cable Distribution, Issue 2, (Bellcore, January 1989).

2.3.4. TR-EOP-000063 Network Equipment-Building System (NEBS) Generic Equipment Requirements, Issue 3, March 1988.

2.3.5. TR-EOP-000151, Generic Requirements for 24-, 48-, 130-, and 140- Volt Central Office Power Plant Rectifiers, Issue 1, (Bellcore, May 1985).

2.3.6. TR-EOP-000232, Generic Requirements for Lead-Acid Storage Batteries, Issue 1 (Bellcore, June 1985).

2.3.7. TR-NWT-000154, Generic Requirements for 24-, 48-, 130, and 140- Volt Central Office Power Plant Control and Distribution Equipment, Issue 2, (Bellcore, January 1992).

2.3.8. TR-NWT-000295, Isolated Ground Planes: Definition and Application to Telephone Central Offices, Issue 2, (Bellcore, July 1992).

2.3.9. TR-NWT-000840, Supplier Support Generic Requirements (SSGR), (A Module of LSSGR, FR-NWT-000064), Issue 1, (Bellcore, December 1991).

2.3.10. TR-NWT-001275 Central Office Environment Installations/Removal Generic Requirements, Issue 1, January 1993.

2.3.11. Underwriters' Laboratories Standard, UL 94.

3. **Rights of Way (ROW), Conduits, Pole Attachments**

equipment plus or minus 2 feet to the left or right of AT&T's final request; and

2.2.23.3.5. Provide feeder capacity and quantity to support the ultimate equipment layout for AT&T equipment in accordance with AT&T's collocation request.

2.2.23.3.6. BellSouth shall, within ten (10) days of AT&T's request:

2.2.23.3.6.1. Provide documentation submitted to and received from contractors for any contractor bids for any work being done on behalf of AT&T (this includes, but is not limited to, power supplies, and cage construction);

2.2.23.3.6.2. Provide an installation sequence and access that will allow installation efforts in parallel without jeopardizing personnel safety or existing AT&T services;

2.2.23.3.6.3. Provide power plant alarms that adhere to Bell Communication Research (Bellcore) Network Equipment-Building System (NEBS) standards TR-EOP-000063;

2.2.23.3.6.4. Provide cabling that adheres to Bell Communication Research (Bellcore) Network Equipment-Building System (NEBS) standards TR-EOP-000063; and

2.2.23.3.6.5. Provide Lock Out-Tag Out and other electrical safety procedures and devices in conformance with the most stringent of OSHA or industry guidelines.

2.2.23.3.7. BellSouth will provide AT&T with written notification within ten (10) business days of any scheduled AC or DC power work or related activity in the collocated facility that will or might cause an outage or any type of power disruption to AT&T equipment located in BellSouth facility. BellSouth shall provide AT&T immediate notification by

facilities, including, but not limited to, cable, cable racks and bus bars. BellSouth will supply power to support AT&T equipment at equipment specific DC and AC voltages. At a minimum, BellSouth shall supply power to AT&T at parity with that provided by BellSouth to itself or to any third party. If BellSouth's performance, availability, or restoration falls below industry standards, BellSouth shall bring itself into compliance with such industry standards as soon as technologically feasible.

2.2.23.1. Central office power supplied by BellSouth into the AT&T equipment area, shall be supplied in the form of power feeders (cables) on cable racking into the designated AT&T equipment area. The power feeders (cables) shall efficiently and economically support the requested quantity and capacity of AT&T equipment. The termination location shall be as requested by AT&T.

2.2.23.2. BellSouth shall provide power as requested by AT&T to meet AT&T's need for placement of equipment, interconnection, or provision of service.

2.2.23.3. BellSouth power equipment supporting AT&T's equipment shall:

2.2.23.3.1. Comply with applicable industry standards (e.g., Bellcore, NEBS and IEEE) or manufacturer's equipment power requirement specifications for equipment installation, cabling practices, and physical equipment layout;

2.2.23.3.2. Have redundant power feeds with physical diversity and battery back-up as required by the equipment manufacturer's specifications for AT&T equipment, or, at minimum, at parity with that provided for similar BellSouth equipment;

2.2.23.3.3. Provide, upon AT&T's request, the capability for real time access to performance monitoring and alarm data that impacts (or potentially may impact) AT&T traffic;

2.2.23.3.4. Provide central office ground, connected to a ground electrode located within the AT&T collocated space, at a level above the top of AT&T

asbestos, lead paint (unless encapsulated), radon and other health or safety hazards.

2.2.19. BellSouth shall provide detailed power cabling connectivity information including the sizes and number of power feeders to AT&T within ten (10) days of the acceptance of AT&T's request for collocated space.

2.2.20. BellSouth shall provide positive confirmation to AT&T when construction of AT&T collocated space is 50% completed. This confirmation shall also include confirmation of the scheduled completion and turnover dates.

2.2.21. AT&T shall be compensated by BellSouth for any delays in the negotiated completion and turnover dates which create expenditures or delays to AT&T. The liquidated damages for this delay will be $1,000 for each day the turnover date is delayed.

2.2.22. BellSouth shall provide the following information to AT&T within five (5) business days of receipt of a written request from AT&T:

2.2.22.1. Work restriction guidelines.

2.2.22.2. BellSouth or Industry technical publication guidelines that impact the design of BellSouth collocated equipment.

2.2.22.3. BellSouth contacts (names and telephone numbers) for the following areas:

Engineering
Physical & Logical Security
Provisioning
Billing
Operations
Site and Building Managers
Environmental and Safety

2.2.22.4. Escalation process for BellSouth representatives (names, telephone numbers and the escalation order) for any disputes or problems that might arise pursuant to AT&T's collocation.

2.2.23. Power as referenced in this document refers to any electrical power source supplied by BellSouth for AT&T equipment. It includes all superstructure, infrastructure, and overhead

2.2.13. BellSouth will complete an Environmental, Health & Safety Questionnaire for each building in which collocated space is provided. AT&T may provide this questionnaire with its collocation request and BellSouth shall return it to AT&T with the collocation application response.

2.2.14. BellSouth shall provide AT&T with written notice five (5) business days prior to those instances where BellSouth or its subcontractors may be performing work in the general area of the collocated space occupied by AT&T, or in the general area of the AC and DC power plants which support AT&T equipment. BellSouth will inform AT&T by telephone of any emergency related activity that BellSouth or its subcontractors may be performing in the general area of the collocated space occupied by AT&T, or in the general area of the AC and DC power plants which support AT&T equipment. Notification of any emergency related activity shall be made immediately prior to the start of the activity so that AT&T can take any action required to monitor or protect its service.

2.2.15. BellSouth shall construct the collocated space in compliance with AT&T's collocation request for cable holes, ground bars, doors, and convenience outlets. Any deviation to AT&T's request will be jointly negotiated with BellSouth.

2.2.16. AT&T and BellSouth will complete an acceptance walk through of all collocated space requested from BellSouth. Exceptions that are noted during this acceptance walk through shall be corrected by BellSouth within five (5) days after the walk through. The correction of these exceptions from the original collocation request shall be at BellSouth's expense.

2.2.17. BellSouth shall provide Telephone Equipment detailed drawings depicting the exact location, type, and cable termination requirements (i.e., connector type, number and type of pairs, and naming convention) for BellSouth Point of Termination Bay(s) to AT&T within five (5) days of acceptance of AT&T's request for collocated space.

2.2.18. BellSouth shall provide Telephone Equipment detailed drawings depicting the exact path, with dimensions, for AT&T Outside Plant Fiber ingress and egress into AT&T collocated space within five (5) days of the acceptance of AT&T's request for collocated space. Such path and any areas around it in which AT&T must work to perform installation shall be free of friable

provide a hub for OC3/OC48 rings). BellSouth shall not restrict the types of equipment or vendors of equipment to be installed.

2.2.5. BellSouth agrees to permit AT&T to interconnect its collocated facilities to those of another ALEC that is collocated in the same BellSouth office.

2.2.6. AT&T may select its own vendors for all required engineering and installation services associated with its collocated equipment (e.g., BellSouth shall not require AT&T to utilize BellSouth's internal engineering or installation work forces for the engineering and installation of AT&T's collocated equipment). Vendors utilized by AT&T must be on BellSouth's list of certified vendors.

2.2.7. BellSouth shall provide basic telephone service with a connection jack as requested by AT&T from BellSouth for the collocated space. Upon AT&T's request, this service shall be available at the AT&T collocated space on the day that the space is turned over to AT&T by BellSouth.

2.2.8. BellSouth shall provide adequate lighting, ventilation, power, heat, air conditioning, and other environmental conditions for AT&T's space and equipment. These environmental conditions shall adhere to Bell Communication Research (Bellcore) Network Equipment-Building System (NEBS) standards TR-EOP-000063 or other standards which AT&T may designate.

2.2.9. BellSouth shall provide access to eyewash stations, shower stations, bathrooms, and drinking water within the collocated facility on a twenty-four (24) hours per day, seven (7) days per week basis for AT&T personnel and its designated agents.

2.2.10. BellSouth shall provide all ingress and egress of fiber and power cabling to AT&T collocated spaces in compliance with AT&T's cable diversity standards. The specific level of diversity required for each site or Network Element will be provided in the collocation request.

2.2.11. BellSouth shall ensure protection of AT&T's proprietary customer information. Any collocation arrangement shall include provisions for BellSouth protecting AT&T's proprietary information.

2.2.12. BellSouth shall participate in and adhere to negotiated service guarantees, DMOQs, and ISO reviews.

SERVICE DESCRIPTION: ANCILLARY FUNCTIONS

1. Introduction

This Attachment sets forth the descriptions and requirements for Ancillary Functions that BellSouth agrees to offer to AT&T under this Agreement.

2. Collocation -

2.1. **Definition** - Collocation means the right of AT&T to obtain dedicated space in BellSouth Local Serving Office (LSO) or other BellSouth locations and to place equipment in such spaces to interconnect with BellSouth network. Collocation also includes BellSouth providing resources necessary for the operation and economical use of collocated equipment.

2.2. Technical Requirements

2.2.1. BellSouth shall provide space, as requested by AT&T, to meet AT&T's needs for placement of equipment, interconnection, or provision of service. AT&T and BellSouth will jointly establish a written business process within ninety (90) days after the execution this Agreement by which such space can be procured.

2.2.2. BellSouth shall provide intraoffice facilities (e.g., DS0, DS1, DS3, OC3, OC12, OC48, and STS-1 terminations) as requested by AT&T to meet AT&T's need for placement of equipment, interconnection, or provision of service.

2.2.3. BellSouth agrees to allow AT&T's employees and designated agents unrestricted access to AT&T dedicated space in manned BellSouth offices twenty-four (24) hours per day each day of the week. BellSouth may place reasonable security restrictions on access by AT&T's employees and designated agents to the AT&T collocated space in unmanned BellSouth offices. Notwithstanding, BellSouth agrees that such space shall be available to AT&T's employees and designated agents twenty-four (24) hours per day each day of the week. In no case should any reasonable security restrictions be more restrictive than those BellSouth places on its own personnel.

2.2.4. AT&T may collocate the amount and type of equipment it deems necessary in its collocated space (e.g., AT&T utilizing its SONET termination equipment in the collocated space to

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Provisioning and Ordering

1. Network Deployment

1.1 BellSouth shall deploy and keep deployed network facilities in all its serving areas in every LATA from and after the Effective Date of this Agreement as necessary to provide on a timely basis each of the Elements or Combinations thereof, as defined below, that BellSouth is required to offer to AT&T pursuant to this Agreement.

2. Throughout the term of this Agreement, the quality of the technology, equipment, facilities, processes, and techniques (including, without limitation, such new architecture, equipment, facilities, and interfaces as BellSouth may deploy) that BellSouth provides to AT&T under this Agreement shall be in accordance with standards or other measurements that are at least equal to the highest level that BellSouth provides or is required to provide by law, it's own internal procedures, or the DMOQs set forth in this Agreement. .

3. General Provisioning Requirements

3.1 AT&T may order Elements either individually or in any combination. Combinations ("Combinations") consist of multiple Elements that are logically related to enable AT&T to provide service in a geographic area or to a specific customer and that are placed on the same order by AT&T.

3.2 Combinations shall be identified and described by AT&T so that they can be ordered and provisioned together and shall not require the enumeration of each Element within that Combination on each provisioning order.

3.3 Multiple individual Elements may be ordered by AT&T from BellSouth on a single order without the need to have AT&T send an order for each Element.

3.4 BellSouth shall provide provisioning services to AT&T Monday through Saturday from 8:00 a.m. to 8:00 p.m., within each respective continental U.S. time zone. AT&T may request BellSouth to provide Sunday, holiday, and/or off-hour provisioning services. If AT&T requests that BellSouth perform provisioning services at times or on days other than as required in the preceding sentence, BellSouth shall quote, within one (1) day of the request, a cost-based rate for such services. If AT&T accepts BellSouth quote, BellSouth shall perform such provisioning services.

3.5 BellSouth shall provide a Single Point of Contact (SPOC) for all ordering and provisioning contacts and order flow involved in the purchase and

provisioning of the BellSouth's unbundled Elements or Combinations. The SPOC shall provide an electronic interface twenty-four (24) hours a day, seven (7) days a week for all ordering and provisioning order flows. The SPOC shall also provide to AT&T a toll-free nationwide telephone number (operational from 8:00 a.m. to 8 p.m., Monday through Saturday, within each respective continental U.S. time zone) which will be answered by capable staff trained to answer questions and resolve problems in connection with the provisioning of Elements or Combinations.

3.6 BellSouth and AT&T shall jointly establish interface contingency and disaster recovery plans for the ordering and provisioning of BellSouth's unbundled Elements or Combinations.

3.7 BellSouth will recognize AT&T as the customer of record of all Elements or Combinations ordered by AT&T and will send all notices, invoices and pertinent information directly to AT&T.

4. **Specific Provisioning Process Requirements**

4.1 When AT&T orders the Local Switching Elements (either individually or as part of a Combination), AT&T may also obtain all technically available features and functions from the specified BellSouth switch (e.g., BRCS, CLASS, and LASS features).

4.2 When requested by AT&T, BellSouth will schedule installation appointments (BellSouth employee dispatch) with the BellSouth representative on the line with AT&T's representative or provide AT&T access to BellSouth's scheduling system. BellSouth will provide appropriate training for all its employees who may interface with AT&T's Customers based on AT&T's instructions and materials.

4.3 Upon request from AT&T, BellSouth will provide an intercept referral message in Tandem Switching Element that includes any new AT&T telephone number, for six (6) months, or until the next publication of the BellSouth's directory. This message shall be approved by AT&T and shall be similar in format to the intercept referral messages currently provided by BellSouth for its own end-users.

4.4 BellSouth will provide AT&T with a Firm Order Confirmation (FOC) for each order, within twenty-four (24) hours of BellSouth's receipt of that order, or within a different time interval as specified by AT&T. The FOC must contain an enumeration of AT&T's ordered Elements or Combinations (and the specific BellSouth naming convention applied to that Element or Combination), features, options, physical interconnection, quantity, and the BellSouth commitment date for order completion (Committed Due Date).

4.5 Upon work completion, BellSouth will provide AT&T electronically (unless otherwise notified by AT&T) with an Order Completion per order that states when that order was completed. BellSouth shall respond with specific order detail as enumerated on the FOC and shall state any additional charges (e.g., Time and Cost charges) up to a previously agreed upon limit associated with that order.

4.6 BellSouth will perform pre-testing as per industry standards and will provide in writing, or electronically as directed by AT&T, all test and turn-up results in support of the Elements or Combinations ordered by AT&T. BellSouth shall provide these test results to AT&T at the same time BellSouth provides its order-specific Order Completion.

4.7 As soon as identified, BellSouth shall provide notification electronically (unless otherwise notified by AT&T) of Rejections/Errors contained in any of the data element(s) fields contained on any AT&T order.

4.8 As soon as identified, BellSouth shall provide notification electronically (unless otherwise notified by AT&T) of any instances when BellSouth's Committed Due Dates are in jeopardy of not being met by BellSouth on any element or feature contained in any order for Network Elements or Combinations. BellSouth shall concurrently indicate its new committed due date.

4.9 Within twenty-four (24) hours of AT&T's request, BellSouth will perform cooperative testing with AT&T (including trouble shooting to isolate any problems) to test Elements or Combinations purchased by AT&T in order to identify any performance problems.

4.10 BellSouth will provide AT&T and its customers with Directory Listings as specified in the General Terms and Conditions of this Agreement.

4.11 BellSouth will provide a disaster recovery plan associated with the recovery of any systems and or functions connected with the ordering and provisioning processes acceptable to AT&T.

4.12 AT&T may choose between SCE/SMS AIN Access and SS7 AIN Access as designated on AT&T's provisioning order.

4.13 BellSouth shall inform AT&T if a customer action results in reassignment of an AIN trigger from an AT&T AIN application to some other service provider's application. Such notification shall be completed within twenty-four (24) hours of the action via electronic interface as described in the Account Maintenance requirements specified in the Customer Billing section of this Agreement.

4.14 BellSouth shall maintain a database containing AIN trigger configuration and other data necessary to allow AIN service and feature interactions to be

determined by AT&T. BellSouth shall provide AT&T the capability to make queries on a demand basis to such database.

4.15 BellSouth shall provision AIN triggers as requested by AT&T on its provisioning order.

5. **General Ordering Requirements**

5.1 Upon AT&T's request through a Suspend/Restore Order, BellSouth shall suspend or restore the functionality of any Network Element or Combination. BellSouth shall implement any restoration priority on a per Network Element or Combination basis in a manner that conforms with AT&T requested priorities and any applicable regulatory policy or procedures.

5.2 BellSouth shall provide to AT&T the functionality of blocking calls (e.g., 800, 900, 976 international calls) by line or trunk on an individual switching element basis.

5.3 When ordering a Local Switching Element, AT&T may order from BellSouth separate interLATA and intraLATA capabilities (i.e., 2 PICs where available) on a line or trunk basis.

5.4 Unless otherwise directed by AT&T, when AT&T orders an Element or Combination, all pre-assigned trunk or telephone numbers currently associated with that Network Element or Combination shall be retained without loss of feature capability and without loss of associated Ancillary Functions including, but not limited to, Directory Assistance and 911/E911 capability.

5.5 When AT&T orders Elements or Combinations that are currently interconnected and functional, such Elements and Combinations will remain interconnected and functional without any disconnection or disruption of functionality. This shall be known as Contiguous Network Interconnection of network elements. There shall be no charge for such interconnection.

6. **Ordering Interfaces**

6.1 BellSouth shall provide to AT&T an Electronic Interface (EI) for transferring and receiving orders, FOCs, Service Completions, and other provisioning data and materials (e.g., access to Street Address Guide (SAG) and Telephone Number Assignment Data Base). This EI shall be administered through a gateway that will serve as a single point of contact for the transmission of such data from AT&T to BellSouth, and from BellSouth o AT&T. The requirements and implementation of such a data transfer system are subject to future agreement by AT&T and BellSouth . Until such time as a

gateway is established, the EI to be used shall be the same EI as is currently utilized by BellSouth , as may be modified during the interim period.

6.2 When ordering a Local Switching Element, AT&T's representatives will have real-time access to BellSouth customer information systems which will allow the AT&T representatives to perform the following tasks:

6.2.1 Obtain customer profile, including customer name, billing and residence address, billed telephone numbers, and identification of features and services subscribed to by customer;

6.2.2 Obtain information on all features and services available, in end-office where customer is provisioned;

6.2.3 Enter the order for the desired features and services;

6.2.4 Provide an assigned telephone number (if the customer does not have one assigned). Reservation and aging of these numbers remain BellSouth's responsibility;

6.2.5 Establish the appropriate directory listing;

6.2.6 Determine if a service call is needed to install the line or service;

6.2.7 Provide service availability dates to the customer;

6.2.8 Provide information regarding dispatch/installation schedule, if applicable;

6.2.9 Order intraLATA toll and access to long distance service in a single, unified order;

6.2.10 Suspension, termination, or restoral of service.

7. **BellSouth Provision of Information**

7.1 BellSouth shall provide to AT&T upon request:

7.1.1 A list of all services and features technically available from each switch that BellSouth may use to provide a Local Switching Element, by switch CLLI;

7.1.2 A listing by street address detail, of the service coverage area of each switch CLLI;

7.1.3 All engineering design and layout information for each network Element and Combination;

7.1.4 A listing of all technically available functionalities for each Element or Combination; and

7.1.5 Advanced information on the details and requirement for planning and implementation of NPA splits.

7.2 Promptly after the Effective Date of this Agreement, BellSouth shall provide AT&T an initial electronic copy and a hard copy of the SAG or its equivalent. Updates shall be provided to AT&T electronically as changes are made to the SAG.

8. **Order Format and Data Elements for Individual Network Elements**

8.1 In ordering Elements or Combinations, AT&T will utilize standard industry order formats and data elements developed by the Order and Billing Forum (OBF). Industry standards do not currently exist for the ordering of Elements or Combinations. Therefore, until such standards industry order formats and data elements are developed by the OBF, AT&T will utilize the format described in this Section to address the specific data requirements necessary for the ordering of Network Elements or Combinations.

8.2 AT&T and BellSouth shall agree upon the appropriate ordering and provisioning codes to be used for each Element or Combination. These codes shall be known as data elements.

8.3 Each order for an Element or a Combination will contain the following order-level sections, as currently defined by the OBF: Administration, Bill, Contact, and End User Information.

8.4 In addition to the above OBF sections, AT&T will provide provisioning data in the format defined below when ordering Elements or Combinations. First, AT&T will state whether it is ordering an Element (one or more of the Elements described in this Agreement) or a Combination (multiple Elements on the same order). AT&T will then provide data in the following provisioning categories, such data to be provided on the OBF ordering form as completed data fields:

8.4.1 Activity. The activity field will include *one* of the following entries:

(A) - Add. This will apply when a new Element or Combination is being ordered.

(C) - Change. This will apply when an existing Element or Combination is being altered in some way.

(D) - Disconnect. This will apply when an existing Element or Combination is being completely disconnected.

(R) - Record Only. This will apply when there is no physical or logical work required and all that is necessary is the update of BellSouth's internal records. This does not apply to the functional databases listed under the SCPs/Databases Element. Any functional change to these databases will be handled under an Add, Change, or Disconnect order.

8.4.2 Order Activity Description. For each activity, a further description of the Order Activity may be required. The following Order Activity Descriptions may be applied to any Add, Change, Disconnect or Record Only order. In some cases, more than one of these may apply to a particular order.

Modify: This will apply when the order has been modified in some way.

Cancel: This will apply when the order has been canceled, and no provisioning activity related to that order is to be completed.

Expedite: This will apply when the provisioning activity is required to be completed in less time than stipulated by the minimum element intervals as defined in Section 9.1. The Desired Due Date category will reflect the date the activity needs to be completed.

Sequence: This will apply when components of the order must be worked in the proper sequence, or when components of the order are sequentially related to components of another order.

Coordinated: This will apply when components of the order must be worked simultaneously, or when components of this order must be coordinated with components of another order.

Suspend: This will apply when the function of the Network Element or Combination is to be suspended until further notice. The exact nature of the suspension will be reflected within the body of the order. This field will be used with a C (Change) Order Activity.

Restore: This will apply when previously suspended functionality is to be restored. This field will be used with a C (Change) Order Activity.

8.4.3 Purpose of Order. The Purpose of Order will contain a brief statement describing the overall purpose of the order (e.g., Add new ISDN loop or build dedicated trunking/transport from local end office to AT&T OSPS 5E).

8.4.4 Type of Element or Combination. The Type of Element or Combination category consists of two parts. First, an E (Element) or C (Combination) followed by a dash and then the two-character code for the Element(s) (e.g., E-LS (Local Switching) and C-DT/LS (Combination of Dedicated Transport and Local Switching)). Below are the Elements and their two-character codes:

LD	Loop Distribution
LC	Loop Concentrator/Multiplexer
LF	Loop Feeder
LS	Local Switching
OS	Operator Systems
CT	Common Transport
DT	Dedicated Transport
SS	Signal Transfer Points
SL	Signaling Link Transport
DB	SCPs/Databases (LNP, LIDB, Toll Free, ALI/DMS)
TS	Tandem Switching

8.4.5 Interconnection Locations. This category describes the beginning and end-point of the Element or Combination. For example, the point of termination (POT) may be listed as a switch CLLI, a frame tie down location, a channel on a T3, or a customer address. Various types of POT are described in the tables shown in Appendix A.

8.4.6 Interconnection Specific. The Interconnection Specific category describes the nature of the interconnection and the appropriate relationships within the Network Element/Combination. The appropriate type of Interconnection Specifics is described for each Network Element/Combination in the tables shown in Appendix A. The following definitions apply:

Contiguous: All cross-connects, muxing, cross-office ties, etc. will be included between the two Interconnection points listed under Interconnection Locations so that the Element or Combination is delivered fully functional.

Routing: Indicates that routing is part of the necessary interconnection.

Functionally Inclusive: All functionality as it is defined within the Unbundled Network Element Attachment of this Agreement as it relates to interconnection when the Element or Combination is provisioned by Bellsouth.

8.4.7 Element Identification. This field includes the precise identifier of the Network Element. For example, the identifier can be a circuit ID, facility name, switch CLLI, or Working Telephone Number. The appropriate type of Element ID is described for each Network Element/Combination within the tables shown in Appendix A.

8.4.8 Object. The Object identifies the basic unit of the Network Element or Combination. Examples include Network Trunk (for the Element LS) and DS1 (for the Element DT). The Objects related specifically to each Element or Combination are provided in the tables shown in Appendix A.

8.4.9 Quantity/Capacity. This field lists the Quantity/Capacity of Objects. For example, for the Loop Combination (see description in Section 8.3 below), the number "1" in this field would indicate that one loop combination was being ordered. On the other hand, for the Object "DT" the number "4" would indicate that a capacity of 4 DS1 are being ordered.

8.4.10 Options. For each Object, there may be numerous Options. This category identifies the specific Option of the selected Object. In most cases, only *one* Option applies for each Object. One example is LC (Loop Concentrator/Multiplexer). This exception is noted within the tables shown in Appendix A. The specific Options for each Object are contained within the Provisioning Network Element/Combination tables. Examples include 2-wire (for the Object Analog Loop), DID (for the Object Customer Trunk), and ESF (for the Object DS1).

8.4.11 Characteristics. For each Option, there may be multiple Characteristics that require additional details. This category identifies those Characteristics, along with the necessary details. The appropriate type of Characteristics are described for each Element or Combination within the tables shown in Appendix A. Examples include ISDN conditioned (for the Option 2-wire) and TSG (for the option DID).

8.4.12 Features. This field identifies the Features specific to the Network Element/Combination. For example, when the Network Element is Local Switching, the CLASS/LASS features would be included in this category. AT&T will direct BellSouth which of these features to activate for a specific customer.

8.4.13 Desired Due Date. This field identifies the date the entire order is expected to be completed.

8.4.14 Due Date Detail. This field identifies interim dates (for Combinations where the Element Due Dates differ), and the relationship between the provisioning activities internal to the order, and those provisioning activities outside the order that may be related. Coordination and sequencing requirements will be reflected in this field.

8.4.15 Remarks. This field will include any remarks that are related to the provisioning order that are not reflected elsewhere.

8.5 When ordering an Element (individually or as part of a Combination), the interconnection and functionality internal to that Element will not be specifically ordered by AT&T and will automatically be provided by BellSouth. For example, when ordering the element DT (Dedicated Transport), the use of Digital Cross Connects that might be necessary to provide the connectivity between two interconnection locations will not be described on AT&T's order.

8.6 Examples of the provisioning format to be used by AT&T when ordering certain provisioning activities for individual Network Elements are shown in Appendix B.

9. Order Format and Data Elements for Combinations

9.1 AT&T may purchase Network Elements either individually or in combinations. Combinations of Contiguous Network Elements can be ordered (i) on a case-by-case basis for those elements that are customer-specific; or (ii) on a common-use basis for those elements that are shared by multiple customers.

9.2 When ordering a Combination, AT&T will have the option of ordering all capabilities and functionalities of each of the underlying individual Elements.

9.3 When ordering either customer-specific or common-usage Combinations, AT&T may specify the functionality of that Combination without the need to specify the configuration of the individual Elements needed to perform that functionality. For example, AT&T has identified a Combination, designated as the *Loop Combination*, with the functionality described in Appendix A. This Combination shall be identified as C-LOOP, with its functionality as described in Appendix C, LOOP Combination. This Combination can be comprised of all or some of the following Elements, depending on the individual customer: LD (Loop Distribution), LC (Loop Concentrator/Multiplexer) and LF (Loop Feeder). When ordering this Combination, AT&T will order the C-Loop functionality and BellSouth will provision those Elements needed, as appropriate, on a case-by-case basis. AT&T will order the *Loop Combination* as illustrated in Appendix C, example 1.

9.4 AT&T may also choose to purchase from BellSouth a *LOOP and Switching Combination* which would be comprised of the LOOP Combination described above and Network Element LS (Local Switching). This Combination would allow AT&T to purchase switching features (such as Class features) and functionalities on a per-customer basis. AT&T will order the *LOOP and Switching Combination* as illustrated in Appendix C, example 2.

9.5 Prior to providing Local Service in a specific geographic area or when AT&T requires a change of network configuration, AT&T may place an order with BellSouth requiring BellSouth to prepare certain common-usage elements and functionalities for AT&T. AT&T has identified one possible set of these elements and functionalities as the *Local Switching Conditioning Combination*. This Combination may be comprised of all or some of the following individual Network Elements: LS (Local Switching), CT (Common Transport), SS (Signal Transfer Points), DB (SCPs/Databases) and TS (Tandem Switching). In order to provide these elements and their respective functionalities to AT&T, BellSouth shall prepare its network for AT&T's use of these common elements by readying each necessary switch with an AT&T Line Class Code. AT&T will order the *Local Switching Conditioning Combination* as illustrated in Appendix C, example 3.

9.6 AT&T may also use unbundled network elements to originate and terminate toll traffic. AT&T has identified the following two Combinations which will allow such functionality: *Toll Traffic Combination 1* which is comprised of the Network Elements DT (Dedicated Transport) and LS (Local Switching); and *Toll Traffic Combination 2* which is comprised of DT (Dedicated Transport), TS (Tandem Switching), CT (Common Transport), and LS (Local Switching). AT&T will order the *Toll Traffic Combination 1*, as illustrated in Appendix C, example 4.

9.7 There are many additional Combinations which AT&T may choose to order from BellSouth . AT&T includes examples of some such additional Combinations and their ordering formats in Appendix C, examples 5 and 6.

10. **Performance Requirements**

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

INTERVALS FOR ORDER COMPLETION	
Network Element	Number of Days
LD	2
LC	2
LF	2
LS	2
OS	2
DT DS0, DS-1, T 1.5 STS-1, DS3/T3 OC-3, +	 3 5 15
SS	3
SL	2
DB	2
TS	2
C-Loop	2
C-Local Switch Conditioning Combination	20

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

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

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

10.5 BellSouth shall satisfy the following Direct Measures of Quality: (i) at least 90% of all orders must be completed by DDD; (ii) at least 98% of all orders must be completed by Committed Due Date; and (iii) at least 99% of all orders will be completed without error.

Unbundled Network Element Provisioning Categories

1) Loop Distribution

Activity (one of)	*Type*	*Interconnection Location*	*Interconnection Specific*	*Element ID*	*Object (one of)*	*Option (one of)*	*Characteristics*
A,C,D,R	LD	Cust. address CLLI/POT	CONTIGUOUS	Loop/circuit ID	Copper	2-wire 4-wire	Special Conditioning
					Fiber	Single mode Multi mode	Connector type
					Coax		
					Stand Alone NI	2-wire 4-wire 4-wire/smart jack	

Unbundled Network Element Provisioning Categories

2) Loop Concentrator/Multiplexer

Activity (one of)	*Type*	*Interconnection Location*	*Interconnection Specific*	*Element ID*	*Object (one of)*	*Options (combination of)*	*Characteristics*
A,C,D,R	LC	Location CLLI	FUNCTIONALLY INCLUSIVE	Equip. CLLI	Integrated DLC	A/D conversion Multiplexing Concentration	Interface rate Multiplex from-to interface protocol (TR08, TR303) Framing format Concentration ratio Circuit pack (card) type
					Universal DLC	A/D conversion Multiplexing Concentration	Interface rate Multiplex from-to interface protocol (TR08, TR303) Framing format Concentration ratio Circuit pack (card) type
					Channel Bank	A/D conversion Multiplexing	Multiplex from-to Framing format
					Multiplexer	Multiplexing	Multiplex from-to Framing format

3) Loop Feeder

Activity (one of)	*Type*	*Interconnection Location*	*Interconnection Specific*	*Element ID*	*Object (one of)*	*Option (one of)*	*Characteristics*
A,C,D,R	LF	Location CLLI CLLI/POT	CONTIGUOUS	Facility name Circuit ID	Copper	DS0 DS1	ISDN Conditioned DS1 Conditioned
					Fiber	Single mode Multi mode	Connector type

Unbundled Network Element Provisioning Categories

4) Local Switching

Activity (one of)	*Type*	*Interconnection Location*	*Interconnection Specific*	*Element ID*	*Object (one of)*	*Option (one of)*	*Characteristics*
A,C,D,R	LS	WTN Location CLLI Switch CLLI	FUNCTIONALLY INCLUSIVE ROUTING	WTN TSG Designation Switch CLLI	Line (may be Concentrated if so designated)	POTS ISDN Centrex	Signaling Line Class Code WTN E911 Concentration Ratio Interface rate (DS1, DS3) Interface protocol (TR08, TR303)
					Non-concentrated Line	POTS ISDN Centrex	Signaling Line Class Code WTN E911 Interface rate (DS0, DS1, DS3)
					Network Trunk	SS7 MF	One-way Two-way Routing Screening TSG
					Customer Trunk	DID DOD Two-way	Signaling Routing Screening TSG
					Routing	Operator Services Directory Assistance Messaging	
					LNP	RCF	Ported number(s)

Unbundled Network Element Provisioning Categories

Activity (one of)	*Type*	*Interconnection Location*	*Interconnection Specific*	*Element ID*	*Object (one of)*	*Option (one of)*	*Characteristics*
						DNRI RIPH LERG	Shadow number(s) Number of call paths
					AIN trigger	Triggers (e.g. Off-hook immediate, off-hook delay)	Subscribed Office-based Dialing plan Translation type Digit sequence
					Data Switch UNI Port	Switch type (e.g. ATM, Frame Relay)	Policing Congestion control
					Data Switch NNI Port	Switch type (e.g. ATM, Frame Relay)	Policing Congestion control

5) Operator Systems

Activity (one of)	*Type*	*Interconnection Location*	*Interconnection Specific*	*Element ID*	*Object (one of)*	*Option (one of)*	*Characteristics*
A,C,D,R	OS	Serving area (NPA-NXX, LATA, State, Rate center)	FUNCTIONALLY INCLUSIVE		Operator Services		O+ O- Busy Line Verification (BLV) Emergency Line Interrupt (ELI) 911 overflow
					Directory Assistance	Service Area Customer	411 555-1212

Unbundled Network Element Provisioning Categories

6) Common Transport

Activity (one of)	*Type*	*Interconnection Location*	*Interconnection Specific*	*Element ID*	*Object (one of)*	*Option (one of)*	*Characteristics*
A,C,D,R	CT	Serving area (NPA-NXX, LATA, State, Rate center)	CONTIGUOUS FUNCTIONALLY INCLUSIVE				

7) Dedicated Transport

Activity (one of)	*Type*	*Interconnection Location*	*Interconnection Specific*	*Element ID*	*Object (one of)*	*Option (one of)*	*Characteristics*
A,C,D,R	DT	Location CLLI CLLI/POT	CONTIGUOUS	Facility name CLFI	DS0	No DCS D4 Channel Bank DCS I/0	Routing Avoidance A/D Conversion Multiplexing/ De-multiplexing Format conversion Signal conversion Performance monitoring SONET to Asynch gateway Broadcasting Mapping
					DS1	No DCS DSX DCS I/0	Signal format (e.g. B8ZS, AMI) Framing format (e.g. ESF, D4, unframed) Multiplexing/ Demultiplexing

Unbundled Network Element Provisioning Categories

Activity (one of)	*Type*	*Interconnection Location*	*Interconnection Specific*	*Element ID*	*Object (one of)*	*Option (one of)*	*Characteristics*
						DCS 3/1	Format conversion Signal conversion Performance monitoring SONET to Asynch. gateway Broadcasting Mapping
					DS3	No DCS	Secure Interface Framing format (e.g. C-bit parity, M13, unframed)
						DSX DCS 3/1 DCS 3/3	Multiplexing/ Demultiplexing Format conversion Signal conversion Performance monitoring SONET to Asynch. gateway Broadcasting Mapping
					VT1.5		
					STSn	LGX	

Unbundled Network Element Provisioning Categories

8) Signal Transfer Points

Activity (one of)	*Type*	*Interconnection Location*	*Interconnection Specific*	*Element ID*	*Object (one of)*	*Option (one of)*	*Characteristics*
A,C,D,R	SS	Serving area (NPA-NXX, LATA, State, Rate center) CLLI/POT	CONTIGUOUS FUNCTIONALLY INCLUSIVE ROUTING	STP CLLI (pair)	A-link interface (pair)	DS0 DS1	
					D-link interface (quad)	DS0 DS1	

9) Signaling Link Transport

Activity (one of)	*Type*	*Interconnection Location*	*Interconnection Specific*	*Element ID*	*Object (one of)*	*Option (one of)*	*Characteristics*
A,C,D,R	SL	Location CLLI CLLI/POT	CONTIGUOUS	Facility name Circuit ID	Pair	DS0 DS1	
					Quad	DS0 DS1	

Unbundled Network Element Provisioning Categories

10) SCPs/Databases

Activity (one of)	*Type*	*Interconnection Location*	*Interconnection Specific*	*Element ID*	*Object (one of)*	*Option (one of)*	*Characteristics*
A,C,D,R	DB	Serving area (NPA-NXX, LATA, State, Rate center, region) Customer	FUNCTIONALLY INCLUSIVE		LNP	Serving Area	NPA-NXX LATA Region
				WTN	LIDB	Serving Area Customer	NPA-NXX VNS Calling Card
					Toll Free (800)	Serving Area	NPA-NXX
				WTN	E911 (ALI/DMS)	Serving Area Customer	NPA-NXX Rate Center Region Customer Address, etc
				WTN	AIN	Customer	WTN Dialing sequence
					SCE/SMS/SCP Access	AIN Triggers (e.g. Off-hook)	Subscribed Office-based

Unbundled Network Element Provisioning Categories

11) Tandem Switching

Activity (one of)	*Type*	*Interconnection Location*	*Interconnection Specific*	*Element ID*	*Object (one of)*	*Option (one of)*	*Characteristics*
A,C,D,R	TS	Serving area (NPA-NXX, LATA, State, Rate center) Location CLLI	FUNCTIONALLY INCLUSIVE ROUTING	Switch CLLI	Network Trunk	SS7 MF	One-way Two-way Routing Screening TSG
					Routing	Operator Services Directory Assistance Messaging	
					LNP	RIPH	Overflow Primary

Unbundled Network Element Provisioning Format

Example 1

Purpose of Order: Modify Dedicated transport order, Customer PBX to AT&T 4ESS

Order Activity:	A	***Order Activity Description:***	**Modify** __X__ **Cancel** _____ **Expedite** _____ **Suspend** _____ **Restore** _____ **Sequence** _____ **Coordinated** _____ **Associated Order(s):**
		Type Element/Comb:	E - DT
		Interconnection Location:	**From:** [Customer prem CLLI] **To:** [AT&T CFA T3 slot]
		Interconnection Specific:	CONTIGUOUS
Desired Due Date:	11/03/96	***Due Date Details:***	
		Remarks:	Order modified to reflect different CFA assignment

Element/Combination: DT - Dedicated Transport

Element ID:	[LEC will return facility name, CLFI]
Object:	DS1
Qty/Capacity:	1
Option:	Framing: D4
Characteristics:	Signal: B8ZS
Features:	

Unbundled Network Element Provisioning Format

Example 2

Purpose of Order: Route PBX customer's traffic from end-office to PBX trunk group to end-office to 4ESS trunk group in support of LNP

Order Activity:	C	***Order Activity Description:***	**Modify** ____ **Cancel** ____ **Expedite** ____ **Suspend** ____ **Restore** ____ **Sequence** ____ ***Coordinated*** __X__ **Associated Order(s):**
		Type Element/Comb:	E - LS
		Interconnection Location:	**From:** [LEC Switch CLLI] **To:** [LEC-Switch-to-AT&T-4ESS TSG designation]
		Interconnection Specific:	ROUTING
Desired Due Date:	11/03/96	***Due Date Details:***	Activate routing in coordination with AT&T contact
		Remarks:	

Element/Combination: LS - Local Switching

Element ID:	[LEC Switch CLLI]
Object:	LNP
Qty/Capacity:	N/A
Option:	RIPH (Route Index Portability Hub)
Characteristics:	[Ported Numbers] Number of call paths: max
Features:	

Unbundled Network Element Provisioning Format

Example 3

Purpose of Order: Suspend Local Switching functionality

Order Activity:	C	***Order Activity Description:***	**Modify** ____ **Cancel** ____ **Expedite** ____ **Suspend** __X__ **Restore** ____ **Sequence** ____ **Coordinated** ____ **Associated Order(s):**
		Type Element/Comb:	E - LS
		Interconnection Location:	**Inclusive:** [LEC Switch CLLI]
		Interconnection Specific:	FUNCTIONALLY INCLUSIVE
Desired Due Date:	NOW	***Due Date Details:***	
		Remarks:	Suspend all functionally except access to E911

Element/Combination: LS - Local Switching

Element ID:	WTN
Object:	Line
Qty/Capacity:	1
Option:	POTS
Characteristics:	
Features:	

Unbundled Network Element Provisioning Format

Example 4

Purpose of Order: Add LEC signaling access/capability to AT&T Switch

Order Activity:	A	***Order Activity Description:***	**Modify** ____ **Cancel** ____ **Expedite** ____ **Suspend** ____ **Restore** ____ **Sequence** ____ **Coordinated** _X_ **Associated Order(s):**
		Type Element/Comb:	E - SS
		Interconnection Location:	**Inclusive:** [Rate Center] **From:** [STP CLLI pair] **To:** [AT&T POP CLLI and DSX tie down] **To:** [AT&T POP CLLI and DSX tie down]
		Interconnection Specific:	CONTIGUOUS, FUNCTIONALLY INCLUSIVE, ROUTING
Desired Due Date:	11/03/96	***Due Date Details:***	Turn up signaling network in coordination with AT&T contact
		Remarks:	

Element/Combination: SS -Signal Transfer Points

Element ID:	[STP CLLI pair] [Circuit ID's for links]
Object:	A-link
Qty/Capacity:	2 (pair)
Option:	DS0
Characteristics:	
Features:	

Unbundled Network Element Provisioning Format

Example 5

Purpose of Order: Update ALI/DMS (E911) database with new customer information

Order Activity:	C	***Order Activity Description:***	**Modify** ____ **Cancel** ____ **Expedite** ____ **Suspend** ____ **Restore** ____ **Sequence** ____ **Coordinated** __X__ **Associated Order(s):**
		Type Element/Comb:	E - DB
		Interconnection Location:	**Inclusive:** {Rate Center served by ALI/DMS database}
		Interconnection Specific:	FUNCTIONALLY INCLUSIVE
Desired Due Date:	11/03/96	***Due Date Details:***	Activate new database entry in coordination with AT&T contact
		Remarks:	

Element/Combination: DB - SCPs/Database

Element ID:	WTN
Object:	E911 (ALI/DMS)
Qty/Capacity:	1
Option:	Customer
Characteristics:	{New customer-specific information}
Features:	

Unbundled Network Element Provisioning Format

Example 6

Purpose of Order: Disconnect Local Switching

Order Activity:	D	***Order Activity Description:***	**Modify** ____ **Cancel** ____ **Expedite** ____ **Suspend** ____ **Restore** ____ **Sequence** ____ **Coordinated** __X__ **Associated Order(s):**
		Type Element/Comb:	E - DB
		Interconnection Location:	**Inclusive:** [LEC Switch CLLI]
		Interconnection Specific:	FUNCTIONALLY INCLUSIVE
Desired Due Date:	11/03/96	***Due Date Details:***	Disconnect in coordination with AT&T contact
		Remarks:	

Element/Combination: LS - Local Switching

Element ID:	WTN
Object:	Line
Qty/Capacity:	1
Option:	POTS
Characteristics:	
Features:	

Unbundled Combination Provisioning Format

Loop Combination Functionality

Activity (one of)	*Type*	*Interconnection Location*	*Interconnection Specific*	*Element ID*	*Object (One of)*	*Option (one of)*	*Characteristics*
A,C,D,R	LOOP	Customer Address LSO CLLI/POT	CONTIGUOUS	Loop ID	Digital	2-wire 4-wire	ISDN Conditioned DS1 Conditioned Non-concentrated Max-concentration Interface rate Interface protocol (TR08, TR303)
					Analog	2-wire 4-wire	Non-concentrated Max-concentration Interface rate Interface protocol (TR08, TR303) Analog interface Digital interface

Unbundled Combination Provisioning Format

Example 1

Purpose of Order: LOOP Combination - Add ISDN Loop Combination

Order Activity:	A	***Order Activity Description:***	**Modify** ____ **Cancel** ____ **Expedite** ____ **Suspend** ____ **Restore** ____ **Sequence** ____ **Coordinated** __X__ **Associated Order(s):**
		Type Element/Comb:	C - LOOP
		Interconnection Location:	**From:** [Customer location] **To:** [LSO CLLI, AT&T DSX frame tie down]
		Interconnection Specific:	CONTIGUOUS
Desired Due Date:	11/03/96	***Due Date Details:***	Swing loop in coordination with AT&T contact
		Remarks:	

Element/Combination: LOOP - Loop

Element ID:	[LEC will return Loop ID]
Object:	Digital
Qty/Capacity:	1
Option:	2-wire
Characteristics:	ISDN conditioned Non-concentrated Interface rate: DS1 Interface protocol: TR303
Features:	

Unbundled Combination Provisioning Format

Example 2

Purpose of Order: LOOP and Switching Combination

Order Activity:	A	***Order Activity Description:***	**Modify** ____ **Cancel** ____ **Expedite** ____ **Suspend** ____ **Restore** ____ **Sequence** ____ **Coordinated** __X__ **Associated Order(s):**
		Type Element/Comb:	C - LOOP/LS
		Interconnection Location:	**From:** [Customer prem] **To:** [LSO CLLI, AT&T IDF frame tie down]
		Interconnection Specific:	CONTIGUOUS, ROUTING
Desired-Due Date:	11/03/96	***Due Date Details:***	Swing loop and activate remote call forward simultaneously
		Remarks:	

Element/Combination: LOOP - Loop

Element ID:	[LEC will return loop ID]
Object:	Analog
Qty/Capacity:	1
Option:	2-wire
Characteristics:	Interface: Analog
Features:	

Element/Combination: LS - Local Switching

Element ID:	[LEC Switch CLLI]
Object:	LNP
Qty/Capacity:	N/A
Option:	RCF
Characteristics:	[Shadow number] Number of call paths: 2
Features:	

Unbundled Combination Provisioning Format

Example 3

Purpose of Order: Local Switching Conditioning Combination

Order Activity:	A	***Order Activity Description:***	**Modify ____ Cancel ____ Expedite ____ Suspend ____ Restore ____** **Sequence ____ Coordinated ____ Associated Order(s):**
		Type Element/Comb:	C - LS/CT/SS/DB/TS
		Interconnection Location:	Inclusive: [NPA]
		Interconnection Specific:	FUNCTIONALLY INCLUSIVE
Desired Due Date:	11/03/96	***Due Date Details:***	
		Remarks:	Prepare NPA for AT&T use of all Local Switching, Common Transport, Signaling, Database and Tandem Switching elements. Return AT&T Line Class Codes for all switches

Unbundled Combination Provisioning Format

Example 4

Purpose of Order: Toll Traffic Combination 1 - Add toll trunking and transport between LEC end office and AT&T Switch

Order Activity:	A	***Order Activity Description:***	**Modify** ____ **Cancel** ____ **Expedite** ____ **Suspend** ____ **Restore** ____ **Sequence** ____ **Coordinated** _X__ **Associated Order(s):**
		Type Element/Comb:	C - DT/LS
		Interconnection Location:	**From:** [LEC Switch CLLI] **To:** [CFA T3 slot]
		Interconnection Specific:	CONTIGUOUS, FUNCTIONALLY INCLUSIVE, ROUTING
Desired Due Date:	11/03/96	***Due Date Details:***	Do not activate routing until notified by AT&T contact
		Remarks:	

Element/Combination: DT - Dedicated Transport

Element ID:	[LEC will return facility name, CLFI]
Object:	DS1
Qty/Capacity:	1
Option:	Framing: ESF
Characteristics:	Signal: B8ZS
Features:	

Element/Combination: LS - Local Switching

Element ID:	[LEC will return TSG designation]
Object:	Network Trunk
Qty/Capacity:	24
Option:	SS7
Characteristics:	Two-way [Screening] [TSG characteristics] [Routing]
Features:	

Unbundled Combination Provisioning Format

Example 5

Purpose of Order: Cancel order to Add trunking and transport between LEC end-office and AT&T OSPS Switch

Order Activity:	A	***Order Activity Description:***	**Modify** ____ **Cancel** _X___ **Expedite** ____ **Suspend** ____ **Restore** ____ **Sequence** ____ **Coordinated** ____ **Associated Order(s):**
		Type Element/Comb:	C - DT/LS
		Interconnection Location:	**From:** [LEC Switch CLLI] **To:** [AT&T POP CLLI and DSX tie down]
		Interconnection Specific:	CONTIGUOUS, FUNCTIONALLY INCLUSIVE
Desired Due Date:	11/03/96	***Due Date Details:***	
		Remarks:	

Element/Combination: DT - Dedicated Transport

Element ID:	[LEC will return facility name, CLFI]
Object:	DS1
Qty/Capacity:	2
Option:	Framing: D4
Characteristics:	Signal: B8ZS
Features:	

Element/Combination: LS - Local Switching

Element ID:	[LEC will return TSG designation]
Object:	Network Trunk
Qty/Capacity:	48
Option:	SS7
Characteristics:	One-way (out from LEC switch) [Screening] [TSG characteristics]
Features:	

MAINTENANCE

1. BellSouth shall provide repair, maintenance, testing, and surveillance for all Local Services and unbundled Network Elements and Combinations in accordance with the terms and conditions of this Attachment. BellSouth will provide AT&T with at least the capability to provide an AT&T customer the same experience as BellSouth provides its own customers. This capability shall be in accordance with standards or other measurements that are at least equal to the highest level that BellSouth provides or is required to provide by law or its own internal procedures.

2. BellSouth shall cooperate with AT&T to meet maintenance standards for all Local Services and unbundled Network Elements and Combinations ordered under this Agreement, as specified in Section 9 of this Attachment. Such maintenance standards shall include, without limitation, standards for testing, network management, call gapping, and notification of upgrades as they become available.

3. BellSouth shall cooperate with AT&T to establish a real-time, Electronic Interface for gateway or automated access by AT&T to BellSouth's maintenance systems and databases, in order to allow AT&T maintenance personnel and customer service representatives to perform the following functions for AT&T Customers: (i) the ability to enter a new trouble ticket into the BellSouth maintenance system for an AT&T Customer; (ii) the ability to retrieve and track current status on all AT&T Customer repair tickets; (iii) the ability to receive "estimated time to repair" ("ETTR") on a real-time basis; (iv) the ability to receive immediate notification in the event a repair person is unable to be present for, or anticipates missing, a scheduled repair appointment; and (v) the ability to retrieve all applicable time and material charges at the time of ticket closure (itemized by time spent, price of materials used, procedures employed, amounts incurred in each such category, and total by customer, per event).

3.1 BellSouth agrees to develop and implement as soon as is practicable, but no later than March 31, 1997, the electronic gateway described above into BellSouth's systems in a manner to provide AT&T with the capability to provide an AT&T customer the same maintenance service experience as BellSouth provides its own customers.

3.1.1 Until the electronic interface exists, BellSouth agrees that AT&T will transmit repair calls to BellSouth's repair bureau by telephone. In this interim process, the following standards and procedures will apply:

3.1.2 BellSouth agrees that AT&T will report troubles directly to BellSouth's Business Repair Center and/or Residence Repair Center.

3.1.3 BellSouth will perform all testing for Resold Local Services. BellSouth will provide test results, if appropriate, for trouble clearance. In all instances, BellSouth will provide AT&T with the disposition of that particular trouble.

3.1.4 BellSouth will provide AT&T the ability to obtain the status on open maintenance trouble tickets via telephone. BellSouth agrees to provide the status for residence and small business customers upon AT&T's request, in an expedient manner, with standards to be negotiated in the workcenter interface agreement.

3.1.5 BellSouth agrees to provide the status for open maintenance trouble tickets proactively to AT&T for large business customers. Guidelines for status on open maintenance trouble tickets for large business customers will be documented in the work center interface agreement.

3.1.6 BellSouth agrees that AT&T may call BellSouth to verify central office features and functions as they relate to an open trouble ticket. BellSouth agrees to work with AT&T on the initial trouble report to isolate the cause of the trouble and where possible, resolve the feature/function related trouble at that time.

3.1.7 BellSouth agrees to advise AT&T of any central office failure that is known at the time of any inquiry or trouble report. BellSouth agrees to continue to work with AT&T toward implementing a process to meet AT&T's requirements for notification of switch failures by March 31, 1997.

3.1.8 BellSouth agrees to provide an Estimated Time To Repair (ETTR) on all residence and small business trouble reports.

3.1.9 BellSouth agrees to develop, with AT&T's cooperation, mutually acceptable workcenter interface agreements to document the methods and procedures for the interim interface to be completed no later than September 1, 1996.

3.1.10 All BellSouth service technicians who provide repair service for AT&T Customers shall follow specific procedures, to be supplied by AT&T, in all their communications with AT&T Customers. At a minimum, the aforementioned procedures and protocol shall assume that: (1) BellSouth technicians shall provide repair service that is at least equal in quality to that provided to BellSouth customers; (2) trouble calls from AT&T Customers shall receive response time priority that is at least equal to that of BellSouth customers and

shall be handled on a "first come first served" basis regardless of whether the customer is an AT&T Customer or an BellSouth customer.

4. BellSouth shall provide AT&T with the same scheduled and non-scheduled maintenance, including, without limitation, required and recommended maintenance intervals and procedures, for all Local Services, Network Elements and Combinations provided to AT&T under this Agreement that it currently provides for the maintenance of its own network. BellSouth shall provide AT&T at least sixty (60) days' advance notice of any scheduled maintenance activity which may impact AT&T's Customers. Scheduled maintenance shall include, without limitation, such activities as, switch software retrofits, power tests, major equipment replacements and cable rolls. Plans for scheduled maintenance shall include, at a minimum, the following information: location and type of facilities, specific work to be performed, date and time work is scheduled to commence, work schedule to be followed, date and time work is scheduled to be completed, estimated number of work-hours for completion.

5. BellSouth shall advise AT&T of all non-scheduled maintenance, testing, monitoring, and surveillance activity to be performed by BellSouth on any network element, including, without limitation, any hardware, equipment, software, or system, providing service functionality which may potentially impact AT&T Customers. BellSouth shall provide the maximum advance notice of such non-scheduled maintenance and testing activity possible, under the circumstances; provided, however, that BellSouth shall provide emergency maintenance as promptly as possible to maintain or restore service and shall advise AT&T promptly of any such actions it takes.

6. BellSouth shall provide AT&T with a detailed description of any and all emergency restoration plans and disaster recovery plans, however denominated, which are in place during the term of this Agreement. Such plans shall include, at a minimum, the following: (i) provision for immediate notification to AT&T of the existence, location, and source of any emergency network outage potentially affecting an AT&T Customer, via the Electronic Interface to be established pursuant to Section 3; (ii) establishment of a single point of contact responsible for initiating and coordinating the restoration of all Local Services and Network Elements or Combinations; (iii) methods and procedures to provide AT&T with real-time access to information relating to the status of restoration efforts and problem resolution during the restoration process; (iv) an inventory and description of mobile restoration equipment, by location; (v) methods and procedures for the dispatch of mobile equipment to the restoration site; (vi) methods and procedures for reprovisioning of all Local Services and Network Elements or Combinations after initial restoration; (vii) equal priority, as between AT&T Customers and BellSouth customers, for restoration efforts, consistent with FCC Service Restoration guidelines, including, without limitation, deployment of repair personnel, and access to

spare parts and components; and (viii) a mutually agreeable process for escalation of maintenance problems, including a complete, up-to-date list of responsible contacts, each available twenty-four (24) hours per day, seven (7) days per week. Said plans shall be modified and up-dated as needed. For purposes of this subsection, an emergency network outage is defined as 5,000 or more blocked call attempts in a ten (10) minute period in a single exchange.

7. BellSouth and AT&T shall establish mutually acceptable methods and procedures for the immediate, on-line transfer from BellSouth to AT&T, and vice versa, of any and all misdirected calls from customers requesting repair.

8. BellSouth repair bureau shall conform to the following performance and service quality standards when providing repair and maintenance to AT&T and AT&T Customers under this Agreement:

8.1 If service is provided to AT&T Customers before an Electronic Interface is established between AT&T and BellSouth, AT&T will transmit repair calls to the BellSouth repair bureau by telephone. In such event, the following standards shall apply: The BellSouth repair bureau shall answer its telephone and begin taking information from AT&T within twenty (20) seconds of the first ring, ninety-five percent (95%) of the time; within thirty (30) seconds of the first ring, ninety-eight percent (98%) of the time; and within forty (40) seconds of the first ring, one hundred percent (100%) of the time. Calls answered by automated response systems, and calls placed on hold, shall be considered not to meet these standards.

8.2 The BellSouth repair bureau, including the Electronic Interface to be established pursuant to Section 3 preceding, shall be on-line and operational twenty-four (24) hours per day, seven (7) days per week.

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

8.4 In the event the "estimated time to restore" has been missed, BellSouth shall notify AT&T to that effect within one (1) hour.

8.5 Emergency network outages, as defined in Section 7 preceding, shall be restored within one (1) hour. The only exception to this shall be in the case of a Force Majeure event affecting an entire exchange.

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

hours of referral, ninety percent (90%) of the time; within eight (8) hours of referral, ninety-five percent (95%) of the time; and within sixteen (16) hours of referral, ninety-nine percent (99%) of the time. Total outages requiring a premises visit by a BellSouth technician that are received between 6 p.m. and 8 a.m. on any day shall be restored during the following 8 a.m. to 6 p.m. period in accordance with the following performance metrics: within four (4) hours of 8 a.m., ninety percent (90%) of the time; within eight (8) hours of 8 a.m., ninety-five percent (95%) of the time; and within sixteen (16) hours of 8 a.m., ninety-nine percent (99%) of the time. Total outages which do not require a premises visit by a BellSouth technician shall be restored within two (2) hours of referral, eighty-five percent (85%) of the time; within three (3) hours of referral, ninety-five percent (95%) of the time; and within four (4) hours of referral, ninety-nine percent (99%) of the time.

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

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

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

8.10 BellSouth agrees to use its best efforts to become certified under and adhere to ISO 9000 Standards and Certification.

8.11 BellSouth shall provide AT&T with escalation procedures to be followed if, in AT&T's judgment, any individual trouble ticket or tickets are not resolved in a timely manner. The escalation procedures to be provided hereunder shall include names and telephone numbers of BellSouth management personnel who are responsible for maintenance issues.

8.12 In the event BellSouth shall fail to conform to the aforementioned performance and service quality standards, AT&T may request, and BellSouth shall perform, a root cause analysis of the reason behind BellSouth's failure to

conform, and BellSouth shall correct said cause as soon as reasonably practical, at its own expense.

8.13 Maintenance charges for premises visits by BellSouth technicians shall be billed by AT&T to its Customer, and not by BellSouth. The BellSouth technician shall, however, present the Customer with an AT&T-branded form detailing the time spent, the materials used, and an indication that the trouble has either been resolved, or that additional work will be necessary, in which case, BellSouth technician shall make an additional appointment with the Customer. The BellSouth technician shall obtain the Customer's signature upon said form, and then use the signed form to input maintenance charges into the BellSouth repair and maintenance database (accessible by way of the Electronic Interface established pursuant to Section 3 preceding).

8.14 Dispatching of BellSouth technicians to AT&T Customer premises shall be accomplished by BellSouth pursuant to a request received from AT&T. The Electronic Interface established pursuant to Section 3 preceding shall have the capability of allowing AT&T to receive trouble reports, analyze and sectionalize the trouble, determine whether it is necessary to dispatch a service technician to the Customer's premises, and verify any actual work completed on the Customer's premises.

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CONNECTIVITY BILLING AND RECORDING

1. General

This Section describes the requirements for BellSouth to bill and record all charges AT&T incurs for purchasing Local Services for resale and for Network Elements and Combinations, and to provide Meet Point Billing and Mutual Compensation.

2. Billable Information And Charges

2.1. BellSouth will bill and record in accordance with this Agreement those combinations charges AT&T incurs as a result of AT&T purchasing from BellSouth Network Elements, Combinations, and Local Services, as set forth in this Agreement (hereinafter "Connectivity Charges"). BellSouth will format each bill for Connectivity Charges (hereinafter "Connectivity Bill") in accordance with CABS or SECAB as appropriate. Each such Network Element, Combination, or Local Service, purchased by AT&T shall be assigned a separate and unique billing code in the form agreed to by the parties and such code shall be provided to AT&T on each Connectivity Bill in which charges for such Elements, Combinations, or Local Services appear. Each such billing code shall enable AT&T to identify the Element(s), or Combinations, Objects and Options as described in the Provisioning Attachment to this Agreement ordered by AT&T, or Local Services ordered or utilized by AT&T in which Connectivity Charges apply pursuant to this Agreement. Each Connectivity Bill shall set forth the quantity and description of each such Network Element, Combination, or Local Service provided and billed to AT&T. All Connectivity Charges billed to AT&T must indicate the state from which such charges were incurred.

2.1.1. BellSouth may provide to AT&T Connectivity Bills formatted utilizing CRIS/CLUB standards for those Local Services purchased by AT&T from BellSouth through resale until not later than one (1) year after the execution of this Agreement or the adoption by the OBF of formatting standards governing the billing of connectivity charges for Local Services, whichever is earlier, provided however that such bills meet AT&T's requirements as outlined in this document. Prior to the execution of this Agreement, BellSouth was provided AT&T's specifications and requirements that will enable AT&T to process and analyze Connectivity Bills formatted utilizing CRIS/CLUB standards. BellSouth agrees that it will also meet those specifications and requirements upon the execution of this Agreement.

2.2. BellSouth shall provide AT&T a monthly Connectivity Bill that includes all Connectivity Charges incurred by and credits and/or adjustments due to AT&T for those Network Elements, Combination thereof, or Local Services ordered, established, utilized, discontinued or performed pursuant to this Agreement. Each Connectivity Bill provided by BellSouth to AT&T shall include: (1) all non-usage sensitive charges incurred for the period beginning with the day after the current bill date and extending to. and including, the next bill date; (2) any known unbilled non-usage sensitive charges for prior periods; (3) unbilled usage sensitive charges for the period beginning with the last bill date and extending up to, but not including, the current bill date; (4) any known unbilled usage sensitive charges for prior periods, and (5) any known unbilled adjustments.

2.3. The Bill Date, as defined herein, must be present on each bill transmitted by BellSouth to AT&T, must be a valid calendar date, and not more than one (1) year old. Connectivity Bills shall not be rendered for any Connectivity Charges which are incurred under this Agreement on or before one (1) year preceding the Bill Date, except as otherwise permitted by law. In addition, on each bill where "Jurisdiction" is identified, local and local toll charges shall be identified as "Local" and not as interstate, interstate/ interrelate, intrastate, or intrastate/intraLATA. BellSouth will provide from and through dates for charges rendered on all Connectivity Bills. In addition, BellSouth will separately identify business charges from residence charges, as appropriate.

2.4. BellSouth shall bill AT&T for each Network Element, combination thereof, or Local Service, supplied by BellSouth to AT&T pursuant to this Agreement at the rates set forth in this Agreement. BellSouth will bill AT&T based on the actual Connectivity Charges incurred, provided, however, for those usage based Connectivity Charges where actual charge information is not determinable by BellSouth because the jurisdiction (i.e., interstate, interstate/interLATA, intrastate, intrastate/intraLATA, local) of the traffic is unidentifiable, the parties will jointly develop a process to determine the appropriate charges. Measurement of usage-based Connectivity Charges shall be in actual conversation seconds. The total conversation seconds per chargeable traffic types will be totaled for the entire monthly bill cycle and then rounded to the next whole minute.

2.5. Except as otherwise specified in this Agreement, each party shall be responsible for (1) all costs and expenses it incurs in complying with its obligations under this Agreement and (2) the development, modification, technical installation and maintenance of any systems or other infrastructure which it requires to comply with and to continue complying with its responsibilities and obligations under this Agreement.

2.6. Each party shall provide the other party at no additional charge a contact person for the handling of any Connectivity Billing questions or problems that may arise during the implementation and performance of the terms and conditions of this Attachment.

3. Meet Point Billing

3.1. AT&T and BellSouth will establish meet-point billing ("MPB") arrangements in accordance with the Meet Point Billing guidelines adopted by and contained in the OBF's MECAB and MECOD documents, except as modified herein. Both parties will use their best reasonable efforts, individually and collectively, to maintain provisions in their respective federal and state access tariffs, and/or provisions within the National Exchange Carrier Association ("NECA") Tariff No. 4, or any successor tariff to reflect the MPB arrangements identified in this Agreement, in MECAB and in MECOD.

3.2. AT&T and BellSouth will implement the "Multiple Bill/Multiple Tariff" option in order to bill any interexchange carrier ("IXC") for that portion of the network elements provided by AT&T or BellSouth. For all traffic carried over the MPB arrangement, AT&T and BellSouth shall bill each other all applicable elements at the rates specified in this Agreement.

3.3. BellSouth shall provide to AT&T the billing name, billing address, and carrier identification code ("CIC") of the IXCs that may utilize any portion of AT&T's network in an AT&T/BellSouth MPB arrangement in order to comply with the MPB Notification process as outlined in the MECAB document. Such information shall be provided to AT&T in the format and via the medium that the parties agree. If BellSouth does not have a CIC for any IXC that will utilize a portion of AT&T's network in an AT&T/BellSouth MPB arrangement, and for whom BellSouth must supply to AT&T MPB billing information, BellSouth agrees that it will assist such carrier in obtaining a CIC expeditiously. Until such carrier has obtained a CIC, BellSouth will submit BellSouth's CIC on those MPB records provided to AT&T for MPB. BellSouth understands and agrees that it will be solely responsible for obtaining any reimbursements from those carriers who have utilized the jointly provided networks of BellSouth and AT&T.

3.4. BellSouth and AT&T agree that in an MPB arrangement where one party provides local transport and the other party provides the end office switching, the party who provides the end office switching is entitled to bill any residual interconnection charges ("RIC") and common carrier line ("CCL") charges associated with the traffic. The parties further agree that in those MPB situations where one party sub-tends the other party's access tandem, the party providing the access tandem is only entitled to bill the access tandem fee and any associated local transport charges.

The parties also agree that the party who provides the end office switching is entitled to bill end office switching fees, local transport charges, RIC and CCL charges, as appropriate, and such other applicable charges.

3.5. BellSouth and AT&T will record and transmit MPB information in accordance with the standards and in the format set forth in this Attachment. BellSouth and AT&T will coordinate and exchange the billing account reference ("BAR") and billing account cross reference ("BACR") numbers for the MPB arrangements described in this Agreement. Each party will notify the other if the level of billing or other BAR/BACR elements change, resulting in a new BAR/BACR number.

3.6. If MPB data is not processed and delivered by either BellSouth or AT&T and sent to the other party within ten (10) days of their recording and in turn such party is unable to bill the IXC for the appropriate charges, the party who failed to deliver the data will be held liable for the amount of the unbillable charges.

3.7. If MPB data is not submitted within ten (10) days of their recording or is not in the proper format as set forth in this Agreement, and if as a result the other party is delayed in billing the IXC for the appropriate charges it incurs, the delaying party shall pay the other party a late MPB data delivery charge which will be the total amount of the delayed charges times the highest interest rate (in decimal value) which may be levied by law for commercial transactions, compounded daily for the number of days from the date the MPB charges should have been received to and including the date the MPB charge information is actually received.

3.8. Errors in MPB data exchanged by the parties may be discovered by AT&T, BellSouth or the billable IXC. Both AT&T and BellSouth agree to provide the other party with notification of any discovered errors within two (2) business days of the discovery. The other party shall correct the error within eight (8) business days of notification and resubmit the data. In the event the errors cannot be corrected within the time period specified above, the erroneous data shall be considered lost. If MPB data is lost due to incorrectable errors or otherwise, the parties shall follow the procedures set forth in the Customer Billing Data Attachment of this Agreement and compensate the other for the lost MPB billing data.

3.9. In the event AT&T purchases from BellSouth Network Elements, or Combination thereof, in a LATA other than the LATA to or from which the MPB services are homed and in which BellSouth operates an access tandem, BellSouth shall, except in instances of capacity limitations, permit and enable AT&T to sub-tend the BellSouth access tandem switch(es) nearest to the AT&T rating point(s) associated with the NPA-NXX(s) to/from which the MPB services are homed. In instances of capacity

limitation at a given access tandem switch, AT&T shall be allowed to subtend the next-nearest BellSouth access tandem switch in which sufficient capacity is available. The MPB percentages for each new rating point/access tandem pair shall be calculated in accordance with MECAB and MECOD.

3.10. Neither AT&T nor BellSouth will charge the other for the services rendered, or for information provided pursuant to Section 4 of this Attachment except those MPB charges specifically set forth herein. Both parties will provide the other a single point of contact to handle any MPB questions.

4. Collocation

When AT&T collocates with BellSouth in BellSouth's facility as described in this Agreement, capital expenditures (e.g., costs associated with building the "cage"), shall not be included in the Connectivity Bill provided to AT&T pursuant to this Attachment. All such capital expenses shall be given a unique BAN (as defined in Section 7, below) and invoice number. All invoices for capital expenses shall be sent to the location specified by AT&T for payment. All other non-capital recurring collocation expenses shall be billed to AT&T in accordance with this Agreement. The CABS Billing Output Specifications ("BOS") documents provide the guidelines on how to bill the Connectivity Charges associated with collocation. The bill label for those collocation charges shall be entitled "Expanded Interconnection Service." For those nonmechanized connectivity bills formatted according to SECAB, the bill label for non-capital recurring collocation expenses shall be entitled "Collocation."

5. Mutual Compensation

5.1. The parties shall bill each other reciprocal compensation in accordance with the standards set forth in this Agreement for Local Traffic terminated to the other party's customer, where both such customers bear NPA-NXX designations associated with the same LATA or other authorized area (e.g., extended area service zones in adjacent LATAs). Such Local Traffic shall be recorded and transmitted to AT&T in accordance with this Attachment. Further, the Local Traffic exchanged pursuant to this Attachment shall be measured in billing minutes of use and shall be in actual conversation seconds. The total conversation seconds per chargeable traffic type will be totaled for the entire monthly billing cycle and then rounded to the next whole conversation minute. Reciprocal compensation for the termination of this Local Traffic shall be in accordance with in Part IV to this Agreement.

6. Local Number Portability

6.1. In accordance with the terms and conditions set forth in this Attachment 6, BellSouth shall record and provide to AT&T all detail information associated with a call to an AT&T local exchange customer whose telephone number has been ported from BellSouth under INP as further described in the Local Number Portability Attachment to this Agreement.

6.2. When an IXC terminates an interLATA or IntraLATA toll call to an AT&T local exchange customer whose telephone number has been ported from BellSouth, the parties agree that AT&T shall receive those IXC access charges associated with end office switching, local transport, RIC and CCL, as appropriate, and such other applicable charges. BellSouth shall be entitled only to receive any access tandem fees and associated local transport charges, and any INP fees (i.e., such as RCF charges) set forth in this Agreement. When a call for which access charges are not applicable is terminated to an AT&T local exchange customer whose telephone number has been ported from BellSouth, the parties agree that the mutual compensation arrangements described in this Agreement shall apply.

7. Issuance of Connectivity Bills - General

7.1. BellSouth and AT&T will issue all Connectivity Bills in accordance with the terms and conditions set forth in this Section. BellSouth and AT&T will establish monthly billing dates ("Bill Date") for each Billing Account Number ("BAN"), as further defined in the CABS/SECAB documents. On Connectivity Bills BellSouth renders to AT&T, BANs shall be 13 character alpha/numeric and there shall only be one BAN per Revenue Accounting Office ("RAO"). The Bill Date shall be the same day month to month for all BANs, except that the 4th, 7th or 13th of each month will not be used as a Connectivity Bill Date for Connectivity Bills BellSouth renders to AT&T. Each BAN shall remain constant from month to month, unless changed as agreed to by the parties. Each party shall provide the other party at least thirty (30) calendar days written notice prior to changing, adding or deleting a BAN. The parties will provide one Connectivity Billing invoice associated with each BAN. Each invoice must contain an invoice number (which will vary from month to month). On each bill associated with a BAN, the appropriate invoice number and the charges contained on such invoice must be reflected. All Connectivity Bills must be received by the other party no later than ten (10) calendar days from Bill Date and at least twenty (20) calendar days prior to the payment due date (as described in this Attachment), whichever is earlier. Any Connectivity Bill received on a Saturday, Sunday or a day designated as a holiday by the Chase Manhattan Bank of New York (or such other bank as AT&T shall specify)

will be deemed received the next business day. If either party fails to receive Connectivity Billing data and information within the time period specified above, the payment due date will be extended by the number of

7.2. BellSouth and AT&T shall issue all Connectivity Bills containing such billing data and information in accordance with CABS Version 26.0 or SECAB Issue 4, or such later versions of CABS or SECAB as are published by Bellcore, or its successor, except that if the parties enter into a meet-point billing arrangement, such Connectivity Billing data and information shall also conform to the standards set forth in the MECAB document, or such later versions as are adopted by Bellcore, or its successor. To the extent that there are no CABS, SECAB, or MECAB standards governing the formatting of certain data, such data shall be issued in the format specified by AT&T. Notwithstanding the above, BellSouth may issue AT&T Connectivity Bills in CRIS/CLUB format as provided herein.days the Connectivity Bill is late.

7.3. By no later than September 1, 1996, each party will provide the other party written notice of which Connectivity Bills are to be deemed the official bills to assist the parties in resolving any conflicts that may arise between the official bills and other bills received via a different media which purportedly contain the same charges as are on the official bill. If either party requests an additional copy(ies) of a bill, such party shall pay the other party a reasonable fee per additional bill copy, unless such copy was requested due to errors, omissions, or corrections or the failure of the transmission to comply with the specifications set forth in this Agreement.

7.4. When sending Connectivity Bills via electronic transmission, to avoid transmission failures or the receipt of Connectivity Billing information that cannot be processed, the parties shall provide each other with their respective process specifications. AT&T shall comply with BellSouth's processing specifications when AT&T transmits Connectivity Billing data to BellSouth. BellSouth shall comply with AT&T's processing specifications when BellSouth transmits Connectivity Billing data to AT&T. AT&T and BellSouth shall provide each other reasonable notice if a Connectivity Billing transmission is received that does not meet such party's specifications or that such party cannot process. Such transmission shall be corrected and resubmitted to the other party, at the resubmitting party's sole expense, in a form that can be processed. The payment due date for such resubmitted transmissions will be twenty (20) days from the date that the transmission is received in a form that can be processed and that meets the specifications set forth in this Attachment.

8. Electronic Transmissions

8.1. BellSouth and AT&T agree that each party will transmit Connectivity Billing information and data in the appropriate CABS or SECAB format electronically via Connect:Direct (formerly known as Network Data Mover) to the other party at the location specified by such party. The parties agree that a T1.5 or 56kb circuit to Gateway for Connect: Direct is required. AT&T data centers will be responsible for originating the calls for data transmission via switched 56kb or T1.5 lines. If BellSouth has an established Connect: Direct link with AT&T, that link can be used for data transmission if the location and applications are the same for the existing link. Otherwise, a new link for data transmission must be established. BellSouth must provide AT&T/Alpharetta its Connect: Direct Node ID and corresponding VTAM APPL ID before the first transmission of data via Connect:Direct. AT&T's Connect: Direct Node ID is "NDMATTA4" and VTAM APPL ID is "NDMATTA4" and must be included in BellSouth's Connect:Direct software. AT&T will supply to BellSouth its RACF ID and password before the first transmission of data via Connect:Direct. Any changes to either party's Connect: Direct Node ID must be sent to the other party no later than twenty-one (21) calendar days before the changes take effect.

8.2. The following dataset format shall be used as applicable for those connectivity charges transmitted via Connect:Direct in **CABS** format:

Production Dataset

AF25.AXXXXYYY.AZZZ.DDDEE	Production Dataset Name
AF25 =	Job Naming Convention
AXXXX =	Numeric Company Code
YYY =	LEC Remote
AZZZ =	RAO (Revenue Accounting Office)
DDD =	BDT (Billing Data Tape with or without CSR) Or CSR (Customer Service Record)
EE =	01 thru 31 (Bill Period) (optional) or GA (US Postal-State Code)

Test Dataset

AF25.ATEST.AXXXX.DDD	Test Dataset Name
AF25.ATEST =	Job Naming Convention
AXXXX =	Numeric Company Code

DDD =	BDT (Billing Data Tape with or without CSR) Or CSR (Customer Service Record)

8.3. The following dataset format should be used as applicable for those connectivity charges transmitted via Connect:Direct in **SECAB** format.

Production Dataset

AFSC.AXXXXYYY.A000.SECAB	Production Dataset Name
AFSC =	Job Naming Convention
AXXXX =	Numeric Company Code
YYY =	Alpha Company Name

Test Dataset

AFSC.ATEST.XXXXXX.SECAB	Test Dataset Name
AFSC.ATEST =	Job Naming Convention
XXXXXX =	Numeric Company Code

9. Tape or Paper Transmissions

9.1. In the event either party does not have Connect:Direct capabilities upon the effective date of this Agreement, such party agrees to establish Connect:Direct transmission capabilities with the other party within the time period mutually agreed and at the establishing party's expense. Until such time, the parties will transmit billing information to each other via magnetic tape or paper, as agreed to by AT&T and BellSouth. Connectivity billing information and data contained on magnetic tapes or paper for payment shall be sent to the parties at the following locations. The parties acknowledge that all tapes transmitted to the other party via U.S. Mail or Overnight Delivery and which contain Connectivity Billing data will not be returned to the sending party.

TO AT&T:

Tape Transmissions via U.S. Mail:	AT&T 300 North Point Parkway FLOC 217M01 Alpharetta, Georgia 30202 Attn: Access Bill Coordinator
Tape Transmissions via Overnight Delivery:	AT&T 500 North Point Parkway FLOC B1404 Alpharetta, Georgia 30302 Attn: Access Bill Coordinator

Paper Transmissions via U.S. Mail:	AT&T Caller Service 6908 Alpharetta, Georgia 30202 Attn: Access Bill Coordinator
Paper Transmissions via Overnight Delivery:	AT&T 500 North Point Parkway FLOC B1404 Alpharetta, Georgia 30302 Attn: Access Bill Coordinator

TO BellSouth:

Tape Transmissions:	Attn:
Paper Transmissions:	Attn:

10.2 Each party will adhere to the tape packaging requirements set forth in this subsection. Where magnetic tape shipping containers are transported in freight compartments, adequate magnetic field protection shall be provided by keeping a typical 6-inch distance from any magnetic field generating device (except a magnetron-tape device). The parties agree that they will only use those shipping containers that contain internal insulation to prevent damage. Each party will clearly mark on the outside of each shipping container its name, contact and return address. Each party further agrees that it will not ship any Connectivity Billing tapes in tape canisters.

10.3 All billing data transmitted via tape must be provided on a cartridge (cassette) tape and must be of high quality, conform to the parties' record and label standards, 9-track, odd parity, 6250 BPI, group coded recording mode and extended binary-coded decimal interchange code ("EBCDIC"). Each reel of tape must be 100% tested at 20% or better "clipping" level with full width certification and permanent error free at final inspection. AT&T reserves the right to destroy a tape that has been determined to have unrecoverable errors. AT&T also reserves the right to replace a tape with one of equal or better quality.

10.4 Billing data tapes shall have the following record and label standards. The dataset serial number on the first header record of an IBM standard tape label also shall have the following format.

	CABS BOS	SECAB
Record Length	225 bytes (fixed length)	250 bytes (fixed length
Blocking factor	84 records per block	Not Applicable
Block size	18,900 bytes per block	Not Applicable
Labels	Standard IBM Operating System	Standard IBM Operating System

10.5 A single 6-digit serial number must appear on the external (flat) surface of the tape for visual identification. This number shall also appear in the "dataset serial number field" of the first header record of the IBM standard tape label. This serial number shall consist of the character "V" followed by the reporting location's four digit Originating Company Code and a numeric character chosen by the sending company. The external and internal label shall be the same. The dataset name shall appear on the flat side of the reel and also in the "data set name field" on the first header record of the IBM standard tape label. BellSouth's name, address, and contact shall appear on the flat side of the cartridge or reel.

10.6 Tape labels shall conform to IBM OS/VS Operating System Standards contained in the IBM Standard Labels Manual (GC26-3795-3). IBM standard labels are 80-character records recorded in EBCDIC, odd parity. The first four characters identify the labels:

Volume 1	Volume label
HDR1 and HDR2	Data set header labels
EOV1 and EOV2	Data set trailer labels (end-of-volume for multi-reel files)
EOF1 and EOF2	Data set trailer labels (end-of-data-set)

The HDR1, EOV1, and EOF1 labels use the same format and the HDR2, EOV2, and EOF2 labels use the same format.

10.7 The Standard Volume Label Format (Vol. 1) is described below:

FIELD NAME	CONTENTS
Label Identifier (3 bytes)	The characters "VOL" identify this label as a volume label.
Label Number (1 byte)	The relative position of this label within a set of labels of the same type; it is always a 1 for the IBM standard volume label.
Volume Serial Number (6 bytes)	A unique identification code, normally numeric characters (000001-999999), but may be alpha-numeric; if fewer than 6 characters, must be left-justified. This same code should also appear on the external (flat) surface of the volume for visual identification.
Reserved (1 byte)	Reserved for future use - should be recorded as blanks.
VTOC Pointer (10 bytes)	Direct-access volumes only. This field is not used for tape volumes and should be recorded as blanks.
Reserved (10 bytes)	Reserved for future use - should be recorded as blanks.
Owner Name and Address Code(10 bytes)	Indicates a specific customer, person, installation, department, etc., to which the volume belongs. Any code or name is acceptable.
Reserved (29 bytes)	Reserved for future use - should be recorded as blanks.

10.8 The IBM Standard Dataset Label 1 Format (HDR1, EOV1, EOF1) is described be

FIELD NAME	CONTENTS
Label Identifier (3 bytes)	Three characters that identify the label are: HDR Header label (at the beginning of a dataset) EOV Trailer label (at the end of a tape volume, when the dataset continues on another volume) EOF Trailer label (at the end of a dataset).
Label Number (1 byte)	The relative position of this label within a set of labels of the same type; it is always a 1 for dataset label 1.

FIELD NAME	CONTENTS
Dataset Identifier (17 bytes)	The rightmost 17 bytes of the dataset name (includes GnnnnVnn if the dataset is part of a generation data group). If the dataset name is less than 17 bytes, it is left-justified and the remainder of this field is padded with blanks.
Dataset Serial Number (6 bytes)	The volume serial number of the tape volume containing the dataset. For multi-volume datasets, this field contains the serial number of the first volume of the aggregate created at the same time. The serial number can be any 6 alphanumeric characters, normally numeric (000001-999999). If the number of characters is fewer than 6 characters, the code must be left-justified and followed by blanks.
Volume Sequence Number (4 bytes)	A number (0001-9999) that indicates the order of volume within the multi-volume group created at the same time. This number is always 0001 for a single volume dataset.
Dataset Sequence Number (4 bytes)	A number (0001-9999) that indicates the relative position of the dataset within a multi-dataset group. This number is always 0001 for a single dataset organization.
Generation Number (4 bytes)	If the dataset is part of a generation data group, this field contains a number from 0001 to 9999 indicating the absolute generation number (the first generation is recorded as 0001). If the dataset is not part of a generation data group, this field contains blanks.
Version Number Of Generation (2 bytes)	If the dataset is part of a generation data group, this field a number from 00 to 99 indicating the version number of the generation (the first version is recorded as 00). If the dataset is not part of a generation data group, this field contains blanks.
Creation Date (6 bytes)	Year and day of the year when the dataset was created. The date is shown in the format byyddd where: b = blank yy = year(00-99) ddd = day(001-366)
Expiration Date (6 bytes)	Year and day of the year when the dataset may be scratched or overwritten. The data is shown in the format byyddd where: b = blank yy = year (00-99) ddd = day (001-366)
Dataset Security (1 byte)	A code number indicating the security status of the dataset is as follows: 0 No password protection 1 Password protection Additional identification of the dataset is required before it can be read, written, or deleted (ignored if volume is RACF-defined) 3 Password protection Additional identification of the dataset is required before it can be read, written, or deleted (ignored if volume is RACF-defined).

FIELD NAME	CONTENTS
Block Count (6 bytes)	This field in the trailer label shows the number of data blocks in the dataset on the current volume. This field in the header label is always zeros (000000).
System Code (13 bytes)	Unique code that identifies the system.
Reserved (7 bytes)	Reserved for future use - should be recorded as blanks.

10.9 The IBM Standard Dataset Label 2 Format (HDR2, EOV2, EOF2) always follows dataset label 1 and contains additional information about the associated dataset as described below:

FIELD NAME	CONTENTS
Label Identifier (3 bytes)	Three characters that identify the label are as follows: HDR Header label (at the beginning of a dataset) EOV Trailer label (at the end of a tape volume, when the dataset continues on another volume) EOF Trailer label (at the end of a dataset).
Label Number (1 byte)	The relative position of this label within a set of labels of the same type; it is always a 2 for dataset label 2.
Record Format (1 byte)	An alphabetic character that indicates the format of records in the associated dataset as follows: F Fixed length V Variable length U Undefined length.
Block Length (5 bytes)	A number up to 32760 that indicates the block length, in bytes. Interpretation of the number depends on the following associated record format in Field 3: Format F - Block length (must be a multiple of the logical record length in Field 5) Format V - Maximum block length (including the 4 byte length indicator in the block) Format U - Maximum block length.
Record Length (5 bytes)	A number that indicates the record length, in bytes. Interpretation of the number depends on the following associated record format in Field 3: Format F - Logical record length Format V - Maximum logical record length (including the 4 byte length indicator in the records) Format U - Zeros.

FIELD NAME	CONTENTS
Tape Density (1 byte)	A code indicating the record density of the tape, as follows: Recording Density DEN Value 9-Track Tape 3 1600 (PE) 4 6250 (GCR) PE - is for phase encoded mode GCR - is for group coded recording mode.
Dataset Position (1 byte)	A code, indicating a volume switch, is as follows: 0 - No volume switch has occurred 1 - A volume switch previously occurred.
Job/Job Step (17 bytes)	Identification of the job and job step that created the dataset. The first 8 bytes contain the name of the job, the ninth byte is a slash (/), and the final 8 bytes contain the name of the job step.
Tape Recording Technique (2 bytes)	A code or blanks indicating the tape recording technique used. This field is recorded as blanks for 9-track tape. The only technique available for 9-track tape is odd parity and no translation.
Control Characters (1 byte)	A code indicating whether a control character set was used to create the dataset and the type of control characters used: A Contains ASCII control characters M Contains machine control characters b Contains no control characters.
Reserved (1 byte)	Reserved for future use - should be recorded as blanks.
Block Attribute (1 byte)	A code indicating the block attribute used to create the dataset: B Blocked records S Spanned records R Blocked and spanned records b No blocked and no spanned records.
Reserved (8 bytes)	Bytes 40-42 - reserved for future use -should be blanks. Bytes 43-47 - (3420 tape units only) serial number of creating tape unit. Blank for other units.
Checkpoint Dataset (1 byte)	In VS2-Release 2, this byte contains the identifier character C if the dataset is a checkpoint dataset; the byte is blank if the dataset is not a check point dataset or in other releases of the VS systems.
Reserved (32 bytes)	Reserved for future use - should be recorded as blanks.

10. Testing Requirements

10.1. Within thirty (30) days of the execution of this Agreement, BellSouth shall send to AT&T connectivity bill data in the appropriate mechanized format (i.e. CABS or SECAB) for testing to ensure that bills can be processed

and that bills comply with the requirements of this Attachment. After receipt of the test data from BellSouth AT&T will notify BellSouth if the connectivity billing transmission meets AT&T's testing specifications. If the transmission fails to meet AT&T's testing specifications, BellSouth shall make the necessary corrections. At least three (3) sets of testing data must meet AT&T's testing specifications prior to BellSouth sending AT&T a mechanized production connectivity bill for the first time via electronic transmission or tape. Thereafter, BellSouth may begin sending AT&T mechanized production connectivity bills on the next Bill Date, or within ten (10) days, whichever is later.

10.2. At least 30 days prior to changing mechanized formats (e.g., from SECAB to CABS), BellSouth shall send to AT&T connectivity bill data in the appropriate mechanized format for testing to ensure that the bills can be processed and that the bills comply with the requirements of this Attachment. BellSouth agrees that it will not send AT&T bill data in the new mechanized format until such bill data has met the testing specifications as set forth in this subsection.

10.3. BellSouth shall provide to AT&T's Company Manager, located at 500 North Point Parkway, FLOC B1104B, Alpharetta, Georgia 30302, BellSouth's originating or state level company code so that it may be added to AT&T's internal tables at least thirty (30) calendar days prior to testing or prior to a change in BellSouth's originating or state level company code.

10.4. During the testing period, BellSouth shall transmit to AT&T Connectivity Billing data and information via paper transmission. Test tapes shall be sent to AT&T at the following location:

Test Tapes:	AT&T 500 North Point Parkway FLOC B1104B Alpharetta, Georgia 30302 Attn: Access Bill Testing Coordinator

11. Additional Requirements

11.1. BellSouth agrees that if it transmits data to AT&T in a mechanized format, BellSouth will also comply with the following specifications which are not contained in CABS or SECAB guidelines but which are necessary for AT&T to process Connectivity Billing information and data:

- The BAN shall not contain embedded spaces or low values.
- The Bill Date shall not contain spaces or non-numeric values.
- Each Connectivity Bill must contain at least one detail record.
- Any "From" Date should be less than the associated "Thru" Date and neither date can contain spaces.
- The Invoice Number must not have embedded spaces or low values.

11.2. For those Connectivity Charges billed in a mechanized format and in accordance with SECAB's format, BellSouth agrees to comply with the additional requirement set forth below:

- All data denoted as IC preference is required.
- When the Company Code is not a State Level Company Code, the State Identification should be the state from which charges were incurred.
- The SECAB Inventory and Rating Record Information for a Connectivity Bill will be provided monthly.
- In a multiple state or multiple Exchange Carrier (EC) environment, the STATE IDENTIFICATION on the Face Page (SCFAC1) Record should be populated with XX. This indicates the amounts on Summary Page 1-3 (SCSUM1, SCSUM2 and SCSUM3) Records represent the sum of multiple Summary Pages 4 and 5 (SCSUM4 and SCSUM5) Records.
- The mechanized records should be sent in the following sequence. (All records have been denoted, however they should be sent only when the production of the record is applicable as described in the SECAB document.)

RECORD		
SCFILE		
SCHEAD		
SCFAC1		
SCFAC2		
SCFAC3		
SCFAC4		
SCSUM1		
SCSUM2		
SCSUM3		
SCDSS1		
SCSUM4	NOTE:	GROUP BY COMPANY - SCSUM4, SCSUM5,
SCSUM5		SCDSS2; SCSUM4,
SCDSS2		SCSUM5, SCDSS2; etc...

SCADJ1
SCOCC1
SCUSG1
SCFCTR
SCSURG
SCTAX1
SCCKTL

SCSPC1
SCSPC2
SCSPC3

NOTE: GROUP BY CIRCUIT CHARGE - SCSPC1, SCSPC2, SCSPC3; SCSPC1, SCSPC2, SCSPC3, etc...

SCEND1
SCEND2

12. Bill Accuracy Certification

The Parties agree that in order to ensure the proper performance and integrity of the entire Connectivity Billing process, BellSouth will be responsible and accountable for transmitting to AT&T an accurate and current bill. BellSouth agrees to implement control mechanisms and procedures to render a bill that accurately reflects the Elements, Combination and Local Services ordered and used by AT&T. Accordingly, AT&T and BellSouth agree to work diligently and in good faith to develop a pre-bill certification process by December 31, 1996 for Connectivity Bills rendered pursuant to this Agreement

13. Payment Of Charges

13.1. Subject to the terms of this Agreement, AT&T and BellSouth will pay each other within thirty (30) calendar days from the Bill Date, or twenty (20) calendar days from the receipt of the bill, whichever is later. If the payment due date is a Sunday or is a Monday that has been designated a bank holiday by the Chase Manhattan Bank of New York (or such other bank as AT&T specifies), payment will be made the next business day. If the payment due date is a Saturday or is on a Tuesday, Wednesday, Thursday or Friday that has been designated a bank holiday by the Chase Manhattan Bank of New York (or such other bank as AT&T specifies), payment will be made on the preceding business day.

13.2. Payments shall be made in U.S. Dollars via electronic funds transfer ("EFT") to the other party's bank account. At least thirty (30) days prior to the first transmission of Connectivity Billing data and information for

payment, BellSouth and AT&T shall provide each other the name and address of its bank, its account and routing number and to whom Connectivity Billing payments should be made payable. If such banking information changes, each party shall provide the other party at least sixty (60) days written notice of the change and such notice shall include the new banking information. The parties will render payment via EFT. AT&T will provide BellSouth with one address to which such payments shall be rendered and BellSouth will provide to AT&T with only one address to which such payments shall be rendered. In the event AT&T receives multiple Connectivity Bills from BellSouth which are payable on the same date, AT&T may remit one payment for the sum of all Connectivity Bills payable to BellSouth's bank account specified in this subsection. Each party shall provide the other party with a contact person for the handling of Connectivity Billing payment questions or problems.

14. Billing Disputes

14.1. Each party agrees to notify the other party upon the discovery of a billing dispute. In the event of a billing dispute, the parties will endeavor to resolve the dispute within sixty (60) calendar days of the Bill Date on which such disputed charges appear. Resolution of the dispute is expected to occur at the first level of management resulting in a recommendation for settlement of the dispute and closure of a specific billing period. The parties shall replicate the bill closure procedures set forth in the Access Billing Supplier Quality Certification Operating Agreement. Closure of a specific billing period will occur by joint agreement of the parties whereby the parties agree that such billing period is closed to any further analysis and financial transactions, except those resulting from an Audit as described in Section 11 of the General Section of this Agreement. Closure will take place within three (3) months of the Bill Date. The month being closed represents those Connectivity Charges that were billed or should have been billed by the respective Bill Date. If the issues are not resolved within the allotted time frame, the following resolution procedure will begin:

14.1.1. If the dispute is not resolved within sixty (60) days of the Bill Date, the dispute will be escalated to the second level of management for each of the respective parties for resolution.

14.1.2. If the dispute is not resolved within ninety (90) days of the Bill Date, the dispute will be escalated to the third level of management for each of the respective parties for resolution.

14.1.3. If the dispute is not resolved within one hundred and twenty (120) days of the Bill Date, the dispute will be escalated to the fourth level of management for each of the respective parties for resolution.

14.1.4. If the dispute is not resolved within one hundred and fifty (150) days of the Bill Date, the dispute will be resolved in accordance with the procedures set forth in the Section 16 of the General Section of this Agreement and Attachment 1.

14.2. If a party disputes a Connectivity Charge and does not pay such charge by the payment due date, such charges shall be subject to late payment charges as set forth in the Late Payment Charges provision of this Attachment. If a party disputes Connectivity Charges and the dispute is resolved in favor of such party, the other party shall credit the Connectivity Bill of the disputing party for the amount of the disputed charges along with any late payment charges assessed no later than the second Bill Date after the resolution of the dispute. Accordingly, if a party disputes Connectivity Charges and the dispute is resolved in favor of the other party, the disputing party shall pay the other party the amount of the disputed charges and any associated late payment charges assessed no later than the second bill payment due date after the resolution of the dispute. In no event, however, shall any late payment charges be assessed on any previously assessed late payment charges.

15. Late Payment Charges

If either party fails to remit payment for any Connectivity Charges described in this Attachment by the payment due date, or if a payment or any portion of a payment is received by either party after the payment due date, or if a payment or any portion of a payment is received in funds which are not immediately available to the other party, then a late payment penalty shall be assessed. The late payment charge shall be calculated based on the portion of the payment not received by the payment date times the highest interest rate (in decimal value) which may be levied by law for commercial transactions, compounded daily for the number of days from the payment date to and including the date that payment is actually made. In no event, however, shall interest be assessed on any previously assessed late payment charges.

16. Adjustments

Subject to the terms of this Attachment, BellSouth will reimburse AT&T for incorrect Connectivity Billing charges; overcharges; Local Services Elements, or any Combination thereof, ordered or requested but not delivered; interrupted Local Services associated with any Element, or combination thereof; ordered or requested; Local Services, Elements, or Combination thereof, of poor quality; and installation problems if caused by BellSouth. Such reimbursements shall be set forth in the appropriate section of the Connectivity Bill pursuant to CABS, or SECAB standards.

17. Recording Of Call Information

17.1. The parties agree to record call information in accordance with this subsection. To the extent technically feasible, each party will record all call detail information associated with every call originated or terminated to the other party's local exchange customer. The parties agree that they will record call detail information if technically feasible even if such certain records or call detail information has not been recorded in the past. These records shall be provided at a party's request and shall be formatted pursuant to Bellcore standards and the terms and conditions of this Agreement. These records shall be transmitted to the other party daily in EMR format via Connect:Direct, provided however that if AT&T and BellSouth do not have Connect:Direct capabilities, such records shall be transmitted as the parties agree. BellSouth and AT&T agree that they will retain, at each party's sole expense, copies of all AMA records transmitted to the other party for at least seven (7) calendar days after transmission to the other party.

17.2. Each party will provide the other party with a carrier identification code ("CIC") on each EMR record transmitted to the other party. If BellSouth does not have a CIC for any local exchange carrier, BellSouth or IXC for whom BellSouth must supply to AT&T Connectivity Billing records or information pursuant to this Attachment, BellSouth agrees that it will assist the local exchange carrier, BellSouth or IC in obtaining a CIC expeditiously. Until the local exchange carrier, BellSouth or IXC has received a CIC, BellSouth agrees that it will submit its CIC to AT&T on those records for billing and payment. BellSouth further agrees that it will then be responsible for obtaining reimbursement for the respective charges from the appropriate carrier. Likewise, if AT&T does not have a CIC for any local exchange carrier, BellSouth or IXC for whom AT&T must supply to BellSouth Connectivity Billing records or information pursuant to this Attachment, AT&T agrees that it will assist the local exchange carrier, BellSouth or IXC in obtaining a CIC expeditiously. Until the local exchange carrier, BellSouth or IXC has received a CIC, AT&T agrees that it will submit its CIC to BellSouth on those records for billing and payment. AT&T further agrees that it will then be responsible for obtaining reimbursement for the respective charges from the appropriate carrier.

17.3. The parties agree that it will meet the following performance measurements for the provision of EMR records:

17.3.1. Timeliness: Of the total number of records recorded each day, 99% of all such records should be received within five (5) calendar days of their recording. Of the total number of records recorded each day, 100% of all such records should be received within ten (10) calendar days of their recording.

17.3.2. Accuracy: There should be no more than 60 errors per one (1) million records transmitted.

17.3.3. Completeness: There should be no more than 20 omissions per one (1) million records.

17.4. The parties agree that they will provide each other a single person to contact regarding any data exchange problems.

18. Examination Of Records

Without waiver of and in addition to the Audit rights in the General part of this Agreement, upon reasonable notice and at reasonable times and in accordance with the Access Billing Supplier Quality Certification Operating Agreement, AT&T or its authorized representatives may examine BellSouth's documents, systems, records and procedures which relate to the billing and recording of the Connectivity Charges to AT&T under this Attachment 6.

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PROVISION OF CUSTOMER USAGE DATA

1. Introduction

1.1 This Attachment sets forth the terms and conditions for BellSouth's provision of Recorded Usage Data (as defined in this Attachment) to AT&T. Recorded Usage Data shall be provided by BellSouth to AT&T when AT&T purchases Network Elements, Combinations, or Local Services from BellSouth.

2. General Requirements for Recorded Usage Data

2.1 BellSouth shall provide AT&T with Recorded Usage Data in accordance with this Attachment.

2.2 BellSouth's provision of Recorded Usage Data to AT&T shall be in accordance with AT&T's Direct Measures of Quality (DMOQs) set forth in Appendix I of this Attachment.

2.3 BellSouth shall retain Recorded Usage Data in accordance with applicable law and regulation.

3. Usage Data Specifications

3.1 BellSouth will record all usage originating from AT&T Customers using BellSouth-provided Element or Local Services. Recorded Usage Data includes, but is not limited to, the following categories of information:

- Call Attempts
- Completed Calls
- Use Of CLASS/LASS/Custom Features
- Calls To Information Providers Reached Via BellSouth Facilities And Contracted By BellSouth
- Calls To Directory Assistance Where BellSouth Provides Such Service To An AT&T Customer
- Calls Completed Via BellSouth-Provided Operator Services Where BellSouth Provides Such Service To AT&T's Local Service Customer
- For BellSouth-Provided Centrex Service, Station Level Detail
- Records Shall Include Complete Call Detail And Complete Timing Information
- Recording Of Completed Calls Which BellSouth Does Not Record For Its Own Service Offerings (e.g., Flat Rate Free Calling Area Service)

3.2 BellSouth shall provide to AT&T Recorded Usage Data for AT&T Customers only. BellSouth will not submit other carrier local usage data as part of the AT&T Recorded Usage Data.

3.3 Calls to Information Service Providers referenced in Section 3.1 preceding shall be provided to AT&T in rated format for billing to the customer. BellSouth acknowledges and agrees that upon the execution of this Agreement BellSouth will continue to rate and bill Information Service Providers as in the normal manner prior to the execution of this Agreement until AT&T notifies BellSouth that AT&T is able to bill such calls to Information Service Providers in rated format.

3.4 The parties also agree to establish settlement procedures to permit AT&T to recourse to BellSouth amounts AT&T Customers refuse to pay for these rated information provider charges forwarded by BellSouth to AT&T for billing.

3.5 End user customer usage records and station level detail records shall be in packs in accordance with EMR standards.

4. **Recorded Usage Data Format**

4.1 BellSouth will provide Recorded Usage Data in the EMR format and by category, group and record type, as specified in the AT&T Customer Usage Data Transfer Requirements, ("Data Requirements"), which is attached hereto and incorporated herein as Appendix II.

4.2 BellSouth shall include the Working Telephone Number (WTN) of the call originator on each EMR call record.

4.3 End user customer usage records and station level detail records shall be in packs in accordance with EMR standards.

5. **Recorded Usage Data Reporting Requirements**

5.1 BellSouth shall segregate and organize the Recorded Usage Data in accordance with AT&T's instructions.

5.2 BellSouth shall provide segregated Recorded Usage Data to multiple AT&T biller locations as designated by AT&T.

5.3 BellSouth, at no cost to AT&T, shall transmit Data Requirements formatted Recorded Usage Data to AT&T via CONNECT:Direct as designated by AT&T.

5.4 AT&T will test and certify the CONNECT:Direct interface to ensure the accurate receipt of Recorded Usage Data. BellSouth shall make any changes necessary to pass the AT&T CONNECT:Direct certification process.

5.5 BellSouth shall provide Recorded Usage Data to AT&T on a schedule to be determined by the parties once a day three hundred sixty-five (365) days a year, as designated by AT&T. BellSouth shall provide to AT&T the Recorded

Usage Data not more than twenty-four (24) hours after termination of the call for which usage data is to be provided.

5.6 BellSouth will establish a single point of contact to respond to AT&T call usage, data error, and record transmission inquiries.

5.7 The Recorded Usage Data EMR format, content, and transmission process will be tested as specified by AT&T.

5.8 When requested by AT&T for security purposes, BellSouth shall provide AT&T with Recorded Usage Data within two (2) hours of the call completion. If not available in EMR format, the Recorded Usage Data may be provided in AMA format.

6. Recording Failures

6.1 **Loss of Recorded Usage Data** - AT&T Recorded Usage Data determined to have been lost, damaged or destroyed as a result of an error or omission by BellSouth in its performance of the recording function shall, upon AT&T's request, be recovered by BellSouth at no charge to AT&T. In the event the data cannot be recovered by BellSouth, BellSouth shall estimate the messages and associated revenue, with assistance from AT&T, based upon the method described below. This method will be applied on a consistent basis, subject to modifications agreed to by BellSouth and AT&T. This estimate will be used to adjust amounts AT&T owes BellSouth for services BellSouth provides in conjunction with the provision of Recorded Usage Data.

6.1.1 **Partial Loss** - BellSouth shall review its daily controls to determine if data has been lost. When there has been a partial loss, actual message and minute volumes shall be reported, if possible. Where actual data are not available, a full day shall be estimated for the recording entity, as outlined in Section 6.1.3 following. The amount of the partial loss is then determined by subtracting the data actually recorded for such day from the estimated total for such day.

6.1.2 **Complete Loss** - Estimated message and minute volumes for each loss consisting of an entire AMA tape or entire data volume due to its loss prior to or during processing, lost after receipt, degaussed before processing, receipt of a blank or unreadable tape, or lost for other causes, shall be reported.

6.1.3 **Estimated Volumes** - From message and minute volume reports for the entity experiencing the loss, BellSouth shall secure message/minute counts for the four (4) corresponding days of the weeks preceding that in which the loss occurred and compute an average of these volumes. BellSouth shall apply the appropriate average revenue per message ("arpm") provided by AT&T to the estimated message volume to arrive at the estimated lost revenue.

Exceptions:

6.1.3.1 If the day of loss is not a holiday but one (1) (or more) of the preceding corresponding days is a holiday, use additional preceding weeks in order to procure volumes for two (2) non-holidays in the previous two (2) weeks that correspond to the day of the week that is the day of the loss.

6.1.3.2 If the loss occurs on a weekday that is a holiday (except Christmas), BellSouth shall use volumes from the two (2) preceding Sundays.

6.1.3.3 If the loss occurs on Mother's Day or Christmas, BellSouth shall use volumes from that day in the preceding year (if available).

6.2 AT&T may also request data be provided that has previously been successfully provided by BellSouth to AT&T. BellSouth shall reprovide such data, if available, at no additional charge to AT&T.

7. **Charges**

BellSouth shall bill and AT&T shall pay the charges set forth in Part IV for Recorded Usage Data. Billing and payment shall be in accordance with the applicable terms and conditions set forth in this Agreement.

8. **Local Account Maintenance**

8.1 When AT&T purchases Local Service from BellSouth, and, as appropriate, when AT&T purchases certain Unbundled Network Elements, BellSouth shall provide AT&T with Local Account Maintenance as described herein. These procedures are in addition to Service Order procedures set forth in Part I and Attachment 4 to the Agreement.

8.2 When notified by a CLEC that an AT&T Customer has switched to CLEC service, BellSouth shall provision the change, and notify AT&T via CONNECT:Direct within twenty-four (24) hours of the provisioning that the customer has changed to another service provider ("OUTPLOC").

8.3 When notified by AT&T that a customer has changed his/her PIC only from one interexchange carrier to another carrier, BellSouth shall provision the PIC only change and convey the confirmation of the PIC change via the work order completion feed.

8.4 If notified by an interexchange carrier using an '01' PIC order record that an AT&T Customer has changed his/her PIC only, BellSouth will reject the order and notify that interexchange carrier using an industry standard '3148' record with the Operating Company Number of the serving CLEC indicated, that an '01' CARE PIC record should be sent to the serving CLEC for processing

9. ***Clearinghouse and Incollect/Outcollect Procedures [To Be Provided]***

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APPENDIX I
TO
ATTACHMENT 7

DMOQ'S FOR
PROVISION OF CUSTOMER USAGE DATA

1. **Switched Services**

BellSouth will provide all Recorded Usage Information detail in an accurate timely manner. The format and content is described in the current Bellcore EXCHANGE MESSAGE RECORD (EMR) document.

2. **File Transfer**

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

Metric:

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

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

Measurement:

Rating	Criteria
Exceeds Expectations	6+ months of file transfers without a failure.
Meets Expectations	6 months of file transfers without a failure.
Does Not Meet Expectations	< 6 months of file transfers without failure.

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

3. **Timeliness**

BellSouth will mechanically transmit, via CONNECT:Direct, all usage records to AT&T's Message Processing Center three (3) times a day.
Measurement:
Rating Criteria
Exceeds Expectations ≥ 99.95% records delivered on the day call was recorded

Meets Expectations= 99.94% of all messages delivered on the day the call was recorded

Approaches Expectations = 99.94% of all messages delivered within 12 hours of the day the call was recorded Does Not Meet Expectations <99.94% of all messages delivered within 12 hours of the day the call was recorded

4. **Completeness**

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

Metric:

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

Measurement:
Rating Criteria
Exceeds Expectations 100% of all recorded records delivered

Meets Expectations ≥ 99.99% of all recorded records delivered

Approaches Expectations 99.95% to 99.98% of recorded records delivered

Does Not Meet Expectations ≤ 99.94% of all recorded records delivered

Note: Failure of BellSouth to transmit to AT&T 100% of all recorded messages shall result in a liability by BellSouth to AT&T for the lost revenue.

5. **Accuracy**

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

Metric:

$$\frac{\text{Total Number of Recorded Usage Data Transmitted Correctly}}{\text{Total Number of Recorded Usage Data Transmitted}} \times 100$$

Measurement:
Rating Criteria
Exceeds Expectations 100% of all recorded records delivered

Meets Expectations ≥ 99.99% of all recorded records delivered

Approaches Expectations 99.95% to 99.98% of all recorded records delivered

Does Not Meet Expectations ≤ 99.94% of all recorded records delivered

6. **Data Packs**

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

Measurement:

Rating Criteria
Exceeds Expectations 6+ months of Transmitted Packs without a rejected pack

Meets Expectations 6 months of Transmitted Packs without a rejected pack

Does Not Meet Expectations 1 Rejected Pack in a window of less than 3 months

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

Notes: All measurements will be on a Rolling Period.

7. **Recorded Usage Data Accuracy**

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

Measurement:

Severity 1:
Rating Criteria
Exceeds Expectations 100% of the MR fixed in ≤ 24 hours

Meets Expectations ≥90% of the MR fixed in ≤24 hours and 100% of the MR fixed in ≤5 Days

Does Not Meet Expectations < 90% of the MR fixed in ≤24 hours
or
< 100% of the MR fixed in > 5 Days

Severity 2:
Rating Criteria
Exceeds Expectations 100% of the MR fixed in ≤3 working

Days

Meets Expectations ≥90% of the MR fixed in 3 Days and
100% of the MR fixed in ≤10 Days

Does Not Meet Expectations < 90% of the MR fixed in ≤3 Days
or
<100 of the MR fixed in > 10 Days

8. **Usage Inquiry Responsiveness**

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

Rating Criteria
Meets Expectations 100% of the Inquires responded to within 24 hours
Does Not Meet Expectations ≤99.99% of the Inquiries responded to within 24 hours

9. **Dedicated Services**

Since dedicated services have no unique billing requirements for local service at this time, this is reserved for future use.

APPENDIX II
TO
ATTACHMENT 7

CUSTOMER USAGE DATA

TRANSFER REQUIREMENTS

SECTION I: SCOPE

1. **General**

This Appendix addresses the transmission by a BellSouth of AT&T Customer usage to AT&T.

2. **Usage Summary**

Messages will be transmitted, via a direct feed, to AT&T in standard EMR format.
The following is a list of EMR records that AT&T can expect to receive from BellSouth:

Header Record 20-20-01
Trailer Record 20-20-02
Detail Records* 01-01-01, 06, 07, 08, 09, 16, 18, 31, 32, 33, 35, 37,80, 81, 82, 83
10-01-01, 06, 07, 08, 09, 16, 18, 31, 32, 35, 37, 80, 81, 82, 83
Credit Records 03-01-XX
Rated Credits 41-01-XX
Cancel Records 51-01-XX
Correction Records 71-01-XX

*Category 01 is utilized for Rated Messages; Category 10 is utilized for Unrated Messages

In addition, BellSouth shall provide a 42-50-01 Miscellaneous Charge record to support the Special Features Star Services (see Subappendix F for specific details) if these features are part of BellSouth's offering.
For detailed information regarding EMR, refer to the current version of the BellCore Practice BR010-200-010 Appendix.

3. **Appendix Content**

This Appendix describes baseline requirements for the transfer of BellSouth recorded, unrated usage to AT&T. Testing requirements and the reports needed to ensure data integrity are also included. Additional requirements and implementation details may be identified for conditions unique to BellSouth. Modifications and/or exceptions to this Appendix must be negotiated and mutually agreed upon by BellSouth and AT&T.

SECTION II: RECORDED USAGE TO BE TRANSMITTED TO AT&T

1. **General**

This section addresses the types of usage to be transmitted by BellSouth to AT&T.

2. **Usage To Be Transferred To AT&T**

2.1 **AT&T Usage To Be Transferred**

The following messages recorded by BellSouth are to be transmitted to AT&T. BellSouth recorded usage includes all usage by AT&T Customers.

NOTE: Rated in collect messages should be transmitted via the direct feed and can be intermingled with the unrated messages. No special packing is needed.
Subject to Subsection II.2.1.1, at the discretion of AT&T, any of the above mentioned messages that cannot be rated and/or billed by AT&T may be returned to BellSouth via a direct returns feed. Returned messages will be sent to BellSouth in EMR format. Standard EMR return codes will be utilized.

2.1.1 For the period beginning upon the execution of this Agreement through November 15, 1996, the parties agree that if any of the above mentioned messages cannot be rated and/or billed by AT&T, BellSouth will work diligently and in good faith with AT&T to determine the cause of the problem and will work to expeditiously resolve the defect. Upon the execution of this Agreement, BellSouth will provide AT&T with a contact name and number for the resolution of any problems that may arise under this subsection. The parties further agree that if the number of problems that occur are de miminus, the process described in this subsection may be extended for the time period agreed to by the parties.

2.2 File transfer specifications are included within Section III of this Appendix II.

3. **AT&T Usage**

The Recorded Usage Data in a local resale environment includes all intraLATA toll and local usage. BellSouth will provide AT&T with unrated EMR

records associated with all intraLATA toll and local usage which they record on AT&T's behalf. Any Category, Group and/or Record types approved in the future for BellSouth will be included if they fall within the definition of local service resale. AT&T shall be given notification of implementation of a new type within the negotiated timeframes.

NOTE: BellSouth messages will be packed using the packing criteria outlined in Section III. 4.8 of this Appendix. It is important to note that all BellSouth messages will be packed together (intermingled) based on the appropriate AT&T Send To/Bill To RAO combination. Specific categories, groups, and record types will not be packed separately.

SECTION III: BELLSOUTH TO AT&T USAGE FEED

1. General

This section contains the information required for BellSouth to transmit to AT&T the usage defined in this Appendix, Section II. This section specifically addresses the dataset requirements and processing.

2. Detailed EMR Record Edits

AT&T will perform detailed record edits on the unrated and rated messages upon receipt from BellSouth. Messages that fail these edits may be returned to BellSouth as provided in this Appendix, Section II.2.1 and Section II.2.1.1;

3. Duplicate Record Checks

AT&T will perform record checks on the unrated and rated messages to validate that duplicate messages are not sent by BellSouth to AT&T.

4. BellSouth to AT&T Usage Feed

4.1 Usage Data Transport Requirements

BellSouth will provide the transport facility between BellSouth location and the AT&T location. It is AT&T's intent that usage data be transmitted via CONNECT:Direct whenever possible. In the event usage transfer cannot be accommodated by CONNECT:Direct because of extended (one (1) business day or longer) facility outages, or if facilities do not exist, BellSouth will contract for a courier service to transport the data via tape.

BellSouth will provide AT&T with contacts, Remote Identifiers (IDs), and expected usage data volumes for each sending location.

AT&T will provide contacts responsible for:
Receiving usage transmitted by BellSouth.
Receiving usage tapes from a courier service in the event of a facility outage.

4.2 Physical Characteristics

Data transported to AT&T on tape or cartridge via a courier will have the physical characteristics indicated in Subappendix A. AT&T's intent is for variable block format (2,476 bytes) with a LRECL of 2472.

4.3 Data Delivery Schedules

Data will be delivered to AT&T by BellSouth daily (Monday through Friday) unless otherwise negotiated. AT&T and/or BellSouth Data Center holidays are excluded. BellSouth and AT&T will exchange schedules of designated Data Center holidays.

4.4 Resending Data

AT&T will notify BellSouth of resend requirements if a pack or entire dataset must be replaced due to pack rejection, damage in transit, dataset name failure, etc.

4.5 Pack Rejection

Critical edit failure on the Pack Header or Pack Trailer records will result in pack rejection (e.g., detail record count not equal to grand total included in the pack trailer). Notification of pack rejection will be made by AT&T within one (1) business day of processing. Rejected packs will be corrected by BellSouth and retransmitted to AT&T by BellSouth.

4.6 Held Packs And Messages

AT&T and BellSouth will track pack number to control input based upon invoice sequencing criteria. BellSouth will be notified of sequence failures identified by AT&T and resend procedures are to be invoked.

4.7 Data Content Requirements

EMR is the format to be used for usage data provided to AT&T.

4.8 RAO Packing Requirements

A pack shall contain a minimum of one message record or a maximum of 9,999 message records plus a pack header record and a pack trailer record. A file transmission contains a maximum of 99 packs. A dataset shall contain a minimum of one pack. BellSouth will provide AT&T one dataset per sending location, with the agreed upon RAO/OCN populated in the Header and Trailer

records.

Within the Header and Trailer records, the FROM RAO identifies the location that will be sending usage to AT&T. BellSouth will populate the FROM RAO field with the unique numeric value identifying the location that is sending the data to AT&T. BellSouth will populate the Send To/Bill To RAO fields with the appropriate AT&T RAO values. Also, Pack Header and Trailer will have the OCN appropriately populated.

The FROM RAO, OCN, and Remote Identifiers will be used by AT&T to control invoice sequencing and each will have its own invoice controls. The FROM RAO will also be used to determine where the message returns file, containing any misdirected and unguidable usage, will be sent.

The file's Record Format (RECFM) will be Variable Block (VB) Size 2,476 and the Logical Record Length (LRECL) will be 2,472 bytes. Compaction requirements can be found in Subappendix B hereto.

AT&T has no special sort requirements for the packs sent by BellSouth.

4.9 Dataset Naming Convention

BellSouth will transmit the usage to AT&T using the following dataset naming conventions. The dataset name (DSN) will be partitioned into five nodes, separated by periods as follows:

NODE 1BB3PX*NN**
NODE 2.IBMUP
NODE 3 (To be determined during negotiations)
NODE 4.USAGE

NODE 5.G*NNNNV** (Generational Dataset to be incremented by sender).
*The italicized "*N*" represents numeric fields determined during negotiations.

4.10 Control Reports

AT&T accepts input data provided by BellSouth in EMR format in accordance with the requirements and specifications detailed in this section of the attachment. In order to ensure the overall integrity of the usage being transmitted from BellSouth to AT&T, data transfer control reports will be required. These reports shall be provided by AT&T to BellSouth on a daily or otherwise negotiated basis and reflect the results of the processing for each pack transmitted by BellSouth.

4.11 Message Validation Reports

AT&T will provide the following three (3) daily (or otherwise negotiated) Message Validation reports to the designated BellSouth System Control Coordinator. These reports will be provided for all data received within BellSouth Local Resale Feed and will be transmitted Monday through Friday whether or not there have been any files transmitted.

4.11.1 Message Validation Pack Reject Report (A7287)

This report provides information on packs rejected by AT&T. It lists the header and trailer record of each rejected pack and indicates the error codes and the associated error message which explains why the pack was rejected.

An example of the report and a list of Valid Error Codes and associated error messages are provided in Subappendix B hereto.

4.11.2 Message Validation Pack Accepted Report (A7288)

This report provides vital statistics and control totals by Record ID, Type of Service, Message Counts and Record Counts, for all valid, rejected and dropped messages. The information is provided in the following report formats and control levels:

1. BellSouth Total Messages
2. BellSouth Total Records
3. RAO Total Messages
4. RAO Total Records
5. Pack Total (Record Counts and Message Counts)

The first four report formats include percentages that indicate the relationship of the daily input volume by Record ID and Type of Record to the total input volume provided by an RAO and BellSouth.

An example of the report is provided in Subappendix C hereto.

4.11.3 Message Validation Detail Error Report (A7289)

An EMR detailed error report is generated for each pack/ invoice that is received and processed by AT&T. The report lists, in vertical format, the complete 175 byte EMR record that has failed to pass the initial edit criteria. It prints this detailed information only for the first five EMR records that share a common error condition. The error condition is flagged on the report by one of two possible error codes preceding the field value. The error codes are:

(C) DENOTES CRITICAL ERRORS
(I) DENOTES INFORMATION ERRORS

The last two pages of the report for a given pack/invoice provide the following control totals:

Total Errors for each Field
Total Records Received
Total Records Dropped
Total Records Rejected to MIU
Pack Reject Rate
Total Default Count (represents the number of Files on all of the input records that had to be programmatically altered to meet the EMR standards and specifications.)

If the entire pack/invoice has been rejected because of a Critical Error Rate greater than 0.5%, the last page of the report will display such a statement enclosed in asterisks.

An example of the report is provided in Subappendix D hereto.

4.11.4 **Control Reports - Distribution**

Since BellSouth is not receiving control reports, dataset names will be established during detailed negotiations.

SECTION IV: AT&T PROCESSING REQUIREMENTS

1. General

This section contains requirements for AT&T processing of Recorded Usage Data that has been transmitted to AT&T for billing.

2. AT&T Rating Process

2.1 Message Rating

AT&T will rate any individual messages (as defined in Section II of this Appendix), that have not already been rated by BellSouth, prior to transmitting the usage to a billing environment within AT&T.

2.2 Application Of Taxes/Fees/Surcharges

AT&T will apply taxes, fees and surcharges as appropriate for the individual messages and/or customer accounts. The application of all taxes, fees and surcharges will be applied on all intraLATA local and toll usage received from BellSouth.

2.3 Duplicate Messages

AT&T has existing duplicate checks as part of their message processing or billing functions. AT&T will perform these checks on the rated/unrated messages sent pursuant to BellSouth duplicate message disposition procedures and reports will be identified by AT&T during negotiations.

2.4 Record Edits

2.4.1 AT&T Record Edits

AT&T will perform detailed record edits on the rated and unrated messages prior to transmitting them to the billing environment. Rated and unrated records that do not pass AT&T edits will be returned to BellSouth as provided in this Appendix, Section II. 2.1 and Section II. 2.1.1.

2.4.2 BellSouth Record Edits

If BellSouth has existing detailed record edits for rated and unrated messages, BellSouth is to perform these edits.

Rated and unrated records that do not pass AT&T edits will be returned to BellSouth. BellSouth will attempt to perform error correction on all records requiring such action as agreed upon through the detailed negotiations process.

2.4.3 AT&T To BellSouth Message Returns

At the discretion of AT&T, messages that have been sent to AT&T by BellSouth that cannot be guided to an AT&T billed account or error in processing will be returned to BellSouth with the appropriate negotiated return codes as provided in this Appendix, Section II. 2.1 and Section II. 2.1.1.

2.4.4 Cancel/Correction Records

AT&T, upon receipt of cancel/correction records, will perform their current matching functionality to identify the original message to be canceled/corrected. (Processing will be dependent upon individual negotiations.)

SECTION V: TEST PLANS AND ACTIVITIES

1. **General**

This section defines BellSouth and AT&T activities which are required prior to implementation. The tests and activities described are necessary to ensure a smooth, accurate and well-programmed conversion. Specific test dates will be identified through the negotiations process.

2. **Interface Testing**

The purpose of this test is to ensure that the usage described in Section II of this Appendix preceding can be sent by BellSouth to AT&T and can be accepted and processed by AT&T. BellSouth will provide a test file to AT&T's designated Regional Processing Center (RPC) in the format that will be used for live day-to-day processing. The file will contain one (1) full day's production usage. The format of the file will conform to the requirements shown in Section III. AT&T will review the file and verify that it conforms to its data center requirements. AT&T will notify BellSouth in writing whether the format is acceptable. AT&T will also provide BellSouth with the agreed-upon control reports as part of this test.

3. **Operational Test**

The purpose of this test is to ensure that volumes of usage in consecutive sequence can be extracted, distributed, and processed by BellSouth and AT&T.

BellSouth is required to provide AT&T with BellSouth recorded, unrated usage (as defined in Section II of this Appendix) for a minimum of five (5) consecutive days. AT&T will provide BellSouth with the message validation reports associated with test usage.

AT&T will rate and process the unrated intraLATA toll and local usage. AT&T will process this data to test bills. AT&T may request that the test usage contain specific usage volumes and characteristics to ensure a complete test. Specific usage volumes and characteristics will be discussed during detailed negotiations.

4. **Test File**

Test data should be transported via CONNECT:Direct whenever possible. In

the event that courier service must be used to transport test media, the physical tape characteristics to be used are described in Subappendix A hereto.

SECTION VI: POST DEPLOYMENT ACTIVITIES

1 General

Requirements for ongoing maintenance of the usage feeds between AT&T and BellSouth are described in this section. Included are minimal requirements for day to day control of the regularly scheduled transfer of BellSouth unrated and rated usage data and procedures for introducing and verifying AT&T/BellSouth System Changes.

2. Control Maintenance And Review

2.1 Periodic Review

Control procedures for all usage transferred between BellSouth and AT&T will require periodic review. This review may be included as part of an annual audit of BellSouth by AT&T or as part of the normal production interface management function. Breakdowns which impact the flow of usage between BellSouth and AT&T must be identified and jointly resolved as they occur. The resolution may include changes to control procedures, as similar problems would be avoided in the future. Any changes to control procedures would need to be mutually agreed upon by AT&T and BellSouth.

2.2 Retention of Records

BellSouth shall maintain a machine readable back-up copy of the message detail provided to AT&T for a minimum of forty-five (45) calendar days. AT&T will maintain the message detail received from BellSouth for a minimum period of forty-five (45) calendar days. Designated AT&T personnel will provide these records to BellSouth or its authorized agents upon written request. BellSouth will also provide any data back to AT&T upon their written request.

3. BellSouth Software Changes

When BellSouth plans to introduce any software changes which impact the format or content structure of the usage data feed to AT&T, designated BellSouth personnel will notify AT&T no less than one hundred twenty (120) calendar days before such changes are implemented.

BellSouth will communicate the projected changes to the appropriate groups

in AT&T so that potential impacts on AT&T processing can be determined.

AT&T personnel will review the impact of the change on the entire control structure as described in Appendix II Section 5, Post Conversion Test Plan, herein. AT&T will negotiate any perceived problems with BellSouth and will arrange to have the data tested utilizing the modified software.

If it is necessary for BellSouth to request changes in the schedule, content or format of usage data transmitted to AT&T, BellSouth will notify AT&T.

3.1 **AT&T Requested Changes**

If it is necessary for AT&T to request changes in the schedule, content, or format of the usage data transmitted from BellSouth, AT&T will notify BellSouth.

When the negotiated changes are to be implemented, AT&T and/or BellSouth will arrange for testing of the modified data as described in Appendix II, Section 5, Post Conversion Test Plan.

4. **AT&T Software Changes**

When AT&T plans to introduce any software changes which may impact the format or content structure of the usage data transmitted from BellSouth, AT&T will notify the designated BellSouth personnel, no less than one hundred twenty (120) calendar days before such changes are implemented.

The AT&T contact will communicate the projected changes to the appropriate groups in BellSouth so that potential impacts on BellSouth processing can be determined.

AT&T will negotiate any perceived problems with BellSouth and will arrange to have the data tested utilizing the modified software.

Altering the one hundred twenty (120) day window for introducing software changes can be negotiated by both companies, dependent upon the scope and impact of the change.

5. Post-Conversion Test Plan

The test plan described below is designed to encompass all types of changes to the usage data transferred by BellSouth to AT&T and the methods of transmission for that data.

5.1 BellSouth System Change Description

For a BellSouth system change, BellSouth shall provide AT&T with an overall description of the change, stating the objective and a brief explanation of the reasons for the change.

During the initial negotiations regarding the change, BellSouth shall provide a list of the specific records and/or systems impacted by the change to designated AT&T personnel.

Finally, BellSouth shall also provide AT&T a detailed description of the changes to be implemented. It shall include sufficient detail for designated AT&T personnel to analyze and estimate the effects of the changes and to design tests to verify the accuracy of the implementation.

5.2 Change Negotiations

AT&T shall be notified in writing of all proposed negotiations initiated by BellSouth. In turn, AT&T will notify BellSouth of proposed change negotiations initiated by AT&T.

After formal notification of planned changes, whether originated by BellSouth or AT&T, designated AT&T personnel will schedule negotiation meetings as required with designated BellSouth personnel. The first meeting should produce the overall change description (if not previously furnished) and the list of records and/or systems affected.

In subsequent meetings, BellSouth shall provide the detailed description of changes to be implemented. After reviewing the described changes, designated AT&T personnel will negotiate a detailed test procedure with BellSouth.

5.3 Control Change Analysis

Based on the detailed description of the changes provided by BellSouth, and the review of the projected changes by AT&T, designated AT&T personnel will:

5.3.1 Determine the impact of the changes on the overall structure.

5.3.2 Determine whether any single change has a potential control impact (i.e., high error rate on individual records that might result in pack rejection);

5.3.3 Determine whether any controls might be adversely affected; and

5.3.4 Arrange for appropriate control structure changes to meet any of the above conditions.

5.4 **Verification Of Changes**

5.4.1 Based on the detailed description of changes furnished by BellSouth, designated AT&T personnel will:

5.4.1.1 Determine the type of change(s) to be implemented.

5.4.1.2 Develop a comprehensive test plan.

5.4.1.3 Negotiate scheduling and transfer of modified data with BellSouth.

5.4.1.4 Negotiate testing of modified data with the appropriate AT&T RPC.

5.4.1.5 Negotiate processing of verified data through the AT&T billing system with the RPC.

5.4.1.6 Arrange for review and verification of testing with appropriate AT&T groups.

5.4.1.7 Arrange for review of modified controls, if applicable.

5.5 Introduction of Changes

5.5.1 When all the testing requirements have been met and the results reviewed and accepted, designated AT&T personnel will:

5.5.1.1 Negotiate an implementation schedule.

5.5.1.2 Verify the existence of a contingency plan with the appropriate AT&T personnel.

5.5.1.3 Arrange for the follow-up review of changes with appropriate AT&T personnel.

5.5.1.4 Arrange for appropriate changes in control program, if applicable.

5.5.1.5 Arrange for long-term functional review of impact of changes on the AT&T billing system, i.e., accuracy, timeliness, and completeness.

SECTION VII: SUBAPPENDICES

SUMMARY OF SUBAPPENDICES

Subappendix A

Physical Characteristics Of Data Tapes/
Cartridges

Subappendix B

Message Validation Pack Reject Report (A7287)

Subappendix C

Message Validation Pack Accepted Report (A7288)

Subappendix D

Message Validation EMR Detail Error Report (A7289)

Subappendix E

Special Features Star Services

SUBAPPENDIX A

PHYSICAL CHARACTERISTICS OF DATA TAPES/CARTRIDGES

Data transported to AT&T by BellSouth, or to BellSouth by AT&T, on tape or cartridge via a courier will have the following physical characteristics:

Tape:	9-track, 6250 (or 1600) BPI (Bytes per inch)
Cartridge:	38,000 BPI (Bytes per inch)
LRECL:	2,472 Bytes
Parity:	Odd
Character Set:	Extended Binary Coded Decimal Interchange Code (EBCDIC)
External labels:	Exchange Carrier Name, Dataset Name (DSN) and volume serial number
Internal labels:	IBM Industry OS labels will be used. They consist of a single volume label and two sets of header and trailer labels.
One file per sending modules location with variable length records	104 bytes EMR compacted format plus as applicable.

SUBAPPENDIX B

MESSAGE VALIDATION PACK REJECT REPORT (A7287) MM/DD/YY HH:MM:SS

RETEN CODE: 01R-00300

COMPANY XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX REMOTE ID 9999X FROM BSID 999

HEADER	RECORD ID	DATE CREATED	INVOICE NUMBER	BELL CO ID	BELL RAO	IX CARRIER	IND CO ID	TOTAL REC. COUNT
	999999	99-99-99	99	99	999	999	9999	
TRAILER	RECORD ID	DATE CREATED	INVOICE NUMBER	BELL CO ID	BELL RAO	IX CARRIER	IND CO ID	
	999999	99-99-99	99	99	999	999	9999	99,999

ERRORS	ERROR CODE	ERROR MESSAGE
	EC99.9	XXXXXXXXXXXXXXXXXXXX

SUBAPPENDIX B (CONT'D)
MESSAGE VALIDATION PACK REJECT REPORT (A7287)

ERROR CODE	ERROR MESSAGES
EC01.2	First record after trailer is not a Pack Header.
EC03.2	From RAO is not numeric.
EC04.3	Invoice number on header invalid.
EC04.5	Company ID not numeric.
EC04.6	Independent company ID is not numeric.
EC04.7	Header Record ID is invalid.
EC04.8	Trailer Record ID is invalid.
EC04.9	Trailer Record count invalid.
EC05.0	Duplicate pack.
EC05.1	Old Pack.
EC05.2	RAO not found on table.
EC07.3	Error rate greater than invoice file threshold for RAO invoice number.
EC12.0	Remote ID in Dataset is not valid.
EC20.0	No detail records in pack.
EC13.0	Invalid status on Pack Header.
EC27.0	Pack exceeds limit of 9,999 detail records.
EC40.9	Pack Header record is missing.
EC41.0	Trailer record is missing.
EC42.0	Trailer message volume is not equal to accumulated message volume.
EC44.0	Header/Trailer date is invalid.
EC45.0	From RAO on Trailer Record is not equal to the from RAO on Header Record.
EC48.0	Invoice number on Trailer Record is not equal to the invoice number on the Header Record.

SUBAPPENDIX C - MESSAGE VALIDATION PACK ACCEPTED REPORT (A7288)

MM/DD/YY-------HH:MM:SS
RETEN CODE: 01R-00300

COMPANY XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX FROM RAO INVOICE NO. DATE CREATED
TOTAL RECORDS RECEIVED
---999---99---MM/DD/YY---
-------ZZ.ZZ9

---RECORD
COUNTS---MESSAGE COUNTS ---
RECORD ID TYPE OF RECORDVALID-----REJECTED----DROPPED-----TOTAL--------VALID-----REJECTED--
--DROPPED---TOTAL

010102					OUTWATS (NON-SMDR)	ZZ.ZZ9	ZZ.ZZ9	ZZ.ZZ9
ZZ.ZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9				
010103					OUTWATS (SMDR)	ZZ.ZZ9	ZZ.ZZ9	ZZ.ZZ9
ZZ.ZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9				
010104					800 SERVICE	ZZ.ZZ9	ZZ.ZZ9	ZZ.ZZ9
ZZ.ZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9				
TOTAL WATS/800								
010101					MTS	ZZ.ZZ9	ZZ.ZZ9	
ZZ.ZZ9	ZZ.ZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9			
010106					NON-DIAL CONFER BRIDGE	ZZ.ZZ9	ZZ.ZZ9	ZZ.ZZ9
ZZ.ZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9				
010107					NON-DIAL CONFER LEG RECORD	ZZ.ZZ9	ZZ.ZZ9	ZZ.ZZ9
ZZ.ZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9				
010108					DIAL CONFERENCE BRIDGE	ZZ.ZZ9	ZZ.ZZ9	ZZ.ZZ9
ZZ.ZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9				
010111					ALLIANCE (AGTC)	ZZ.ZZ9	ZZ.ZZ9	ZZ.ZZ9
ZZ.ZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9				
010116					DIAL-IT SERVICE	ZZ.ZZ9	ZZ.ZZ9	ZZ.ZZ9
ZZ.ZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9				

010132					DIRECTORY ASSISTANCE	ZZ.ZZ9	ZZ.ZZ9	ZZ.ZZ9
ZZ ZZ9	ZZ ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9				
010180					MARINE/AIRCRAFT	ZZ.ZZ9	ZZ.ZZ9	ZZ.ZZ9
ZZ ZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9				
010181					RADIO LINK	ZZ.ZZ9	ZZ.ZZ9	ZZ.ZZ9
ZZ ZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9				
010182					MARINE NON-DIAL CONFER BRIDGE	ZZ.ZZ9	ZZ.ZZ9	ZZ.ZZ9
ZZ.ZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9				
010183					MARINE NON-DIAL CONFER LEG REC.	ZZ.ZZ9	ZZ.ZZ9	ZZ.ZZ9
ZZ.ZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9				
0101XX					OTHER MTS RECORDS	ZZ.ZZ9	ZZ.ZZ9	ZZ.ZZ9
ZZ.ZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9				
TOTAL NORTH AMERICAN MTS								
010201					IOTC/IDDD MTS	ZZ.ZZ9	ZZ.ZZ9	ZZ.ZZ9
ZZ ZZ9	ZZ ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9				
0102XX					IOTC/IDDD OTHERS	ZZ.ZZ9	ZZ.ZZ9	ZZ.ZZ9
ZZ ZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9				
010301					IOTC BFC MTS	ZZ.ZZ9	ZZ.ZZ9	ZZ.ZZ9
ZZ.ZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9				
0103XX					IOTC BFC OTHERS	ZZ.ZZ9	ZZ.ZZ9	ZZ.ZZ9
ZZ.ZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9				
010401					IOC MTS	ZZ.ZZ9	ZZ.ZZ9	
ZZ.ZZ9	ZZ.ZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9			
0104XX					IOC OTHERS	ZZ.ZZ9	ZZ.ZZ9	ZZ.ZZ9
ZZ.ZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9				
010501					IOC MTS	ZZ.ZZ9	ZZ.ZZ9	
ZZ.ZZ9	ZZ.ZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9			
0105XX					IOC OTHERS	ZZ.ZZ9	ZZ.ZZ9	ZZ.ZZ9
ZZ.ZZ9	ZZ ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9				
TOTAL OVERSEAS MTS								
015002					OUTWATS LINE SUMMARY	ZZ.ZZ9	ZZ.ZZ9	ZZ.ZZ9
ZZ.ZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9				

015004					800 LINE SUMMARY	ZZ.ZZ9	ZZ.ZZ9	ZZ.ZZ9
ZZ.ZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9				
015032					DIR. ASSISTANCE LINE SUMMARY	ZZ.ZZ9	ZZ.ZZ9	ZZ.ZZ9
ZZ.ZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9				
TOTAL OVERSEAS MTS								
03XXXX					CREDIT REQUESTS	ZZ.ZZ9	ZZ.ZZ9	ZZ.ZZ9
ZZ.ZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9				
51/52					CANCEL REQUESTS	ZZ.ZZ9	ZZ.ZZ9	ZZ.ZZ9
ZZ.ZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9				
71/72					CORRECTION REQUESTS	ZZ.ZZ9	ZZ.ZZ9	ZZ.ZZ9
ZZ.ZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9				
INVALID RECORD IDENTIFICATION				ZZ.ZZ9			ZZ.ZZZ9	ZZ.ZZZ9
ZZ.ZZZ9								
PACK TOTALS			ZZ.ZZ9	ZZ.ZZ9ZZ.ZZ9	ZZ.ZZ9	ZZ.ZZZ9	ZZ.ZZZ9	ZZ.ZZZ9

SUBAPPENDIX D

PAPER COPY OF THIS REPORT TO BE PROVIDED

SUBAPPENDIX E
SPECIAL FEATURES STAR SERVICES

The following are STAR Services supported by these Local Resale requirements to date. When identified, additional services can be negotiated to be included in this Resale offer.

1) Busy Redial/ Last Number Redial ..... This feature allows a customer to redial a number when a Busy signal is encountered.

2) Call Return/Missed Call Dialing ..... This feature allows a customer to automatically return the most recent incoming call, even if it is not answered.

3) Call Trace ..... This feature allows the tracing of nuisance calls.

4) 3-Way Calling ..... This feature allows for three (3) parties to communicate on one line.

5) Automatic Redial ..... This feature allows a customer to automatically redial the last number dialed.

To provide for the transfer and billing of these features the following requirements apply:

For all "per use" STAR Features the 'Miscellaneous Charge Line Summary Non-Detail Charge' 425001 record should be used and be populated as follows:

CONNECT TIME	POSITIONS 55 - 60	**MUST BE POPULATED**
MISCELLANEOUS TEXT CODE	POSITIONS 168 - 172	1) BUSY REDIAL/LAST NUMBER REDIAL POPULATE WITH **'00001'**
MISCELLANEOUS TEXT CODE	POSITIONS 168 - 172	2) CALL RETURN/LAST NUMBER REDIAL POPULATE WITH **'00002'**
MISCELLANEOUS TEXT CODE	POSITIONS 168 - 172	3) CALL TRACE POPULATE WITH **'00003'**
MISCELLANEOUS TEXT CODE	POSITIONS 168-172	4) 3-WAY CALLING POPULATE WITH **'00004'**
MISCELLANEOUS TEXT CODE	POSITIONS 168-172	5) AUTOMATIC RETIAL POPULATE WITH **'00005'**

NOTE: For fields not specifically defined, the standard EMR format for a 425001 record should be used.

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LOCAL NUMBER PORTABILITY

1. **BellSouth Provision of Local Number Portability**

BellSouth shall provide number portability in accordance with requirements of the Act. Interim Number Portability (INP) will be provided by BellSouth to AT&T, immediately upon the Effective Date of this Agreement. INP will be provided with minimum impairment of functionality, quality, reliability and convenience to subscribers of AT&T services. BellSouth will provide PNP as soon as it is technically feasible, in conformance with FCC rules and the Act.

2. **Interim Number Portability (INP)**

INP shall be provided by Remote Call Forwarding ("RCF"), Route Indexing, or Local Exchange Routing Guide (LERG) reassignment. In addition to providing RCF, BellSouth agrees to provide Route Indexing and LERG reassignment in every local service office. AT&T shall specify on a per telephone number basis which method is to be employed and BellSouth shall provide such method to the extent technically feasible.

2.1 **Remote Call Forwarding**

Remote Call Forwarding (RCF) is an existing switch-based BellSouth service that may be used to provide subscribers with limited service-provider LNP by redirecting calls within the telephone network. When RCF is used to provide LNP, calls to the ported number will first route to the BellSouth switch to which the ported number was previously assigned. TheBellSouth switch will then forward the call to a number with an NXX associated with the AT&T operated switch to which the number is ported. AT&T shall not be required to order any additional paths to handle multiple simultaneous calls to the same ported telephone number.

2.2 **Route Indexing**

Route Indexing (RI) may take two forms: Route Index-Portability Hub (RI-PH) or Directory Number-Route Index (DN-RI).

2.2.1 RI-PH will route a dialed call to the BellSouth switch associated with the NXX of the dialed number. The BellSouth switch shall then insert a prefix onto the dialed number which identifies how the call is to be routed to AT&T as the local service provider. The prefixed dialed number is transmitted to the BellSouth tandem switch to which AT&T is connected.

The prefix is removed by the operation of the tandem switch and the dialed number is routed to AT&T's switch so the routing of the call can be completed by AT&T.

2.2.2 DN-RI is a form of RI-PH that requires direct trunking between the BellSouth switch to which the ported number was originally assigned and the AT&T switch to which the number has been ported. The BellSouth switch shall send the originally dialed number to the AT&T switch without a prefix.

2.2.3 BellSouth shall provide RI-PH or DN-RI on an individual telephone number basis, as AT&T designates. Where technically feasible, AT&T may designate both methods so that calls to ported numbers are first directed to the AT&T switch over direct trunks but may overflow to tandem trunks if all trunks in the direct group are occupied.

2.2.4 For both RI-PH and DN-RI the trunks used may, at AT&T's option, be the same as those used for exchange of other local traffic and toll traffic with BellSouth. At AT&T's option, the trunks shall employ SS7 or in band signaling and may be one way or two way.

2.3 **LERG Reassignment**

Portability for an entire NXX or thousands block (NXX-X) of numbers shall be provided by utilizing reassignment of the block to AT&T through the Local Exchange Routing Guide (LERG). Updates to translations in the BellSouth switching office from which the telephone number is ported will be made by the BellSouth prior to the date on which LERG changes become effective, in order to redirect calls to the AT&T switch via route indexing.

2.4 **Other Interim Portability Provisions**

2.4.1 BellSouth shall exchange with AT&T, SS7 TCAP messages as required for the implementation of Custom Local Area Signaling Services (CLASS) or other features available in the BellSouth network.

2.4.2 BellSouth shall disclose to AT&T any technical or capacity limitations that would prevent use of a requested interim LNP implementation in a particular switching office. BellSouth and AT&T shall cooperate in the process of porting numbers to minimize customer out-of-service time, including updating switch translations where necessary within five (5) minutes after notification that physical cut-over has been completed (or initiated), as AT&T may designate.

2.4.3 AT&T shall have the right to use the existing BellSouth 911 infrastructure for all 911 capabilities. With respect to 911 service associated with ported numbers under INP, BellSouth agrees that all ported directory numbers

(DN) will remain in the Public Service Answering Points (PSAP) routing databases. When RCF is used, both the ported numbers and shadow numbers for AT&T ported subscribers shall be stored in PSAP databases. AT&T shall have the right to verify the accuracy of the information in the PSAP databases.

2.4.4 BellSouth shall bill and AT&T shall pay the rates set forth in Part IV for INP. Billing and payment shall be in accordance with the applicable terms and conditions set forth in this Rates Agreement.

3. **Permanent Number Portability (PNP)**

3.1 The requirements for PNP shall include the following:

3.1.1 A subscriber must be able to change local service providers and retain the same telephone number(s) and have availability of all vertical and advanced local service features.

3.1.2 The LNP network architecture shall not subject alternate local exchange carriers to any degradation of service compared to BellSouth in any relevant measure, including transmission quality, switching and transport costs, increased call set-up time and post-dial delay, and AT&T shall not be required to rely on the BellSouth network for calls completing to its ported customers.

3.2 **Joint Cooperation**

Both AT&T and BellSouth shall:

Support all emergency and operator services.

Use scarce numbering resources efficiently and administer such resources in a competitively neutral manner.

Jointly cooperate with each other to ensure that both carriers shall be able to rate and bill all types of calls.

Jointly cooperate with each other to apply PNP consistently on a nationwide basis, and in accordance with all Federal Communication Commission directives.

3.3 **Location Routing Number (LRN)**

BellSouth and AT&T shall work to implement the LRN-PNP solution.

3.3.1 A ten-digit code, consistent with the North American Numbering Plan, called the location routing number (LRN) shall be used as a network address for each switch that terminates subscriber lines, i.e. an end office. LRN shall support existing six-digit routing and may be implemented without changes to existing switch routing algorithms. In existing end offices, the LRN shall be selected from one of its existing NPA-NXXs. New end offices shall be assigned LRNs through normal administrative processes.

3.3.2 LRN employs an "N-1" Query Strategy for interLATA or intraLATA toll calls, by which the originating carrier will pass the call to the appropriate toll carrier who will perform a query to an external routing database and efficiently route the call to the appropriate terminating local carrier either directly or through an access tandem office. For a local call to a ported

number, the originating carrier is the "N-1" carrier. It will perform an external database query and pass the call to the appropriate terminating carrier. The "N-1 " methodology will be used to extend portability on a phased, region-by-region basis and it does not place BellSouth or other carriers needlessly in the call path.

3.3.3 BellSouth will furnish AT&T with the first six digits of the originating LRN when it supplies AT&T with the Jurisdiction Information Parameter for the Initial Address Message.

3.3.4 BellSouth agrees to begin the introduction of LRN to end user subscribers who may begin changing local service providers and retaining their existing telephone number no later than October 1, 1997.

3.3.5 The generic requirements for LRN are specified in the following publications: Generic Switching and Signaling Requirements for Number Portability, Issue 1.00, February 12, 1996 [Editor - Lucent Technologies, Inc.]; Generic Requirements for SCP Application and GTT Function for Number Portability, Issue 0.31, Final Draft, March 24, 1996 [Editor - Ameritech Inc.]; and Generic Operator Services Switching Requirements for Number Portability, Issue 1.00, Final Draft, April 12, 1996 [Editor - Nortel].

3.4 Additional PNP Requirements

3.4.1 For local calls to a portable NXX, BellSouth shall query an external database as soon as the call reaches the first LNP-capable switch in the call path. An LNP capable originating switch shall query on a local call to a portable NXX as soon as it determines that it (the originating switch) does not serve the dialed number.

3.4.2 BellSouth shall be the default carrier for database queries where a participating carrier is unable to perform its own query due to abnormal conditions.

3.4.3 BellSouth will provide AT&T INP and PNP for subscribers moving to a different location, or staying at the same location, within the same rate center area.

3.5 SMS Administration

BellSouth will work cooperatively with other local service providers to establish the LNP Service Management System (SMS). The SMS shall be administered by a neutral third party, to provide for the efficient porting of numbers between carriers. BellSouth and AT&T shall cooperate to facilitate the expeditious deployment of LRN-based LNP through the process prescribed by the FCC, including, but not limited to, participation in the selection of a neutral third party and development of SMS, as well as

SMS testing for effective procedures, electronic system interfaces, and overall readiness for use consistent with that specified for Provisioning in this Agreement.

4. Requirements for INP and PNP

4.1 White and Yellow Page Listings

BellSouth shall provide and maintain for AT&T one (1) white page and one (1) yellow page (if applicable) listing for each AT&T subscriber that has ported its number from BellSouth, consistent with that specified for Provisioning in this Agreement. The listing and handling of listed and nonlisted telephone numbers will be at least at parity with that provided by BellSouth to its own subscribers.

4.2 Cut-Over Process

BellSouth shall cooperate in the process of porting numbers from one carrier to another so as to limit service outage for the ported subscriber. This shall include, but not be limited to, updating its network element translations within five (5) minutes following notification by the industry SMS, or ported-to local service provider, and deploying such temporary translations as may be required to minimize service outage, e.g., unconditional triggers. Also, AT&T shall have the right to determine who initiates the order for interim LNP in specific cut-over situations.

4.3 Testing

BellSouth and AT&T shall cooperate in conducting AT&T's testing to ensure interconnectivity between systems. BellSouth shall inform AT&T of any system updates that may affect the AT&T network and BellSouth shall, at AT&T's request, perform tests to validate the operation of the network. Additional testing requirements may apply as specified by this Agreement.

4.4 Non-Geographical Numbers

BellSouth shall not be required to provide number portability for non-geographic services (e.g., 500 and 900 NPAs, and 976 NXX number services) under this Agreement.

4.5 Engineering and Maintenance

BellSouth and AT&T will cooperate to ensure that performance of trunking and signaling capacity is engineered and managed at levels which are at least at parity with that provided by BellSouth to its subscribers and to ensure effective maintenance testing through activities such as routine testing practices, network trouble isolation processes and review of operational elements for translations, routing and network fault isolation.

Additional specific engineering and maintenance requirements shall apply as specified in this Agreement.

4.6 **Recording and Billing**

BellSouth shall provide AT&T with accurate billing and Customer Account Record Exchange data for AT&T subscribers whose numbers have been ported.

4.6.1 Calls originated from RCF ported numbers in BellSouth end-offices and sent to the AT&T interLATA toll network must signal the shadow number in the Calling Party Number (CgPN) parameter and ported number in the Charge Number (CN) parameter in the SS7 Initial Address Message.

4.6.2 BellSouth shall supply AT&T with individual call records, with full call detail, that provide billing information associated with the RCF second call leg.

4.6.3 BellSouth must pay charges to AT&T for BellSouth originated calls that terminate to ported numbers at the AT&T end-office. These charges are equivalent to the AT&T customers changing rather than porting their telephone number.

4.6.4 BellSouth shall pay to the local service provider of the ported-to number all terminating access charges for calls transported from the interexchange carrier to the ported switch.

4.7 **Operator Services and Directory Assistance**

With respect to operator services and directory assistance associated with LNP for AT&T subscribers, BellSouth shall provide the following:

4.7.1 While INP is deployed and prior to conversion to PNP:

4.7.1.1 If requested by AT&T, BellSouth shall provide Emergency Interrupt (EI) trunks to the AT&T End Office for BLV/BLI call requests for lines that terminate at the AT&T End Office.

4.7.1.2 When a BLV/BLI request for a ported number is directed to a BellSouth operator and the query is not successful (i.e., the request yields an abnormal result), the operator shall confirm whether the number has been ported and shall direct the request to the appropriate operator.

4.7.1.3 BellSouth shall remove from its Line Information Data Base (LIDB) all existing BellSouth issued Telephone Line Number (TLN)-based card numbers when a customer ports their number to AT&T.

4.7.1.4 BellSouth shall allow AT&T to order provisioning of TLN calling cards and Billed Number Screening (BNS), in its LIDB, for ported numbers, as

specified by AT&T. BellSouth shall continue to allow AT&T access to its LIDB. Other LIDB provisions are specified in this Agreement.

4.7.1.5 Where BellSouth has control of directory listings for NXX codes containing ported numbers, BellSouth shall maintain entries for ported numbers as specified by AT&T.

4.7.2 When PNP is in place:

4.7.2.1 The Provisions in 4.7.1.1-4.7.1.5 preceding, shall apply when PNP is in place.

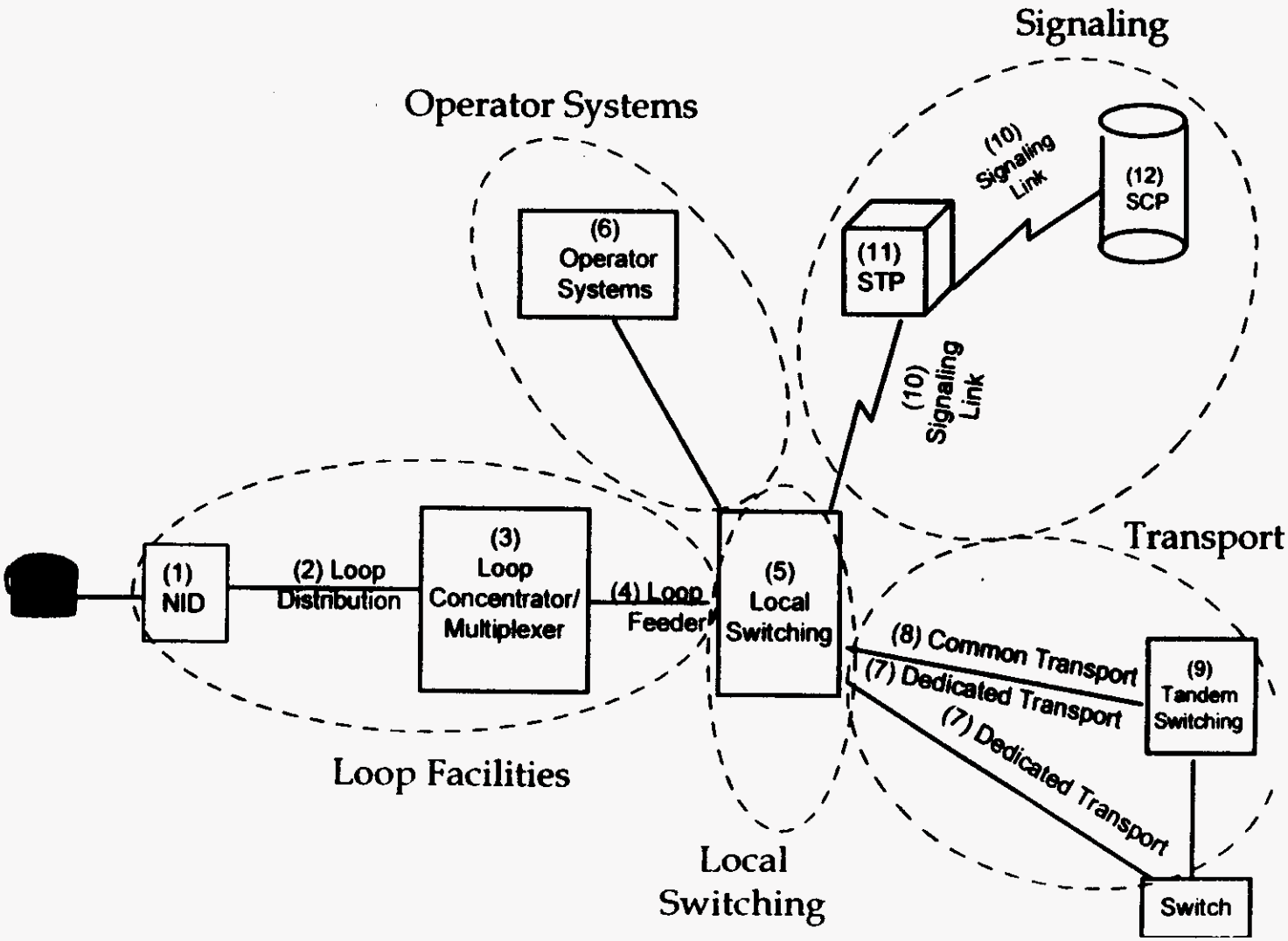
4.7.2.2 If Integrated Services Digital Network User Part (ISUP) signaling is used, BellSouth shall provide the Jurisdiction Information Parameter in the SS7 Initial Address Message. (See Generic Switching and Signaling Requirements for Number Portability, Issue 1.0, February 12, 1996 [Editor - Lucent Technologies, Inc.])

4.7.2.3 BellSouth shall provide a 10-digit Global Title Translation (GTT) Node for routing queries for TCAP-based operator services (e.g., LIDB).

4.7.2.4 BellSouth OSS shall meet all requirements specified in "Generic Operator Services Switching Requirements for Number Portability," Issue 1.00, Final Draft, April 12, 1996 [Editor: Nortel]

Attachment 8

Unbundled Network Elements



8 Anomalies

NETWORK SECURITY

1. **Protection of Service and Property**

BellSouth shall exercise the highest degree of care to prevent harm or damage to AT&T, its employees, agents or customers, or their property. BellSouth, its employees, agents, or representatives agree to take reasonable and prudent steps to ensure the adequate protection of AT&T property and services, including, but not limited to:

1.1 Restricting access to AT&T equipment, support equipment, systems, tools and data, or spaces which, contain or house AT&T equipment enclosures, to AT&T employees and other authorized non-AT&T personnel to the extent necessary to perform their specific job function.

1.2 Furnishing to AT&T a current written list of BellSouth's employees who BellSouth authorizes to enter spaces which house or contain AT&T equipment or equipment enclosures, including caged areas, with samples of the identifying credentials to be carried by such persons.

1.3 Complying at all times with AT&T security and safety procedures and requirements, including but not limited to sign-in, identification, and escort requirements while in spaces which house or contain AT&T equipment or equipment enclosures and compliance with AT&T Corporate Security Instructions (CSIs) 1.01 "Admission to AT&T Premises", January 1987, CSI 1.10 "Physical Security For Shared Premises", Issue A, January 1987, and CSI 1.13 "Physical Security Criteria For Elements of the Network", Issue A, June 1987.

1.4 Allowing AT&T to inspect or observe spaces which house or contain AT&T equipment or equipment enclosures at any time and to furnish AT&T with all keys, entry codes, lock combinations, or other materials or information which may be needed to gain entry into any secured AT&T space.

1.5 Agreeing not to use card access readers and devices that use cards which are encoded identically or mechanical coded locks on external doors or on internal doors to spaces which house AT&T equipment.

1.6 Insure that the area which houses AT&T's equipment is adequately secured and monitored to prevent unauthorized entry.

1.7 Limiting the keys used in its keying systems for spaces which contain or house AT&T equipment or equipment enclosures to its employees and representatives to emergency access only. AT&T shall further have the

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right to change locks where deemed necessary for the protection and security of such spaces.

1.8 Installing security studs in the hinge plates of doors having exposed hinges with removable pins if such leads to spaces which contain or house AT&T equipment or equipment enclosures.

1.9 Controlling unauthorized access from passenger and freight elevators by continuous surveillance or by installing security partitions, security grills, locked gates or doors between elevator lobbies and spaces which contain or house AT&T equipment or equipment enclosures.

1.10 Providing real time notification to designated AT&T personnel to indicate an actual or attempted security breach.

1.11 Providing an acceptable back-up and recovery plan to be used in the event of a system failure or emergency.

1.12 Installing controls:

- to disconnect a user for a pre-determined period of inactivity on authorized ports;
- to protect customer proprietary information; and
- to databases to ensure both ongoing operational and update integrity.

1.13 Logical Security:

- assuring that all approved system and modem access be secured through security servers. Access to or connection with a network element shall be established through a secure network or security gateway.
- agreeing to comply with AT&T Corporate Security Instruction 3.03 "Computer Security Requirements," March 1993, and AT&T Network Security Requirements 4.0, March 1996.

2. **Revenue Protection**

2.1 BellSouth shall make available to AT&T all present and future fraud prevention or revenue protection features, including prevention, detection, or control functionality embedded within any of the network elements. These features include, but are not limited to screening codes, call blocking of international, 800, 900, 976, and 700 numbers and the capability to require end-user entry of an authorization code for dial tone. BellSouth shall additionally provide partitioned access to fraud prevention, detection and control functionality within pertinent Operations Support Systems ("OSS").

Uncollectible or unbillable revenues resulting from, but not confined to, provisioning, maintenance, or signal network routing errors shall be the responsibility of the party causing such error.

2.2 Uncollectible or unbillable revenues resulting from the accidental or malicious alteration of software underlying Network Elements or their subtending operational support systems by unauthorized third parties shall be the responsibility of the party having administrative control of access to said Network Element or operational support system software.

2.3 BellSouth shall be responsible for any uncollectible or unbillable revenues resulting from the unauthorized physical attachment to loop facilities from the Main Distribution Frame up to and including the Network Interface Device, including clip-on fraud. BellSouth shall provide soft dial tone to allow only the completion of calls to final termination points required by law.

3. **Law Enforcement Interface**

BellSouth shall provide seven day a week/ twenty-four hour a day installation and information retrieval pertaining to traps, assistance involving emergency traces and information retrieval on customer invoked CLASS services, including, without limitation, call traces requested by AT&T. BellSouth shall provide all necessary assistance to facilitate the execution of wiretap or dialed number recorder orders from law enforcement authorities.

ACRONYM	DEFINITION
AAA	American Arbitration Association
AIN	Advanced Intelligent Network
ALEC	Alternative Local Exchange Carrier
ALI/DMS	Automatic Location Identification/Data Management Systems
AMA	Automated Message Accounting
ANSI	American National Standards Institute
ARPM	Average Revenue Per Message
ATIS	Alliance for Telecom Industry Solutions
ATM	Asynchronous Transfer Mode
BICI	Broadband Inter-Carrier Interface
BITS	Building Integrated Timing Supply
BLV	Busy Line Verification
BRCS	Business and Residential Customer Service
C	Network Element Combination
C-DTTA	Combo of Dedicated Transport & Tandem
C-LPLS	Combo of Loop & Local Switching
CABS	Carrier Access Billing Systems
CAMA ANI	Centralized Automatic Message Accounting - Automatic Number Identification
CAP	Competitive Access Provider
CCITT	Consultative Committee on International Telegraph & Telephone
CCS	Communications Channel Signaling
CCSNIS	Common Channel Signaling Network Interface Specification
CIC	Carrier Identification Code
CLASS	Custom Local Area Signaling Service
CLC	Carrier Liaison Committee
CLEC	Competitive Local Exchange Carrier
CLLI	Common Language Location Identifier
CMIP	Coded Mark Inversion Protocol
CO	Central Office
CPE	Customer Premises Equipment
CRDD	Customer Requested Due Dates
CT	Common Transport
CY	Current Year
DA	Directory Assistance
DACS	Digital Access Crossconnect Systems
DB	Database

*Combo of: Local Switching, Common Transport, Signaling, Databases & Tandem Switching

DB	Service Central Points/Databases
DCC	Data Communications Channel
DCS	Digital Cross-Connect System
DID	Direct Inward Dialing
DLC	Digital Loop Carrier
DLCI	Data Link Connection Identifier
DMOQs	Direct Measures of Quality
DN	Directory Numbers
DN-RI	Directory Number - Route Index
DS-1	Digital Signal Level One
DS-3	Digital Signal Level Three
DS0	Digital Signal Level Zero
DSN	Data Set Name
DSX	Digital Cross Connect
DT	Dedicated Transport
DTMF	Dual-Tone Multi Frequency
E	Network Element
E&M	Ear & Mouth Signaling
E-LP	Element Loop
EAMF	Equal Access Multi-Frequency
EBCDIC	Extended Binary-Coded Decimal Interexchange Code
EBI	Electronic Bonding Interface
EFT	Electronic Fund Transfer
EI	Electronic Interface
EI	Emergency Interrupt
EMR	Exchange Message Record
EO	End Office
ESF	Extended Super Frame
ESL	Essential Service Line
ETTR	Estimated Time to Repair
FDI	Feeder Distribution Interface
FN	Fiber Node
FOC	Firm Order Confirmation
FRF	Frame Relay Forum
FUNI	Framebased User to Network Interface
GTT	Global Title Translation
HDT	Host Digital Terminal
HFC	Hybrid Fiber Coax
HFC-HDT	Hybrid Fiber Coax - Host Digital Terminal
ID	Remote Identifiers
IEC	Interexchange Carrier
IECs	Interexchange Carriers
IEEE	Institute of Electrical and Electronic Engineers
IISP	Interim Interswitch Signaling Protocol

ILEC	Incumbent Local Exchange Carrier
INA	Integrated Network Access
INP	Interim Number Portability
ISDN	Integrated Services Digital Network
ISDNUP	Integrated Services Digital Network User Part
ISNI	Intermediate Signal Network Identifier
ISO	International Standardization Organization
ISUP	Integrated Services User Part
ITU	International Telecommunications Union
IVMS	Interswitch Voice Messaging Service
LARG	LIDB Access Routing Guide
LASS	Local Area Signaling Services
LATA	Local Access Transport Area
LC	Loop Concentrator/Multiplexor
LCC	Line Class Code
LD	Loop Distribution
LEC	Local Exchange Carrier
LEC DA	LEC Directory Assistance
LEC SCE	LEC Service Creation Environment
LEC SCP	LEC Service Control Point
LEC SMS	LEC Service Management System
LEC SSP	LEC Service Switching Point
LF	Loop Feeder
LGX	Lightguide Cross-Connect
LIDB	Line Information Data Base
LMI	Local Management Interface
LNP	Local Number Portability
LP	Loop
LRECL	Logical Record Length
LRN	Local Routing Number
LS	Local Switching
LSO	Local Serving Office
LSSGR	LATA Switching Systems Generic Requirements
MDF	Main Distribution Frame
MDU	Multiple Dwelling Unit
MDU/BCL	Multiple Dwelling Unit/Business Customer Location
MF	Multi-Frequency
MIB	Management Information Base
MLT	Mechanized Loop Tests
MOP	Methods of Procedure
MOS	Modified Operator Services
MR	Modification Request
MRVT	MTP Routing Verification Test
MSAG	Master Street & Address Guide

MTP	Message Transfer Port
NEBS	Network Equipment Building System
NI	Network Interface Device
NID	Network Interface Device
NIU	Network Interface Unit
NMS	Network Management System
NNI	Network to Network Interface
NVT	Network Validation Test
OAM	Operation and Maintenance
OAM&P	Operations Administration Maintenance & Provisioning
OBF	Ordering & Billing Forum
OC	Optical Carrier
ODS	Optical Distribution
OLI	Originating Line Indicator
OMAP	Operations, Maintenance & Administration Part
ORT	Operational Readiness Test
OS	Operator Services
OSPS	Operator Services Position System
OSS	Operations Support Systems
OSSGR	Operator Services Systems Generic Requirements
PBX	Private Branch Exchange
PDH	Plesiochronous Digital Hierarchy
PEC	Primary Exchange Carrier
PIC	Primary Interexchange Carrier
PNP	Permanent Number Portability
POI	Point of Interface
POI	Points of Interconnection
POT	Point of Termination
POTS	Plain Old Telephone Service
PRI	Primary Rate Interface
PSAP	Public Safety Answering Point
PUC	Public Utilities Commission
RAO	Regional Accounting Office
RCF	Remote Call Forwarding
RECFM	Record Format
RI	Route Index
RI-PH	Route Index - Portability Hub
ROW	Right of Way
RPC	Regional Processing Center
RSM	Remote Switch Module
RT	Remote Terminal
SAG	Street Address Guide
SCCP	Signaling Connection Control Point
SCP	Service Control Points

SDH	Synchronous Digital Hierarchy
SECAB	Small Exchange Carrier Access Billing
SL	Signaling Link Transport
SMDI-E	Standard Message Desk Interface - Enhanced
SMS	Service Management System
SNMP	Simple Network Management Protocol
SONET	Synchronous Optical Network
SPOC	Single Point of Contact
SPOI	Signaling Point of Interconnection
SRVT	SCCP Routing Verification Test
SS	SS7 Message Transfer & Connection Control
SS7	Signaling System 7
SSP	Switching Services Port
STP	Signaling Transfer Point
STS	Synchronous Transport Signal
SWF-DSI	Switched Functional DS1 Service Capability
T&M	Time & Material
TCAP	Transaction Capabilities Application Port
TDEV	Time Deviation
TDI	Tie Down Information
TIA/EIA	Telecommunications Industries Association/Electronic Industries Association
TR	Technical Requirements
TS	Tandem Switching
TSG	Trunk Sub-Group
TSGR	Transport System Generic Requirements
TSLRIC	Total Service Long Run Incremental Cost
TSP	Telecommunications Services Priority
UNI	User to Network Interface
VB	Variable Block
VCI	Virtual Channel Identifier
VF	Voice Frequency
WDM	Wavelength Division Multiplexing

"**Act**" means the Telecommunications Act of 1996.

"**Advanced Intelligent Network (AIN)**" is a network functionality that permits specific conditions to be programmed into a switch which, when met, directs the switch to suspend call processing and to receive special instructions for further call handling instructions in order to enable carriers to offer advanced features and services.

"**AMA**" means the Automated Message Accounting structure inherent in switch technology that initially records telecommunication message information. AMA format is contained in the Automated Message Accounting document, published by Bellcore as GR-1100-CORE which defines the industry standard for message recording.

"**Applicable Law**" shall mean all laws, statutes, common law, regulations, ordinances, codes, rules, guidelines, orders, permits and approvals of any Governmental Authority, including without limitation those relating to the environment, health and safety, which apply or relate to Work Locations or the subject matter of this Agreement.

"**AT&T**" has the meaning set forth in the preamble.

"**AT&T Customer**" means any business or residential customer for AT&T services.

"**Automatic Location Identification/Data Management System (ALI/DMS)**" means the emergency services (E911/911) database containing customer location information (including name, address, telephone number, and sometimes special information from the local service provider) used to determine to which Public Safety Answering Point ("PSAP") to route the call.

"**Automatic Route Selection (ARS)**" is a service feature that provides for automatic selection of the least expensive or most appropriate transmission facility for each call based on criteria programmed into the system.

"**Bill and Keep**" is a reciprocal compensation arrangement whereby the compensation that one company offers to another for the completion of its calls is the agreement to complete the other company's calls in a like manner.

"**BLV/BLI (Busy Line Verify/Busy Line Interrupt) Traffic**" or "**BLV/BLI Call**" means an operator call in which the end user inquires as to the busy status of, or requests an interruption of, a call on an Exchange Service.

"**CABS**" means the Carrier Access Billing System which is contained in a document prepared under the direction of the Billing Committee of the OBF. The Carrier Access Billing System document is published by Bellcore in Volumes 1,

1A, 2, 3, 3A, 4 and 5 as Special Reports SR-OPT-001868, SR-OPT-001869, SR-OPT-001871, SR-OPT-001872, SR-OPT-001873, SR-OPT-001874, and SR-OPT-001875, respectively, and contains the recommended guidelines for the billing of access and other connectivity services.

"**CENTREX**" means a Telecommunications Service that uses central office switching equipment for call routing to handle direct dialing of calls, and to provide many private branch exchange-like features and includes BellSouth's ESSX®, MultiServe®, Prestige® and other similar services.

"**CLASS (Custom Local Area Signaling Service) and Custom Features**" means a grouping of optional enhancements to basic local exchange service that offers special call handling features to residential and single-line business customers (e.g., call waiting, call forwarding and automatic redial).

"**Collocation**" has the meaning set forth in Attachment 3.

"**Combinations**" consist of multiple Network Elements that are logically related to enable AT&T to provide service in a geographic area or to a specific customer and that are placed on the same order by AT&T.

"**Conduit**" has the meaning set forth in Attachment 3.

"**Confidential Information**" has the meaning set forth in Section 18.1 of the General Terms and Conditions.

"**Contract Year**" means a twelve (12) month period during the term of the contract commencing on the Effective Date and each anniversary thereof.

"CRIS/CLUB" [to be provided]

"**Customer Usage Data**" means the local Telecommunications Services usage data of an AT&T Customer, measured in minutes, sub-minute increments, message units, or otherwise, that is recorded by BellSouth and forwarded to AT&T.

"**Dark Fiber**" has the meaning set forth in Attachment 3.

"**Directory Listings**" has the meaning set forth in Section 20.1 of Attachment I.

"**Discloser**" means that party to this Agreement which has disclosed Confidential Information to the other party.

"**Effective Date**" is the date indicated in the Preface on which the Agreement shall become effective.

"**EMR**" means the Exchange Message Record System used among LECs for exchanging telecommunications message information for billable, non-billable, sample, settlement and study data. EMR format is contained in BR-010-200-010 CRIS Exchange Message Record, published by Bellcore and which defines the industry standard for exchange message records.

"**Environmental Hazard**" means any substance the presence, use, transport, abandonment or disposal of which (1) requires investigation, remediation, compensation, fine or penalty under any Applicable Law (including, without limitation, the Comprehensive Environmental Response Compensation and Liability Act, Superfund Amendment and Reauthorization Act, Resource Conservation Recovery Act, the Occupational Safety and Health Act and provisions with similar purposes in applicable foreign, state and local jurisdictions) or (ii) poses risks to human health, safety or the environment (including, without limitation, indoor, outdoor or orbital space environments) and is regulated under any Applicable Law.

"**Enhanced White Pages**" means optional features available for White Pages Directory listings (e.g., bold, all capitals, additional line of text, indented).

"**Enhanced Yellow Pages**" means optional features available for Yellow Pages Directory listings (e.g., red type, bold, all capitals, additional line of text, indented).

"**E911 Service**" is a method of routing 911 calls to a PSAP that uses customer location data in the ALI/DMS to determine the PSAP to which a call should be routed.

"**Governmental Authority**" means any federal, state, local, foreign or international court, government, department, commission, board, bureau, agency, official, or other regulatory, administrative, legislative or judicial authority with jurisdiction.

"**Interconnection**" is defined as the act of linking two or more telecommunications networks for the purpose of terminating local telephone calls.

"**Interim Number Portability (INP)**" means the delivery of LNP capabilities, from a customer standpoint in terms of call completion, with as little impairment of functioning, quality, reliability, and convenience as possible and from a carrier standpoint in terms of compensation, through the use of existing and available call routing, forwarding, and addressing capabilities.

"**Line Information Data Base(s) (LIDB)**" means one or all, as the context may require, of the Line Information Databases owned individually by ILECs and

other entities which provide, among other things, calling card validation functionality for telephone line number cards issued by ILECs and other entities. A LIDB also contains validation data for collect and third number-billed calls, which include billed number screening.

"**Local Number Portability (LNP)**" means the ability of users of telecommunications services to retain, at the same location, existing telecommunications numbers without impairment of quality, reliability, or convenience when switching from one telecommunications carrier to another.

"**Local Service**" has the meaning set forth in Section 23.1 of Part 1.

"**Local Traffic**" means any telephone call that originates and terminates in the same LATA and is billed by the originating party as a local call, including any call terminating in an exchange outside of BellSouth's service area with respect to which BellSouth has a local interconnection agreement with an independent LEC, with which AT&T is not directly interconnected.

"**MECAB**" means the Multiple Exchange Carrier Access Billing document prepared under the direction the Billing Committee of the OBF. The Multiple Exchange Carrier Access Billing document, published by Bellcore as Special Report SR-BDS-000983, contains the recommended guidelines for the billing of access and other connectivity services provided by two or more LECs (including LECs and CLECs), or by one LEC or CLEC in two or more states within a single LATA.

"**MECOD**" means the Multiple Exchange Carriers Ordering and Design (MECOD) Guidelines for Access Services- Industry Support Interface, a document developed under the auspices of the Billing Committee of the OBF. The MECOD document, published by Bellcore as Special Report SR STS-002643, establishes recommended guidelines for processing orders for access and other connectivity services which is to be provided by two or more LECs (including LECs and CLECs), or by one LEC or CLEC in two or more states within a single LATA.

"**Network Element**" means a facility or equipment used in the provision of a telecommunications service. Network Element includes features, functions, and capabilities that are provided by means of such facility or equipment, including subscriber numbers, databases, signaling systems, and information sufficient for billing and collection or used in the transmission, routing, or other provision of a telecommunications service.

"**911 Service**" means a universal telephone number which gives the public direct access to the PSAP. Basic 911 service collects 911 calls from one or more local exchange switches that serve a geographic area. The calls are then

sent to the correct authority designated to receive such calls.

"**OBF**" means the Ordering and Billing Forum (OBF), which functions under the auspices of the Carrier Liaison Committee (CLC) of the Alliance for Telecommunications Industry Solutions (ATIS).

"**Parties**" means AT&T and BellSouth.

"**Permanent Number Portability (PNP)**" means the use of the Local Routing Number (LRN) database solution to provide fully transparent LNP for all customers and all providers without limitation.

"**Pole Attachment**" has the meaning set forth in Attachment 3.

"**Public Safety Answering Point (PSAP)**" means the designated agency to which calls to E911/911 services are routed.

"**Real Time**" means the actual time in which an event takes place, with the reporting on or the recording of the event practically simultaneous with its occurrence.

"**Recipient**" means that party to this Agreement to which Confidential Information has been disclosed by the other party.

"**Recorded Usage Data**" has the meaning set forth in Attachment 7.1.

"**Release**" means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching, or migration, including without limitation, the movement of Environmental Hazards through or in the air, soil, surface water or groundwater, or any action or omission that causes Environmental Hazards to spread or become more toxic or more expensive to investigate or remediate.

"**Retail Rates**" means the lowest prices that BellSouth actually charges its customers.

"**Rights of Way (ROW)**" has the meaning set forth in Attachment 3.

"**RLEC**" The terms Regional Local Exchange Company ("RLEC"), Local Exchange Company ("LEC"), and Incumbent Local Exchange ("ILEC") are used interchangeably throughout this Agreement.

"**SECAB**" means the Small Exchange Carrier Access Billing document prepared by the Billing Committee of the OBF. The Small Exchange Carrier Access Billing document, published by Bellcore as Special Report SR OPT - 001856, contains

the recommended guidelines for the billing of access and other connectivity services.

"**Served Premises**" means collectively, the AT&T designated locations to which AT&T orders Network Elements, Ancillary Functions or Combinations.

"**Telephone Relay Service**" has the meaning set forth in Section 25.5 of Attachment I.

"**Thousands Block of Numbers**" shall mean 1000 or more consecutive numbers beginning and ending on a digit boundary, e.g., 949-1000 to 949-1999.

"**Total Service Long Run Incremental Cost (TSLRIC)**" is the cost of the forward looking least cost technology of providing a service, relevant group of services, or basic network elements, given that the company already produces all of its services. Alternatively, TSLRIC represents the costs avoided if the telecommunications provider had never offered the particular service, group of services, or network element in question.

"**Unused Transmission Media**" has the meaning set forth in Attachment 3.

"**Voluntary Federal Customer Financial Assistance Programs**" are Telecommunications Services provided to low-income subscribers, pursuant to requirements established by the appropriate state regulatory body.

"**Waste**" means all hazardous and non-hazardous substances and materials which are intended to be discarded, scrapped, or recycled, associated with activities AT&T or BellSouth or their respective contractors or agents perform at Work Locations. It shall be presumed that all substances or materials associated with such activities, that are not in use or incorporated into structures (including without limitation damaged components or tools, leftovers, containers, garbage, scrap, residues or byproducts), except for substances and materials that AT&T, BellSouth or their respective contractors or agents intend to use in their original form in connection with similar activities, are Waste. "Waste" shall not include substances, materials or components incorporated into structures (such as cable routes) even after such components or structure are no longer in current use.

"**Work Locations**" means any real estate that BellSouth owns, leases or licenses or in which it holds easements or other rights to use, or does use, in connection with this Agreement.

1. Credits for Failure to Meet DMOQs

AT&T will offset against charges due to BellSouth the amounts specified in this Attachment for delays in the provision of Local Services, Network Elements or Combinations, failures to meet the DMOQs required by this Agreement or delays in the provision of Customer Usage Data or failures to provide such data in accordance with the requirements of this Agreement. Unless otherwise specified, performance against DMOQs will be measured on a monthly basis.

2. Delay Credits for Local Services, Network Elements and Combination

2.1 Customer Specific Local Services, Network Elements, and Combinations

If BellSouth does not satisfy a DMOQ standard specified in Section 28.6 of Part 1 (Intervals for the provisioning/installation of Local Service) or Section 9.5 of Attachment 4 (Desired Delivery Date, Committed Delivery Date, and Completion Without Error for the provisioning/installation of Unbundled Network Elements), BellSouth will be liable to AT&T for liquidated damages for each and every Service Order for customer specific Local Services, Network Elements, and Combinations that have been delayed or not properly completed. Liquidated damages shall consist of: (i) a waiver of any associated provisioning/installation charge; and (ii) a delay credit equal to the associated monthly charge for the Service, Network Element or Combination for each month or partial month of delay. If a single Service Order fails to meet two or more DMOQs, BellSouth will be liable only for the category of liquidated damages that results in the highest amount.

2.2 Non-Customer Specific Network Elements and Combinations

If BellSouth does not satisfy a DMOQ standard specified in Section 9.5 of Attachment 4 (Desired Delivery Date, Committed Delivery Date, and Completion Without Error for the provisioning/installation of Unbundled Network Elements), BellSouth will be liable to AT&T for liquidated damages ("Delay Credit") for each and every Service Order for non-customer specific Network Elements and Combinations that have been delayed or not properly completed. The Delay Credit shall consist of: (i) a waiver of any associated provisioning/installation charge; and (ii) a delay credit equal to $25,000 per day for each day of delay. If a single Service Order fails to meet two or more DMOQs and consequently accrues two or more Delay Credits, BellSouth will be liable only for the Delay Credit that would result in the highest amount.

3. **Performance Failure Credits for Local Services, Network Elements and Combinations**

3.1 If BellSouth does not satisfy a DMOQ standard specified in Sections 9.6 and 9.7 of Attachment 5, BellSouth will be liable for liquidated damages ("Performance Failure Credit") in the amounts set forth below for each and every outage/trouble call that is not restored/resolved in the specified interval. If restoration of a particular outage fails to meet two or more DMOQs and consequently accrues two Performance Failure Credits, BellSouth will be liable only for the Performance Failure Credit that would result in the highest amount.

Interval	Standard	Performance Failure Credit (per line or equivalent DSO circuit, per 24 hour period or part thereof)
Outage Requiring Premises Visit*		
	4 hours	90% $ 50.00
	8 hours	95% $ 75 00
	16 hours	99% $100.00
Outage Not Requiring Premises Visit		
	2 hours	85% $ 50.00
	3 hours	95% $ 75 00
	4 hours	99% $100.00
Trouble Calls	24 hours	95% $ 75.00

- Referrals received between 6:00 P.M. and 8:00 A.M. shall be treated as though it was received at 8:00 A.M. for DMOQ purposes.

4. **Credits for Delayed or Improperly Provided Customer Usage Data**

4.1 If BellSouth fails to satisfy the "Does-Not-Meet-Expectations" Rating Criteria set forth in Appendix 1 to Attachment 7 of this Agreement for providing Customer Usage Data, BellSouth will be liable for liquidated damages ("Customer Usage Credit") for each day that such data is delayed. The daily amount of the Customer Usage Credit shall be calculated using the following formula:

$$\frac{\text{(Number of Messages Delayed x Average Revenue Per Message)}}{30}$$

AT&T shall provide the Average Revenue Per Message

AGREEMENT

In consideration of the mutual promises contained herein, BellSouth Advertising & Publishing Corporation, a Georgia corporation ("BAPCO") and AT&T Corp., a New York corporation ("CARRIER") agree as follows:

1. RECITALS. BAPCO is the publisher of alphabetical and classified directories for certain communities in the southeastern region of the U.S. (the "Directories"). CARRIER provides, or intends to provide, local exchange telephone service in communities in which BAPCO publishes Directories. BAPCO and CARRIER hereby establish the terms by which BAPCO will include listings of CARRIER subscribers in such Directories and by which BAPCO will provide such Directories to CARRIER subscribers.

2. CARRIER OBLIGATIONS. CARRIER agrees as follows:

(a) CARRIER shall provide to BAPCO, or its designee, at CARRIER's expense and at no charge, listing information concerning its subscribers (designating any who do not desire published listings), consisting of customer name, address, telephone number and all other information reasonably requested by BAPCO as set forth on Exhibit A for use by BAPCO or its affiliates or agents in publishing Directories of whatever type and format and for other derivative purposes such as electronic directories or publishing. Such subscriber listing information shall be provided in the format and on the schedule set forth in said Exhibit, or as otherwise mutually agreed between the parties from time to time.

(b) CARRIER shall also provide directory delivery information to BAPCO as set forth in Exhibit A for all subscribers.

(c) CARRIER shall advise BAPCO promptly of any directory-related inquiries, requests or complaints which it may receive from CARRIER subscribers and shall provide reasonable cooperation to BAPCO in response to or resolution of the same.

(d) CARRIER shall respond promptly regarding corrections or queries raised by BAPCO to process listing changes requested by subscribers.

3. BAPCO OBLIGATIONS. BAPCO agrees as follows:

(a) BAPCO shall include at no charge to CARRIER or CARRIER's subscribers one standard listing for each CARRIER subscriber per hunting group in BAPCO's appropriate local alphabetical Directory as published periodically by BAPCO unless notified or nonpublished status is designated by subscribers. Such listings shall be interfiled with the listings of other local exchange telephone company subscribers and otherwise published in the manner of such other listings according to BAPCO's generally applicable publishing policies and standards without designation as to the subscriber's exchange carrier.

(b) BAPCO will accept and publish ads for CARRIER'S subscribers, in BAPCO'S various directories, on a non-discriminatory basis, on the same terms and conditions, and at the same charges, as those applicable to BellSouth Communications, Inc. ("BellSouth") subscribers.

(c) Provided CARRIER is engaged in negotiations with BellSouth to establish appropriate resale/interconnection arrangements, BAPCO shall publish additional listings, foreign listings and all other alphabetical Directory listings offered by BellSouth, for CARRIER subscribers upon their request, consistent with BAPCO's generally applicable policies in BAPCO's alphabetical Directories. As used herein, the term "negotiations" includes mediation, arbitration and any other legal action, undertaken by either party, to effectuate resale/interconnection arrangements.

(d) BAPCO will distribute its regularly published alphabetical and classified Directories to local CARRIER subscribers in accordance with BAPCO's prevailing practices, including delivery following Directory publication and upon establishment of new CARRIER service, if a current Directory for that geographic area has not previously been provided. Such deliveries may include separate advertising materials accompanying the Directories.

(e) BAPCO will include CARRIER information in the customer guide pages of its alphabetical Directories where similar information is provided for BellSouth, for communities where CARRIER provides local exchange telephone service at the time of publication, and for those communities CARRIER has advised BAPCO it intends to provide local exchange telephone service prior to the next scheduled date of directory publication provided (i) CARRIER is authorized to provide local exchange telephone service within the applicable state, (ii) CARRIER certifies to BAPCO a service commencement date that it is reasonably certain it can meet; and (iii) the telephone numbers to be listed for the CARRIER are operational and answered either by a live attendant or appropriate recorded announcement. CARRIER will provide information requested by BAPCO for such purpose on a timely basis.

BAPCO shall include CARRIER's name on applicable Directory covers, without additional charge, unless more than five (5) other carriers have made such requests, in which case BAPCO may use applicable objective criteria (e.g. total number of local customers; total corporate assets; total revenues derived from other telephone services, etc.) to determine which five carriers' names will so appear on the cover.

(f) BAPCO shall make available at no charge to CARRIER or its subscribers one listing for CARRIER business customers per hunting group in one appropriate heading in BAPCO's appropriate local classified directory as published periodically by BAPCO. Such listings shall be published according to BAPCO's generally applicable publishing policies and standards.

(g) BAPCO agrees to solicit, accept and publish directory advertising from business subscribers for CARRIER in communities for which BAPCO publishes classified Directories in the same manner and upon substantially the same terms as it solicits, accepts and publishes advertising from advertisers who are not CARRIER subscribers.

(h) BAPCO shall not provide listing information relating to CARRIER subscribers to other local exchange providers, including BellSouth, or independent directory publishers without CARRIER approval, except as may be required in relation to this Agreement or as otherwise required by law.

4. PUBLISHING POLICIES. BAPCO shall maintain full authority over its publishing schedules, policies, standards, and practices and over the scope and publishing schedules of its Directories. BAPCO shall periodically provide CARRIER with changes by BAPCO in the same which in BAPCO's judgment affect CARRIER's conduct in BAPCO's publishing of listings for CARRIER's subscribers. Such policy updates shall include, without limitation, the subjects listed in Exhibit __.(To be supplied by BAPCO.)

5. LIABILITY AND INDEMNITY.

(a) Except to the extent caused by BAPCO's willful or wanton misconduct, BAPCO's liability to CARRIER for any errors or omissions in any residential subscriber listing in any directory published by BAPCO, shall be limited to One Dollar($1) for each such claim.

(b) Except as provided above, each party agrees to defend, indemnify and hold harmless the other from all damages, claims, suits, losses or expenses, including without limitation reasonable costs and reasonable attorneys fees, to the extent of such party's relative fault, arising out of or resulting from any error, omission or act of such party hereunder. Each party shall notify in writing the other promptly of any claimed error, act or omission which may give rise to a claim hereunder, and of any claim or suit arising hereunder or relating to this Agreement and each party shall provide reasonable and timely cooperation in its resolution of the same. Without waiver of any rights hereunder, the indemnified party may at its expense undertake its own defense in any such claim or suit.

(c) CARRIER agrees to limit its liability and that of BAPCO in any contract it enters with its subscribers, for any claim hereunder, to the subscriber's cost of service for the period of such act or omission.

(d) CARRIER agrees to include in any local service tariff it files, a provision limiting its liability, and to the degree permitted by law, and that of BAPCO, for any claims relating to directory listings or ads, to the subscribers' cost of local service and or the cost of the particular listing.

6. TERM. This Agreement shall be effective on the date of the last signature hereto for a term of two (2) years and shall relate to Directories published by

BAPCO during such period. Thereafter, it shall continue in effect unless terminated by either party upon sixty (60) days prior written notice.

7. ASSIGNMENT. This Agreement shall be binding upon any successors or assigns of the parties during its Term.

8. RELATIONSHIP TO THE PARTIES. This Agreement does not create any joint venture, partnership or employment relationship between the parties or their employees, and the relationship between the parities shall be that of an independent contractor. There shall be no intended third party beneficiaries to this Agreement.

9. NONDISCLOSURE.

(a) During the term of this Agreement it may be necessary for the parties to provide each other with certain information ("Information") considered to be private or proprietary. The recipient shall protect such Information from distribution, disclosure or dissemination to anyone except its employees or contractors with a need to know such Information in conjunction herewith, except as otherwise authorized in writing. All such Information shall be in writing or other tangible form and clearly marked with a confidential or proprietary legend. Information conveyed orally shall be designated as proprietary or confidential at the time or such oral conveyance and shall be reduced to writing within forty-five (45) days.

(b) The parties will not have an obligation to protect any portion of Information which: (1) is made publicly available lawfully by a nonparty to this Agreement; (2) is lawfully obtained from any source other than the providing party; (3) is previously known without an obligation to keep it confidential; (4) is released by the providing party in writing; or (5) commencing two (2) years after the termination date of this Agreement if such Information is not a trade secret under applicable law.

(c) Each party will make copies of the Information only as necessary for its use under the terms hereof, and each such copy will be marked with the same proprietary notices as appear on the originals. Each party agrees to use the Information solely in support of this Agreement and for no other purpose.

10. FORCE MAJEURE. Neither party shall be responsible to the other for any delay or failure to perform hereunder to the extent caused by fire, flood, explosion, war, strike, riot, embargo, governmental requirements, civic or military authority, act of God, or other similar cause beyond its reasonable control. Each party shall use best efforts to notify the other promptly of any such delay or failure and shall provide reasonable cooperation to ameliorate the effects thereof.

11. PUBLICITY. Neither party shall disclose the terms of this Agreement nor use the trade names or trademarks of the other without the prior express written consent of the other.

12. REPRESENTATIVE AND NOTICES.

(a) Each party shall name one or more representatives for contacts between the parties which shall be authorized to act on its behalf. Such representatives may be changed from time to time upon written notice to the other party.

(b) Notices required by law or under this Agreement shall be given in writing by hand delivery, certified or registered mail, or by facsimile followed by certified or registered mail, addressed to the named representatives of the parties with copies to:

If to BAPCO:

Director-LEC/BST Interface
BellSouth Advertising & Publishing Corporation
Room 270
59 Executive Park South
Atlanta, GA 30329

With Copy to:

Vice President and General Counsel
BellSouth Advertising & Publishing Corporation
Room 430
59 Executive Park South
Atlanta, GA 30329

If to CARRIER:

With Copy to: Norman H. Rosner
Senior Attorney
1200 Peachtree Street, NE
Room 4080
Atlanta, GA 30309

13. MISCELLANEOUS. This Agreement represents the entire Agreement between the parties with respect to the subject matter hereof and supersedes any previous oral or written communications, representations, understandings, or agreements with respect thereto. It may be executed in counterparts, each of which shall be deemed an original. All prior and contemporaneous written or oral agreements, representations, warranties, statements, negotiations, and/or understandings by and between the parties, whether express or implied, are superseded, and there are no representations or warranties, either oral or written, express or implied, not herein contained. This Agreement shall be governed by the laws of the state of Georgia.

IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized representative in one or more counterparts, each of which shall constitute an original, on the dates set forth below.

BELLSOUTH ADVERTISING & PUBLISHING CORPORATION

AT&T CORP.:

{_____

By:

Title:

Date:

By:_____ **By:** _____

Title: _____ **Title:** _____

Date: _____ **Date:** _____

Attachment 5

DOCKET# 6352
DOCUMENT# 11331

COMMISSIONERS:
DAVE BAKER, CHAIRMAN
ROBERT B. (BOBBY) BAKER
MAC BARBER
BOB DURDEN
STAN WISE

WILLIAM J. DOVER
EXECUTIVE DIRECTOR
TERRI M. CLYDA
EXECUTIVE SECRETARY

JUN 1996
RECEIVED
Law Dept.

Georgia Public Service Commission

244 WASHINGTON STREET S.W.
ATLANTA, GEORGIA 30334-5701
(404) 656-4501 OR 1-(800) 282-5813

DOCKET NO. 6352-U

IN RE: **Petition of AT&T for the Commission to Establish Resale Rules, Rates, Terms and Conditions and the Initial Unbundling of Services**

Record Submitted: March 4, 1996
March 5, 1996
April 1, 1996
April 2, 1996
April 3, 1996

Decided: May 29, 1996

RECEIVED
JUN 11 1996
Executive Secretary
Ga. Public Service Commission

APPEARANCES

On Behalf of the Commission Staff:

Nancy Gibson, Special Assistant Attorney General
David L. Burgess, Director, Rates and Tariffs

On Behalf of the Consumers' Utility Counsel:

Jim Hurt, Attorney
Bill Atkinson, Attorney

On Behalf of AT&T of the Southern States, Inc. :

Roxanne Douglas, Attorney

On Behalf of BellSouth Telecommunication, Inc. :

William J. Ellenberg, II, Attorney
Douglas Lackey, Attorney
Tom Alexander, Attorney

On Behalf of Cable Television Association of Georgia:

Laura Nix, Attorney

On Behalf of BellSouth Advertising and Publishing Company:

Michael S. Bradley, Attorney

On Behalf of MCI Telecommunications Corporation:

David Adelman, Attorney
Marsha Ward, Attorney

On Behalf of Sprint Communications Company, L.P. :

Benjamin Fincher, Attorney
Carolyn Tatum Roddy, Attorney

On Behalf of MFS Intelenet of Georgia, Inc. :

James Falvey, Attorney

On Behalf of ACSI:

James Rice, Attorney

On Behalf of Southern Directory and Georgia Public Communications Association:

Dean R. Fuchs, Attorney

BY THE COMMISSION:

INTRODUCTION

The Georgia Public Service Commission ("Commission") is charged with implementing and administering Georgia's new Telecommunications and Competition Development Act of 1995, O.C.G.A. § 46-5-160 *et seq.* (hereafter "the Georgia Act"). As a part of this responsibility, the Commission shall determine the reasonable rates, terms or conditions for the purchase or resale of local exchange service, and the Commission shall have the authority to require local exchange companies to provide additional interconnection services and unbundling.

Under O.C.G.A. § 46-5-164(e), any local exchange company or telecommunications company desiring to purchase or resell services purchased from another local exchange company may petition the Commission for the authorization to purchase or resell such services. On December 21, 1995, AT&T Communications of the Southern States, Inc. ("AT&T") filed a petition with the Commission requesting the establishment of rules, rates, terms and conditions for the resale of telecommunications services as provided by the Georgia Act. AT&T also sought an initial unbundling of services pursuant to the Commission's express authority under O.C.G.A. § 46-5-164(g).

On February 6, 1996, the Commission adopted a Procedural and Scheduling Order in this docket which outlined the manner in which this proceeding would be conducted. Subsequent to AT&T filing its petition in this docket, on February 8, 1996, the Telecommunications Act of 1996 ("the Federal Act") became law. Pub. L. No. 104-104, 110 Stat. 56 (Feb. 8, 1996). The 1996 Federal Act makes sweeping changes in telecommunications, laying the groundwork for competition to grow nationally in the local exchange market. The Federal Act requires incumbent Local Exchange Carriers (LECs) to "offer for resale at wholesale rates any telecommunications service that the carrier provides at retail to subscribers who are not telecommunications carriers." (Section 251(c)(4)(A)). The Federal Act further requires that a State Commission shall determine wholesale rates for those incumbent LEC services available for resale.(Section 252(d)(3)).

The Consumers' Utility Counsel ("CUC"), BellSouth Telecommunications Inc. ("BellSouth"), Cable Television Association of Georgia ("CTAG"), BellSouth Advertising and Publishing Company ("BAPCO"), MCI Telecommunications Corporation ("MCI"), Sprint Communications Company ("Sprint"), ATA Communications, Inc. ("ATA"), MFS Intelenet of Georgia, Inc. ("MFS"), American Communications Services of Columbus ("ACSI"), Competitive Telecommunications Association ("COMPTEL"), Southern Directory and Georgia Public Communications Association ("GPCA") filed intervention notices in this docket. Hearings were held March 4-5, 1996, and April 1-3, 1996. Post-hearing briefs were filed on April 16, 1996, by AT&T, CUC, BellSouth, MCI, COMPTEL, Sprint, MFS and BAPCO.

FINDINGS OF FACT, CONCLUSIONS OF LAW AND DECISIONS OF REGULATORY POLICY

Based upon the entire record in this proceeding, including those matters incorporated by reference, the Commission hereby renders the following findings of facts, conclusions of law, and decisions of regulatory policy:

JURISDICTION

Jurisdiction is proper with the Commission and the Commission has authority to render a decision in this matter pursuant to O.C.G.A. § 46-5-164(e) and § 46-5-164(g).

AT&T's petition specifically requests that the Commission (1) establish resale rules, (2) establish the rates, terms and conditions for resale as authorized by the Georgia Act including the appropriate wholesale rates and the guidelines for operational interfaces, (3) require the initial unbundling of operator services, directory assistance and appropriate routing of repair calls, and (4) adopt the Total Wholesale Service tariff for providing wholesale services to resellers as proposed by AT&T.

The Company's petition rightfully notes that unlike interconnection services, the Georgia Act does not require negotiations to establish the rates, terms and conditions for resale of telecommnunications services prior to petitioning the Commission for these purposes. AT&T and BellSouth have engaged in multiple negotiations sessions over a four month period concerning resale and other matters pertinent to local competition in Georgia. AT&T has been unable to reach an agreement with BellSouth that will allow AT&T to enter the local exchange market. The Commission finds that AT&T filed this petition seeking relief from the Commission after unsatisfactory lengthy negotiations with BellSouth.

On March 12, 1996, the Commission issued a memorandum to all parties of record requesting that they submit to the Commission their assessment of the impact of the Federal Act on the Commission's ability to grant the relief sought by AT&T in the manner set forward in the Company's petition and supporting prefiled testimony. Several parties responded to the Commission's request.

Section 251(c)(1) of the Federal Act provides that an incumbent LEC has the duty to negotiate in good faith on various local competition issues including resale of services and the unbundling of network elements. Under Section 251(c)(4) of the Federal Act, incumbent local exchange carriers must offer for resale any telecommunications service that the carrier provides at retail to subscribers who are not telecommunications carriers. Section 252(d)(3) of the Federal Act requires the Commission to arbitrate failed negotiations on resale and directs the Commission to determine wholesale rates for services to be resold. With regard to unbundling, an incumbent LEC has a duty under Section 251(c)(3) of the Federal Act to provide any requesting telecommunications carrier, nondiscriminatory access to network elements at any technically feasible point on an unbundled basis at rates, terms, and conditions that are just, reasonable, and nondiscriminatory.

O.C.G.A. § 46-5-164(e) provides that in cases where the purchase or resale of services purchased is authorized by the Commission, the Commission shall determine the reasonable rates, terms, or conditions for the purchase or resale. O.C.G.A. § 46-5-164(g) further provides that the Commission shall have the authority to require local exchange companies to provide additional interconnection services and unbundling.

The Federal Act states at Section 261(b) that: "[n]othing in this part shall be construed to prohibit any State Commission from enforcing regulation prescribed prior to the date of the enactment of the Telecommunications Act of 1996, or from prescribing regulations after such date of enactment, in fulfilling the requirements of this part, if such regulations are not inconsistent with the provisions of this part." The Commission finds that no material conflicts exist between the two Acts with regard to resale and to unbundling. Generally the Federal Act is more specific with regard to the requirements for resale and unbundling, while the Georgia Act leaves these matters for the Commission to decide.

SERVICES AVAILABLE FOR RESALE

Several parties presented testimony regarding what services should be made available for resale. Specifically, AT&T requested that all existing retail services, including grandfathered service offerings and new services as they are available be offered for resale. MCI presented testimony which stated that services available for resale should also include any discounted retail service, discount package, or promotional offering. BellSouth advocated that grandfathered services, promotional offerings, and certain discount packages should not be made available for resale. Other parties encouraged the Commission to adopt the standard contained in Section 251(c)(4)(A) of the Federal Act.

The Commission finds that all existing retail services sold to non-telecommunications providers except those services which are presently grandfathered shall be made available for resale. This includes any discounted retail service, discounted package, and new service offerings as they become available. Promotions are not included because they are not tariffed offerings. Grandfathered services shall not be available for resale. These services by definition are no longer available to any new subscription. To allow grandfathered services to be resold would serve to undermine this basic definition. The Commission finds that it shall continue to monitor the grandfathered provision and the offering of special promotions to insure that they are implemented in a way that is consistent with existing Commission policy.

RESTRICTIONS ON RESOLD SERVICES

AT&T advocated that the Commission impose limited restrictions on services resold. All parties presented similar testimony requesting that the Commission adopt certain class of service restrictions and the interLATA joint marketing restriction contained in the Federal Act. Generally, parties agreed that it would be necessary for the Commission to impose a restriction on resale between classes of local service, such as resale of residential local exchange service to business customers. Sprint noted in its prefiled testimony that: "[t]he price differential between business and residential customers would collapse unless resale between these classes is restricted or until local rates are rebalanced to eliminate the differential between business and residential customers." (Tr. at pp. 657-658).

Section 271(e)(1) of the Federal Act provides that until a Bell operating company is authorized to provide interLATA services in an in-region State, or until 36 months have passed since the date of enactment of the Telecommunications Act of 1996, whichever is earlier, a telecommunications carrier that serves greater than 5 percent of the nation's presubscribed access lines may not jointly market in such State telephone exchange service obtained from such company with interLATA services provided by that telecommunications carrier.

The Commission finds that it shall impose class of service restriction on the resale of all retail service offerings. In addition the Commission finds that it shall adopt the interLATA joint marketing restriction contained in the Federal Act.

WHOLESALE SERVICES TARIFF

AT&T witness Guedel included as an attachment to his prefiled testimony an "illustrative" Total Wholesale Services Tariff for providing wholesale services to resellers as proposed by the Company. The proposed tariff included limited terms and conditions for the wholesale provisioning of resold services. AT&T requested that the Commission adopt specific provisions which included a 90 day advance notice on new offerings and 30 day advance notice on promotions. Several parties presented testimony requesting that a separate wholesale tariff be established.

The Commission finds that AT&T's "illustrative" Total Wholesale Tariff is simply that, "illustrative" and therefore incomplete, inadequate and shall not be adopted. The Commission further finds that AT&T's request to establish a 90 day advance notice on new service offerings has not been adequately supported. BellSouth shall be required to file a separate complete Wholesale Tariff containing the rates, terms and conditions for all services provided. This initial filing as well as proposed revisions shall be subject to Commission approval. All proposed revisions to this tariff shall comply with the existing 30 day filing requirement. BellSouth shall continue to comply with the existing provision in its General Subscriber Service Tariff which requires a 30 day notice to the Commission on all promotional offerings.

AVOIDED COST METHODOLOGY

The Federal Act provides that State Commissions shall set wholesale prices for telecommunications services on the basis of retail rates charged to subscribers for the telecommunications services requested, excluding the portion thereof attributable to any costs that will be avoided by the local exchange carrier. (Section 252(d)(3)).

All parties generally agreed that the Federal Act standard is the appropriate basis for the Commission to determine wholesale rates; however several parties did provide their own unique interpretation of what that standard means. Sprint witness Key advocated that the Commission determine "net" avoided cost utilizing Total Service Long Run Incremental Cost (TSLRIC). Several parties recommended the Commission determine avoided cost using readily available embedded cost information. MFS and CUC also recommended the Commission adopt a "net" avoided cost approach. Under this approach, determination of avoided cost would include any added costs of providing a service at wholesale. BellSouth witness Maddox presented testimony that: "[i]n our study, we looked at the costs that BellSouth would avoid making services available for resale. We did not take into account the increased costs that would occur for offering the services on a resale basis." (Tr. at pp. 523-524). MCI witness Dr. Ankum's prefiled testimony indicated that any "net" avoided cost should be recovered in the service mark-up. (Tr. at pp. 842).

ATA witness Schwartz recommended that the Commission establish a lower wholesale rate for an extended term agreement than for a short-term arrangement. ATA advocates that "[t]he wholesale rate in an extended resale agreement must reflect the downward pressure on retail price and the upward pressure on marketing and sales costs that will result from increased competition in the local exchange market." (Tr. at pp. 708). MFS and Sprint also recommended wholesale rates be established service by service. Testimony presented by BellSouth and Sprint encouraged the Commission to establish separate discounts for residential and business wholesale services to reflect the current differentials which exist between similar retail offerings.

The Commission finds that the Federal Act standard is the appropriate method to determine avoided cost. The Commission rejects the argument of "net" avoided cost forwarded by several parties. Evidence presented in this docket indicates that TSLRIC studies for the items in question have not been conducted and to do so would require several months. The Commission shall initially use embedded cost information to determine avoided cost as specified in the Federal Act. The Commission further finds that a separate discount shall be determined for each customer class and the discount shall apply equally to all services in BellSouth's wholesale tariff. The Commission finds that negotiated agreements may reflect additional discounts for longer terms.

WHOLESALE DISCOUNT RATE

AT&T and BellSouth were the only parties who presented an avoided cost study in this docket. AT&T's study yielded an overall wholesale discount rate of 28.3%. BellSouth's study resulted in a 11% discount for residential wholesale offerings and a 9.5% discount for business services. MCI, ATA, and COMPTEL did not conduct their own study, but generally supported AT&T' s avoided cost study results. CUC recommended that the Commission establish a floor level discount reflective of the BellSouth cost study results, and maintain a ceiling discount of 20% as ordered by the Illinois Commerce Commission. MFS did not conduct its own study, but cautioned the Commission that deep discounts discourage the beneficial development of facilities-based competition. MFS further stated that BellSouth's estimate of avoided cost are more consistent with the underlying principles of the Federal Act.

A review of AT&T's avoided cost study finds the Company utilizes embedded expense and revenue data which BellSouth reported to the Federal Communications Commission (FCC) in the 1994 Automated Report Management Information System (ARMIS), specifically Reports 43.03 and 43.04. AT&T's cost model removes all or some portion of direct and indirect costs which AT&T believes are avoided when selling services wholesale. The AT&T study shows direct costs avoided as follows: 100% of the cost for uncollectibles, 100% of the expenses associated with marketing, sales, and advertising and billing, and 20% of the Operator-Testing and Operator-Plant Administration expenses. AT&T's study also shows avoided cost to include 100% of operator related costs, such as call completion and number services functions. AT&T maintains that these functions will be performed by the Company's own operators.

There are also indirect costs which AT&T's Cost Model shows as avoided. These include 21.73% of various General and Administrative expenses--including corporate expenses, finance, regulatory, legal, taxes, depreciation, general support, network support, research and development, and other general and administrative expenses. AT&T's Cost Model yields a 28.3% wholesale discount.

BellSouth's Avoided Cost Model used that company's actual 1995 year-end financial data for the state of Georgia as reflected in the FR-1 report and the MR-5. BellSouth's study reflects avoided cost in the categories of uncollectibles, marketing, sales, and customer service. BellSouth's Cost Model does not reflect any avoided cost in advertising, product management, call completion services, number services, or indirect cost. BellSouth's study contains avoided cost of $12,396,537 for uncollectibles, $39,906,057 for marketing and sales, and $84,823,776 for customer services. The total avoided costs included in BellSouth's study are $137,126,370. This computed level of avoided cost represents only 6.7% of the total expenses ($1,995,838,130) incurred by BellSouth for its Georgia operations during 1995. In other words, the Company has deemed 93.3% ($1,861,747,721) of its total expenses as unavoidable. BellSouth maintains that the appropriate wholesale discounts are 11% for residential and 9.5% for business.

Herein lies the fundamental difference between the parties regarding the cost that should be reflected in the determination of BellSouth's wholesale discount. BellSouth, MFS, and other supporting parties argue that the discount should reflect the costs that are actually avoided when provisioning wholesale local services. AT&T, MCI, ATA and COMPTEL advocate that all costs that are avoidable, whether or not they are actually avoided, should be reflected in the determination of the wholesale discount.

The Federal Act states that a resale discount should reflect the:

> "[r]etail rates charged to subscribers for the telecommunications service requested, excluding the portion thereof attributable to any marketing, billing, collection, and any other costs that will be avoided by the local exchange carrier." (Section 252(d)(3)).

BellSouth has interpreted the relevant portion of the Federal Act relating to the determination of a wholesale discount in a very strict manner. BellSouth maintains that many functions now performed for the provisioning of retail services will not be avoided in a resale environment. The Company believes that significant advertising, sales, and other related expenses will not be avoided in a wholesale situation. BellSouth's position reflects a narrow, constrained view of an avoided cost approach.

AT&T and its supporting parties have taken a broader interpretation of the language in the Federal Act, arguing that avoidable cost is the standard mandated by the recently passed Federal legislation. Under this approach avoidable cost include not only direct cost, but also indirect cost and resulting overheads associated with an avoided job function. AT&T's position supports the inclusion of expenses such as depreciation, administrative expense and corporate overhead to the extent that they are avoidable.

While neither approach is inherently precise, the Commission finds that in this instance a forward-looking avoidable cost approach yields more relevant and reliable results than a historical based avoided cost approach. This view holds particularly true in light of the sweeping changes taking place in the telecommunications industry. ATA witness Schwartz noted: "[i]s it not true that BellSouth has been downsizing and that the very downsizing they're doing should and is being created by competition and resale, and that this cost should be reflected in deriving that avoided cost? I think it's an important issue and I think it's one that should be taken into consideration as part of the wholesale rate." (Tr. at pp. 699). BellSouth's strict avoided cost approach would potentially inhibit or otherwise severely limit the development of a competitive local exchange market. The Commission's endorsement of such an approach would provide BellSouth with little incentive to reduce or shed costs which are actually avoidable. These potentially avoidable costs would continue to be subsidized by the Company's competitors; thereby virtually eliminating any form of meaningful competition.

AT&T's response to CUC's Hearing Request (hereinafter referred to as "AT&T Hearing Resonse"), filed April 1, 1996, reflects the status of the Rochester Telephone Company (RTC) trial where AT&T has ceased marketing its competing local services. On October 3, 1995, AT&T filed a complaint with the New York Commission seeking relief for reasons of price and service provisioning. The Complaint states: "[t]he RTC 5% wholesale discount on local service is precisely such a commercially unreasonable discount. It is noteworthy that the discount is so patently inadequate that only AT&T has even attempted to offer services on a resale basis pursuant to its terms." (Petition of Rochester Telephone Corporation for Approval of Restructing Plan Case 93-C-0103 N.Y.P.S.C., Petition of Rochester Telephone Corporation for Approval of a New Multi Year Rate Stability Agreement Case 93-C-0033 N.Y.P.S.C., AT&T Communications of New York, Inc. Complaint, Petition For Declaratory Judgement and for Reconsideration of Opinion No. 94-25 N.Y.P.S.C., page 5).

The Commission finds that BellSouth's Avoided Cost Model represents a sound mathematical approach toward computing a wholesale discount. The data utilized to compile the study represents the most recent year-end information available for BellSouth's Georgia operations. The Commission finds that BellSouth does not properly account for certain expenses that are reasonably avoidable. The Commission finds that the data contained in the AT&T Cost Model is dated information and to some degree jurisdictionally mixed. The Commission finds that the AT&T study overstates certain avoidable costs. The Commission finds that it is both necessary and prudent to revise the avoided cost contained in BellSouth's study to determine an appropriate wholesale discount.

Appendix 1 reflects the calculations supporting the wholesale discount adopted by the Commission and a narrative explaining the adjustments made to BellSouth's Avoided Cost Model. Based on the results of the computation, the Commission finds that the appropriate wholesale discount is 20.3% for residential services and 17.3% for business services. The Commission finds that these discounts shall apply to all recurring, non-recurring and intrastate toll retail offerings. The Commission finds that the currently tariffed non-recurring charges for primary and secondary services with the appropriate discount will apply to resellers (See BellSouth's Response to Staff Hearing Request No 3 to Lorraine Maddox, page 1 of 1). The Commission finds that these levels shall remain in effect for a 12 month period. At the end of this 12 month period, the Commission shall conduct a review to determine if the need exists to modify these initial discount levels.

OPERATIONAL INTERFACES

AT&T has specifically requested that the Commission require BellSouth to establish electronic operational interfaces for pre-service ordering, service ordering and provisioning, directory listing and line information databases, service trouble reporting and customer daily usage data. The Company has also requested that the Commission apply an additional 10% discount for BellSouth's failure to comply with the establishment of electronic interfaces. AT&T is supported in its request by MCI, ATA, and Sprint. AT&T's Hearing Response reflects service provisioning concerns raised by the Company in its October 3, 1995 complaint filed against RTC with the New York Commission "AT&T is severely disadvantaged due to the fact that RTC has failed to provide procedures for resellers to access the RTC databases for on-line queries needed to perform basic service functions as scheduling customer appointments." (Petition of Rochester Telephone Corporation for Approval of Restructing Plan Case 93-C-0103 N.Y.P.S.C., Petition of Rochester Telephone Corporation for Approval of a New Multi Year Rate Stability Agreement Case 93-C-0033 N.Y.P.S.C., AT&T Communications of New York, Inc. Complaint, Petition For Declaratory Judgement and for Reconsideration of Opinion No. 94-25 N.Y.P.S.C., page 12). ATA witness Schwartz testified: "[m]y concern is how do we now proceed to interface into their system, how do we provision those customers now with them. If we can't do it electronically, it's just going to be a disaster." (Tr. at pp. 721).

BellSouth witness Scheye acknowledges that: "[n]o one is happy, believe me, with a system that is not fully electronic." (Tr. at pp. 430). Further testimony by Scheye indicates that: "[i]n the initial stages we plan to use fax machines....." (Tr. at pp. 429). MFS and BellSouth recommended that the Commission delay the establishment of electronic interfaces until after national standards are set.

The Commission finds that AT&T's request is timely and appropriate in that it is imperative that a reseller have access to the same service ordering provisions, service trouble reporting and informational databases for their customers as does BellSouth. The Commission finds that BellSouth shall establish the requested operational interfaces by July 15, 1996. AT&T's request for an additional 10% discount is denied. The Commission finds that access to these interfaces shall be made available to any requesting party at the same terms and conditions.

DIRECTORIES

AT&T has also requested that the Commission establish certain provisions regarding the maintenance of telephone directories. The Company has specifically requested that (1) BellSouth be required to include basic white page listings for resellers' residential and business customers as well as yellow page listings for business customers; (2) additional or enhanced listings be made available to the reseller at the same rates, terms and conditions as available to BellSouth customers; (3) BellSouth make directory listing data available for purchase so that the reseller can package and brand its own white and yellow page directories and; (4) resellers be afforded the opportunity to place local customer service information in BellSouth's directories.

BellSouth witness Scheye presented testimony that indicates that for all directory matters other than insertion of regular listings in the white pages, arrangement will be made with BellSouth's directory affiliate, BAPCO. The brief filed by BAPCO on April 16, 1996, reflects a similar position. BAPCO appropriately notes: "[t]his Commission historically has not asserted jurisdiction over publishing of Yellow Pages." (BAPCO brief). BAPCO has indicated an express willingness to provide the additional directory arrangements requested by AT&T. MFS, Sprint, MCI, ATA, COMPTEL and CUC did not take a position on this issue.

The Commission finds that BellSouth shall include white page listings for all new resellers' customers in its directory. All other directory arrangements requested by AT&T should be pursued with BellSouth's service agent BAPCO.

UNBUNDLED OPERATOR SERVICES

AT&T has requested the ability to purchase from BellSouth "branded" operator services (including directory assistance, 0+, 0- toll dialing, busy line verification and interrupt). Alternatively the Company has requested that BellSouth be ordered to provide selective routing arrangements that will enable an AT&T customer to reach an AT&T operator platform just as a BellSouth customer can reach a BellSouth operator today. MFS and Sprint support AT&T's request. Sprint further recommended that custom branding for resellers is a service resellers should pay for, and some branding requests may not be technically feasible.

BellSouth witness Scheye testified that the Company stands ready to unbundle any network elements required by telecommunications carriers where technically feasible. BellSouth advocates that embedded cost should be utilized in determining the cost of an unbundled network element. MCI, CUC, COMPTEL, and ATA did not take a position on this issue.

The Commission finds that AT&T's request is valid and reasonable. The Commission finds that the ability of a competing carrier to utilize their own operators or custom "branded" operator services will enhance the ability of that entity to effectively compete. However, sufficient evidence was not presented by the parties regarding technical limitations, implementation cost and cost recovery. Accordingly, until the parties are able to present credible evidence on these issues, the Commission cannot grant AT&T's request.

The Commission directs that AT&T and BellSouth submit a joint report to the Commission which addresses a resolution of these outstanding issues. If the parties do not reach an agreement on these issues, each party should reflect their positions and factual evidence which supports same in the body of the report. Absent a resolution, this report shall be used as a primary basis for a Commission decision regarding this matter.

WHEREFORE, IT IS:

ORDERED that all existing retail services sold to non-telecommunications providers except those services which are presently grandfathered shall be made available for resale. This includes any discounted retail service, discounted package, and new service offerings as they become available. Promotions are not included because they are not tariffed offerings. The Commission shall continue to monitor the grandfathered provision and the offering of special promotions to insure that they are implemented in a way that is consistent with existing Commission policy.

ORDERED FURTHER, that the Commission shall impose class of service restriction on the resale of all retail service offerings. In addition, the Commission shall adopt the interLATA joint marketing restriction contained in the Federal Act.

ORDERED FURTHER, that within 30 days of the issuance of this Order BellSouth shall be required to file a separate complete Wholesale Tariff containing the rates, terms and conditions for all services provided. This initial filing as well as proposed revisions shall be subject to Commission approval. All proposed revisions to this tariff shall comply with the existing 30 day filing requirement. BellSouth shall continue to comply with the existing provision in its General Subscriber Service Tariff which requires a 30 day notice to the Commission on all promotional offerings.

ORDERED FURTHER, that the Federal Act standard of retail rates excluding avoided cost is the appropriate bases to determine wholesale rates. The Commission shall initially use embedded cost information to determine avoided costs as specified in the Federal Act. A separate discount shall be determined for each customer class and the discount shall apply equally to all services contained in BellSouth's wholesale tariff. Negotiated agreements may reflect additional discounts for longer terms.

ORDERED FURTHER, that the appropriate wholesale discount is 20.3% for residential services and 17.3% for business services. These discounts shall apply to all recurring, non-recurring and intrastate toll retail offerings. The currently tariffed non-recurring charges for primary and secondary services with the appropriate discount shall apply to resellers. These discount levels shall remain in effect for a 12 month period effective June 15, 1996. At the end of this 12 month period, the Commission shall conduct a review to determine if the need exists to modify these initial discount levels.

ORDERED FURTHER, that BellSouth shall establish electronic operational interfaces for pre-service ordering, service ordering and provisioning, directory listing and line information databases, service trouble reporting and daily usage data by July 15, 1996. AT&T's request for an additional 10% discount is denied. Access to these interfaces shall also be made available to any requesting party at the same terms and conditions. These interfaces shall provide access to resellers for their customers which is equivalent to that of the incumbent LEC. BellSouth and AT&T shall submit a joint report to the Commission within 30 days after this Order is issued which will update the activities and implementation time frames necessary to deploy these interfaces.

ORDERED FURTHER, that BellSouth shall include white page listings for all new resellers' customers in its directory. All other directory arrangements requested by AT&T should be pursued with BellSouth's service agent BAPCO.

ORDERED FURTHER, that AT&T and BellSouth are directed to submit a joint report to the Commission within 30 days of the issuance of an Order in this docket which addresses a resolution of outstanding issues relative to AT&T's provision of its own operator services. If the parties do not reach an agreement on these issues, each party should reflect their position and factual evidence which supports same in the body of the report. Absent a resolution, this report shall be used as a primary basis for a Commission decision regarding this matter.

ORDERED FURTHER, that a motion for reconsideration, rehearing, or oral argument or any other motion shall not stay the effective date of this Order, unless otherwise ordered by the Commission.

ORDERED FURTHER, that jurisdiction over this matter is expressly retained for the purpose of entering such further Order or Orders as this Commission may deem just and proper.

The above action by the Commission in Special Administrative Session on the 29th day of May, 1996.

Terri M. Lyndall
Executive Secretary

June 12, 1996
Date

Dave Baker
Chairman

June 12, 1996
Date

CALCULATIONS SUPPORTING WHOLESALE DISCOUNT LEVEL

Appendix 1

The wholesale discount level was calculated utilizing the Avoided Cost Discount Model proposed by BellSouth witness Frank R. Kolb.The basis equation contained in Mr. Kolb's model is reflected below:

$$\%\text{DISCOUNT} = \frac{\text{COST AVOIDED AS A RESULT OF RESALE}}{\text{REVENUE FROM RESOLD SERVICES}} \times 100$$

The Commission has made adjustments to the avoided cost calculated by Mr. Kolb to reflect additional avoided cost for sales, advertising, call completion services, number services and an assignment of indirect cost associated with the direct cost allocation contained in BellSouth's calculations. The numerical information utilized to make these adjustments was derived from Staff data requests submitted in the context of the public hearing regarding this matter.

The first adjustment the Commission made to BellSouth's avoided cost calculation is to recognize additional avoided cost associated with Sales. The Company's study included $39,906,057 as avoided cost for Sales. This represents 61% of the total sales expense incurred by BellSouth's Georgia Operations for 1995. The Commission has included in its calculation avoided cost for Sales of $48,675,614. This represents 75% of the total sales expense incurred by the Company. After reviewing BellSouth's Account Records Categories for Sales (Account 6612) the Commission finds that many of the representative work functions contained therein will be avoided in a resale environment. The Commission finds that the recommended avoided cost associated with Sales contained in this calculation is conservative at best.

The Commission finds that it is reasonable to assume that there is a direct correlation between Sales and Product Advertising. BellSouth did not include any product advertising cost as avoidable in their study. The Company incurred product advertising expense of $17,566,591 for year-end 1995. The Commission finds that in order to remain consistent in its approach, it is appropriate and reasonable to conclude that 75% of the total product advertising cost will be avoided. This yields avoided Product Advertising cost of $13,174,943. Likewise, a review of the Company's Account Records Categories for Product Advertising (Account 6613) reveals that many of these work functions will be avoided in the wholesale provisioning of services.

Several parties in this docket indicated their intention to utilize their existing operators to provide local operator and call completion services (i.e., 0+, 0-, Directory assistance). BellSouth's study did not include any avoided cost related to Call Completion and Number Services which are expense categories directly related to the provision of operator services. The Commission has included $3,031,565 in its calculation as avoided cost associated with Call Completion. This represent 25% of the total Call Completion expense incurred by the Company for 1995. Similarly, the Commission has included $8,281,083 in its calculation as avoided cost related to Number Services. This represents 25% of the total Number Service Expense incurred by BellSouth. The Commission finds that a 25% allocator represents a reasonable initial assignment of cost that will be avoided. Potentially, avoided cost in these areas may grow as competitors' call completion traffic increases.

The final adjustment the Commission made to the BellSouth cost study relates to the assignment of indirect cost which will be avoided. The avoided cost identified in the Company's calculations are all related to directly assignable cost. BellSouth did not reflect any indirect cost such as General Support, Administrative, or Corporate Operations in its study. The total avoided cost included in the Company's study is $137,126,370. The total direct avoidable expense included in the Commission's calculations is $170,383,518. The Commission finds that in keeping with its forward-looking approach, it is reasonable to reflect a level of indirect avoidable cost associated with the direct avoidable cost previously identified and calculated.

A review of previous cost studies submitted by BellSouth to the Commission reflect a range for indirect cost as a percentage of direct cost to be 30% to 50%. The Commission finds that it is reasonable to calculate the indirect avoided cost using a 50% factor. This yields an additional avoidable expense of $85,191,759. This level represents less than 5% of the total expense($1,861,747,721) BellSouth deemed unavoidable. The Commission finds that as with all the previous adjustments made to BellSouth's study, this estimate of indirect avoidable cost is extremely conservative. The total avoidable cost (direct and indirect) calculated by the Commission is $255,575,277.

The Commission utilized the same total revenues from resold services as contained in the BellSouth study. The study contains residential revenues in the amount of $653,955,846 and business revenues of $709,781,717. The total revenues contained in the study are $1,363,737,563. The Company's study reflect that 52% of its total calculated avoided cost is attributable to residential services and 48% to business services. The Commission utilized these same percentages in calculating its separate residential and business wholesale discounts.

The Commission's Approved Discount Levels Are Calculated Below:

$$\text{RESIDENTIAL DISCOUNT} = \frac{\$132,899,144}{\$653,955,846} \times 100 = 20.3\%$$

$$\text{BUSINESS DISCOUNT} = \frac{\$122,676,133}{\$709,781,717} \times 100 = 17.3\%$$

Attachment 6

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

AT&T Communications of Illinois, Inc.	:	95-0458
Petition for a total local exchange wholesale service tariff from Illinois Bell Telephone Company d/b/a Ameritech Illinois and Central Telephone Company pursuant to Section 13-505.5 of the Illinois Public Utilities Act.	:	
LDDS Communications, Inc. d/b/a LDDS Metromedia Communications	:	95-0531
Petition for a total wholesale network service tariff from Illinois Bell Telephone Company d/b/a Ameritech Illinois and Central Telephone Company pursuant to Section 13-505.5 of the Illinois Public Utilities Act.	:	consol.

ORDER

DATED: June 26, 1996

J Trowbridge

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STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

AT&T Communications of Illinois, Inc.	:	95-0458
Petition for a total local exchange wholesale service tariff from Illinois Bell Telephone Company d/b/a Ameritech Illinois and Central Telephone Company pursuant to Section 13-505.5 of the Illinois Public Utilities Act.	:	
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Petition for a total wholesale network service tariff from Illinois Bell Telephone Company d/b/a Ameritech Illinois and Central Telephone Company pursuant to Section 13-505.5 of the Illinois Public Utilities Act.	:	consol.

ORDER

By the Commission:

On September 19, 1995, AT&T Communications of Illinois, Inc. ("AT&T") filed its petition for a total local exchange wholesale tariff from Illinois Bell Telephone Company ("Ameritech" or "the Company") and Central Telephone Company ("Centel") pursuant to Section 13-505.5 of the Illinois Public Utilities Act ("Public Utilities Act" or "PUA"). In its petition, AT&T stated that its request encompassed most existing Ameritech and Centel noncompetitive retail services as enumerated in the petition; operational and support requirements, including access to support systems that provide provisioning, billing or network maintenance data; the creation of appropriate administrative standards to ensure proper provisioning of services by Centel and Ameritech; and wholesale pricing of retail services as described in the petition.

On October 10, 1995, Centel filed a motion to extend the time period in which to consider AT&T's petition, or, in the alternative, to dismiss AT&T's petition. After this motion was duly briefed by the parties, the parties reached an agreement that was reflected in an agreed upon briefing schedule on December 8, 1995. Pursuant to this schedule, the parties extended the 180-day deadline (applicable to petitions filed pursuant to Section 13-505.5) to May 24, 1996.

On October 19, 1995, LDDS WorldCom, f/k/a LDDS Communications, Inc., d/b/a LDDS Metromedia Communications ("LDDS") filed its own petition requesting a total wholesale network service from Ameritech and Centel. While similar to the AT&T petition, LDDS also requested that switched access services be provided on a wholesale basis. Simultaneously, LDDS filed a motion to consolidate its petition with that of AT&T. This motion was briefed by the parties and on December 8, 1995, Hearing Examiner granted LDDS' motion, thereby consolidating Docket 95-0458 (the AT&T petition) and Docket 95-0531 (the LDDS petition).

On February 5, 1996, a hearing was held in this matter. At that time, the parties discussed the need to file additional testimony addressing the Federal Telecommunications Act of 1996 ("Federal Act"). The Hearing Examiner granted leave for the parties to file supplemental direct and supplemental rebuttal testimony to address the potential impact of the federal Act on these proceedings. As a result, the parties agreed to continue the matter until March 18, 1996 and to further extend the date for Commission decision in this matter under Section 13-505.5 of the PUA until June 26, 1996.

On February 20, 1996, MFS Intelenet of Illinois, Inc. ("MFS") filed a Motion to Dismiss LDDS' petition in light of the federal Act. After hearing the responses and replies of the parties, the Hearing Examiner denied MFS' motion on April 4, 1996.

The following parties have intervened or entered an appearance in this proceeding: AT&T; LDDS; Ameritech; Centel; Southwestern Bell; Mobile Systems, Inc. d/b/a Cellular One - Chicago ("Cellular One"); Citizens Utility Board ("CUB"); GTE North Incorporated ("GTE"); LCI International Telecom Corporation ("LCI"); Cable Television and Communications Association of Illinois ("CATV"); the People of Cook County ("Cook County"); Illinois Consolidated Telephone Company ("ICTC"); USN Communications, Inc. ("USN"); TC Systems - Illinois, Inc. ("TC Systems"); The Illinois Independent Telephone Association ("IITA"); The Telecommunications Resellers Association; MFS; the Attorney General of the State of Illinois (the "AG"); Consolidated Communications, Inc. ("CCI") and PCS Primeco. In addition, the Staff of the Commission appeared in this proceeding.

Hearings were held in this proceeding before a duly authorized Hearing Examiner on October 10, December 4, 1995, February 5, and March 18-20, 1996.

The record was marked "Heard and Taken" by the Hearing Examiner on March 20, 1996. The record of this proceeding consists of the testimony of: seven witnesses for Staff; five witnesses for AT&T; one witness for LDDS; nine witnesses for Ameritech; two

witnesses for Centel; one witness for GTE; one witness for MCI; two witnesses for TC Systems; one witness for MFS; one witness for CUB; one witness for Cellular One; and one witness for the IITA. These witnesses will be identified where appropriate.

Initial briefs were filed in this proceeding by AT&T; LDDS; Ameritech; Staff; MFS Intelenet; TC Systems; CUB; ICTC; the IITA; Cellular One; MCI; Centel; and the Telecommunications Resellers Association. Reply briefs were filed by AT&T; LDDS; Ameritech; Centel; Staff; MFS; Teleport; CUB; CCI; MCI; and the Telecommunications Resellers Association.

Briefs on Exceptions and replies thereto were filed by Ameritech, AT&T, LDDS, Staff, Centel, CCI, CUB, TC Systems, MCI and MFS and were given due consideration in this order.

I. INTRODUCTION

Both the AT&T and LDDS petitions were filed pursuant to Section 13-505 of the PUA which provides as follows:

> 13-505.5. Request for new noncompetitive services. Any party may petition the Commission to request the provision of a noncompetitive service not currently provided by a local exchange carrier within its service territory. The Commission shall grant the petition, provided that it can be demonstrated that the provisioning of the requested service is technically and economically practicable considering demand for the service, and absent a finding that provision of the service is otherwise contrary to the public interest. The Commission shall render its decision within 180 days after the filing of the petition unless extension of the time period is agreed to by all the parties to the proceeding.

AT&T is requesting, pursuant to Section 13-505.5 of the PUA, that the Commission require Ameritech and Centel to file separate wholesale tariffs for the following: (a) all existing Ameritech and Centel retail services; (b) operational and support requirements; (c) administrative standards for quality of service assurance; and (d) wholesale pricing. AT&T has provided a methodology for calculating a wholesale price which results in approximately a 35% discount off of the existing retail rates for Ameritech and Centel. AT&T petition at 2-5. AT&T further requests that the wholesale tariffs be applicable to all of Ameritech's and

Centel's exchanges in the state. AT&T's petition also requests that Ameritech and Centel provide automatic routing for certain services and access to Advanced Intelligent Network ("AIN") services.

The LDDS petition differs from the AT&T petition in that under the LDDS "platform" proposal, the new entrant would be able to acquire the underlying network elements or functionalities in a manner that allows the new entrant to freely combine elements and provide service.

LDDS requests that the basic components of the local exchange network, i.e., the loops, the switch, and local call termination, be made available to carriers for purchase so these elements may be combined and utilized to provide local exchange, exchange access, and other telecommunications services. In contrast to AT&T which seeks the ability to purchase Ameritech's and Centel's retail services at a wholesale price for the purpose of resale, LDDS requests a different option, to be able to purchase the underlying network, facilities, equipment, and related support, to enable LDDS to design and offer its own local exchange, exchange access, and other services. Similar to the AT&T request, LDDS seeks access to the use of the incumbent local exchange carrier's "LEC's" operational interfaces and support systems for data transfer and administrative requirements, to ensure the proper and high-quality provisioning of local service at parity with the service the incumbent LECs provide themselves.

Staff, in turn, has developed a version of the network platform approach which focuses on unbundling of the Local Switching Platform ("LSP"). Both LDDS and AT&T have endorsed Staff's proposal and support Staff's recommendation that the LSP be pursued in a follow-on proceeding. MCI also has supported the platform proposal and has offered further definition of the local switching component.

There was considerable disagreement between the petitioners and Ameritech and Centel regarding the legality of AT&T's and LDDS' requests under Section 13-505.5 of the PUA. With the passage of the federal Act, the issue of the legality of the petitions has become inconsequential. There is now no question that the incumbent LECs -- Ameritech and Centel in this instance -- have the duty to provide wholesale rates for their retail services under the federal Act. There is also no question that Ameritech and Centel have a duty to provide network elements on an unbundled basis. Ameritech and Centel agree that they are required to do so. Accordingly, the issues addressed in this Order will, for the most part, involve legal interpretations of specific language in the federal Act.

II. THE STRUCTURE OF WHOLESALE/RETAIL PRICES

A. Introduction

More than any other issue in this proceeding, our Commission's decisions with respect to the pricing of wholesale service will have profound effects on the local exchange market. The price set for wholesale local exchange services will dictate whether competitors choose to enter the local exchange market via resale, as a facilities-based carrier, or not enter the market at all. The Commission must decide this matter in such a manner that best serves the public interest while balancing the interests of various market participants.

The Commission is cognizant of the fact that if the wholesale price is set artificially high, then competitors may be discouraged from entering the local exchange market, even if they could provide retail components more efficiently than the incumbent LEC. As a result, the incumbent LEC would not face competitive pressure to reduce retail cost, and more efficient providers of retail services would not be able to provide them. Conversely, if the wholesale price is set artificially low, then competitors would be discouraged from becoming facilities-based competitors, even if they could provide facilities-based services more efficiently than the incumbent LEC. As a result, these services would be provided in an inefficient manner. In addition, the low wholesale price would have a negative impact on the amount of investment made by the incumbent LECs in their underlying local network.

A properly established wholesale/resale market would require all firms to compete on their ability to provide retail local exchange services, while preserving any efficiencies to the extent present. Any decision by a reseller to enter the local exchange market should be dependent on its ability to compete in that market based on the societal cost of providing the retail component of local exchange service. Such retail competition will occur if other carriers can be more efficient at providing the retailing function of providing local exchange service.

The Commission is of the opinion that a properly established wholesale/resale market would place competitive pressure on both the incumbent LECs, as well as new entrants into the local exchange market. This pressure would be exerted in terms of price, cost, and service quality. In addition, a properly established wholesale/resale market would preserve any possible efficiencies to be gained from situations where there may be natural monopoly conditions in the underlying network of local exchange service. However, the Commission also is cognizant that new technology and innovation in the actual service provisioning will take place only as facilities based competition evolves -- although pure resale

competition should not be written off just because it may not be as beneficial as facilities-based competition. Wholesale/resale competition will put competitive pressure on both retail rates and quality of service. Wholesale/resale competition is also a first step in an evolving marketplace that will eventually involve more facilities-based competition.

B. The Pricing Standard and Cost Basis for Wholesale Services

The Commission's interpretation of Section 252(d)(3) of the federal Act is the single most important issue before the Commission in this docket. This section provides as follows:

> (d) PRICING STANDARDS
>
> ...
>
> (3) WHOLESALE PRICES FOR TELECOMMUNICATIONS SERVICES- For the purposes of section 251(c)(4), a State commission shall determine wholesale rates on the basis of retail rates charged to subscribers for the telecommunications service requested, excluding the portion thereof attributable to any marketing, billing, collection, and other costs that will be avoided by the local exchange carrier.

As discussed below, the interpretation of this Section varies markedly.

AT&T

With respect to the pricing standard and the Cost Basis for Wholesale Services, AT&T contends the federal Act provides specific direction on how the prices for wholesale services are to be set and prescribes a methodology for establishing the LECs' cost basis for wholesale prices. As such, AT&T contends that the record in this docket contains adequate information for the Commission to order specific wholesale prices.

AT&T witness Dr. Selwyn presented a method of measuring avoidable costs based on accounting data for retailing functions. This approach yielded a discount of 25% from retail prices (plus an additional incentive discount of up to 10% for operational interfaces that are not yet at parity with the LEC's own retailing operations.) Dr. Selwyn testified further that this method is fully consistent with the language of the federal Act. AT&T concedes that this method was general in nature because it develops only one percentage equally applicable to all services; the

approach was proposed by AT&T for use until more detailed cost analyses could be completed.

The final position of AT&T in this regard, based upon the completed record in this docket, is that a service-specific development of wholesale prices can be achieved. Specifically, AT&T endorses the pro rata contribution methodology presented by Staff, discussed below, implemented at the rate element-specific level and with certain additional service cost adjustments. Dr. Selwyn's analysis does, however, provide corroboration of the overall result reached under Staff's method.

With respect to whether Staff's method should be applied on a "individual service element" basis or a "service family" basis, AT&T maintains that a method which uniquely treats individual service elements is superior to a method which applies discounts broadly to entire service families. An individual service element approach avoids unnecessary and undesirable variation in the contribution margin between the corresponding wholesale and retail versions of the same service. Such an approach, AT&T contends, is also consistent with the federal Act, which describes the wholesale rate calculation methodology for "the telecommunications service requested..." Section 252(d)(3) of the Act. (Emphasis added).

Regarding additional service cost adjustments, AT&T agrees with a number of the adjustments advocated by Staff. With respect to maintenance expense, AT&T endorses Staff's adjustment to offset Ameritech's claim that maintenance expense will be higher in a wholesale environment. AT&T also agrees with Staff's proposed adjustment of maintenance expense and Account 6623 (Customer Service Expenses).

In addition, AT&T contends that in certain instances Staff's adjustments did not go far enough and that additional adjustments in Ameritech's cost data were needed to arrive at a correct and reasonable wholesale discount. First, with respect to uncollectible expenses, AT&T proposes to remove the varied and unrepresentative collection of customer types considered by Ameritech and, rather, to base the calculation on actual experience with interexchange carriers ("IXC"). AT&T explains that given the nature and qualifications of resellers that will be certificated, the result will be uncollectible expense more in line with experienced with IXCs. Second, as to advertising expenses, AT&T contends that these expenses should be removed entirely, in that it is neither necessary nor appropriate for Ameritech to advertise and promote essential monopoly wholesale services to informed resellers who have no option but to rely on such inputs in order to provide their own services. While Ameritech may choose to advertise to its captive customers, recognizing remaining advertising expenses essentially amounts to charging customers for the privilege of

being captive. Third, with respect to joint and administrative costs, AT&T contends that several major areas of cost would be avoided in a large-scale shedding of retail activity by the incumbent LEC. Examples of these costs include buildings, vehicles, computer equipment, furniture and artwork, personnel and other assets and functions supporting retail operations.

A further and important area of cost adjustment needed according to AT&T is the removal of implementation and additional ongoing costs in connection with the provision of wholesale services. AT&T argues that the federal Act speaks only of "costs that will be avoided" and makes no mention of any new or additional costs that might be incurred. Allowing such costs to be "netted" against costs "that will be avoided" would be tantamount to reverting to rate of return regulation and a scheme of guaranteed cost recovery. AT&T recommends that any "one time" costs incurred by the incumbent LEC for start-up modifications to systems to accommodate the provision of wholesale services, to the extent they are recognized at all, be recovered from all retail providers, including the incumbent LEC, in proportion to each provider's share of the retail market.

Staff

Staff takes the position that various interpretations of Section 252(d)(3) are possible based on the phrases "excluding the portion thereof attributable to" and "on the basis of." Staff contends that "on the basis of" is not the same as "equal to."

Staff's interpretation of the federal Act allows the Commission full latitude in setting wholesale prices beyond the minimum requirement of retail price less avoided cost. It recommends that the Commission set the wholesale price equal to the retail price less net total assigned cost ("TAC") of retail functions less a pro rata share of contribution attributable to the avoided retail costs. This approach attributes a pro rata share of contribution to the avoided retail functions. "Contribution" is the difference between the retail price and the Long Run Service Incremental Cost ("LRSIC"). Staff defines common costs as the costs that are common to a carrier that are not directly attributable to any particular service. Joint costs meanwhile, are the costs of a service that occur in the production of two or more services. Staff also agrees with the Company's definition of Total Assigned Costs ("TAC"), which is the LRSIC of a service plus administrative and shared costs belonging to a particular group of services. TAC can also be explained as the LRSIC of a group or family of services.

Staff argues that Section 252(d)(3) allows states latitude in setting wholesale rates. It further argues that, historically,

federal legislation has set forth general guidelines or requirements and requires regulatory agencies to expand on those guidelines. Staff contends that the language "on the basis of" and "attributable to" demands regulatory guidance. As an example, Staff cites Ameritech's position that the federal Act would allow identifiable incremental costs to be included in the calculation of avoided costs because "on the basis of" does not mean "equal to" and, also, "other regulatory policy objectives" permits it to recover its costs of providing a service.

Staff has agreed that recurring incremental costs should be included in determining the wholesale price for policy reasons, not because specific language contained in the federal Act mandates the recovery of incremental costs to provide wholesale services. The phrase, "[o]ther regulatory policy objectives" also support Staff's pro rata share of contribution method. Staff states that the incumbent LECs cannot have it both ways: argue that the federal Act supports recovery of incremental costs of providing wholesale services, but not the allocation of a pro rata share of contribution to the avoided costs. Staff contends that if the federal Act can be interpreted to permit recovery of incremental costs of providing wholesale services (which Staff supports), then the same arguments support Staff's proposed pricing methodology of assigning a pro rata share of contribution to the avoided costs. The Commission also may interpret the term "attributable" to permit the attribution of a pro rata share of contribution to the avoided retail functions. This is the method Staff used to allocate, or attribute, a portion of shared cost to wholesale and retail services in order to calculate the wholesale price of individual services.

Staff argues that there are two policy reasons why the Commission should adopt its proposed pricing methodology. The first reason is economic efficiency. Staff asserts that simply setting the wholesale price equal to the retail price less directly assigned avoided cost would not allow for effective competition in the retailing of local exchange service. Specifically, there would be insufficient margins between retail prices and wholesale prices for the reseller to compete, because the cost that a reseller has in providing retail service would be greater than the directly assigned "avoided cost" of the incumbent LEC. Staff asserts that it has been stated by AT&T and other new LECs that the range of discounts offered by Ameritech on a net avoided costs basis would not allow them sufficient margins to recover their retailing costs of providing local exchange service. Providing resellers of local exchange service an opportunity to compete where economically feasible will promote efficiency.

Staff argues for equity as the second reason. Staff contends that by excluding a pro rata share of contribution in the

determination of wholesale rates, wholesale customers would pay a greater mark-up on incremental cost than would retail customers.

Staff asserts that the mathematical formula for calculating wholesale prices can be written in a manner that sets the wholesale price equal to the retail price less net avoided cost, less a pro rata share of contribution. For example, the general formula for Staff's methodology is as follows:

$$P(w) = TAC(w) + [[P(r) - TAC(r)] * TAC(w) / TAC(r)].$$

This equation can be rewritten in the following manner:

$$P(w) = P(r) - [TAC(r) - TAC(w)] - [P(r) - TAC(r)] * [1 - TAC(w)/TAC(r)].$$

ICC Staff Ex. 1.03 at 9-10.

In addition, Staff contends that this method of calculating wholesale rates furthers the goal of the federal Act in promoting competition and opening the local telecommunications market.

Staff maintains that its proposed wholesale pricing methodology for wholesale local services is based on the wholesale TAC, which includes shared costs and the LRSIC of the service and sets an appropriate relationship between wholesale and retail rates. Staff states that resellers will choose to enter the local exchange market via resale based on their ability to compete more efficiently against the LEC's retail services. Facilities-based carriers are making decisions to enter the local exchange market based on the existing rate structure of the incumbent LECs, which may be inefficient, as well as the cost of providing local service and demand. Under Staff's pricing methodology, the wholesale price is set relative to the retail price which will not bias entrants in their decision to enter the resale market or the facilities-based market. Staff argues that since the incumbent LEC would receive the same percentage mark-up on wholesale services as retail services, the wholesale LEC would have the same incentive to invest in its underlying network on a wholesale basis as it does on the current retail basis.

Staff's proposed pricing methodology will result in an average discount of 20.07% if the methodology is applied to an individual service level and a 16.63% discount if applied to the family service level. Most of the avoided costs are found in the TAC or shared and administrative costs levels of a group or family of services and are shared among those services contained in the family. In order to calculate a pro rata share of contribution to subtract out of the avoided costs, one must allocate those shared

costs based on a factor. Staff believes that it is reasonable to use relative LRSICs to perform such an allocation. This proposal is the same method that is used by the Commission to calculate the aggregate revenue test for services classified as competitive to determine if the competitive services are recovering their share of facilities and expenses. See 220 ILCS 5/13-507. Staff recognizes that any time shared or common costs are allocated to an individual service level some degree of arbitrariness is involved because those costs are "common" or "shared."

Staff contends that calculating wholesale prices based on its assignment of a pro rata share of contribution at the family level removes the arbitrariness of allocating the avoided shared costs, administrative costs, and contribution to individual services. However, it argues that such a method ignores the retail to LRSIC relationship that is currently embedded in the retail rate structure. This is because resellers will be induced to purchase services in an inefficient manner because the wholesale price will not correspond to the retail rate structure. This will result in both under- and over-utilization of resources, depending on the LRSICs of wholesale services. However, under Staff's proposed method of assigning shared costs, common costs, and contribution to the individual service level, resellers will pay the same percentage mark-up that currently exists on retail services, allowing for efficient competition.

Staff recommends that the Commission require Ameritech to calculate wholesale prices based on Staff's pricing methodology of relative wholesale and retail TAC studies, including applying Staff witness Webber's cost adjustments for an individual service level.

As support for its interpretation of Section 252(d)(3), Staff argues that the incumbent LECs should not be allowed to pick and choose what, if any, cost will be avoided on a wholesale basis. If the incumbent LECs were allowed to make such a decision, then there would be no reason for state commissions to set wholesale rates. Staff asserts that the incumbent LECs would just state what cost they would avoid and set wholesale prices. Under this scenario, the incumbent LECs would set the wholesale rates equal to or above the retail rates in order to protect their local exchange market. Clearly, it is not the intent of the federal Act to forestall local exchange competition.

Staff disagrees with Ameritech's contention that the wholesale prices should not be determined based on the volume and term discounts in the retail rates. Any discounts included in the retail rate structure must be applied to the wholesale rates, otherwise the wholesale rates would not be calculated "on the basis of" the retail rates. Section 252(d)(3). Staff sees no reason why Ameritech would be required to run the usage data through its

system twice in order to apply the retail volume discounts or, if that is the case, why that would be a reason not to offer wholesale volume discounts in accordance with the requirements of the federal Act.

In an effort to ensure that Centel's wholesale discounts reflect avoidable retailing costs on a service-by-service basis, Staff recommended that Centel's discounts (in percentage terms) be set equal to those discounts offered by Ameritech until the appropriate studies are completed. In support of this recommendation, Staff stated that its wholesale pricing plan was designed to ensure that discounts are reflective of avoided costs on a service-by-service basis and that this interim solution would be more consistent with its pricing structure than Centel's flat rate proposal.

In the event that Staff's interim pricing proposal is rejected, Staff states that Centel's FDC cost studies be modified before the flat rate discount is applied.

Ameritech

Ameritech argues that wholesale rates should be based on "avoided costs": that is, retail rates less the marketing and other costs which the incumbent carrier will avoid when providing service to resellers on a wholesale basis, rather than to end users on a retail basis. It contends that use of an avoided cost test will ensure that competition is efficient. Because retail rates are discounted by the amount of the incumbent carrier's retailing costs, avoided cost pricing ensures that only competitors which can provide the retail function equally or more efficiently than the incumbent carrier are encouraged to enter. Ameritech also contends that avoided cost pricing ensures that incumbent LECs can continue to invest in infrastructure, because it preserves the existing level of contribution from the incumbent LECs' services needed to cover other operating costs. Finally, Ameritech states that avoided cost pricing methodology ensures that there is no net change in the competitive relationships among the various providers in the marketplace.

Ameritech states that it has taken the position that the federal Act codifies this pricing methodology. Mr. David H. Gebhardt, Vice President Regulatory Affairs for Ameritech testified that Ameritech, has determined its month-to-month wholesale rates by applying this methodology. The marketing, billing, collection and other retail costs incurred by the Company, less new costs incurred to provide service on a wholesale basis, were identified and subtracted from existing retail rates. Thus, the Company's proposed rates are discounted by the amount of retail costs which it will avoid. Mr. Gebhardt stated that the average,

month-to-month discount resulting from the Company's methodology is 6.8%. Ameritech later modified its position to reflect acceptance of a Staff cost adjustment which resulted in an overall discount of 8.47%.

Ameritech opposed Staff's recommendation to discount rates further to achieve a pro rata level of contribution on wholesale services. Ameritech stated that the financial effect of Staff's pro rata approach was substantial. The bulk of the difference between the Company's proposed discount rate and Staff's proposed discount rate of 16.63% - 20.07% is directly attributable to this pro rata pricing formula. The Company stated that contribution is not profit, but rather is cost recovery. Mr. Gebhardt explained that, because LRSIC studies identify forward-looking costs that are incremental to individual services based on the most efficient technologies, LRSIC costs do not come close to recovering the Company's total costs of operation. The Company's costs not covered in LRSIC studies fell into three categories: (1) shared costs; (2) common costs; and (3) residual. He explained that the Company's rates have traditionally been set to generate "contribution" above LRSIC levels to permit it to recover its total costs of operation.

Ameritech contended that Staff's pro rata methodology was not consistent with the plain terms of the federal Act. Section 252(d)(3) of the federal Act requires that wholesale prices be established by subtracting avoided costs from retail rates. Mr. Gebhardt testified that mathematically, this preserves the absolute amount of contribution produced by wholesale rates, not the pro rata amount. As Ameritech witness Dr. MacAvoy also testified, proper application of the avoided cost pricing leaves intact the contribution levels generated by the incumbent carrier's retail rates.

Ameritech also contended that Staff's argument that contribution can be considered "attributable" to marketing, billing, collection and other costs avoided by the LEC was wrong as a matter of fact and law. Mr. Gebhardt testified that contribution is recovered in rates in varying proportions based on past regulatory pricing decisions designed to achieve a wide range of policy objectives, not in any fixed relationship. Ameritech pointed out that common and residual costs are not considered "attributable" to services under relevant economic principles or the Commission's cost of service rule. The Company also pointed out that this Commission has consistently rejected costing and ratemaking policies like Fully Distributed Costing which allocate common and residual costs to services in fixed proportions, citing the Commission's order on remand in Docket 89-0033.

Ameritech stated that Congress clearly intended that avoided cost pricing directive have meaning and that, if Congress had intended the latitude which Staff claims, Section 252(d)(3) would have been written entirely different. In Ameritech's view, the effect of Staff's interpretation is to write the clear direction provided in Section 252(d)(3) out of the statute.

Ameritech also contended that Staff's pricing approach was contrary to the public policy objectives outlined by Staff and the other parties to this proceeding. Mr. Gebhardt and Dr. MacAvoy explained that it encourages entry by inefficient competitors by making entry attractive for competitors which provide the retail function less efficiently than the incumbent carrier. Although Staff contended that prorating contribution was necessary because the IXCs needed additional margin with which to compete, the Company noted that the IXCs had presented no data whatsoever on their expected retail costs or substantiated in any manner that additional discounts were required to cover those costs.

Ameritech also argued that Staff's approach would bias the playing field in favor of resellers. Ameritech contended that, under Staff's approach, resellers will be able to subscribe to wholesale services at large discounts with virtually no financial or operating risks. In contrast, facilities-based carriers, companies like MFS and TC Systems, must make investments in equipment in blocks of capacity and cannot downsize if their share of the marketplace is slow to materialize. Ameritech further noted it would enter into volume and term agreements with resale carriers that would provide substantially higher discounts (e.g. 15-20%) under volume and term agreements. Under these arrangements, however, the Company explained that the reseller is accepting higher operating and financial risks that are more comparable to those faced by facilities-based carriers.

Ameritech argued that there is no basis for Staff's view that it would be inequitable for resellers to pay the same absolute amount of contribution as retail end users. Resellers and their end users benefit from the continued operation of Ameritech's network just as much as Ameritech's end users. Therefore, resellers should pay an equal amount to support it: not less. Ameritech also contended that loss of contribution will diminish its incentive and ability to invest in its network.

Finally, Ameritech contends that Staff's methodology will operate in precisely the same fashion as a disallowance in a rate proceeding. Assuming for the sake of argument that resellers are successful in obtaining 30% of the local exchange marketplace, Ameritech estimated that its revenues would be reduced $54 million annually merely as a result of Staff's pricing formula. The Company contends that the Commission does not have the authority

under either traditional regulatory principles or the terms of the Alternative Regulatory Plan to reduce the Company's cost recovery in this manner to achieve "equity" objectives, citing Citizens Utilities Board v. Illinois Commerce Comm'n., 166 Ill.2d 111; 651 N.E.2d 1089, 1099. The Company argued that, for this pricing methodology to be lawful, the Commission would have to permit exogenous change treatment under the Company's Alternative Regulation Plan. Mr. Gebhardt testified that this would simply shift the cost burden from the reseller's end users to Ameritech' end users, for which there was no equitable justification. Thus, the Company contended that Staff's approach raised as many fairness issues as it purported to resolve.

Ameritech also opposed AT&T's request for an additional 10% discount based on the assumption that the quality of the provisioning and operational relationships between resellers and incumbent LECs will be inadequate. Ameritech contended that Section 252(d)(3) does not authorize additional discounts in the form of advance penalties. The Company also stated that it did not believe that there would be differences between the services provided by resellers and Ameritech, respectively, that will be observable to end users or have competitive consequences in the marketplace. Ameritech suggested that any carrier who believes that the Company's new operational interfaces are inadequate can present that view to the Commission through traditional avenues (e.g., a complaint) where all the relevant facts and circumstances can be examined. The Company also supported Staff's suggestion that this issue be dealt with in a rulemaking proceeding.

Centel

Although Centel has agreed to perform the necessary LRSIC studies in order to implement properly the wholesale pricing methodology ordered by the Commission, the studies will not be completed by the conclusion of this proceeding. If Centel is unable to complete these studies by the time it begins to offer its wholesale services, the Commission must adopt an interim pricing methodology.

Centel recommended that it be allowed to use the results of its Fully Distributed Cost ("FDC") study as the basis for an across the board discount which would applied to its current retail rates as an interim wholesale rate structure. Once Centel completes the necessary LRSIC studies, it proposes to a wholesale pricing approach very similar to Ameritech's position, i.e. a wholesale rate equal to the wholesale LRSIC plus retail contribution.

CUB

CUB advocates a pricing approach consistent with Staff's recommendation to attribute a pro rata share of contribution to the avoided retail functions, whereby the maximum wholesale price of each local exchange service be set equal to the wholesale to TAC ratio plus a pro rata contribution level attributed to the wholesale functionalities.

MFS

MFS contends that the Commission should reject AT&T witness Dr. Kaserman's proposal to strip the contribution embedded in retail rates that exceed retail LRSIC. MFS states that the resale pricing methodology under the federal Act does not eliminate contribution from retail rates because contribution is not an avoided cost. MFS contends that contribution represents cost recovery for joint and common costs of the incumbent LEC's multiple services. Joint and common costs are costs that are attributable to more than one service and, in the interest of efficiency, are recovered proportionately from all of these services. MFS argues that disallowing recovery of these costs in the rates for a multiservice carrier would cause the services to be produced at a higher cost by separate firms or not produced at all, both of which would reduce consumer welfare. MFS further argues that contribution is not avoided merely because the LEC sells some of its services at wholesale. Thus, MFS maintains, the Commission lacks the power to discount retail rates beyond the avoided cost level.

TC SYSTEMS

TC Systems argues that the federal Act clearly limits the Commission's discretion in setting a price for local resold services. TC Systems cites Section 252(d)(3) of the federal Act, which mandates that the wholesale rates will be set by the Commission "on the basis of retail rates charged to subscribers for the telecommunications service requested excluding the portion thereof attributable to any marketing, billing, collection, and other costs that will be avoided by the local exchange carrier." This language, according to TC Systems, means the federal Act does not allow the Commission to set the wholesale rate based on any other methodology than avoidable costs. TC Systems then points out to the Commission that Staff's pro rata share of contribution methodology is not identified as an appropriate local wholesale pricing mechanism in the federal Act, and therefore cannot be adopted by the Commission as its local wholesale pricing standard. TC Systems also contends that the only lawful local wholesale pricing standard that can be used is an avoided cost methodology, as was advocated by TC Systems in this proceeding. According to TC

Systems, nothing in the federal Act confers upon the Commission the discretion to set a discount level based upon pro rata contribution. Section 252(d)(3) of the 1996 Law refers to "avoided costs," not avoided contribution. Hence, on its face, TC Systems argues that Staff's proposal is illegal, and adoption by the Commission of the pro rata share of contribution methodology would be per se reversible error. According to TC Systems, the Commission should instead adopt a discount strictly based upon avoided cost.

Commission Conclusion

The federal Act grants State commissions the authority and discretion to properly set the wholesale rates. A plain reading of Section 252(d)(3) of the federal Act indicates that this section does not, in and of itself, set the wholesale price for the State commissions:

> (d) PRICING STANDARDS
>
> ...
>
> (3) WHOLESALE PRICES FOR TELECOMMUNICATIONS SERVICES- For the purposes of section 251(c)(4), a State commission shall determine wholesale rates on the basis of retail rates charged to subscribers for the telecommunications service requested, excluding the portion thereof attributable to any marketing, billing, collection, and other costs that will be avoided by the local exchange carrier.

(emphasis supplied.)

The single most litigated issue in this proceeding concerns the interpretation of this Section. There is great dispute among the parties as to the scope of the Commission's authority in setting the wholesale rate. Essentially the issue is: whether the Commission can set a pricing methodology for wholesale rates or did Congress establish the methodology, and our role as a State Commission is only to fill in the blanks in the equation provided?

This Commission is of the opinion that if Section 252(d)(3) was meant to set the wholesale rate for the Commissions, then Congress would have used the words "equal to" rather than the words "on the basis of." Instead the Act plainly sets forth the basis for determining a wholesale rate. The word "basis" has a much different definition than the word "equal."

The American Heritage Dictionary, Second College Edition, (1982) defines the word "basis" as the following:

> 1. A supporting element; foundation. 2. The chief component of something. 3. The essential principle.

Similarly, Websters New World Dictionary, Second College Edition, (1985) defines "basis" as:

> 1. the base, foundation , or chief supporting factor of anything. 2. the principal constituent of anything 3. the fundamental principle or theory, as of a system of knowledge.

Both definitions clearly indicate that when one uses the word "basis," one contemplates that there can be more -- another "element" or "factor" or "component." The words "on the basis of," therefore, are to be interpreted as meaning that a State commission must decide the wholesale pricing methodology to be used. This methodology can incorporate other elements as well as the elements listed in Section 252(d)(3) -- namely billing, collection, marketing, etc. By using the word "basis," Congress granted State commissions latitude in setting a proper wholesale rate.

The Commission agrees with Staff witness Jennings that in removing the avoided retail costs in reaching a wholesale rate, a pro-rata share of contribution pertaining to avoided retail functions must also be removed. This is an additional "element" or "factor" or "component" that this Commission has the authority and discretion to consider under the federal Act.

Mr. Jenning's methodology is consistent with Section 252(d)(3) because it is based upon the concept of removing avoided costs from the retail price to reach a wholesale price and it places competitive pressure on the incumbent LEC. The incumbent LEC is no longer entitled to the entire amount of the contribution. The contribution that the incumbent currently receives is based upon it providing a full array of services, including the retail function. With the incumbent LEC providing fewer services, there must some reduction in the amount of contribution that it receives.

Rejecting Staff's proposal would lead to an unreasonable result that would be inconsistent with the federal Act, as well as this Commission's policy of promoting competition. If a pro-rata share of contribution pertaining to avoided retail functions is not removed in setting a wholesale rate, the incumbent LEC would be immune from any competitive pressure.

Competitive pressure on both the incumbent LECs, as well as new entrants into the local exchange market, is key to a properly established wholesale/resale market. Such pressure would be exerted in terms of price, cost, and service quality. This competitive pressure ensures that market participants will be as

efficient as possible. Competition will benefit the consumer because the incumbent LEC and its competitors must constantly provide the best possible quality, price and service in order to survive. If the federal Act taken as a whole, intends to increase local competition, then Section 252(D)(3) must be interpreted in a manner that is consistent with this intent.

It is clear that Congress intended that incumbent LECs would experience competitive pressure as competition increased. A view that the federal Act insulates the incumbent LEC from the harmful effects of competition is unreasonable. The problem with Ameritech's pricing proposal is that it immunizes it from the effects of competition. Ameritech's wholesale pricing methodology places the incumbent LEC in a win-win position. Under Ameritech's pricing scheme, which only removes avoided costs from the retail price to reach a wholesale price, the incumbent LEC will not suffer a loss of any profits as it loses market share to resellers. The resellers, in effect, become an outside sales force that will, if anything, generate an increase in gross sales for the incumbent LEC. With profits unaffected by loss of market share, competition would not exert any competitive pressure on the incumbent LEC. This result is simply inconsistent with the intent of the federal Act. Section 252(d)(3) of the federal Act must be interpreted on its own and in conjunction with the entire federal Act. In the context of the entire federal Act, this section allows this Commission the discretion to set a wholesale price in a manner that places some competitive pressure on the incumbent LECs as local competition increases, thereby creating effective competition.

Ameritech's argument that adoption of Staff's proposed methodology will cause a significant drop in revenues is not a convincing argument to support its own methodology. In reality, the opposite is true. Missing from Ameritech's numbers is the reduction in profit that its own proposal will inflict as competition increases. We believe that the reason that this number is missing is because there would be no net loss in profit to the incumbent LEC under Ameritech's proposal. Adoption of Ameritech's proposal, where loss of market share would have no impact on profit, would only create the illusion of competition. This would be inconsistent with the intent of the federal Act and the policy of this Commission to promote competition.

Ameritech's argument that contribution is cost recovery and not profit is unpersuasive. The Commission understands that some of the contribution that Ameritech receives is allocated to cover expenses. The Commission is not, however, removing the recovery of all contribution associated with the provision of wholesale services. In fact Staff's proposed methodology allows Ameritech a reasonable level of profit on its wholesale business. The loss in contribution occurs because the wholesale business is not and

should not be as profitable as the retail business. As stated above, this is because the incumbent LEC is providing less service as a wholesale provider.

This is also an issue of fairness. If a pro rata share of contribution is not included in the determination of wholesale rates, wholesale customers would pay a greater mark-up on incremental cost than would retail customers -- making wholesale more profitable than retail. This result would be unfair, as well as anti-competitive.

In addition, Staff's methodology should be applied on a "individual service element" basis rather than a "service family" basis. This approach avoids unnecessary and undesirable variation in the contribution margin between the corresponding wholesale and retail versions of the same service. This approach is also consistent with the federal Act, which describes the wholesale rate calculation methodology for "the telecommunications service requested...." Section 252(d)(3)(Emphasis added).

The Commission, accordingly, rejects AT&T's interim pricing proposal. AT&T's use of a uniform discount rather than a service-by-service discount would encourage cherry picking of the most profitable services. In addition, AT&T's proposal structures the wholesale/resale market in a way that guarantees that resale is profitable. This would not be consistent with this Commission's policy regarding competition. Competition should be encouraged only to the extent that it is economically feasible.

With respect to AT&T and MCI's proposal to price wholesale services at LRSIC, the Commission is of the opinion that this methodology would not sufficiently compensate the incumbent LEC for the costs associated with offering wholesale services. Wholesale LRSIC, by definition, excludes the portion of common costs that would be incurred in the process of providing wholesale services.

Effective competition, which is the intent of the federal Act, requires Ameritech and Centel to lose some contribution when they lose a customer to a competitor. If this were not the case, Ameritech and Centel would feel no competitive pressure and, thus, would not have any incentive to provide higher quality service. The Commission, therefore, adopts Staff's proposed pricing methodology for setting wholesale prices. Centel has stated that it will take approximately six months to complete cost studies. In the interim, the Commission will adopt Staff's proposal to set Centel's discounts equal to those discounts offered by Ameritech until appropriate cost studies are completed. We agree with Staff that the discounts are to be reflective of avoided costs on a service-element-by-service-element basis.

III. REVIEW OF AMERITECH'S PRICES FOR WHOLESALE SERVICES

A. Usage and Custom Calling

Ameritech

Ameritech argues that volume discounts embedded in the current retail rate structure should not be applied for wholesale usage. Ameritech proposed that the pricing of usage and Custom Calling/CLASS services be developed based on the average price for those services at the retail level. The Company proposed prices were developed by taking its avoided retail costs and dividing them by the actual (discounted), retail revenues for each of the services shown. The resulting quotients are percentage discounts on a service-by-service basis. These discounts were in turn applied to the retail rates for the corresponding services.

Ameritech applied these discounts to the retail rate element for each service to determine the appropriate corresponding wholesale rate element. The only exception to this rate calculation process was for usage and Custom Calling/CLASS services, where the Company first calculated an average retail rate, and then applied the proper percentage discount to this average rate to create the appropriate wholesale rate.

Ameritech took the position that the use of average retail rates for usage and Custom Calling/CLASS services, as the basis for corresponding wholesale rates, is consistent with the federal Act and should be approved by the Commission.

Ameritech contends that, under the literal language of Section 252(d)(3), average wholesale rates for usage and Customer Calling/CLASS services have been developed "on the basis of the retail rates" for the "telecommunications service" requested. Further, Ameritech submits that it is neither unreasonable nor discriminatory for the Company to have done so, in accordance with Section 251(c)(4). In addition, Ameritech asserts that the development of the average wholesale rates for these services will facilitate competition for a broad range of customers (and not just large customers) in the resale marketplace. In particular, it will enhance competitive choices and opportunities for low volume customers.

AT&T

AT&T contends that Section 252(d)(3) requires a state Commission to "determine wholesale rates on the basis of retail rates charged to subscribers for the telecommunications service requested, excluding the portion thereof attributable to any marketing, billing, collection, and other costs that will be

avoided by the local exchange carrier." (Emphasis added). In AT&T's view, the wholesale schedule of the incumbent LEC, consistent with the procompetitive intent articulated in the federal Act, should directly mirror the LEC's retail schedule. AT&T recommends that each retail rate have a corresponding wholesale rate, and that all discount structures included in the retail rate schedules must be carried over to the corresponding wholesale rate schedules.

Additionally, AT&T contends that imputation testing should be applied to wholesale rates as well as their corresponding retail counterparts. Imputation is necessary to fulfill the Illinois statutory requirement, and it is a vitally important competitive safeguard which must be preserved, AT&T contends.

Staff

Staff disagrees with Ameritech's position that the wholesale prices should not be determined based on the volume and term discounts in the retail rates. Any discounts included in the retail rate structure must be applied to the wholesale rates, otherwise the wholesale rates would not be calculated "on the basis of" the retail rates. Section 252(d)(3). Staff sees no reason why the Company should be required to run the usage data through its system twice in order to apply the retail volume discounts or, if that is the case, why that would be a reason to not offer wholesale volume discounts in accordance with the requirements of the federal Act.

Commission Conclusion

The Commission is of the opinion that Ameritech's wholesale rate structure must mirror its retail rate structures. This conclusion applies to any prospective wholesale tariff filed by an incumbent LEC, including Centel. The Commission, therefore, directs Ameritech and Centel to replicate their retail rate structure, including all discounts, in their wholesale rates. This is necessary in order for the rates to be consistent with the procompetitive intent of the federal Act.

The averaging and aggregation present in Ameritech's proposed wholesale rate structure can lead to instances where wholesale rates actually could exceed retail rates. For example, in some instances, Ameritech's retail rates contain specific time of day and volume discounts while wholesale rates are set on an average basis with some assumed average time of day distribution and customer volume. Under this scenario, a retail usage rate for a high volume user who places a call during the off-peak rate period may actually be below the average wholesale usage rate calculated

by Ameritech. Such a condition is unacceptable and clearly contrary to effective competition.

This averaging approach proposed by Ameritech has other consequences adverse to the development of competition. Specifically, this would introduce a systematic bias against the resellers marketing to high-volume retail customers. The same would be true if Ameritech were permitted to charge a per minute wholesale rate for a service which is billed on a per message (untimed) retail rate, which is exactly what Ameritech has proposed with respect to residence Band A usage.

The Commission rejects Ameritech's assertion that the development of the average wholesale rates for these services will facilitate competition for both large and small customers. Under the Ameritech averaging approach, resellers would not be able to effectively compete with the incumbent LEC for high-volume retail customers because they would be at a pricing disadvantage. Clearly, competition for these customers would not be on a level playing field.

Discount structures, moreover, must be available to carriers on the same basis as they are available to end users. For example, Ameritech offers aggregation of usage to its Centrex customers. It also provides a service called "Priority Plus Local Usage Optional Calling Plan" for business customers which provides both volume and term discounts to business customers on the basis of usage revenues generated from all the customer's accounts and locations. These arrangements, which are available to its large business customers, also must be made available to its carrier customers for resale, in order to comply with the requirements of the federal Act.

As indicated previously, Ameritech also has proposed to price services not offered on a wholesale basis on the basis initially of the average discount for all wholesale services. Given the problems associated with averaging, this proposal should not be approved for more than a brief transitional period not to exceed ninety (90) days. For example, the prices for network access lines in the more competitive areas are lower than average. Development of wholesale prices for such access lines based on an average discount factor would result in inadequate and inappropriate retail price discounts, thereby discouraging competition for these access lines.

The evidence in the record indicates that mirroring of retail rate structures and rates in the wholesale schedule can be done. In fact, Ameritech has conceded viability of the mirroring concept by indicating that its billing system can and will be modified in the future to meet the needs of resellers. Accordingly, in the absence of a persuasive showing of infeasibility by Ameritech or

Centel, and in view of this Commission's conclusion that comprehensive mirroring of the incumbent LEC's retail rate structure is required, the Commission directs Ameritech and Centel to replicate their retail rate structure, including all discounts, in their wholesale rates.

B. Imputation

AT&T

AT&T argues that the issue is whether imputation applies to its wholesale rates. AT&T contends that Section 13-505.1 of the PUA requires imputation of "noncompetitive services or noncompetitive service elements" used by other carriers in the provision of "competitive services" and "switched interexchange services." That Section, AT&T argues, does not apply only to the LEC's "retail" services, as Ameritech contends. AT&T also maintains that Ameritech's objection -- that the Commission would be required either to raise wholesale rates or to lower access if wholesale rates failed imputation -- is without merit. Access reductions from a wholesale imputation test would be neither undesirable nor unexpected in view of the Commission's policies articulated, for example, in the Customers First proceedings.

Staff

Staff advocates an imputation requirement for wholesale services. Staff contends that Section 13-505.1 requires imputation, and that even if it did not, the Commission should require imputation. Staff witness Webber provided an example of the competitive abuses which could result in the absence of imputation. Mr. Webber testified that, without the safeguards of Section 13-505.1, incumbent LECs could use the prices of their wholesale services to squeeze their facilities-based competitors out of the retail markets. Mr Weber stated:

> Essentially, the LECs could price wholesale services low enough such that the resellers could undercut the facilities-based competitors. For example, Ameritech could price wholesale Band 3 Minutes Of Use ("MOUs") at an average rate of $0.00375, which is above LRSIC, and at the same time charge facilities-based competitors $0.0075 to terminate local traffic through a tandem office or $0.005 through an end office. (IBT Ex. 7.3 at 1). Clearly, with rates like these, resellers would be in a position to underprice the facilities-based competitors. Such a scenario is particularly troublesome when I consider the fact that Ameritech Communications Inc. ("ACI") is seeking certification (Docket No. 95-0443) to be a new LEC (and a reseller of Ameritech's services) and

> might be in a position to squeeze the facilities-based competitors out of the local market where Ameritech is unable to do so because of the imputation requirements of Section 13-505.1.

ICC Staff Ex. 7.00P at 20.

Ameritech

Ameritech recognized that wholesale pricing creates new inputs for purposes of imputation testing and, as a result, Ameritech has stated it will impute the wholesale bundled rates approved in this proceeding to corresponding Ameritech Illinois retail service rates. Such a test would be in addition to the imputation test which Ameritech performs today for its retail, interexchange usage service to which Ameritech imputes both originating and terminating access charges paid by IXCs when providing competitive toll services.

Ameritech has also stated that it is prepared to perform additional, informational imputation test of wholesale rates to insure that these rates exceed applicable, imputed cost consisting of imputed, termination access rates and applicable long run service incremental costs ("LRSICs"). As explained by Ameritech, such a test would be performed from the perspective of competing, facilities-based providers like MFS and TC System which purchase terminating (but not originating access) from Ameritech in order to provide their own, competing, wholesale services. Ameritech argued that such a test is not required under Section 13-505.1 of the PUA because the imputation requirement therein applies only to retail prices. As described by Mr. Gebhardt, one of the individuals involved in imputation legislation, Section 13-501.1 was never intended to apply to wholesale rates. However, Ameritech stated that the Commission could require such a test pursuant to the Commission's informational imputation policy as articulated in Docket 94-0096/0117/0301 (consolidated), the Customer First proceeding.

Ameritech also responded to the suggesting of Staff that he Company must perform imputation tests to determine if carrier access rates purchased by interexchange carriers for their provision of toll services exceed wholesale (as opposed to retail) usage rates. Ameritech argued that Staff's concern does not properly fall within the area of imputation because Section 13-505.1 is not directed toward addressing any rate inequities that might arise between wholesale rates and carrier access rates. Ameritech Illinois further contended that Staff's concern could be addressed by the Commission pursuant to its authority to determine "just and reasonable" under Article IX of the PUA.

Commission Conclusion

The PUA contains an imputation requirement which must be met by telecommunications carriers that provide both competitive and noncompetitive services. 220 ILCS 5/13-505.1. The intent of this requirement is to ensure that incumbent LECs (e.g., Ameritech and Centel) are not able to use the prices of their noncompetitive inputs to squeeze their competitors out of the retail markets.

The plain language of the PUA does not support Ameritech's recommendation. As a matter of law, the Commission cannot adopt such a policy. Furthermore, the PUA notwithstanding, the incumbent LECs should not be allowed the opportunity to squeeze their competitors out of the retail markets in the manner described by Staff. For these reasons, the Commission is of the opinion that Section 13-505.1 of the PUA is applicable to the wholesale services provided by Ameritech and Centel.

C. Administrative Functions

Ameritech states that it will provide the necessary administrative and operational support functions as requested by AT&T. AT&T has requested that the following be included in a wholesale local exchange tariff: (1) access to on-line systems; (2) data interfacing; (3) reseller branding; and (4) directories. Ameritech addressed how the cost for various administrative functions should be recovered, including access to on-line systems, the creation of data interfaces, reseller branding, and directories. The Company argued that because wholesale prices are to be determined on the basis of the avoided "marketing, billing, collection and other costs," the incremental wholesale costs for administrative/interface functions must be included in the retail avoided costs analyses in order to determine the actual level of avoided costs incurred in providing services to resellers.

Staff takes the position that access to these functions represents access to network elements and, therefore, must be priced separately and not included as part of the costs for wholesale services.

Centel proposes that such network elements be priced based on cost, with "as much contribution to shared costs as the LEC receives through the wholesale prices and operational and support systems prices charged to resellers."

Conclusion

The Commission is of the opinion that these administrative and operational support functions as requested by AT&T are network elements as defined by the Act and not services as Ameritech

maintains. They clearly fall within the definition of network elements as provided for in Section 3(a)45. Accordingly, they should be priced separately based on the pricing requirements of Section 252(d)(1) of the Act which governs the pricing of network elements if purchased separately. The administrative and operational support functions are also part of the wholesale services; and when so purchased, the costs should be included in determining the avoided costs to provide wholesale services. The Recovery of all start-up costs associated with providing these network elements shall be allowed consistent with Section IV. A.

IV. IDENTIFICATION OF AVOIDED RETAIL COSTS OF PROVIDING TELECOMMUNICATIONS SERVICES ON A WHOLESALE BASIS

A. Incremental Start-up Costs

There is debate in the record over the identification and recovery of the costs incurred when providing services on a wholesale basis. Ameritech contends that the federal Act cannot reasonably be interpreted to require companies to exclude any costs incurred in offering services on a wholesale basis. The Company argues that Section 252(d)(3) specifies that wholesale prices for resold services are to be based on retail rates excluding the portion "attributable to any marketing, billing, collection, and other costs that will be avoided by the [incumbent LEC]." Under this approach, Ameritech argues that costs incurred as a result of making services available on a wholesale basis are not avoided and, thus, cannot be excluded in the calculation of just and reasonable wholesale prices.

Ameritech identified at least $2.2 million in additional start-up costs which will be incurred in providing services on a wholesale basis. For example, Ameritech witness Mr. Palmer testified that the Company will incur additional maintenance expenses based upon the need for increased manual intervention in the maintenance provisioning process. He further testified that the Company will incur computer system expenses to establish a new service order system for customers purchasing wholesale services.

Ameritech pointed out that wholesale costs that are incremental to the provision of wholesale services fall into two categories: recurring costs and start-up costs. With respect to the recurring cost category, Ameritech argued that AT&T did not articulate a clear position on how such costs should be recovered. At the same time, the Company agreed with CUB and Staff that any recurring wholesale costs should be recovered in the prices for the wholesale services.

With respect to start-up costs, Ameritech took the position that they should be recovered in the prices of wholesale services.

Ameritech argues that resellers causing start-up wholesale costs to be incurred should be responsible for compensating it for such costs. However, if the Commission does not adopt its position, the Company argued that, at the very least, the Commission must permit exogenous treatment of such costs. Ameritech argues that without exogenous treatment, start-up costs would be charged against earnings instead of being recovered in the rates charged to customers.

AT&T and CUB take the position that start-up costs should be recovered from all providers in proportion to each provider's market share.

Staff agrees with AT&T's position to the extent that these costs should not be recovered through wholesale prices. It recommends that such costs be recovered in a competitively neutral manner. Staff indicates that one option would be similar to the treatment of intraMSA presubscription costs as ordered by the Commission in Docket 92-0048. The Commission's cost recovery mechanism established in that docket allows incumbent LECs to recover fully the initial incremental expenditures associated with intraMSA presubscription over a time period which should not burden or shock the ratepayers unduly. Furthermore, it applies to all intraMSA MOUs which are eligible for presubscription under the premise that all users of such MOUs benefit from the increased level of competition encouraged by intraMSA presubscription.

Staff contends that in order to remain consistent with that mechanism, any cost recovery mechanism ordered in the instant proceeding should be applied to all services which are available in the LEC's wholesale offerings. In addition, because the LEC's current retail customers should benefit from the competitive entry encouraged by a wholesale offering, the charges also should be applied to the LEC's retail services if those services have wholesale counterparts.

MFS argues that the appropriate means of determining the costs actually avoided in providing wholesale service is to take into account not only cost savings to the LEC in providing the service, but also the additional costs incurred by the LEC in doing so. MFS argues that the added costs of wholesale services must be included in the overall calculation to arrive at the amount which accurately reflects the avoided costs of wholesale service. MFS presented the analogy the following analogy to support its position:

> If the price of a bus ticket to Chicago is $15 and the price of a plane ticket is $100, switching from a plane ticket to a bus ticket avoids $85 in costs, not $100.

MFS argues that avoided costs must take into account costs, such as the price of the bus ticket, that are nonetheless incurred. MFS contends that if the Commission is not careful, an incorrect assessment of avoided costs could act as a barrier to entry to facilities-based competitors. MFS maintains that the failure to take account of additional costs could create the kind of barrier to entry that Section 253 of the federal Act proscribes. MFS states that if the retail price of a particular service is at or near LRSIC, subtracting avoided costs without adding additional costs could enable resellers to purchase resold local service below cost. MFS argues that it would be extremely difficult for facilities-based carriers to compete with resellers whose principal inputs would be priced below cost. MFS contends that in the resale context, there is no basis in the federal Act to recover implementation costs from anyone other than resellers of LEC services. Accordingly, MFS states that requiring facilities-based providers to pay for these costs would be entirely inconsistent with the federal Act's preference for facilities-based competition and would seriously hamper its development at this critical juncture.

Commission Conclusion

The Commission concludes that all fixed costs incurred by the incumbent LEC in setting up the wholesale/resale market structure should be recovered from all wholesale providers in proportion to each provider's local wholesale market share. As a matter of policy, this Commission has consistently ruled that costs should be borne by the parties causing such costs. Thus, in this instance, wholesale resellers causing start-up wholesale costs to be incurred should be responsible for compensating the incumbent LEC for such costs.

B. Advertising, Maintenance, and Uncollectible Expenses

Ameritech, Staff and AT&T addressed the proper identification of advertising, maintenance, uncollectible, and customer service expenses. With respect to advertising expenses, the Company contended that it will continue to incur advertising expenses in a wholesale environment. Ameritech had initially modified its product specific LRSICs and its administrative and shared costs to better reflect the advertising expenses it would incur in a wholesale environment. Essentially, Ameritech witness Palmer indicated that he removed from the wholesale cost studies all advertising expenses which were related to Ameritech's end users. These examples, include advertising to carriers purchasing operator services, directory services, video services, and resold local exchange services. Mr. Palmer calculated that Ameritech will incur $9 million in advertising at trade shows, in trade publications, and in product guides for purposes of Account 6613.

In response to AT&T's position, Ameritech further contends that no cost to advertise retail services has been included in the Company's wholesale advertising. Further, although AT&T contends that Ameritech does not need to advertise wholesale services, Ameritech contends that AT&T's position ignores the fact that such advertising, in fact, does take place today and provides a key means for the Company to communicate with other carriers.

Staff agrees that the Company is likely to incur advertising expenses in the wholesale environment and suggests that Mr. Palmer's original modification should not be altered.

AT&T witness Henson, however, stated that all of Ameritech's advertising expenses are avoidable and recommended that the Company's cost studies be modified accordingly.

Ameritech's wholesale studies included an adjustment to the ordinary maintenance factor which is applied to all LRSICs that contain capital costs. This modification accounts for an anticipated increase in maintenance expenses which purportedly will occur because the maintenance ordering process will become more time consuming in the wholesale environment, and it serves to increase the Company's wholesale costs.

Ameritech calculated the maintenance adjustment factor based upon the percentage of time that manual intervention will be required by the Company in handling maintenance cases with resellers which do not wish to incur the expense of developing an electronic interface for maintenance purposes. Ameritech estimated the frequency of manual intervention based upon its current experience with Centrex resellers. Ameritech's maintenance adjustment factor represents $3.4 million of the total assigned maintenance costs of providing wholesale services.

Staff takes the position that while the Company's rationale may be forward looking, the cost assumptions are based on expectations rather than experience with the maintenance ordering process in a wholesale environment and are speculative. Staff contends that the Commission should not allow this maintenance adjustment factor until the Company has had experience upon which such an adjustment can be based.

AT&T agreed with Staff on the issue of maintenance expense. It endorsed Staff's adjustment to offset Ameritech's claim that maintenance expense will be higher in a wholesale environment. AT&T's objection was based upon the fact that Ameritech derived the adjustment factor based upon a series of speculative assumptions.

Ameritech also developed a wholesale uncollectible expense for purposes of developing its wholesale, avoided billing costs. The

estimate was based upon actual experience with IXCs, information providers, competitive payphone providers, independent LECs, competitive access providers, Centrex resellers, and large business customers. As a result, the Company utilized an uncollectible expense factor of 1.32% in comparison to the factors of 1.29% and 1.05% recommended by Staff and AT&T, respectively.

With respect to uncollectible expenses, AT&T proposed to remove the varied and unrepresentative collection of customer types considered by Ameritech and, rather, to base the calculation on actual experience with IXCs. AT&T explained that given the nature and qualifications of resellers that will be certificated, the result will be uncollectible expense more in line with experienced with that IXCs. Furthermore, AT&T contends that it would be reasonable to assume that the uncollectible expenses incurred in the wholesale environment would be similar to those which the Company currently experiences with its current carriers like AT&T. Therefore, he recommended that the wholesale uncollectible expenses and, implicitly, the uncollectible expense be recomputed based upon data related only to IXCs.

Staff witness Webber, however, opined that the wholesale customers, in terms of their ability and willingness to pay debts, would likely be similar to the Company's current wholesale customers, as opposed to the mix of wholesale and retail customers assumed by Mr. Palmer. Therefore, he recommended modifications which were based upon data that excludes all end users. Staff states that this adjustment originally was an attempt to account for the reduction in uncollectible expenses which likely will occur as a result of the Company offering wholesale services and, therefore, it is logical to conclude that the adjustment should exclude retail end users. Staff contends that this expense should be based upon its experiences with wholesale customers.

Ameritech contended that Staff's and AT&T's views of the uncollectible expense factor are not credible because the Company would be required to ignore data that it has accumulated when dealing with large business customers. Further, under AT&T's position, Ameritech would have to take the myopic view that the uncollectible expense factor should be based solely on the experiences of carriers like AT&T, while ignoring Ameritech's Illinois' experience with other types of customers, including smaller carriers with which it has had billing disputes.

Conclusion

Because Ameritech provided evidence as to its advertising expenses related to current wholesale operations, it is reasonable to assume that it will continue to incur these expenses. Thus, its avoided costs should not be based upon the assumption that all such

costs are avoidable. The Commission will affirm the Company's original cost modifications.

The Commission concludes that Ameritech has estimated its advertising expenses in a wholesale environment accurately. The Commission rejects AT&T's position that the Commission should, in effect, disallow such costs from Ameritech's cost studies. Such advertising takes place today and serves a useful purpose by informing resellers of available services. The Commission agrees with Ameritech's position that such advertising will continue to serve a useful purpose in the future.

With respect to the maintenance adjustment factor, the Commission finds that Ameritech properly estimates that it will incur additional maintenance expenses when dealing with resellers. As the Company contends, its current maintenance experience with Centrex resellers is clearly relevant, as is evidence that some resellers will not utilize electronic interfaces, thereby causing maintenance expenses to increase. This is forward looking information which the Company properly used under the cost of service rule in developing an accurate maintenance expense factor.

With respect to the uncollectible expense factor, the Commission agrees with Staff that the calculation for this item should be based on data that based upon data that excludes all end users. Because this adjustment was originally an attempt to account for the reduction in uncollectible expenses which will likely occur as a result of the Company offering wholesale services, it is, therefore, logical to conclude that the adjustment should exclude retail end users.

Further, the Commission concludes that the level of expense identified by Ameritech and Staff in the customer services expense category (Account 6623) is reasonable. When this level of expense is added to its analysis of avoided costs in Ameritech Exhibit 7.13, the total level of avoided costs increases to $161 million (from $128.3 million) and the corresponding discount level increases to 8.47% (from 6.8%).

C. Administrative/Shared Costs

AT&T contends that several major areas of administrative and shared costs would be avoided in a large-scale shedding of retail activity by the incumbent LEC. Examples of these costs include buildings, vehicles, computer equipment, furniture and artwork, personnel and other assets and functions supporting retail operations. AT&T states that Ameritech has not identified administrative/share costs adequately for purposes of its avoided cost analysis.

Ameritech responded that administrative/shared costs are those that are incurred by two or more services. Ameritech states that administrative and shared costs are added to the LRSICs of services on the basis of the relative LRSICs of those services. The end result is the TAC of the service. A significant portion of avoided retail costs is attributable to the administrative/shared costs category.

Ameritech argued that AT&T's position is totally lopsided and illogical because it advocates the removal of such administrative/shared costs only from the wholesale TAC, not from the retail TAC. In addition, Ameritech argued that it presented extensive, responsive testimony in which Mr. Palmer described the methodology used by the Company to identify administrative/shared costs.

Commission Conclusion

The Commission concludes that Ameritech has sufficiently identified its administrative/shared costs incurred when providing wholesale services. The Company cost studies are derived from its 1995 Annual Filing and are pursuant to the Company's alternative regulation plan filing in Dockets 92-0448/93-0239. AT&T has provided no sound reason why the Commission's previous approval of the Company's studies, including identification of TAC of retail services, now should be disregarded for purposes of calculating avoided wholesale costs. Accordingly, the Commission rejects AT&T's position that Ameritech is entitled to recover none or only a limited amount of wholesale administrative/shared costs in the prices of its wholesale services.

D. AT&T's Embedded Cost Study and AT&T's Proposed 25% Discount

AT&T witness Dr. Selwyn stated that it would be preferable to utilize a "bottoms-up" or LRSIC study when developing each LEC's wholesale rates. Under such a scenario, wholesale rates would be based upon wholesale costs and therefore would exclude retailing costs. He further stated, however, that a "tops-down" or Fully Distributed Cost ("FDC") study could be used as an interim measure until the appropriate cost studies are available. This approach essentially seeks to remove all retailing costs from the LECs' current cost structures and then sets wholesale rates based upon the estimated avoidance of retailing costs.

Ameritech addressed AT&T's embedded cost analysis performed by Dr. Selwyn. Under the Selwyn analysis, the level of the Company's avoided costs in offering services on a wholesale basis would be 25%, or nearly triple the level identified by Mr. Palmer.

Ameritech argued that Dr. Selwyn's analysis should not be relied upon because the definition of costs reflected in the analysis is totally contrary to Commission policy and precedent. The Company contends that the Commission has fully explored -- and rejected -- the use of accounting, embedded costs in FDC studies. Ameritech also argued that the Commission's approval of its LRSIC studies is fully consistent with the Commission's cost of service rule, which requires the calculation of LRSIC costs as a basis for attributing costs to a service. Ameritech argues that AT&T's embedded approach, on the other hand, is inconsistent with this approach, and even Dr. Selwyn conceded that the use of LRSIC studies is preferable over the long term.

Ameritech also contended that Dr. Selwyn's analysis was fundamentally flawed because it relied upon out-of-date data and made gross, simplistic assumptions with respect to the account expenses that allegedly would be avoided on a wholesale basis.

Conclusion

The Commission rejects AT&T's embedded cost analysis as inconsistent with our cost of service rule. AT&T's embedded analysis is not a long-term approach to identifying avoided costs. On the other hand, Ameritech's analysis of avoided costs, with certain adjustments set forth in this Order, is consistent with the Commission's cost of service rule. The Commission therefore will rely upon it for purposes of determining Ameritech's avoided "marketing, billing, collection and other costs" under Section 252(d)(3).

V. THE SCOPE OF AMERITECH'S WHOLESALE TARIFF

A. Specific Services Proposed by Ameritech

Ameritech has filed a proposed wholesale tariff setting forth those telecommunications services and associated non-recurring charges that the Company is initially proposing to offer on a wholesale basis. These services are:

Network Access
IntraLATA 800 Calling
ISDN Direct
Custom Calling
CLASS
Complimentary Central Office Features
Remote Call Forwarding
DID Trunks
Directory
Directory Assistance
Non-recurring Charges

Non-Coin Operator
Other (e.g., toll restriction, temporary intercept, foreign district)

Ameritech contended that the foregoing list of services consists of virtually all of the Company's major noncompetitive services and is at the same time responsive to the petitions of AT&T and LDDS and the services requested therein under the PUA. Ameritech stated that it recognizes the federal Act requires an expansion of those services that would be subject to resale and wholesale pricing, citing competitive services as an example. However, the Company further argued that the Commission need not resolve in this proceeding the issue of precisely what additional telecommunications services must be offered on a wholesale basis pursuant to the federal Act. Resolution of those issues will occur when Ameritech expands its wholesale tariff in a separate tariff filing for additional wholesale telecommunications services. Further, the Company stated that since it has not yet performed avoided retail cost studies for an expanded wholesale offering, the Company will use as a basis for the wholesale discount for the expanded offerings the average discount for all wholesale services for which the avoided LRSIC costs were developed. Such an average discount will be used until additional LRSIC studies are performed.

AT&T contends that the federal Act requires incumbent LECs to offer for resale at wholesale rates "any telecommunications service that the carrier provides at retail to subscribers who are not telecommunications carriers...." Section 251(c)(4)(A). (Emphasis added). AT&T further contends that consistent with the procompetitive intent of the federal Act, all LEC services should be made available, without exception, for resale by new entrants to the local exchange marketplace. According to AT&T, the incumbent LECs cannot be permitted, consistent with the intent of the federal Act, to select out retail services they choose not to offer at wholesale. Therefore, AT&T contends that the total resale services offered by Ameritech and Centel must include all services including all "grandfathered" or "sunsetted" services, promotional offerings and service "package" offerings, proprietary services and carrier access services.

AT&T objects to the Ameritech and Staff position that new services need not be offered automatically on a wholesale basis. AT&T contends that the incumbent LEC would have, at a minimum, a six month competitive advantage over resellers in the retail market.

Staff responds that Ameritech and Centel are not required to provide new local exchange services on a wholesale basis automatically; rather, incumbent LECs should provide new services on a wholesale basis after a request is made by the reseller, based

on the wholesale pricing method required by the Commission. Staff, however, states that the reseller should not be required to apply to the Commission under Section 13-505.5 in order to have a new service priced on a wholesale basis. Staff contends that the federal Act simply does not require resellers to apply to the state commissions each and every time a new service is introduced. Staff agrees that such a reading of the federal Act would vest the incumbent LECs with, at least, a six-month window before they would have to compete against resellers.

Ameritech also argues that proprietary services need not be made available at wholesale rates. The Company cites FAXTRA as an example of a proprietary service; FAXTRA is a network based fax service. Staff agrees with Ameritech that proprietary services may be excluded from a wholesale offering. However, it is Staff's position that the incumbent LECs should not be allowed to decide unilaterally which services are proprietary and excluded from a wholesale offering. Staff recommends that the Commission review such proposals on a case-by-case basis.

Commission Conclusion

Ameritech and Centel are required by the federal Act to provide wholesale services throughout their entire service territory. In addition, Section 251(c)(4)(A) requires that all retail local exchange services be made available for resale. However, the federal Act later states that wholesale prices shall be calculated "on the basis of retail rates charged to subscribers for the telecommunications service requested ..." (Section 252(d)(3), emphasis added). Since AT&T already has provided a detailed and exhaustive listing of retail services it requests on a wholesale basis, Ameritech and Centel should be required, in this proceeding, to provide all local exchange services requested by AT&T on a wholesale basis. If AT&T or any other telecommunications carrier desires additional retail services on a wholesale basis, then it should file a request with Ameritech and/or Centel or any other incumbent LEC. The Commission is of the opinion that this request need not be in the form of a Section 13-505.5 proceeding. Therefore, Ameritech and Centel should be required to offer all retail services outlined in AT&T's petition on a wholesale basis as required by the federal Act.

With respect to the provision of proprietary services on a wholesale basis, the Commission is of the opinion that Staff's proposal is the most reasonable. While Ameritech and Centel should not be required to provide proprietary services on a wholesale basis, they cannot have the authority to unilaterally define what service qualifies as proprietary. The Commission retains the authority to review such proposals on a case by case basis.

B. Promotions and Service Packages

Ameritech contended that it should not be required to make promotional rates available at wholesale rates, whether offered individually or as part of service packages. In response to the positions of AT&T and MCI that a price squeeze could be created through promotional offerings, Ameritech argued that Section 252(d)(3) requires wholesale rates to be established on the basis of "retail rates" and imposes no express requirement with respect to promotional rates. Further, Ameritech committed to limit promotional offerings to a duration of 120 days or less in a calendar year. In addition, the Company agreed with Staff's position that should a promotional offering fall below the corresponding wholesale rate, Ameritech will lower the wholesale price to prevent a price squeeze. Finally, Ameritech contended that excluding promotions from the wholesale service obligation will stimulate LECs to develop promotions and, at the same time, stimulate resellers to develop their own pricing and discount schemes.

AT&T proposes that anytime an incumbent LEC engages in a promotional offering for its retail services, then the reseller should receive credits so that it also receives benefits of the promotion. AT&T bases its position on the argument that without this requirement, the incumbent LEC, which also competes in the retail market, will be able to drive out and undercut its resale competitors.

Staff disagrees with AT&T's position and believes that promotional offerings are retail costs of competing in the market. Therefore, Staff argues that the pricing equation should not apply to promotional offerings by wholesale LECs as long as the promotional price is equal to or greater than the wholesale price. Staff contends that if the wholesale LEC chooses to make promotional offerings available that are below the wholesale price, then the wholesale price should be lowered to the promotional offering price. According to Staff, this requirement will allow the incumbent LEC to compete with facilities-based LECs, while not harming resale LECs. However, Staff recommends that the Commission review such promotional discounts on a case-by-case basis to determine their reasonableness.

Commission Conclusion

The Commission agrees with Ameritech and Staff that the Company should not be required to provide promotional offerings and service packages, limited to 120 days or less in a calendar year and priced above the wholesale price, on a wholesale basis. The Commission finds that nothing in the federal Act requires LECs to offer such time limited promotions and service packages on a

wholesale basis. Further, the Commission concludes that a contrary result would discourage the offering of such time limited promotions and service packages by LECs, discourage competition, and chill the offering of such time limited separate promotions and service packages by competing resellers.

C. Grandfathered and Sunsetted Services

As discussed above, Ameritech has committed to expand its wholesale tariff in a separate tariff filing. However, the Company has proposed to exclude those services (or rate plans or offerings) from its expanded filing that have been grandfathered or sunsetted. In determining those services to be grandfathered or sunsetted, the Company stated it will rely on the following criteria: current and projected demand for the service; the scope of service; and the availability of reasonable substitutes for the service. Because such services would not be available for resale, a wholesale requirement would also not apply.

The Company argued that it should be permitted to grandfather or sunset services because substitute services will form the basis for any Ameritech marketing initiatives directed at customers of grandfathered or sunsetted services. Similarly, resellers will rely upon identical, substitute services (albeit priced at wholesale) in marketing to these customers. Accordingly, resellers will not be disadvantaged.

Staff agrees with AT&T and MCI that Section 252(d)(3) of the 1996 Act does not allow for incumbent LECs to exclude grandfathered and sunsetted services from a wholesale offering. Staff recommends that Ameritech Illinois and Centel initially be allowed to exclude such services from a wholesale offering until it receives a request from a carrier using the pricing methodology adopted by the Commission in this Order. Staff states that this recommendation is fully consistent with the Act, while preventing the incumbent LECs from having to incur unnecessary administrative costs. Staff notes that the PUA requires a LEC to petition the Commission to withdraw noncompetitive services. 220 ILCS 5/13-406. Staff also would expect Ameritech or Centel to petition the Commission before it grandfathers a service.

AT&T and CUB argue that even though Ameritech or Centel may not be adding new customers for such services there is no justification for withdrawing its existing customer base from competition. According to AT&T, these are retail customers, and the services must be available for resale so that the customers may benefit from retail competition. AT&T contends that Ameritech's proposed exception would curtail competition for these customers.

Commission Conclusion

The Commission adopts the position of Staff that LECs be permitted to exclude grandfathered and sunsetted services from a wholesale offering unless they receive a request from a carrier to make such services available on a wholesale basis. In such an instance, the wholesale provider can only provide the requested service to the customers that receive the grandfathered service. This will ensure that wholesale providers are competing on an equal footing, while still providing the incumbent LEC with the flexibility to terminate the offering of certain services.

D. Carrier Access

Carrier access services are not included in Ameritech's proposed wholesale tariff. The Company argued that Section 251(c)(4) imposes a duty on incumbent LECs to offer for resale at wholesale rates only those telecommunications services which the carrier "provides at retail to subscribers who are not telecommunications carriers." Ameritech argued that carrier access services are already wholesale services which Ameritech offers to telecommunications carriers, not retail end users. Therefore, they are not encompassed by the Company's wholesale obligation.

AT&T argues, first, that Ameritech's access service tariff defines customer(s) as follows: "The term 'customer(s)' denotes any individual, partnership, association, joint-stock company, trust, corporation, or governmental entity or any other entity which subscribes to the services offered under this tariff, including both Interexchange Carriers (IXCs) and end users." Because access is available to subscribers "who are not telecommunications carriers" (and is in fact provide to end user customers) access must be made available under the federal Act as part of the wholesale offering at a wholesale price.

Second, AT&T contends that the Company's assertion that carrier service contains no retail cost that would be avoided is likewise incorrect. AT&T states that Ameritech ignores the manner in which access charges have been developed. AT&T argues that access charges do contain retailing costs. AT&T argues that a wholesale service, priced so as not to include those costs, can and must be developed.

Ameritech responds to AT&T's position that carrier access services should be included because of Ameritech's definition of a "customer" in its access tariff includes end users. Ameritech pointed out that there is no evidence in this record that end users are, in fact, taking service under the Company's access tariffs. In addition, Ameritech argued that even if access services were encompassed by Section 251(c)(4), the IXCs would not receive a

discount under the federal Act's avoided cost standard. Since carrier access already is a wholesale service, there are no retail costs that would be avoided if carrier access were supplied to resellers for resale.

Ameritech also states that while AT&T claimed in its initial brief that there are avoided retail costs in carrier access services because of the FCC's ratemaking methodology, the Company argued that AT&T provided no record support for this contention and that there are no avoided LRSIC costs in intrastate carrier access services as the undisputed testimony of Mr. Palmer's testimony demonstrates.

Commission Conclusion

The Commission concludes that carrier access service is properly excluded from Ameritech's proposed wholesale tariff. Very simply, Section 251(c)(4) is addressed to services provided to "subscribers who are not telecommunications carriers." Carrier access services are not being provided to such "subscribers." Furthermore, there is no record evidence of any avoided retail costs of offering carrier access to resellers. Accordingly, Ameritech is not required to offer carrier access as part of its wholesale tariff offering.

B. Other Services

Ameritech addresses several other types of limitations which it proposes on the resale of services. One of those limitations dealt with flat-rated service. The Company argues that allowing resellers to be able to take advantage of flat rate pricing where it still exists would simply distort competitive entry decisions and encourage resellers to serve high end customers, while being provided with flat rate, low cost usage from the underlying LEC. As a matter of policy, Ameritech argues that the Commission should be encouraging resellers to serve all customers, not just high end customers. Excluding flat rate services from resale accomplishes this objective.

In addition, Ameritech submitted that it should not be required to "build out" its facilities where none exist today in order to provide resold/wholesale services in new areas and, instead, should be permitted to negotiate cost recovery on a case-by-case basis with any reseller requesting services in a new area. Ameritech contends that such negotiations would ensure a process whereby the Company would be compensated for additional costs through special construction charges and any applicable tariff charges, and through appropriate payments for any early discontinuation of services purchased by resellers and carried over the new facilities.

AT&T contends that Ameritech's basis for this proposed exclusion is misplaced. According to AT&T, whether a service is offered on a flat-rated basis or on a usage basis is irrelevant to the issue of whether the resale of the service will facilitate competition: if it is consistent with the public interest for Ameritech to offer a flat rated service to its retail customers, then the same public interest is served if a reseller is able to offer the flat rated service to its customers. AT&T also argues that there is nothing in the federal Act to support this exclusion.

Staff disagrees with Ameritech's position with respect to requiring the Company to extend or build facilities to provide service for resellers' customers. The proposed pricing methodology advocated by Staff allows the wholesale LEC to earn a pro rata share of contribution on all resold services, including build out to new subdivisions. Staff further states that, any additional costs, such as special construction costs, may be charged by the wholesale LEC.

Like AT&T, CUB also argued that flat rate service should be made available for resale. CUB notes that Ameritech relies on a 12-year-old Commission Order as the basis for this proposed exemption. CUB asserts that by proposing such an exemption, Ameritech ignores the clear language of Section 251 (c)(4) of the federal Act, which mandates that all telecommunications services be made available on a wholesale basis. Moreover, CUB argues that prior Commission decisions are not entitled to res judicata. Finally, CUB argues that excluding flat rate service from resale keeps Ameritech's flat rate customers, who reside in the relatively less populated areas of the state, from enjoying the benefits of competition. CUB argues that there is no basis in fact or in law for such a restriction.

Commission Conclusion

The Commission agrees with AT&T that flat rate services should properly be included the resale of services. There is simply no authority for this Commission to do otherwise.

With respect to the issue of network build-out, the Commission agrees with Ameritech and Staff that LECs should be able to recover any additional costs, such as special construction costs, through appropriate charges to the reseller. For example, early termination charges may be an appropriate method to ensure adequate cost recovery, given the circumstances of a particular request for network build-out and the duration of the service being requested by the reseller.

F. Stripping of Operator Services and Directory Assistance from Resold Services

AT&T

AT&T also has proposed that the LECs unbundle Operator Services and Directory Assistance ("OS/DA") from the basic local service package. AT&T contends that resellers should have the option of providing these transaction-based services themselves, through a third party, or via resale of the incumbent LEC's services. Accordingly, AT&T states that this option would create an opportunity for competitive differentiation in local service. AT&T argues, therefore, that these local services should be unbundled from basic local service by the incumbent as a stand-alone part of its wholesale offer.

AT&T takes exception to Ameritech's contention that "AT&T's proposal in this proceeding would allow it to capture the remaining operator service calls (i.e., Bands A and B calls) and directory assistance calls -- calls that would not be routed to them as a facilities-based usage provider on a 1+, 0+, or 411 basis." AT&T maintains, that the premise of this argument is that because these remaining operator services supposedly produce higher than average levels of contribution, AT&T would be able to take these allegedly high margin services and leave Ameritech with the remaining services. AT&T states that the federal Act renders Ameritech's argument moot.

AT&T argues that the federal Act now requires incumbent LECs to make these services available on an unbundled basis without regard to the amount of contribution they provide. More importantly, Ameritech states that a true cost-based pricing plan, as mandated by the federal Act, would make Ameritech's concerns about maintaining, appropriate contribution levels irrelevant. Consequently, AT&T contends that the total wholesale service is justified under Section 13-505.5 as well as under the federal Act.

Ameritech

Ameritech stated that it will provide directory assistance and operator services to resellers at wholesale rates. The Company did not agree with AT&T's proposal that Ameritech also be required to allow resellers, at their option, to "strip" all operator and directory assistance calls from the bundled resold service so that the reseller or a third party can provide the operator and directory assistance services directly through their own facilities.

Ameritech argued that there are several reasons for rejecting AT&T's proposal. First, the Company maintained that it is a thinly

veiled plan to revisit the Commission's order in the Customers First case. In that proceeding, the Commission addressed dialing parity and developed presubscription rules. Presubscription was limited to Band C and toll usage and Band C and toll operator services traffic and did not include directory assistance. Ameritech argued that if AT&T's proposal were adopted, it would significantly change the Customers First Order and would conflict with earlier Commission policy decisions.

Ameritech also contended that it would be inappropriate to grant AT&T's request from a competitive perspective. By offering reseller services, AT&T would be in a position to offer direct dialing on Bands A and B operator services and directory assistance traffic; a purely facilities-based carrier would not. Thus, AT&T's proposal, according to Ameritech, would favor "one-stop shopping" IXCs over competitors which provide only toll services or purely "switchless" resellers. Ameritech suggested that changes, if any, in the scope of presubscription should be addressed in a generic proceeding where the interests of all carriers could be addressed.

Ameritech also argued that AT&T's proposal is not technically feasible. Current switches can route presubscribed calls to another provider's directory and operator assistance services. However, the current switches do not permit the routing of local calls to different service providers based on who is purchasing the bundled service. AT&T argued that these calls could be routed using routing guides which it claimed are included within the software of the AT&T 5ESS switch. Ameritech responded that using routing guide techniques would require the assignment of numerous new line class codes. According to Ameritech, there would not be enough line class codes available to support such an offering. AT&T argued that Ameritech witness Mr. Kocher was unable to confirm or deny whether the AT&T 5ESS switch had the ability to accommodate AT&T's request for special routing of operator services and directory assistance. Ameritech responded that was not Mr. Kocher's testimony.

Ameritech also discussed why Staff's suggestion to utilize AIN technology was not feasible. Today, neither local operator calls nor directory assistance calls are routed using AIN technology. The Company stated that it is not clear whether AIN technology could be utilized; to do so would require significant additional developments using the AIN platform's service creation capabilities in order to create new databases to develop the routing algorithms necessary to provide this functionality. In addition, Ameritech suggested that it would be necessary to obtain more information from reseller customers prior to any such development of the AIN technology so that the routing capability being requested could be defined and it could be determined how such capability would interact with the other options associated with the end user's

line. Ameritech also mentioned that it was unclear whether there would be an effect on signaling capability, call handling capacity or call set up times. The Company estimated the costs associated with any such development would likely be "substantial."

Ameritech suggested that the proposal to strip OS/DA from resold services is also unreasonable from a financial perspective. The Company stated that operator services provide more contribution than exchange access lines and intraexchange calling products. Ameritech argued that if resellers are permitted to strip the high margin services from the bundled wholesale offering and Ameritech is left with low margin services, ultimately the resulting wholesale rate structure would not be self-sustaining. The Company stated that resellers should not be permitted to cream skim both by customer (i.e. by competing for more profitable customers) and by product (i.e. by leaving those less profitable customers with Ameritech at a resale basis but then stripping the higher margin services for the bundled wholesale offering).

AT&T contended that all of the Company's policy arguments against requiring stripping of OS/DA from resold services have been superseded by the federal Act. Ameritech responded that is not the case and that the federal Act does not require the stripping of operator services and directory assistance calls.

Staff

Staff takes the position with respect to AT&T's request for the separate provisioning of operator services and directory assistance that the Commission should require Ameritech and Centel to provide these services on an unbundled basis to foster competition and innovation where economically and technically feasible.

Staff disagrees with Ameritech's statement that AT&T's request is nothing more than an attempt to revisit presubscription issues in the Customers First Order. Staff states that the Commission never addressed OS/DA presubscription of in that docket. Staff concludes, moreover, that requiring Ameritech and Centel to provide OS/DA on a presubscribed basis will further the Commission's policy of allowing competition in the local exchange market where economically efficient. Staff states that Ameritech simply is attempting to prevent competition in OS/DA provisioning. Staff maintains that Ameritech's claim that it will be left with only selling services that have low margins is misplaced. As services become sufficiently competitive to warrant a competitive classification by the incumbent LEC, it will have the opportunity to either increase or decrease the profit margin on such services.

Commission Conclusion

Unbundling of OS/DA is a necessary requirement for effective competition. Ameritech's objections to AT&T's request in this regard are not adequately supported by the record. Ameritech argues that unbundling of OS/DA is not technically feasible, but has failed to provide persuasive evidence in support of that claim. Moreover, AT&T has presented what it deems a workable solution, i.e., the use of "line class codes" to route OS/DA calls, in opposition to Ameritech's claim that the separate routing of these calls is not possible at this time. Given the importance of this issue and the potential that competition will be the likely result of unbundling OS/DA from the wholesale offering, the Commission orders Ameritech and Centel to unbundle its OS/DA calls from it total service resale offering pursuant to Section 251 (c)(3).

G. Direct Access to Ameritech's Advanced Intelligent Network

AT&T

AT&T has requested access to the LECs' AIN triggers so that non-facilities-based resellers can provide facilities-based innovations to the market. These services would include, among other things, messaging, emergency and security services and telecommunications services. AIN consists of three basic elements: Signal Control Points, Signal Switching Points, and Signal Transfer Points. The services that could be provided by a reseller typically would be housed in the Signal Control Points and could provide numerous services and processing.

AT&T contends that access to the switch triggers is appropriate in these proceedings, as they would provide innovations to the existing local network. AT&T concluded that competitive AIN offerings were in the public interest and that competitors should be allowed to make product development and marketing decisions based on competitive opportunity. AT&T dismissed the design and capacity problems Ameritech raised by stating that the capacity problems actually should be alleviated with the introduction of competitive databases. The AIN database inquiries and associated processing would be distributed over two or more competing platforms. AT&T indicated that Ameritech's proposal to develop services for resellers using its AIN platform was an unacceptable and anti-competitive option. Although other resellers may find this approach acceptable, AT&T felt that the service creation environment may be limited by the capabilities of the LEC's platform. Also, proprietary data would be stored in the LEC's network, hampering the reseller's ability to control access and to prevent compromise. Further, AT&T pointed out that Ameritech is currently concerned with its capacity for its own AIN platform.

AT&T maintains that new innovations through the use of the AIN should be encouraged on both a facilities-based as well as on a resold basis. AT&T's states that its request is consistent with a request for a network element under the new federal Act. Safeguards, however, are necessary to assure the integrity of the network. As Ameritech and Centel deploy AIN systems, they should be ordered to install them in a way that provides the necessary safeguards without erecting unnecessary barriers which would undermine AT&T's request.

Ameritech

Ameritech took the position that resellers should not be permitted direct access to it's Advanced Intelligent Network ("AIN"). The Company contends that the proposed requirement to require it to provide resellers with direct access to AIN is not a resale/wholesale tariff issue, but rather should be considered, if at all, as a network interconnection issue. Ameritech's position was that the issue is not appropriately addressed in this proceeding. Ameritech further asserted that even if it were appropriate to address in this proceeding, AT&T's proposal would raise serious policy issues. While Ameritech is willing to develop services for resellers using its AIN platform (assuming that resellers pay for the cost of development), to require access to AIN would provide resellers with almost unlimited ability to pick and choose the services they will provide using unbundled network elements. Ameritech observed that this could create an adverse effect in the market place.

Ameritech also pointed out that if the Commission entered such an order in this proceeding, it would be permitting access to AIN without any further regulatory involvement by the Commission. The Company's position was that such important policy matters should not be permitted to be determined unilaterally by the resellers. Ameritech maintained that there are already design and capacity problems with the AIN platform, and that permitting such unrestricted access on the part of resellers would only exacerbate those problems. It could also create unresolvable conflicts among carriers seeking access to the AIN platform. Ameritech noted that Staff has also expressed concern over AT&T's request for access to AIN inside Ameritech switches because of the risk of network failure.

Staff

Staff is concerned that direct access to the LEC database and switches for manipulation by the resellers may contain a high level of risk to the network through either ignorance or sabotage. Staff states, however, that this potential for network harm is reduced if safeguards are provided at the appropriate points so that the

network would not be jeopardized. Staff concluded, that with the safeguards in place the provisioning of facilities-based innovations by resellers should be encouraged.

Commission Conclusion

AT&T's request for access to the AIN triggers of Ameritech and Centel should be granted, subject to the certain conditions provided herein. AT&T's request is consistent with a request for a network element under the federal Act. In addition, it is without question that access to AIN triggers will promote innovation in the provision of services. Clearly, such access is in the public interest.

Ameritech's argument that this is the wrong forum to make such a determination is not persuasive. The Company, however, has not provided any analysis as to why this matter in principle cannot be considered as a part of this docket in view of the Commission's immediate goal of promoting competition. Access to AIN triggers is within the Commission's authority to consider under Section 13-505.5's public interest concerns.

AT&T did not object to exploring the specifics of AIN triggers in another docket, but recommended that the Commission move forward with ordering that the LECs provide access to their AIN triggers. Access to these AIN triggers will promote innovations with respect to service offerings. The Commission agrees with Staff that if there are any risks to the network present, they should be identified and can be resolved without harm to the network.

The Commission will require Ameritech and Centel to provide access to their AIN triggers, subject to the following: the Commission requests that Ameritech and Centel address the possible risks to the network and incorporate the appropriate remedies to prevent any harm. The Commission presumes that reseller's networks will communicate with Ameritech AIN triggers using industry standard signaling protocols for the purpose of routing calls; accordingly Ameritech will be required to demonstrate why it expects increased risk. If Ameritech or Centel is not able to comply with the requirement to provide AIN triggers on a basis that eliminates possible harm to the network, it must submit a full explanation and showing in support thereof with its compliance tariffs filed in response to the Commission's order in this proceeding. If the problems are such that they can be remedied, it must submit specific plans and a timetable for achieving compliance.

VI. OPERATIONAL ASPECTS OF AMERITECH'S WHOLESALE TARIFF OFFERING

A. Operational Interfaces

AT&T

AT&T's petition requests that Ameritech and Centel be required, as a part of their total service resale offering, to provide to new entrants operational interfaces for local exchange services at parity with the performance and quality of the interfaces that the incumbent LEC provides to itself (including affiliates) and its retail customers. AT&T contends that effective competition in the local exchange mandates parity in service offerings; without it, according to AT&T, the total service resale offering will be meaningless. Such parity requires that the incumbent LEC make available: (1) access to on-line electronic support systems; (2) data interfacing; (3) reseller branding; and (4) access to necessary LEC-controlled databases.

AT&T's petition declares that every difference which makes a reseller's sales and other customer contacts more complex than the incumbent LECs' insidiously undermines the competitive process. Accordingly, it requests that the Commission ensure that any such differences are eliminated. For example, if the incumbent LECs were to accept only a written letter of authorization before a customer could select a new service provider, the incumbent LEC would be placed at a significant advantage. Accordingly, FCC guidelines for carrier changes by customers should be extended to the local market as it moves toward competition. AT&T's concern for service parity extends to all operational and support activities, including maintenance.

In order to ascertain whether the incumbent LECs are meeting the parity standards, AT&T argues that it is essential that measurements be established to assess the quality of performance at all points of interface between the incumbent LEC and the reseller. AT&T used the example of service ordering and the installation/repair processes. According to AT&T, measures of speed and accuracy must be established. With respect to billing processes, it is necessary to monitor accuracy and timeliness. It is AT&T's position that at all points where a reseller and an incumbent LEC interface in the provision of local services to customers, appropriate measures of the quality of that interface must be created. Finally, it contends that incumbent LECs should maintain the responsibility for providing wholesale services which comply with the service performance standards set forth in 83 Ill. Adm. Code Parts 306, 730 and 783.

In response to Staff witness Gasparin's proposal that the reseller file a formal complaint with the Commission if it believes

it has been harmed or discriminated against. AT&T stated that although Staff's proposal would at least provide a procedural avenue for addressing LEC service provisioning deficiencies, this Commission should not rely exclusively on the complaint process as a remedy to a LEC's non-compliance in this context. Again, the underlying standard which the LECs should be required to meet is parity with the service interfaces provided to themselves and their customers.

AT&T recommends that to compensate for inferior operational interfaces, if the LEC should provide any, the Commission should order a transitional incentive discount. It maintains that, if and to the extent these on-line electronic support systems are not yet made available to new entrants, or are not provisioned at parity with the incumbent LECs' own systems, an incentive discount of up to 10% should be applied to the wholesale price in recognition of any difference between the retail and wholesale versions of the service. AT&T maintains that its proposed incentive discount of up to 10% will ensure that equal access to operational interfaces is made available at the earliest practical time. Under its proposal, as each of the five on-line electronic support system interfaces is brought into parity with the LEC's own retail operations an additional 2% will be subtracted from the transitional discount.

Ameritech

Ameritech stated that, as part of its wholesale tariff offering, it has created operational interfaces that will allow resellers to order services for resale to its end users efficiently and ensure that they are properly maintained and repaired. It also has taken steps to protect the proprietary information of resellers and end users. According to Ameritech, there is a wide range of procedures for ordering services that vary based on the type and quantity of information required by the reseller, the time required to install the service and the degree of coordination and/or testing required. The Company agreed to provide electronic and manual interfaces to resellers ordering resold services. Currently, these electronic interfaces enable resellers to match Ameritech's performance 85% of the time. These resale orders are expected to focus initially on the conversion of service from Ameritech to a reseller. The remaining 15% of orders are from end users for services not already provided by the Company or a provider reselling Ameritech's exchange services. According to Ameritech, interface issues relating to the remaining 15% of the orders are limited to pre-service order functions and anticipated to be resolved before the end of the year.

Ameritech did not agree, as maintained by staff and others, that the operational interfaces are required to be provided by the Company and other LECs as "network elements."

Ameritech stated that it also will ensure that the performance and quality of services that the resellers receive is equal to the services that it provides to Ameritech Communications, Inc. and that there will be no differences between the services it provides to its own end users or to resellers' end users based on the operational interfaces it provides to resellers that will have competitive implications in the marketplace. Ameritech's position is that there is little real controversy remaining over most of the operational issues.

Ameritech submitted that the Commission take no action with respect to the operational interfaces. The Company indicated that it continues to improve the various systems that it has in place as has been demonstrated by the electronic bonding project and repair systems. It also continues to work on system designs to make it easier for resellers to order and implement services. Ameritech's position is that if Commission involvement is required at all, that should be only if situations arise where the parties cannot reach an agreement regarding operational matters.

Ameritech also argued that AT&T's recommendation that the Commission establish measurements to assess the quality of performance at every interface should be rejected. According to the Company, AT&T has failed to submit sufficient evidence in the record that would enable the Commission to adopt measurements. Moreover, Ameritech believes that these issues are effectively being worked out between it and the resellers and should continue to be addressed that way unless or until an impasse occurs.

Staff

Staff agrees with AT&T that Ameritech and Centel should be required as a part of their total service resale offering to provide the operational interfaces, enumerated in the testimony of AT&T witness Fonteix, at parity with the operational interfaces Ameritech and Centel supply to themselves and their affiliates. Staff concludes that the provision of these operational interfaces is necessary in order to promote competition. Specifically, Staff agreed that effective resale competition cannot exist unless a reseller can provide the same service, including the same quality, as the wholesale LEC does when it retails the service to end users.

Staff opposes AT&T's request for an additional discount to be applied to the wholesale discount as a penalty for inferior service. Staff believes that these discounts are not appropriate and suggests that there already exist minimum service quality standards that wholesale LECs must meet for their resale customers, citing to 83 Ill. Adm. Code 730. Mr. Gasparin proposed that the reseller file a formal complaint with the Commission if it believes it has been harmed or discriminated against.

Commission Conclusion

The importance of equal operational interfaces is essential to the development of resale competition. In order to ensure that the needs of new entrants are satisfied, the Commission will order that all incumbent LECs are required to provide to resellers, as an integral part of their resale service offering, all operational interfaces at parity with those provided their own retail customers, whether directly or through an affiliate. That is the overriding standard to which incumbent LECs will be held in the provision of wholesale services.

The Commission requires that resellers must have the opportunity to provide every aspect of their retail customer contacts at parity with those provided to retail customers by the LECs, either directly or through a subsidiary. For example, burdensome requirements such as the LEC's acceptance of only a written letter of authorization before a customer could select a new service provider, or a requirement that resellers submit to a cumbersome "new installation" type of order process for simple transfers of existing service to a new provider which could easily be handled through a "record order" process would be unacceptable

Further, Ameritech and Centel will be required to file, with their implementing tariffs, a report demonstrating their compliance with this standard. To the extent the LECs contend they are unable fully and immediately to implement operational parity, they should be required to submit a plan, including specific timetables, for achieving compliance.

3. Branding Operator Services and Directory Assistance

AT&T

AT&T argues that parity with the incumbent LEC requires proper branding of the incumbent LEC's service. AT&T proposes that Ameritech and Centel be required to brand all telecommunications services provided by a reseller in that reseller's name. Branding in this context means all telecommunications services offered by a reseller should be branded as if they were the services of the reseller. AT&T needs to be able to brand its resold services for the purpose of informing AT&T's customers that it is their local service provider.

Staff

Staff supports AT&T's branding proposal. Staff that the potential exists for the wholesale LEC to use its monopoly power in the provisioning of incumbent local exchange service anti-competitively. For example, Staff contends that the wholesale LEC could

advertise its own services by branding directory assistance, operator services, etc., on calls provided to end users by resellers. Staff does state, however, that while branding is desirable, there may be technical reasons why branding for resellers cannot be provided.

Ameritech

Ameritech urged the Commission to reject AT&T's proposal that the Company be required to "brand" resold operator services and directory assistance provided to resellers. It stated that it will brand operator services calls where it is technically feasible and cost-effective to do so. Ameritech indicated that, today, it provides branded OS/DA services to independent telephone companies. However, the service configurations would be entirely different in a resale environment and branding normally would not be technically feasible. In the independent telephone company arrangements, calls are handled by the contracting carrier's switch and then routed on an aggregated basis to Ameritech's operators via dedicated trunk groups. This permits the operator to identify the call as originating from a separate company and answer it appropriately. By contrast, in a resale environment, there are no dedicated trunk groups. The OS/DA calls would be routed on the same lines and commingled with Ameritech's OS/DA calls and those of all other resellers. Therefore, as a practical matter, according to Ameritech, there is no way to brand resellers' calls.

The Company also emphasized that AT&T was requesting that a unique branding obligation be imposed on the incumbent LEC. According to Dr. Harris and Mr. Heckendorn, two of Ameritech's witnesses, AT&T is not required to rebrand the long distance services it provides to resellers of interexchange services. Mr. Heckendorn testified that resellers of these services must make substantial additional investments in order to make the resold services work in a manner that meets their business needs.

Ameritech indicated its willingness to brand calls where they can be carried on a separate trunk group. If a reseller established a 7-digit number for directory assistance (e.g., 555-xxxx), those calls could be separately identified and branded. The Company stated that it also would continue to work with the industry to explore whether cost-effective solutions can be developed.

Conclusion

To the extent that it is technically feasible, the Commission accepts AT&T's and Staff's proposals that resold OS/DA be branded because Ameritech has agreed to provide branding of OS/DA where it is technically feasible.

AT&T's recommendation that Ameritech and Centel be required to brand their resold services with the name of the resellers also will be approved. The purpose for such a requirement is to inform the reseller's customers that AT&T is their local service provider. Ameritech conceded that branding was appropriate where it was technically and economically feasible.

As to Ameritech technical arguments, the same solution that would resolve any supposed technical difficulties in offering unbundled OS/DA should be employed with respect to branding. Given the importance of this issue, the Commission will require Ameritech and Centel to provide branding of their resold services. If, and to the extent, that Ameritech and Centel maintain that it is not possible on technical grounds immediately to comply with this requirement, they must submit a full explanation and showing in support thereof with their compliance tariffs filed in response to the Commission's Order in this proceeding, along with specific plans and a timetable for achieving compliance.

C. Routing of 611 Calls

AT&T stated that the reseller should define and manage the process by which network troubles are reported by end users, initial remote trouble shooting is performed, and subsequent repair and maintenance visits are scheduled and confirmed with the end user. Although the repairs would be completed by the LEC, 611 trouble calls are to be routed to the repair bureau of the reseller serving that particular line according to AT&T. This bureau would have access the LECs to maintenance support systems of to perform initial trouble shooting immediately. AT&T concluded that the resellers would have a strong incentive to ensure that no delays in rectifying the trouble occure.

Ameritech opposed AT&T's initial request that all 611 calls which originated from its resold lines be directly routed to AT&T's own repair bureau. The Company took the position that this cannot be done for the same reason that resold OS/DA cannot be branded. There is no practical way to sort out various carriers' 611 calls since these calls are not on dedicated trunks and would be commingled with Ameritech's 611 calls and those of all other resellers. The Company also pointed out that there are other reasons for not requiring calls to be so routed. Repair calls are often made from lines other than the phone being repaired. Thus, until the end user informs it, Ameritech would have no way of knowing whether the line being reported was a resold line.

The Company suggested that the appropriate solution is for AT&T and the other resellers to develop their own unique repair numbers which would route customers' calls directly to their repair bureaus. For end users of resellers who mistakenly dial 611, the

Company stated that it is developing a "warm transfer" program whereby its service representatives will "transfer" an end user to the appropriate carrier. Ameritech accepted Staff's suggestion that it continue to expand the on-line capabilities for the use of the resale customer. Finally, it stated that it does not currently charge end users for 611 calls nor would it charge resellers' end users for the "warm transfers" to resellers' service bureaus. Therefore, Ameritech proposed that the issue of charges for 611 services or warm transfers need not be addressed until such time as a carrier seeks to introduce charges for such services.

Ameritech stated that an Electronic Bonding System ("EBS") was in its final stages of implementation and would provide the ability for a maintenance system operated by the reseller to electronically transmit trouble reports to the LEC. This system would provide security functions and ensure that confidentiality of the end user proprietary information is maintained. The EBS would allow the resellers to initiate a trouble report, supplement a trouble report previously filed, cancel a trouble report previously filed and request status on pending trouble reports. Ameritech would have the ability to acknowledge the report and provide various information and status reports. The time expected to complete a transaction using the EBS was estimated to take between 45 seconds and two minutes.

Staff pointed out that the LECs are responsible for compliance with the various codes relating to trouble reporting and corrections. Further, access to 611 repair service should not be resold and all customers should be allowed access to repair services without encumbering a charge. Staff is concerned with AT&T's concept that the reseller should define and manage the process by which troubles are reported, initial remote trouble shooting is performed, and repairs and maintenance visits are scheduled.

Commission Conclusion

The Commission concludes that AT&T's request that all 611 calls originating from its resold lines be directly routed to AT&T's own repair bureau should be rejected. We are satisfied with the fact that Ameritech has indicated that it will implement a warm transfer program whereby its service representatives will transfer an end user to the appropriate carrier. The appropriate solution for AT&T and other resellers is to develop their own unique repair numbers to route customers' calls directly to their repair bureaus. The issue of charges for 611 services and warm transfers need not be addressed until such time as carriers seek to introduce charges for such services.

The Commission is impressed with Ameritech's EBS that will allow resellers to initiate and monitor several activities for their customers. The Commission requests that Ameritech and Centel implement this system. However, the Commission wishes to assert that the ultimate responsibility for repair and maintenance is still that of the underlying carrier. Ameritech should continue to expand the on-line capabilities for use by resale customers. However, access to 6-1-1 repair service should not be resold and should be available without charge.

VII. THE LDDS PETITION

The LDDS modified proposal requests that the basic components of the local exchange network, i.e., the loops, the switch, and local call termination, be made available to carriers for purchase so these elements may be combined and utilized to provide local exchange, exchange access, and other telecommunications services. In contrast to the AT&T petition, which seeks the ability to purchase Ameritech's and Centel's retail services at a wholesale price for the purpose of resale, LDDS' petition requests a different option, to be able to purchase the underlying network, facilities, equipment, and related support, to enable LDDS to design and offer its own local exchange, exchange access, and other services. Similar to the AT&T request, LDDS seeks access to the use of the incumbent LEC's operational interfaces and support systems for data transfer and administrative requirements, to ensure the proper and high-quality provisioning of local service at parity with the service the incumbent LECs provide themselves.

Positions of the Parties

LDDS

LDDS filed its petition, which was consolidated with the AT&T proceedings, requesting a second new noncompetitive service from Ameritech and Centel. The petition requested a new offering which would provide "the end-to-end network configuration underlying all existing Ameritech and Centel retail services." LDDS identified the exchange network as consisting of three basic elements: the loop, the switch, and local call termination. It further identified the AT&T request as retail-oriented, where the requesting carrier would purchase the incumbent LEC-defined retail service offerings at a wholesale discount for resale to end users. Under the LDDS carrier platform, or network element, approach, the requesting carrier purchases the incumbent LEC's facility or equipment used in the provision of telecommunications services, including the features, functions, and capabilities it provides. The purchasing carrier then designs and provides its own end-user retail services, using the incumbent LEC network elements, either combined or

individually, as the market and its own business judgment determines.

According to LDDS, this is a further development of the Commission's Ameritech Customers First Order, where the Commission already addressed two of these three network elements, i.e., the loop and local call termination. These two network elements would continue to be available, priced uniformly with the Commission's orders. LDDS ask the Commission to order Ameritech and Centel to make a third network element, i.e., the switch, available in such a manner as to enable the requesting carrier to combine all three network elements to provide end-to-end telecommunications service. Having purchased the network elements from the incumbent LEC, the purchasing carrier would be entitled to all revenues for local exchange, exchange access, and other telecommunications services utilizing those network elements.

LDDS submits that its requested service is complementary to that previously ordered by the Commission and requested by AT&T. In the Ameritech Customers First Order, by ordering unbundled loops and local call termination, the Commission sought to enable carriers which provided their own switch and transport to utilize the Ameritech network to provide local exchange competition. However, due to economic realities, this form of competition will be costly and slow to develop, possibly limited to densely-populated areas and large-volume users. The services requested by AT&T and LDDS would more readily be available to provide quicker and broader based competition to the entire territories of Ameritech and Centel, including residential and small business users.

LDDS agreed to a Staff suggestion that the switch network element be available unbundled, provided that it could also be combined with the loop and local call termination to provide end-to-end service. Through this arrangement, new competitors would have more flexibility to use a mixture of uses, either utilizing end-to-end network elements provided by the incumbent LEC, or substituting one or more network elements with the carrier's own, or that purchased from another carrier. This arrangement would afford carriers the most flexibility to make decisions based on economic efficiencies and to respond with their own designed competitive offerings according to their own best business judgment.

LDDS argues that requiring Ameritech and Centel to provide the network elements would satisfy the three public policy goals outlined by Staff in the following manner: 1) uniformly pricing the unbundled loop and local call termination, while pricing the switched network element at cost, would ensure no bias in favor of either carriers providing their own switch or those utilizing the

incumbent LEC's; 2) by ensuring full cost recovery, including the cost of capital, it would allow for the continued investment in the network by the underlying LEC; and 3) pricing the switch at its economic costs, LRSIC, would ensure economic efficiency in network utilization. LDDS added a fourth policy goal. With the impending authorization of Ameritech to provide interLATA services, and the advent of one- stop shopping, Ameritech will have the opportunity to benefit from the developments in the competitive long distance marketplace to purchase long distance services to package with its local exchange services in seeking end users' complete telecommunications traffic. It is essential that competing long distance carriers have access to exchange network elements to develop their own exchange services for combination with existing long distance services.

LDDS further states that the federal Act's passage during the pendency of these proceedings has required the incumbent LECs to provide the services requested by both LDDS and AT&T. Section 251(c)(3) requires all incumbent LECs "to provide, to any requesting telecommunications carrier for the provision of a telecommunications service, nondiscriminatory access to network elements on an unbundled basis at any technically feasible point . . . in a manner that allows the requesting carriers to combine such elements in order to provide such telecommunications service." According to LDDS, this ends any debate as to the requirement that Ameritech and Centel must provide the unbundled network elements in a manner which can be combined to provide end-to-end service as requested in the LDDS petition.

LDDS contends that the federal Act further provides the pricing standard for the network elements as cost-based, determined without reference to rate-of-return or other rate-based proceedings, nondiscriminatory, and may include a reasonable profit. The parties concur that LRSIC is the cost-based standard. However, there is disagreement regarding what constitutes a reasonable profit, and even some confusion as to the identification of what different inputs represent. It suggests that the LRSIC studies and cost data should clarify some of these issues.

Therefore, LDDS recommends that Ameritech and Centel be ordered to provide tariffs for the switching network element which may be combined with the unbundled loop and local call termination. They should be required to provide the same operational and administrative interfaces requested. These incumbent LECs should further be ordered to provide with the proposed tariffs the following data and information: 1) LRSIC studies for the switch network element; 2) a) any proposed allocation of alleged group LRSIC shared/joint costs to the switch; b) the methodology and claimed basis for such allocation of the shared/joint costs; 3) a) any additional amounts sought to be included in the pricing of the

switch; b) the source of these additional amounts; c) the claimed basis for the inclusion of these amounts in the pricing of the local switch platform ("LSP"). Any claim in the tariff for a term or minimum capacity requirement should be submitted with underlying cost detail the necessity for such requirement and the basis for how the actual length or amount was calculated. LDDS submits that the Commission should defer any decision on pricing until the investigation of these tariffs and the provision of this information, so that an informed analysis and judgment may be made.

Staff

Staff also identified the local exchange network as consisting of three components: loop, LSP, and inter-office transport. The loop portion of the network is the transmission path from the network interface at an end user's premises to a distribution frame, digital signal cross connect panel, or a similar demarcation point at the end office. The unbundled LSP is all services and functionalities that are provided by a switch or end office. These services include: telephone number and directory listing; dialtone; announcements; access to operators, usage, and interexchange carriers; originating and terminating switching; custom calling features (call forwarding, call waiting, etc.); and CLASS features (call ID, call return, etc.). The third basic piece of the local exchange network is interoffice transport.

Staff recommended modification of the original LDDS request to make the three network components available on an unbundled basis, which may be combined for end-to-end transmission. The Commission already has provided for the unbundled loop, which should continue to be uniformly available according to the orders of the Commission. Requiring the middle network element, the LSP, to be available unbundled, subject to being combined with either or both of the other two elements, would afford the greatest opportunity to develop competition in local exchange markets. A purchasing carrier would receive all the features, functions, and capabilities available from the LSP, using them to sell services to end users and other carriers to the extent it is able. The LSP purchaser would receive all revenues for local exchange, exchange access, and other telecommunications services utilizing the LSP network element. The incumbent LEC, having received the price for the LSP network element, would not be entitled to any revenues it generated.

Staff believes that the federal Act requires the granting of the LDDS petition. Section 251(c)(3) requires incumbent LECs, including Ameritech and Centel, to provide requesting carriers unbundled network elements that they may be able to combine in order to provide telecommunications service. The LSP outlined by the Staff meets the federal Act's definition of a network element.

Additionally, section 271(c)(2)(B) lists a competitive checklist that Bell Operating Companies, including Ameritech, must meet to be granted interLATA authority. Three of the items which are required include the provision of unbundled local loops, unbundled local transport, and unbundled local switching. These federal statutory requirements are entirely consistent with LDDS' petition as refined by Staff. The unbundled port currently provided by Ameritech does not include any of the features, functions, or capabilities of the switch and would not satisfy the requirement to provide an unbundled switch network element.

Staff identified three public policy goals: 1) promote economic efficiency; 2) not bias facilities-based competition or resale competition; and 3) allow for continuation of investment by the underlying facilities-based LEC. Staff's modification of the LDDS proposal would satisfy all three goals. The federal Act establishes a pricing standard for the network elements requiring that they be based on the cost of the network element, determined without reference to a rate-of-return or other rate-based proceeding, be nondiscriminatory, and may include a reasonable profit. Under this standard, LRSIC would constitute the cost basis. Staff believes that a reasonable profit could permit the inclusion of pro rata contribution. However, Staff agrees with LDDS that the pricing decision needs further investigation through the cost studies and other data to be supplied by Ameritech and Centel. Staff recommends that Ameritech and Centel be ordered to provide the requested tariffs, and that the pricing determination be deferred to an investigation and/or suspension of these tariffs.

MCI

Like Staff and LDDS, MCI identified the switching network element as the facility or equipment between the demarcation point for the unbundled loop and the demarcation point for the end-office integration trunks, with all the features, functions, and capabilities it provides. MCI agrees with LDDS that the network platform proposal requested by its petition is required by the federal Act. Specifically, MCI contends that Section 251(c)(3) requires each incumbent LEC to offer any requesting carrier unbundled access to its network elements, and further requires that these network elements be provided in such a manner that a requesting carrier may combine the network elements to provide a service. MCI further points to Sections 3(a)(45) and 271(c)(2)(B) which make clear that local switching--the key element in LDDS', MCI's and Staff's proposals--is a network element that must be unbundled. MCI points out that the other two components required by LDDS' proposal--loops and interoffice transport--already are available on an unbundled basis as a result of the Commission's Ameritech Customer's First Order and interconnection rules. MCI

therefore urges the Commission to require Ameritech and Centel to file tariffs for the unbundled switch.

MCI further recommends that: 1) consistent with Sections 252(d)(1), the unbundled switch product must be priced at LRSIC with no contribution; 2) telecommunications carriers that purchase the unbundled switch product should receive all revenues associated with any services sold using the network platform, including switched access revenues assessed at the end office; and 3) the mutual compensation arrangements adopted in the Ameritech CPP Order or subsequently found to meet the requirements of the federal Act should govern the exchange of local traffic.

MCI disagrees with the positions of Ameritech and other parties that argue that the LDDS petition is the same as the resale of LEC-defined services. MCI argues that the federal Act establishes at least two separate ways for new entrants to develop services to end users. One, provided for in Section 251(c)(4), is based on the LEC's existing retail offerings, and requires new entrants to acquire them at wholesale rates, perform retail functions, and offer the same services to end users. The other, provided for in Section 251(c)(3), is for new entrants to acquire some or all of the underlying network elements or functionalities from the incumbent LEC, and combine those network elements, perhaps with their own or another provider's network elements, and provide their services rather than simply mirroring those of the incumbent LEC. Finally, MCI points to the language of Section 251(c)(3) of the which expressly requires the ability to combine network elements.

MCI also disagrees with the arguments of Ameritech and other parties that permitting the combining of network elements would circumvent the federal Act's joint marketing restrictions. MCI contends that this argument is a red herring. Section 271(e)(1) restricts only joint marketing using the incumbent LEC's retail services, and does not restrict joint marketing through the creation of a carrier's own services by means of the purchase of unbundled network elements.

AT&T

AT&T submits that to provide new entrants the opportunity to develop local exchange competition requires the provision of both services requested by AT&T and LDDS. AT&T supports Staff's modification of the LDDS request, provided that the Commission preclude Ameritech and Centel from creating reintegration functions and imposing costs for such reintegration. AT&T concurs that the federal Act requires the granting of the LDDS petition and further establishes that the cost-based pricing standard requires pricing to be based on LRSIC. These pricing issues, though, may be

deferred to the investigation of the ordered tariffs, as suggested by LDDS.

Centel

Centel agrees that the LDDS petition should be granted and will file a tariff according to the LDDS request as modified by Staff. Granting this request is required by the federal Act. The network elements will be provided on an unbundled basis and there will be no restrictions on how these network elements can be used. Any revenues received for services provided through the network elements, including access payments, should go to the carrier that is paying for the network elements. The operational interfaces requested by AT&T and LDDS are also network elements under the federal Act and will be provided. Centel recommends that the price of the network elements be based on LRSIC, including costs of capital, plus a reasonable contribution to joint and common costs. Network elements may be priced by access area with minimum term and capacity requirements for the purchase of switch capacity. Centel asks that custom calling and CLASS features be excluded from the switch network element. Since LRSIC studies have not yet been performed, Centel requests up to 90 days after the Commission's Order in which to file its compliance tariffs.

Ameritech

Ameritech argues that the LDDS petition should be denied, but that, within 30 days of the completion of this proceeding, it voluntarily will file a tariff for the requested services as modified by Staff in this proceeding. According to Ameritech, the LDDS petition requested that the network components be bundled to provide end-to-end telecommunications services. This does not comply with the federal Act's requirement to provide unbundled network elements. Furthermore, Ameritech opposes permitting a requesting carrier to bundle the unbundled network elements provided pursuant to the federal Act. Bundling the network elements would duplicate the wholesale services offered under Section 251(c)(4), obliterate the distinct pricing standards for the two, and enable circumventing the joint marketing restriction placed on the resale of retail services provided at wholesale under Section 251(c)(4). The Company asks the Commission to find a requirement in the federal Act that network elements purchased from incumbent LECs may only be combined with network elements of the purchasing carrier. Regarding pricing, it disagrees that LRSIC is the only cost which can be recovered in the pricing of network elements under Section 252(d)(1). Pricing network elements must consider all of the LEC's costs, including shared costs, common costs, and the residual. This Commission should defer granting the LDDS petition until completion of the FCC rulemaking on this and other issues interpreting the federal Act.

Ameritech also opposes granting the petition on state grounds. Modifying the requested service from a bundled end-to-end configuration to providing the unbundled components requires the LDDS petition to be filed under Section 13-505.6 of the PUA, not Section 13-505.5 requesting new services. The Company also contends that the record lacks substantial evidence to identify exactly what would be offered, and how. There are a number of pricing issues which are left unresolved. Finally, Ameritech opposes the position that the purchaser of the network elements would be entitled to retain exchange access revenues for traffic through those elements. It claims that the purchasing carrier provides no services to the IXCs for which they deserve to be compensated. Furthermore, since interexchange access includes interstate traffic, there is a jurisdictional issue which must first be resolved before the FCC.

MFS and TC Systems

MFS and TC Systems both oppose granting the LDDS petition. MFS argues that the LSP is not an unbundled network element under Section 251(c)(3) but actually a bundling of numerous network elements found within the switch. Like Ameritech, MFS argues that the Commission should find that network elements may be bundled only with other network elements provided by the requesting carrier, not with other network elements of the incumbent LEC. Allowing the combination of incumbent LEC network elements would negate the resale provisions of the federal Act and the congressional preference for facilities-based competition.

MFS states that the LSP is not a service currently provided by the incumbent LECs. Yet, MFS agrees with Ameritech that the LDDS petition should have been brought under Section 13-505.6 of the PUA, instead of Section 13-505.5. MFS suggests that the Commission defer the LDDS request until Ameritech and Centel file their unbundled tariffs. Additionally, MFS submits that the Commission must reconcile any pricing of the LSP with its loop pricing determination in the Ameritech CPP order. In its reply brief, MFS recommended that all network elements be priced at LRSIC. TC Systems concurs that the LDDS petition should be filed under Section 13-505.6 and suggests that the petition be dismissed and all related issues held in abeyance until the FCC issues its regulations under Section 251 in a few months.

CUB and Telecommunications Resellers Association ("TRA")

CUB and TRA support the granting of the LDDS petition. CUB states that the Commission has taken the initial steps in its attempt to develop local exchange competition. However, these efforts are unlikely to make available any competitive alternatives to residential or small business users. Granting the LDDS

petition, as modified by Staff, would enable more immediate and broader-based competitive alternatives to consumers beyond those located in high-density areas or large-volume users.

TRA submits that both services requested by AT&T and LDDS must be granted to comply with the federal Act and to enable potential new entrants to enter the local exchange markets in the manner in which each provider determines how best to serve its subscribers and selected markets. Each provider must analyze its markets, inherent capabilities, and competitive strengths and objectives in developing its own operational strategy. What will result are numerous distinct and diverse approaches for serving subscribers, as individual as each company and the markets it will serve.

Commission Conclusion

The Commission is of the opinion that the LDDS petition, as modified by Staff, should be granted. The platform approach described in the record is consistent with the federal Act. Section 251(c)(3) provides as follows:

> (c) ADDITIONAL OBLIGATIONS OF INCUMBENT LOCAL EXCHANGE CARRIERS-In addition to the duties contained in subsection (b), each incumbent local exchange carrier has the following duties:
>
> * * * *
>
> (3) UNBUNDLED ACCESS- The duty to provide, to any requesting telecommunications carrier for the provision of a telecommunications service, nondiscriminatory access to network elements on an unbundled basis at any technically feasible point on rates, terms, and conditions that are just, reasonable, and nondiscriminatory in accordance with the terms and conditions of the agreement and the requirements of this section and section 252. An incumbent local exchange carrier shall provide such unbundled network elements in a manner that allows requesting carriers to combine such elements in order to provide such telecommunications service.

(emphasis supplied).

A "network element" is defined under Section 3(a) of Act as a "facility or equipment used in the provision of a telecommunications service." It also includes the following:

features, functions, and capabilities that are provided by means of such facility or equipment, including subscriber numbers, data bases, signaling systems, and information sufficient for billing and collection or used in the transmission, routing, or other provision of a telecommunications service.

Section 251(c)(3) clearly mandates the LDDS and Staff platform proposals. This section requires any and all network elements to be made available, in any combination, so that a new entrant can provide service, and that necessarily includes the provision of those elements on a "total network" or platform basis. Ameritech and MFS' argument that Section 251(c)(3) of the federal Act requires carriers to combine their own facilities with network elements purchased from incumbent LECs in order to provide telecommunications service is without merit. Acceptance of these arguments would render the language meaningless. An unbundled network element, by the very nature of unbundling, is subject to being combined with another carrier's network elements. There would be no purpose to the latter sentence of section 251(c)(3) mandating that incumbent LECs allow the combination of network elements if this were the interpretation. Furthermore, the section expressly requires that the unbundled network elements be made available to any telecommunications carrier. This is also directly contrary to the limitation offered by Ameritech and MFS that network elements are available only to those telecommunication carriers which provide other network elements.

The Commission is also of the opinion that the arguments of MFS, TC Systems and Ameritech that the LDDS petition is really a request for unbundled network elements should have been brought under section 13-505.6 of the PUA, instead of section 13-505.5 are of no consequence. Ameritech and the other parties knew what LDDS was requesting in the LDDS petition. The record is well developed and contains a substantial amount of testimony admitted both in support of, and in opposition to, the LDDS petition.

No party contests that the service being requesting is a noncompetitive service, not currently being provided by the responding LECs. The LSP is already part of the network architecture and, therefore, technically feasible. Therefore, we find that the record establishes that LDDS has satisfied the requirements of section 13-505.5, regardless of whether granting LDDS' petition, as modified by Staff, may also be granted pursuant to section 13-505.6. For the reasons stated, we find it to be in the public interest that the LDDS petition be granted.

The Commission finds that requiring Ameritech and Centel to make these unbundled network elements available will further our goal of promoting competition in the local exchange marketplace.

Potential entrants to the local exchange marketplace would be provided the flexibility to design their own operational and marketing strategy to compete with the incumbent LEC and other carriers for end users of local exchange and other telecommunications services. Purchasers of the network element would compensate the incumbent LEC for the lease of the network facility or equipment, enabling the requesting carriers to utilize those network elements in designing their own services and marketing strategies as they deemed best to recover their costs and to compete in the marketplace. Having paid the incumbent LEC for the use of the network elements, the purchasing carrier is entitled to all revenues generated by local exchange, exchange access, and other telecommunications services it provides utilizing the purchased network elements, in the same fashion as the incumbent LECs. This will enable carriers to make decisions based on economic efficiency as to which network elements it should build, and which it should purchase from incumbent LECs or from competing other providers, free of any predetermined regulatory requirement. This will best foster the Commission's policies of allowing the competitive marketplace and economic considerations to substitute for regulatory oversight.

The Commission rejects Ameritech's argument that allowing a purchasing carrier to combine network elements to provide end-to-end telecommunications service is redundant of the additional requirement on incumbent LECs to make their retail services available at wholesale pricing for resale by requesting carriers. The federal Act clearly requires both offerings to be made available. These offerings were not required alternatively, but to be offered simultaneously. The intent of the federal Act is to make available the competitive tools which the carriers feel they need to employ their own marketing strategy and business judgment as to how to develop competition in the telecommunications marketplaces. The federal Act leaves it to the marketplace to resolve which is the best means available to develop competition.

We also reject Ameritech's position that the purchasing carrier should not retain the revenues for exchange access provided through the leased network elements. As Staff observes, once the incumbent LEC has received the cost-based price for the LSP, the purchasing carrier is entitled to the use of the network element and all revenues for services therefrom. This does not create any jurisdictional issue regarding interstate traffic.

Centel's request to exclude custom calling and CLASS features from the LSP network element is denied as being without basis and in direct violation of the federal Act's requirement that the network element includes the features, functions, and capabilities of the facility or equipment by definition.

The Commission also rejects the requests of MFS, TC Systems, and Ameritech that we defer any action until after the FCC has resolved its rulemaking proceedings. LDDS brought its petition pursuant to the PUA and has a legal right to a determination.

The Commission is of the opinion that a final determination on the pricing of the LSP and the price of unbundled transport be deferred to an investigation of the compliance tariffs filed pursuant to this Order, which may be initiated under Section 9-201 or Section 9-250 of the Act. With the provision of cost data and information in that subsequent docket, the Commission will be in a better position to make the pricing determinations according to the standard enunciated in section 252(d)(1). Said tariffs shall be filed by Ameritech and Centel within 30 and 90 days, respectively, consistent with Staff's local switch platform pricing proposal. The Commission agrees with Staff that Ameritech and Centel use their "best judgement" in developing prices for the LSP and be prepared to file the appropriate costs support and explanation as to the pricing methodology used in determining the price of the LSP.

VIII. OTHER ISSUES

A. Alternative Regulation

Ameritech raised three issues relative to how the wholesale tariff should be treated for purposes of its Alternative Regulation Plan: (1) whether it is a new or existing service; (2) whether it should be assigned to the carrier basket; and (3) exogenous change treatment. The Company stated that it had accepted Staff's and AT&T's proposal that its wholesale tariff be treated as a new service. Ameritech and Staff are also in agreement that it should be placed in the carrier basket. The Company contended that AT&T's proposal to create a fifth basket just for the wholesale tariff had no public policy rationale to support it and should be rejected. Staff also noted that assigning the wholesale tariff to the carrier basket is consistent with the treatment of unbundled loops and ports approved in the Customers First proceeding.

Ameritech contended that, if revenue shortfalls result from Commission prescription of wholesale rates lower than what could be justified on an avoided cost basis, these shortfalls must be treated as an exogenous change.

Staff agreed that it may be appropriate to consider exogenous change treatment for initial cost associated with providing wholesale service. However, such treatment is not warranted at this point in time because these costs are extremely difficult to quantify and isolate as being due to or as a result of the provision of wholesale services. Until Ameritech makes a strong

showing, exogenous factor treatment of start-up costs should not be approved by the Commission.

Staff further disagrees with Ameritech over whether the revenue reductions resulting from Staff's pro rata approach to contribution would trigger exogenous change treatment. The Company took the position that there was no policy basis for denying such treatment because Staff's pricing approach results in a regulatorily mandated reduction in the Company's revenues to achieve broader policy objectives relative to competition.

Ameritech contended that Staff's attempt to justify its position on the grounds that the Company would face "reduced risks" in providing wholesale, rather than retail, services was not supported by the record. It stated that Staff had nowhere explained how the Company's risks has been reduced. In fact, Ameritech argued that they have increased, not decreased, because nothing in the conventional, month-to-month wholesale service relationship insulated the Company from retail demand uncertainties in the marketplace and the Company will be even less able to predict or influence customer buying decisions when resellers are performing the marketing function. It contrasted this with discounts offered under volume and term agreements where Ameritech will face reduced risks and where the Company will not seek exogenous change treatment for voluntarily negotiated discounts beyond the avoided cost level. Ameritech also disputed Staff's contention that the revenue effects would be difficult to quantify, suggesting that this issue should be left to any price index filing where exogenous change treatment was sought.

Ameritech further contended that Staff's position that exogenous change treatment should not apply to revenues lost when ACI (Ameritech's long distance affiliate) is the subscriber was not timely raised and has no legitimate public policy or evidentiary basis. The Company argued that ACI is a separate company and that its future revenues cannot and should not be "imputed" to Ameritech. The Company also noted that there was no evidence in this record that ACI would earn profits at Staff's proposed rates, particularly in view of the fact that it has no customer base, has no existing revenue stream, and its marketing expenses are likely to be significantly higher than either its established IXC resale competitors or Ameritech.

The Company also proposed exogenous change treatment as one possible alternative to recovery of one-time costs associated with development of the systems and interfaces required to facilitate a wholesale offering. This proposal is discussed further in the service cost section of this Order.

Commission Conclusion

The Commission agrees with Ameritech and Staff that its wholesale tariff should be treated as a new service for purposes of the Alternative Regulation Plan and should be assigned to the carrier basket. The Commission is of the opinion that exogenous factor treatment should not be extended to wholesale start-up costs at this point in time. If, however, Ameritech makes a strong showing of these initial start-up costs, then the Commission will consider granting exogenous treatment at that time consistent with the requirements set forth in the Alternative Regulation Plan.

As for exogenous factor treatment for revenue reductions resulting from Staff's pricing proposal, the Commission rejects any such treatment.

B. AT&T's Arbitration Proposal

Claiming that the Customers First implementation experience justifies a new approach, AT&T proposed that all disputes arising out of the wholesale tariff be sent first to an arbitrator for formal arbitration, pending a final decision by the Commission after a hearing conducted in accordance with normal complaint procedures. The arbitrator's decision would be binding on the parties during the complaint process.

Ameritech opposed this proposal. First, the Company stated that AT&T's characterization of the aftermath of the Customers First decision was misleading. The Company stated that it did comply with the plain terms of the Commission's Order and that Docket 96-0296 is addressing issues which the Commission did not address at all or which were not clearly resolved in what Order and which are minor in the overall context of the Customers First proceeding. The Company stated that it would be improper as a matter of policy to have these kinds of issues addressed by an arbitrator who has had no prior involvement in or understanding of the Commission's order in this proceeding.

Ameritech and Staff also took the position that the Commission cannot delegate its authority to issue orders that are binding on the parties to an independent arbitrator, even on an interim basis, under the PUA.

Commission Conclusion

The Commission will not adopt AT&T's dispute resolution proposal. Existing complaint procedures are available if there are disputes over the wholesale tariffs filed by Ameritech or Centel and establishing new arbitration procedures as AT&T proposes would not be appropriate from a policy or legal perspective.

C. Term and Volume Plans

As part of its overall approach to the wholesale marketplace, Ameritech stated that it will offer both month-to-month arrangements as well as volume and term agreements which provide deeper discounts. Staff took the position that volume and term agreements are appropriate in principle, but should be examined on a case-by-case basis to ensure that the LEC does not favor its affiliates. The Company stated that it did not oppose case-by-case review where appropriate. However, the Company stated that Staff's concerns seemed far-fetched, given Ameritech's nondiscrimination obligations under both state law and the federal Act. The Company also noted that Staff had proposed volume and term agreements as a critical component of its alternative platform proposal.

TC Systems and AT&T oppose volume and term agreements in principle. TC Systems claimed that such agreements are " ... highly anti-competitive and [are] directly aimed at facilities-based competitors." AT&T claimed that volume and term agreements were inappropriate because the marketplace for wholesale services was noncompetitive.

Ameritech responded that volume and term agreements are standard service arrangements in virtually all industries. Ameritech contends that these arrangements permit the closer alignment of prices with costs, and decrease costs and uncertainty on both sides of the transaction. Ameritech also maintains that, in the telecommunications industry, the underlying carrier has an incentive to reduce its risks by filling existing capacity and assuring a more stable revenue stream. In return, the purchasing carrier benefits from lower and more certain prices. Ameritech argues that the wholesale marketplace was competitive in the sense that Ameritech must face self-supply by carriers like AT&T and MCI, as they construct their own facilities in the future and strand Ameritech's network plant. Thus, Ameritech stated that its business incentives in introducing volume and term wholesale offerings had everything to do with managing its own risks in the marketplace and nothing to do with TC Systems as a competitor for the IXCs' wholesale business.

Commission Conclusion

The Commission believes that volume and term agreements are appropriate pricing alternatives for wholesale services. They provide benefits to both the incumbent carrier and the reseller in terms of reduced risk and lower rates, respectively. The Commission also does not want to prejudge any issue that would impact the platform offering proposed by Staff. Accordingly, if Staff or any carrier believes that a specific term and volume offering is unjust, unreasonable or discriminatory, existing

complaint and investigatory procedures are available to address such issues.

D. Pricing of Wholesale Services and Unbundled Loops

MFS contends that the Commission must set wholesale rates and the prices for unbundled loops in a consistent manner. Ameritech responded that there are differences in the federal pricing standards applicable to wholesale services and network elements (which would encompass unbundled loops) that may ultimately require more significant changes in unbundled loop pricing (either upward or downward). However, Ameritech committed to modify its unbundled loop prices when it files its compliance tariff after the Commission's order in this proceeding to remove avoided retail costs.

Given Ameritech's commitment, there is no need for this Commission to address this issue.

E. Future Wholesale Prices

Staff takes the position that its pricing methodology should be used on a going forward basis, so that wholesale prices change every time retail prices change. Ameritech took the position that requiring a lock-step relationship between wholesale and retail rates allows resellers a financial free-ride on the LEC's pricing decisions and would be inconsistent with a competitive marketplace.

The Commission concludes that Staff's pricing methodology should be adopted on a going forward basis.

F. Directories

Staff takes the position that Ameritech should be required to include resellers' customers in its directories at no charge for standard listings and at LRSIC plus a reasonable contribution for special listings. The Company objected to any requirement that it be the source of a single directory. However, the Company testified that Dom Tech, its publisher, is willing to provide a complete range of directory services to certificated LECs on a negotiated basis.

The Commission believes that a standard directory listing is an essential and integral component of local service. Accordingly, the Commission will adopt Staff's proposal. If the Company has removed any costs for white page listings from the wholesale rates, it may add back any cost removed.

G. Resellers' Customer Information

AT&T takes the position that wholesale carriers should compensate resellers for use of their listing data (other than for inclusion in directories), including directory assistance whenever wholesale carriers receive compensation for the information from a third party. Staff agrees and recommends that such compensation be established through mutual negotiations, with the terms being available on non-discriminatory terms to other resellers. Ameritech did not take a position on this issue, but stated that it expects to address it in the context of the FCC's NPRM.

The Commission adopts AT&T's proposal. It is only reasonable to require wholesale carriers to compensate resellers for information they receive from the resellers and are subsequently able to sell to a third party. The fact that the wholesale carriers receive compensation for the information affirmatively demonstrates its value. We agree with Staff that the amount of compensation the reseller is to receive should be set by mutual agreement.

H. Qualifications to Purchase Wholesale Services and Arbitrage

Staff contends that the Commission should permit carriers with either a Section 13-404 or Section 13-405 certificate to subscribe to wholesale services (including residence wholesale services). Ameritech accepted Staff's position. Staff also contended that the Commission should maintain existing policies prohibiting arbitrage for existing class of service distinctions between residence and business services. The Company agreed with this position as well. Ameritech objected, however, to Staff's proposal that services priced separately for residence and business customers since adoption of the Alternative Regulation Plan be subject to arbitrage. The Company contended that pricing decisions relative to residence services continue to be impacted by past pricing decisions of this Commission that were intended to accomplish certain regulatory policy objectives. Furthermore, the Company argued that the residence marketplace has different demand and other characteristics than the business marketplace. Under these circumstances it would be inappropriate to permit rate arbitrage. Finally, the Company stated that its billing systems will not permit resellers to pick and choose between residence and business services and prices for the same customers.

Staff also took the position that third party auditing of reseller operations should be permitted to ensure that class of service restrictions are being observed and that the LEC should have discretion to initiate such audits. Ameritech agreed with Staff's position.

Commission Conclusion

There appears to be little dispute between the parties over these issues and Staff's position will be adopted with one exception. The Commission will maintain class of service protection against arbitrage between residence and business services regardless of when the separate residence rate was established. If any reseller wishes to resell a residence service to business customers at residence rates, it can file an appropriate request with supporting arguments.

I. Slamming

Staff proposed that the guidelines set out in the FCC's recent rules and regulations regarding slamming for interexchange provisions be followed for changing local exchange service provides, pending adoption of specific rules by this Commission. Staff also supported Ameritech's proposal to charge a $50 fee for slamming to offset the LEC's costs.

The Commission adopts both proposals.

J. Obligations of Resellers

Staff contends that neither the service obligations of resellers nor a reciprocal obligation to provide wholesale services by new LECs should be addressed in this docket and should be considered instead in a rulemaking proceeding addressing the rights and responsibilities of the new LECs. Ameritech found Staff's proposal to be reasonable.

The Commission agrees that these issues should be addressed in a rulemaking proceeding. The Commission hereby directs Staff to address the service obligations of resellers and the obligations of new LECs to provide wholesale services in a proceeding, consistent with our order in the Customers First proceeding. The Commission notes that several workshops have been held. New LEC responsibilities should be resolved promptly since companies may be making substantial investments in the marketplace without a clear understanding of their responsibilities.

K. Resellers Defaulting on Wholesale Service Bills

Staff took the position that the incumbent LEC should be allowed to terminate service to resellers which fail to pay their wholesale bills and that the resellers' end users should then be served directly by the incumbent LEC. Ameritech supported Staff's position.

The Commission adopts Staff's and Ameritech's position.

L. Notice Requirements

Staff opposed Ameritech's proposal that serving carriers notify one another of defaulting customers with unpaid balances, using the wholesale LEC as a clearing house, to protect the industry from unscrupulous end users who switch from one LEC to another. The Company responded to Staff's concerns by changing the proposed procedures to reduce the 36-hour lag provided in its original plan.

The Commission adopts Ameritech's modified notification process. The industry should be permitted to protect itself against consumer fraud and increasing bad debt levels as long as such measures are reasonable. The Commission concludes that Ameritech' modified proposal is reasonable.

M. Publishing Names of Alternative LECs in Wholesale LECs' Phone Books

Staff took the position that incumbent LECs should be required to publish the names of alternative LECs in their telephone directories, subject to reasonable compensation.

Again, Ameritech stated that Don Tech is willing to provide such services on a negotiated basis.

Based on the foregoing, the Commission will not address this issue at this time.

N. Retention of a Customer's Phone Number in a Resale Environment

Staff and Ameritech agreed that customers should be able to move between providers without a number change in a resale environment. However, Staff contended that all issues related to number portability in a resale environment should be addressed in Docket 96-0128. The Company disagreed, stating that this is a simple issue in a resale environment and should be resolved in this proceeding.

The Commission agrees that this issue can be resolved now. The Commission will require that customers be allowed to retain their telephone numbers when switching from incumbent carriers to resellers, from resellers back to incumbent carriers and between resellers.

O. Joint Marketing Restrictions

Staff took the position that Ameritech should not be permitted to include a joint marketing restriction in its tariff, given the passage of the federal Act which includes such a restriction as a matter of federal law. The Company agreed during the proceeding to remove the joint marketing restriction from its tariff for precisely this reason.

There is no need for the Commission to address this issue in view of Ameritech's commitment.

P. Citizens Utility Board's Customer Protection Recommendations

CUB argues that the Commission should not promote cherry picking by competitors. Staff agrees with CUB that the local exchange market should not be structured in a manner that allows carriers to cream skim because of regulatory policies placed on the incumbent providers. The Commission is of the opinion that Staff's proposed pricing methodology acknowledges the retail pricing structure of the wholesale LEC and prevents such cream skimming.

CUB proposed five safeguards. These proposals are beyond the scope of this proceeding. It is Staff's position that the appropriate place to address these issues is in the current workshops examining rules and regulations applicable to new LECs. The Commission agrees.

CUB also proposed that new entrants with 35 percent or more market share should be regulated as a dominant carrier. Staff opposes CUB's proposal. The PUA only makes two distinctions: LECs and LECs with less than 35,000 access lines; and noncompetitive and competitive services.

The Commission agrees with Staff and rejects CUB's proposal.

XI. FINDINGS AND ORDERING PARAGRAPHS

The Commission, having considered the entire record herein, and being fully advised in the premises thereof, is of the opinion and finds that:

(1) AT&T Communications of Illinois, Inc. is an Illinois Corporation engaged in the business of providing telecommunications services to the public in the State of Illinois and, as such, is a telecommunications carrier within the meaning of Section 13-202 of the Illinois Public Utilities Act;

(2) LDDS WorldCom, f/k/a LDDS Communications, Inc., d/b/a LDDS Metromedia Communications ("LDDS") is an Illinois Corporation engaged in the business of providing telecommunications services to the public in the State of Illinois and, as such, is a telecommunications carrier within the meaning of Section 13-202 of the Illinois Public Utilities Act;

(3) Illinois Bell Telephone Company d/b/a Ameritech Illinois, is an Illinois Corporation engaged in the business of providing telecommunications services to the public in the State of Illinois and, as such, is a telecommunications carrier within the meaning of Section 13-202 of the Illinois Public Utilities Act;

(4) Central Telephone Company of Illinois is an Illinois Corporation engaged in the business of providing telecommunications services to the public in the State of Illinois and, as such, is a telecommunications carrier within the meaning of Section 13-202 of the Illinois Public Utilities Act;

(5) the Commission has jurisdiction over Ameritech Illinois and Central Telephone Company and the subject matter of this proceeding;

(6) the recital of facts and law and conclusions reached in the prefatory portion of this Order are supported by the evidence of record, and are hereby adopted as findings of fact and conclusions of law for the purposes of this Order;

(7) the wholesale tariff proposed by Ameritech Illinois, which limits the wholesale services to be provided by Ameritech Illinois, contains inappropriate rate structures and price levels that are above the levels prescribed by the federal Act and should be rejected as inconsistent with the mandates of the federal Act, as well as being inconsistent with the Commission's stated long-term goal of developing local exchange competition;

(8) Ameritech Illinois should be directed to make changes in its proposed wholesale tariff to conform with the proposed tariff submitted by AT&T, subject to the modifications and directives of this Commission and the methodology as set forth in the prefatory portions of this Order, including but not limited to the following:

a. Ameritech Illinois and Central Telephone Company of Illinois are required to include, as a part of

their total service resale offering, all telecommunications services offered to end users at retail, excluding promotional offerings, any portion of a service package and carrier access service;

b. Ameritech Illinois and Central Telephone Company of Illinois are required in their wholesale tariffs to mirror and replicate in total their retail rate schedules and structures, including all discounts in their retail offerings to end users;

c. Ameritech Illinois and Central Telephone Company of Illinois are directed to conform their costing and pricing methodologies with Section 252(d)(3) of the federal Act, as discussed above in the prefatory portions of this Order, including the pro rata pricing methodology presented by Staff and reflected on ICC Staff Ex. 1.0S;

d. Ameritech Illinois and Central Telephone Company of Illinois must apply the pro rata methods on an individual service-by-service-element basis;

e. Ameritech Illinois and Central Telephone Company of Illinois shall be required to perform and pass imputation tests with respect to their wholesale services;

f. the wholesale services should be treated as "new" services for purposes of Ameritech's Alternative Regulatory Plan and shall be assigned to the "carrier" basket;

g. Any revenue shortfall associated with Ameritech Illinois' wholesale service shall not receive exogenous treatment under Ameritech's Alternative Regulatory Plan;

h. Ameritech Illinois and Central Telephone Company of Illinois are required to provide to resellers, as an integral part of their resale service offerings, all operational interfaces, at parity with those provided their own retail customers, whether directly or through an affiliate;

i. in the event that Ameritech Illinois and Central Telephone Company of Illinois are unable to fully and immediately comply with the parity requirement for operational interfaces, they are required to

submit a written plan, within thirty (30) days of this Order, including specific plans and a timetable for achieving full compliance. Following that filing the Commission will consider a schedule of incentive discounts to encourage prompt and complete compliance;

(9) To the extent consistent with our findings and conclusions herein, the petition of LDDS WorldCom should be granted;

(10) Ameritech Illinois and Central Telephone Company of Illinois shall file tariffs within 30 and 90 days, respectively, consistent with Staff's local switch platform proposal;

(11) Ameritech Illinois and Central Telephone Company of Illinois shall file tariffs within 30 and 90 days, respectively, for unbundled transport.

(12) Ameritech Illinois and Central Telephone Company of Illinois shall file their wholesale service tariffs in compliance with this Order on not less than 15 days notice.

(13) Ameritech Illinois and Central Telephone Company of Illinois shall file their local switch platform and unbundled transport tariffs in compliance with this Order on not less than 45 days notice.

(14) Issues relating to the pricing of the local switch platform should be deferred until said issues are addressed in the proceedings pertaining to the tariffs filed pursuant to Finding (10) herein; and

(15) Any objections, motions or petitions filed in this proceeding which remain undisposed of should be disposed of in a manner consistent with the ultimate conclusions herein contained.

IT IS FURTHER ORDERED that AT&T's petition in Docket No. 95-0458 is granted to the extent described above.

IT IS FURTHER ORDERED that the petition of LDDS WorldCom in Docket No. 95-0531 is granted to the extent described above, and determination of the pricing issues is deferred to the separate proceedings resulting from the Ameritech and Centel tariffs filed in response to, and as provided in, this Order.

IT IS FURTHER ORDERED that Ameritech Illinois and Central Telephone Company of Illinois, within 30 days and 90 days respectively, should file tariffs to implement the platform proposal of LDDS, as modified by the Commission Staff and set forth in the prefatory portion of this Order.

IT IS FURTHER ORDERED that Ameritech Illinois and Central Telephone Company of Illinois, within 30 days should file their wholesale service tariffs in compliance with this Order.

IT IS FURTHER ORDERED that Ameritech Illinois and Central Telephone Company of Illinois, within 30 days and 90 days, respectively, should file tariffs for unbundled transport.

IT IS FURTHER ORDERED that Ameritech Illinois and Centel Telephone Company of Illinois should file its local switch platform and unbundled transport tariffs in compliance with this Order on not less than 45 days notice.

IT IS FURTHER ORDERED that all motions, petitions and tariffs not previously disposed of are hereby disposed of consistent with the findings of this Order.

IT IS FURTHER ORDERED that subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Ill. Adm. Code 200.880, this Order is final; it is not subject to the Administrative Review Law.

By Order of the Commission this 26th day of June, 1996.

(SIGNED) Dan Miller

Chairman

(S E A L)

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

ATTACHMENT 7

At a session of the Public Service Commission held in the City of New York on June 19, 1996

COMMISSIONERS PRESENT:
John F. O'Mara, Chairman
Eugene W. Zeltmann
Harold A. Jerry, Jr.
William D. Cotter
Thomas J. Dunleavy

GOVERNMENT AFFAIRS
EA[illegible] NEW YORK
TEL[illegible]
DATE RECEIVED 6/27/96

CASE 94-C-0095 - Proceeding on Motion of the Commission to Examine Issues Related to the Continuing Provision of Universal Service and to Develop a Regulatory Framework for the Transition to Competition in the Local Exchange Market.

CASE 95-C-0657 - Joint Complaint of AT&T Communications of New York, Inc., MCI Telecommunications Corporation, WorldCom, Inc. d/b/a LDDS WorldCom and the Empire Association of Long Distance Telephone Company Concerning Wholesale Provisioning of Local Exchange Service by New York Telephone Company and Sections of the New York Telephone's Tariff No. 900.

CASE 91-C-1174 - Proceeding on Motion of the Commission Regarding Comparably Efficient Interconnection Arrangements for Residential and Business Links.

CASE 93-C-0103 - Petition of Rochester Telephone Corp. for Approval of Proposed Restructuring Plan.

ORDER DECLARING RESALE PROHIBITIONS VOID AND ESTABLISHING TARIFF TERMS

(Issued and Effective June 25, 1996)

BY THE COMMISSION:

By this order we are declaring void prohibitions of the resale of telephone services contained in all tariffs filed by

all telecommunications carriers in New York State.[1] Also at issue here are the terms and conditions--other than rates--governing the resale of New York Telephone Company (New York Telephone) business and residential local telephone service; and the terms and conditions--other than rates--governing the provision of links and ports, two components of what the Telecommunications Act of 1996 (The Act) terms "network elements."[2]

Our orders issued November 1, 1995 and February 1, 1996 in these proceedings directed parties to negotiate a temporary rate for the resale of New York Telephone local exchange services, and tariff terms and conditions for such resale. The negotiations also were to address the operational systems and processes necessary for large-scale provisioning of service resale and links and ports. The orders contemplated litigation to establish permanent New York Telephone rates for resale and links and ports.

At our May 16, 1996 public session, we directed staff to issue its report concerning temporary rates for resale of New York Telephone's local residential and business services, and its links, and mandated a hearing for determination of temporary

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[1] Tariff restrictions or limitations on resale surviving this declaration are those prohibiting a reseller that obtains at wholesale rates a telecommunications service that is available at retail only to a category of subscribers from offering such service to a different category of subscribers, e.g., resale of residential service to business customers; and any others expressly enumerated herein.

[2] The Act distinguishes between a "telecommunications service" and a "network element." The term "telecommunications service" "means the offering of telecommunications for a fee directly to the public, or to such classes of users as to be effectively available to the public, regardless of the facilities used." The term "resale" is used exclusively to refer to an offering of a telecommunications service for resale at wholesale rates. A "network element" is defined as "a facility or equipment used in the provision of a telecommunications service", including "features, functions and capabilities" such as subscriber numbers, databases, and signaling systems. 47 U.S.C. §§ 153(a)(45), (51).

resale and link und port rates.[1] We expect to consider temporary rates in July 1996 and permanent wholesale rates in October 1996. This order concerns non-price tariff and operational issues, including proposed modifications to customer service rules to reflect the development of local exchange service competition.

The parties report the successful resolution of numerous New York Telephone resale tariff terms and conditions and operational issues through a commendable process of collaboration. The collaborative phase of these proceedings will be continued to allow parties to address their remaining concerns, including specific requests for the provision of unbundled network elements.

BACKGROUND

This proceeding was instituted on November 1, 1995 to establish a wholesale discount rate for local telephone services for resale. Parties were urged to negotiate a settlement of a temporary wholesale rate, and New York Telephone was ordered to file a tariff lifting the current restriction on resale of residential service by January 2, 1996, to commence offering service for resale by February, 1996. Permanent rates for both resale and for "wholesale" links and ports would be determined following full litigation of costs. All other local exchange companies were ordered to file tariffs removing restrictions on resale of residential service or show cause why such action should not be required.

On February 1, 1996 we broadened the scope of these proceedings to encompass the non-price tariff terms and conditions and the systems and processes needed to deliver resale, as well as to ensure that a temporary "wholesale" price

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[1] Cases 94-C-0095 et al., Order Mandating Hearing (issued May 24, 1996).

for links and ports was set expeditiously;[1] and we extended the time for New York Telephone to file its tariff to July 1, 1996 (to become effective October 1, 1996).

Participating in the consensus process are: New York Telephone, AT&T Communications of New York, Inc.(AT&T), MCI Telecommunications Corporation (MCI), U. S. Sprint Communications Company (Sprint), Frontier International, Time Warner Communications Holdings, Inc. (Time Warner), LDDS/WorldCom, Empire/Altel, ALLTEL, New York State Telephone Association (NYSTA), ACC National, Cablevision Lightpath, Inc., Citizens Telecom, Hancock Telephone Company, Hyperion Telecommunication, JSI Corporation, New York Clearing House Association (NYCHA), LCI International Telecom Corp., MFS Communications Company, Inc. (MFS), Margaretville Telephone Company, Taconic Telephone Corporation, TCI-Northeast Region, New York State Office of General Services, New York State Education Department, North American Communications Central, Ogden Telephone Company, Pattersonville Telephone Company, TDS Telecom, Teleport Communications Group, The Cable Television and Telecommunications Association of New York, Inc., The New York Intrastate Access Settlement Pool, M.S. Network Corporation, the New York State Consumer Protection Board (CPB), and the Public Utility Law Project (PULP). Department staff participated in an advisory role. Working groups were formed to address New York Telephone non-rate tariff terms and conditions, and operational issues. The operations group has reached consensus on many of the systems needed to provide for seamless service and no operational issues have been submitted for determination. The tariff group also reached consensus on many tariff terms and conditions; contested issues will be decided here.

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[1] Cases 94-C-0095 et al., Order Considering Loop Resale (issued February 1, 1996).

Impact of the Act

Act requirements relevant to this proceeding include the incumbent local exchange carriers' procedural duty to negotiate in good faith the particular terms and conditions of agreements allowing competitors access to local network building blocks, or network elements, and agreements providing for the resale of telecommunications services. The incumbent carriers' substantive duties include lifting the prohibitions on resale of services currently found in many of their tariffs, and providing network elements for requesting telecommunications carriers in a manner which allows the requesting carrier to combine such elements to provide telecommunications service. The Act's distinction between the basis for the price for bundled resale and the price for network elements will be addressed when we consider recommendations concerning wholesale and link rates.

The Act contemplates incumbent local telephone companies facing three possible different forms of competition: facilities-based competitors that interconnect with the incumbent network by buying access but have their own lines to end users; partial facilities-based competitors that may own their switches but buy the incumbent's links to the end users; and service resellers, that compete by buying the incumbent's bundled service, re-branding it, packaging it as they see fit, and selling it to end users as their own. Several enterprises are pursuing more than one strategy at a time, and others intend to use resale to enter the market and test it before committing the capital to put in their own facilities.

NEW YORK TELEPHONE TARIFF TERMS AND CONDITIONS

The tariff group drafted an "illustrative" tariff that incorporates by reference existing New York Telephone tariffs for retail services. The illustrative tariff for resale of services refers to the underlying retail tariffs as "primary" tariffs. Parties report that this illustrative tariff reflects consensus language where agreement was reached and alternative provisions reflecting competing views where consensus could not be attained.

The agreed-upon sections will be incorporated in the tariff filed by New York Telephone on July 1, 1996. Contested issues are resolved by this order.

General Tariff Structure

The fundamental issue concerns whether this tariff should be a total service, or bundled, resale tariff or what parties termed a "wholesale" tariff.

A total service resale tariff's provisions would treat new entrants as end-use customers who qualify to purchase retail services at a discount. Services provided to new entrants would be identical to those the incumbent carrier provides to its end users except for price; new entrants would "rebrand" and, if they choose, repackage those services for their customers. Under a total service resale regime the incumbent would have no obligation to customize its retail services to meet the specifications of a new entrant. It need not offer for resale any service, feature, or function that it does not already provide to its own end users. Significantly, a resale tariff would not offer to unbundle services beyond the level offered to the incumbent's own retail customers. Further, a new entrant may not reconfigure services purchased under total service resale, but must provide services to its customers in essentially the same form that incumbents provide those services to their end users. Presumably, also, any services offered at retail on a stand-alone basis would be offered for resale on that basis.

In contrast, what parties termed a wholesale tariff would allow new entrants to determine how they would use services purchased for resale. New entrants would be free to reconfigure resold services, perhaps using them in ways unrelated to the manner in which local exchange companies provide them to their own end users. A wholesale tariff would also provide combinations of unbundled services or elements for resale not available in the incumbents' retail tariffs. For example, a wholesale tariff might provide, as requested by AT&T and MCI, local exchange access service without operator service. This

would permit a new entrant to use its own operators, or contract with a competitive supplier of operator services, rather than take them from New York Telephone. A wholesale tariff would also contain features and services absent from the incumbent local exchange carrier's retail tariffs but needed by new entrants to utilize and resell unbundled services.[1] New entrants could obtain from the local exchange company customized versions of the local exchange carrier's retail offerings.

New York Telephone and other facilities-based carriers argue that both the orders in these proceedings and the Act mandate a total service resale tariff. Parties seeking to resell services dispute this interpretation, insisting that the Commission should respond to the changed circumstances caused by the Act's passage by requiring New York Telephone to file a "wholesale" tariff. In their view, this will further the Commission's and the Act's objective of a robust resale market in local exchange services.

New York Telephone will be directed to file a total service (i.e. bundled) resale tariff on July 1, 1996 as intended by our November 1995 and February 1996 orders. A total service resale tariff is an adequate first step to resale of New York Telephone local exchange services, and we are persuaded that requiring the formulation of a more complex, flexible tariff could jeopardize October 1, 1996 resale.

However, we recognize there are certain limitations to a total service resale tariff. A key limitation is the lack of flexibility to further unbundle services from the resale package. However, there has been substantial progress in the collaborative process on specific unbundling requests. Filing a total service resale tariff should not hamper New York Telephone in meeting further unbundling requests. A second limitation is the relatively narrow scope for telecommunications carriers to

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[1] For example, where local exchange service is resold without operator service, resellers would need unique routing to have calls transmitted to their own operators.

differentiate their products from those of incumbent local exchange companies. As noted above, they may not fashion totally new services out of services purchased from a total service resale tariff. However, there remains significant scope for differentiation. New entrants may package and price services differently from the incumbent. Moreover, the customer care and administrative functions such as billing, order taking, and provisioning provide opportunities to differentiate service and thereby attain competitive advantage.

A resale tariff can be amended if and when specific limitations inhibiting new entrant business plans surface. Also, new entrants will have an opportunity for review of the tariff subsequent to the July 1, 1996 New York Telephone compliance filing.

Competitors' Requests for Unbundling

New York Telephone, other local exchange companies, and cable-affiliated telephone companies believe the Commission's orders and the resale obligations of the Act do not require unbundling of retail services for resale. They contend the Act distinguishes between resale obligations and obligations to provide unbundled network elements. In contrast, other telecommunications carriers argue that the Act contemplates, if not requires, unbundling and that if our orders do not provide for it, they should be amended to do so.

In the course of the collaborative process, new entrants compiled a list of priority unbundling requests--those they view as integral to their business plans and critical for entry on October 1, 1996.

New York Telephone has agreed to satisfy three of the unbundling requests by October 1, 1996,[1] while continuing to assert its position that neither Commission orders nor the Act require it to provide unbundled services for resale. New York

[1] The three items are ISDN links, extended links, and riser cable.

Telephone also has committed to continue working on the remaining four items, bringing them to closure either by filing tariffs to provide the services or demonstrating that provision is infeasible.

To resolve these and any other outstanding issues that are neither being litigated nor disposed of in this order, the parties are directed to continue collaboration on the list of requested unbundled elements. However, to avoid delay in the commencement of effective resale competition, New York Telephone is directed to file tariffs to provide these unbundled services or elements, with the exception of unbundled switching, no later than August 1, 1996, to be effective October 1, 1996.[1]

We note that multiple avenues in addition to these proceedings exist for any entrant to pursue further unbundling of network elements. The Open Network Architecture task force will address requests for additional unbundling. Moreover, the Act directs New York Telephone to negotiate with parties requesting interconnection agreements. These requests may come to us for mediation or arbitration; in any event they will come to us for approval. Accordingly, it is premature to limit the future scope of these proceedings.

New York Telephone's Proposed Exclusions From Resale

New York Telephone proposes to exclude grandfathered, promotional, and public coin telephone services from resale. New entrants oppose these exclusions.

1. Grandfathered Services

Grandfathered services are those available only to existing customers of the service; they are not available to the

[1] All parties have agreed that one item on the list, unbundling of switch capacity, would require significant effort and time to explore, and more to bring to fruition. This issue may be considered in the upcoming phase of Case 28425, which will address, in general terms, the costing and pricing of switch-related functions.

general body of customers. Generally these services are technically or economically obsolete, and are terminated altogether if and when existing customers migrate to a substitute service or otherwise discontinue subscription to the grandfathered service.

New York Telephone contends that resale will interfere with accurate record-keeping of grandfathered customers. In reply, new entrants contend any operational record-keeping difficulties can be overcome, and that exclusion of these services would prohibit their entry into large and important markets. New entrants are particularly concerned about services that may be grandfathered in the future. If grandfathered services are excluded from resale, they foresee the possibility that crucial services or service categories could be grandfathered, removing them from resale competition. New York Telephone responds to this point by arguing that Commission approval is required when a service is grandfathered. Exclusion of these services appears neither necessary from an operational standpoint nor desirable from a competitive standpoint, provided resale is restricted to existing customers of a given grandfathered service. New York Telephone is directed to remove this proposed exclusion from its resale tariff.

2. Promotional Offerings

New York Telephone contends that promotional offerings should be excluded from resale. It points out that a competitor would be free to counter a New York Telephone promotion with its own offering (or to choose not to), based on its own business calculations and decisions. New York Telephone argues that requiring resale of promotional offerings would unfairly advantage its competitors; by simply passing on to their customers the New York Telephone promotion, new entrants would be able to nullify New York Telephone's efforts at no cost to themselves.

In opposition, new entrants point out that promotional offerings are available to them in interstate markets. They

argue that excluding promotional offerings from resale would violate the Act's provisions making terms and conditions offered to end users available to new entrants.

New York Telephone and its competitors will offer promotions when the benefits--future revenues--are judged to outweigh the revenues foregone due to the promotion. If viewed solely from the perspective of ensuring resale competition, requiring New York Telephone to flow through promotions could be justified. However, competitors need not rely on New York Telephone's promotions or other marketing strategies to avail themselves of resale. Consumers have benefitted substantially from unfettered promotional activity in the toll and cellular markets; regulators have not attempted to adjudicate such matters beyond assuring non-discriminatory terms and conditions. It appears unnecessary to become more deeply involved in this aspect of New York Telephone's business decisions. Accordingly, New York Telephone will be permitted to exclude promotional offerings. However, if New York Telephone offers promotions which appear intended primarily to frustrate competition or, in combination with other actions, promotions are judged to have that effect, we will consider imposing constraints on New York Telephone's promotional activities.

3. Public Coin Telephone Service

New York Telephone proposes to exclude public coin service from resale on the grounds that the Commission's orders mandate resale only of residential and business access and related services, and that resale of retail coin service itself is not necessary for the further development of competition in payphone services. It argues that current offerings of public access lines and related wholesale products used by competing payphone providers have resulted in a competitive market for these services. It believes no argument has been made that resale of retail coin service itself is necessary or desirable from a competitive standpoint. New entrants express, generally, a preference for the option of reselling New York Telephone's

public coin telephone service and their belief that it should not be excluded from New York Telephone's resale tariff. However, they have not refuted New York Telephone's arguments. New York Telephone will be allowed to exclude this service from the July 1, 1996 resale tariff filing.

Other Contested New York Telephone Tariff Issues

1. Provisions in Retail Tariffs

The proposed resale tariff would make available to new entrants New York Telephone's tariffed retail services. New entrants raise concerns that the retail tariffs themselves contain provisions or restrictions (as yet largely unspecified) unreasonable when applied to competitive new entrants. They did identify several instances of restrictions that, on their face, appear troubling in their impact on resale. They would like New York Telephone to identify any such restrictions in its current retail tariffs so their potential impact on resale can be evaluated. New York Telephone counters that it is the new entrants' responsibility to identify any provisions they find unreasonable and, where necessary, bring those to us for determination. We urge parties to collaborate further on this issue, and to identify jointly, where possible, potentially restrictive provisions in New York Telephone retail tariffs, and bring them to our attention before the tariff becomes effective on October 1, 1996.

2. Class-of-Customer Restrictions

New York Telephone proposes that all class-of-customer restrictions in its retail tariffs apply to resale. Under this proposal, new entrants would be prohibited from offering any class-restricted service to customers outside the specified class. New entrants object to this blanket proposal as too broad. They argue that some class-of-customer restrictions may be unnecessary or counterproductive in a resale environment. However, there has not yet been a proposal to exclude a specific

restriction from the resale tariff.[1] New entrants propose that New York Telephone specifically identify those class of customer restrictions it believes should apply.

We have an interest in maintaining any class-of-customer restriction that serves sound public interest objectives, and the soundness of that policy is affirmed in the Act, which recognizes state commissions' prohibitions of resale of a service available only to a category of subscribers to subscribers not in that category.[2] New York Telephone is directed to produce a list of customer class restrictions in its retail tariffs, to be filed with the July 1, 1996 resale tariff. This will facilitate examination of customer class restrictions by new entrants who may, in the tariff review process, adduce arguments for excluding any particular restriction from the resale tariff.

3. Billing Information

Several new entrants have requested that New York Telephone provide them with call detail information for calls originated by new entrants' flat rate and measured rate customers. This would include such information as call duration (measured to the nearest second) and call time of day. New entrants argue that without this information their ability to rate their services and bill their customers differently from New York Telephone would be severely constrained. They contend that New York Telephone's switches capture such call detail information and that there is no technical impediment to supplying it to new entrants. New York Telephone does not dispute that it has such information available or that it is technically feasible to provide it to new entrants. Rather, it

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[1] AT&T argued that resellers should be free to resell business services to residential customers. New York Telephone does not object provided the residential customer is served by a business line and purchases business features.

[2] 47 U.S.C. §251(c)(4)(B).

argues that since it neither provides such data to its end users nor makes use of it in billing those users, it should be under no obligation to provide it to new entrants.

New York Telephone asserts that a service or feature not supplied by the incumbent carrier (or utilized in the provision of service) to its customers need not be provided to new entrants. This issue, however, involves available information that supports effective resale by new entrants. Denial of this information to new entrants could unnecessarily inhibit their ability to differentiate their services (in this instance on a pricing and billing basis) from New York Telephone's offerings. New York Telephone will be required to provide such information at tariffed rates set to recover the costs it incurs.

Uncontested Tariff Issues

Parties have resolved collaboratively several tariff issues. These resolutions should be reflected in the tariff language.

With respect to casual calling, service providers have raised concerns about being able to track and bill for toll calls placed by end users dialing 10XXX. This dialing sequence enables access to a toll carrier other than the customer's presubscribed carrier. New entrants have identified this as a significant source of fraud. The parties have agreed that new entrants must make the billing name and address (BNA) available to all telecommunications carriers to allow them to trace and bill the caller.

With respect to PIC choice, our policies are designed to insure that local service providers allow customers open access to all carriers for their interLATA and intraLATA toll calling; customers designate a carrier of choice at the time of application. This requirement will extend to new local exchange carriers. New York Telephone proposes a requirement that all requests to freeze or change carrier choice for interLATA or intraLATA toll service on a resold line come from the new carrier

rather than from the customer. No party has objected and this appears reasonable.

GENERIC RESALE TARIFF ISSUES

Resale Restrictions In Local Exchange Company Tariffs

The November 1, 1995 order instituting this proceeding required all local exchange companies to file tariffs removing restrictions on the resale of residential services, or show cause why they should not be so directed, by July 1, 1996, six months after New York Telephone's original tariff filing date. The February 1, 1996 order extending New York Telephone's filing date to July 1, 1996, was silent as to the other companies. During the collaborative process NYSTA, on behalf of all local exchange companies other than New York Telephone and Rochester, requested that they be granted until January 1, 1997 (six months after New York Telephone) to file the required tariff provisions. This request was discussed at two plenary sessions and no objections were voiced. Parties noted, however, that the Act requires all incumbent local exchange carriers to negotiate any bona fide request for interconnection. The filing date for all companies other than New York Telephone and Rochester will be extended to January 1, 1997, unless a local exchange company receives a bona fide request for the resale of its services prior to that date.

Further, notwithstanding this agreement, to comport with the Act we are now declaring void all local exchange company tariff prohibitions on the resale of telephone services, except as retained in this order.

Credit, Collections, and Fraud

Part 633 of our regulations governs the provision of local telephone service to residential customers in several respects including the denial of service and deposits.[1] These regulations and related policies were developed to protect consumers in a monopoly local exchange market. Parties have

[1] 16 NYCRR Part 633.

expressed concern that, in a multi-provider environment, these regulations and policies restrict a service provider's ability to prevent fraud and efficiently collect for services provided. There may also be a competitive equity problem if customers unlikely to pay their bills migrate to new entrants.

Absent changes to our rules, competition may indeed bring new opportunities for fraud. Moreover, certainly at the outset, there are issues of competitive equity which need to be addressed, as the incumbents have substantial information about customer payment histories that may provide them with a competitive advantage. Modifications to the rules should be considered to address three new situations created by the multi-provider environment: applicants for service who owe a different carrier money from a previous account; applicants who are currently customers of another company, but are not current in paying their bills; and applicants who apply for service at an address where there are unpaid charges from a previous account in another name.[1] A notice of proposed rulemaking will be issued.

1. Procedural Issues

A working group of staff, carriers and consumer groups was formed to address these concerns. The group met several times and submitted written comments identifying the issues which need to be resolved for October resale, but PULP objected to considering these issues in these proceedings. PULP believes changes to Part 633 are outside the scope of the resale proceedings as outlined in the Commission's orders. PULP believes that these issues are more properly addressed in the context of a petition for reconsideration of the Commission's decision in Module III of the Competition II proceeding, which determined no changes to Part 633 were necessary.

[1] Companies argue that customers who change the name of the person on the phone bill when the previous customer of record still resides at the premise in order to avoid charges are a significant source of fraud.

Given that the carriers have identified changes to Part 633 which they now believe are necessary, and that the consumer groups have joined in these discussions, there is no reason to defer them to another forum. Based on the working group's discussions and its own analysis, staff developed a proposal which includes (1) proposed amendments to Part 633, (2) changes to existing Commission policies with respect to advance payments, and (3) the resolution of issues related to sharing customer information and the establishment of conditions for an independently operated database for the exchange of limited information. Additional credit and collections-related issues have arisen in these proceedings which may merit further revisions to Part 633 in light of the competitive direction of the local exchange market. The changes now proposed by parties may facilitate residential resale, but other necessary changes should not be delayed.

2. Conditions for Service, Advance Payments & Deposit Requests

Part 633 allows a company to deny local exchange service to an applicant only if the applicant owes that company money from a previous account in the customer's name and does not pay or make arrangements to pay the amount owed. Carriers cannot consider any other elements of a customer's credit history when making determinations about eligibility for service. There are similar restrictions on deposits. The rules allow a company to request a deposit only from an existing customer who is delinquent[1] or has been terminated for non-payment in the past six months. Requesting a deposit from a new customer is prohibited.

Staff proposes to modify Part 633 in accordance with the general principle that the information and tools the

[1] Customers are delinquent if they accumulate two consecutive months of arrears and do not pay one-half of the total arrears prior to the due date of the second bill. The deposit must be requested within two months of the second bill.

incumbent uses to determine eligibility for service should be available to all local exchange companies with reasonable protections of customer privacy. Accordingly, staff recommends revising Part 633 to allow a local exchange company to consider an applicant's payment status with any other local exchange company when making the determinations allowed under Part 633. These changes do not affect the terms of the billing and collections settlement, approved in 1992, prohibiting denial or disconnection of basic local service for nonpayment of toll or other charges.[1]

The existing limits on the credit-related criteria which carriers may use to determine eligibility for local phone service were developed both to meet universal service goals and limit restrictive and discriminatory customer practices. The advent of competition largely alleviates concerns about overly burdensome customer service practices, as carriers have a competitive interest in making the applications process fast and easy. Concerns about universal access to local phone service, however, remain even in a competitive environment. While our policy goal is to maximize the number of New Yorkers with access to local phone service, a carrier's competitive interest is in limiting its late and uncollected bills, through credit criteria. The proposed revisions to Part 633 will allow carriers to consider a customer's local service payment record with other carriers. This policy is appropriate in light of expected competition and balances the competing interests not by expanding the number of people who can be denied phone service, but by limiting opportunities for customers to switch carriers in order to avoid paying charges or deposits.

The actions a company can take to address a customer's payment status for local service must also be addressed. Carriers have suggested a broad range of remedies that should be available. Some suggest that a new carrier be allowed to

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[1] Case 90-C-1148, Billing and Collection Services, Order Approving Settlement Agreement (issued August 7, 1992).

condition service on payment of any unpaid bills due any other carrier. However, such a requirement is not necessary to meet carriers' needs in a competitive market. The existence of unpaid or delinquent bills from a previous or existing account with another carrier may be an indication that the customer may not pay future bills. It is appropriate, then, to allow the new carrier to require some security against that possible outcome. Parties discussed three possible vehicles for that security: usage caps, advance payments, and deposits.

A toll and non-basic local usage cap is perhaps the most valuable tool to protect carriers from fraud and high uncollected bills. The carriers view caps as essential, as most of their exposure is in the toll and other usage areas. Toll caps are used today by some carriers; expanded use of these caps will guarantee access to local service, even for customers with poor payment histories, and bring those customers the benefits of choice among providers. An active competitive market will result in different carriers using different cap policies which will result in greater access to toll and other non-basic services for customers currently blocked from those services today because of past payment problems. However, carriers must clearly state their policies with respect to such caps in their tariffs.

In addition to these caps, other security may also be appropriate. Staff recommends that a company also be allowed to require either an advance payment or deposit, but not both, if the applicant owes another local service provider money for local service from a previous account, or is delinquent or could be terminated for non-payment by the current carrier. Carriers expressed preferences for various remedies. Providing an array of options from which a company can develop its own credit and collections practices will result in robust competition in this area. As a result, customers will be able to find a company whose policies best meet their needs.

Proposed revisions to the rules would allow a carrier to request either an advance payment or a deposit from applicants owing other carriers. PULP and NYSTA, however, question the

consistency of advance payments with §94(4) of the Public Service Law, which requires carriers to offer customers the option of spreading charges for the initiation or installation of residential service over a one-year period. Advance payments, however, are consistent with this section of the Public Service Law because an advance payment, as distinguished from a charge for service installation or initiation, is not a charge, but simply a method of billing. To ensure that such payments are not unduly burdensome, we will propose that advance payments should be no more than $75, applied immediately to subsequent bills until liquidated; and advance payments may not be requested from lifeline customers.

In a related matter, PULP questioned an existing informal policy which allows New York Telephone to request an advance payment from an applicant requesting service at a premises where there are existing arrears, if the applicant is unable to demonstrate he or she was not living there when the charges were accrued. PULP maintains that such a requirement imposes a credit restriction on one person merely because of another's poor credit standing, in violation of credit and civil rights statutes. PULP proposes instead to permit denial of service if there are arrears at the premises and the applicant cannot give positive proof of identity. This remedy, however, does not address the problem, identified by the companies, of customers switching the bill into another name while the previous customer of record still resides at the premises.

We conclude that this practice does not unduly burden customers, and that to do otherwise may burden competition between New York Telephone and new entrants. Accordingly, other carriers will be allowed to implement the same practices pending further review of Part 633.

3. Customer Information and Privacy

There has been no need to exchange payment information because there was only one local exchange provider in each location. However, in a multi-provider environment, it is

reasonable for local exchange companies to exchange limited information. Staff has developed a proposal which does not unduly expand the amount or type of consumer information used by local exchange companies today under Part 633. Rather, it expands the use of such information so that new entrants can make the same determinations as the incumbents.

In order to protect both customer privacy and the proprietary specifics of a company's collections practices, shared information must be limited by whether the specific information which would trigger action under Part 633, rather than whether any specific collections action has been taken by another company. For example, information that a customer has been terminated for non-payment within the past six months (and therefore can be asked for a deposit) may be shared, but not whether the customer's existing carrier has requested the deposit. To implement this, staff recommends adding a definition of "past due charges" to Part 633 to act as the specific point at which an unpaid bill would trigger reporting to other carriers. This will indicate when a customer is substantially late in paying a bill, without indicating whether or not termination or other collection actions have been commenced by another carrier. Past due charges may be defined as charges unpaid 45 days after the date of the bill. This definition is based on the earliest time at which service can be terminated for nonpayment under the present rules. The proposed definition will exclude amounts which are the subject of a deferred payment agreement whose terms are being kept by the customer. This proposal does not affect the current rules with respect to termination of service.

As we have generally required, customer-specific information should only be shared with the customer's consent. Such consent may be inferred from a bona fide request to a carrier from a customer who is informed that the carrier will be checking the applicant's payment history with other carriers to determine eligibility for caps, advance payments, or deposits. Carriers would be required to release the approved information upon request from another local exchange company.

Carriers have expressed interest in using an independently operated database for the exchange of this information. The working group reports it has met with vendors of such databases and begun discussions of using an interim system to be in place by October and developing a full scale database in 1997. We have allowed similar databases on a pilot basis with certain conditions[1].

Such a database option should be explored. It may, in fact, be easier to monitor privacy protections, restrict access to the data, and ensure data quality through a central location. Similar databases are operating successfully in other states and regions. They are operated pursuant to by-laws agreed upon by all participants; some are telephone companies only, while some include gas and electric utilities. While all carriers participating in this proceeding have expressed interest in an independently operated database, some view it as desirable, while New York Telephone views it as a necessity. New York Telephone states that direct information exchange between carriers, which initially will mean requests to New York Telephone and the other incumbents, would be neither legally advisable nor administratively feasible. They believe direct data exchange raises serious anti-trust concerns and may make carriers subject to all the provisions of a credit clearing house under fair credit reporting statutes. In addition, they doubt they could have the processes in place to handle such requests by October.

The parties should continue discussions of this option and submit a specific proposal to protect customer privacy by requiring, at a minimum, that the data is not co-mingled with other data; is used only for approved purposes; is available only to participating local exchange companies; that ownership of the data remains with the providing utility; and that nonpublished phone numbers not be revealed to any party.

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[1] Case 91-M-0744 - Collection Practices, Order Requiring Data Gathering (issued May 17, 1993).

4. Elimination of Filing and Record Retention Requirements

Staff has identified three other modifications to Part 633 that will reduce regulatory burdens on carriers and streamline the regulatory process, as many more companies enter this market, without diminishing customer protections. Specifically, we will propose the elimination of the requirement that all telephone companies file their complaint procedures with us, the requirement that the Commission approve the contents and distribution plan of each company's annual notification of customer's rights and responsibilities, and the requirement that carriers retain for one year all records related to a denial of service. In practice, a complaint with respect to a service denial tends to be resolved shortly after the denial. With respect to the annual notification of rights, the competitive market can be expected to ensure that customer communications are clear. New York Telephone's present notification, which is plain and readable, will likely be a model in this area. Moreover, it would be unwieldy for the Commission to approve the substance of each company's notification in a market with many competing firms.

OPERATIONAL SYSTEMS TO DELIVER RESALE AND LINKS

Purpose and Goals

The operations group reports its purpose was to ensure that New York Telephone implements adequate processes and systems to enable resale to operate on par with New York Telephone's retail services. Its guiding principle is that new entrants should have access to the same New York Telephone information, processes, systems, and service quality (e.g., pre-ordering information, service order processes, service provisioning and repair intervals, trouble reporting and monitoring mechanisms) as New York Telephone employs to serve its own end-use customers. This will afford new entrants the opportunity to compete effectively with the incumbent local exchange carrier. We expect both the incumbent and the new entrants to continue this process going forward from the commitments memorialized in this order.

As the operations group agreed, wherever possible New York Telephone will provide new entrants with real-time, electronic access to its systems in order to improve their ability to transact business with their customers promptly and efficiently. This approach will also minimize the need for New York Telephone personnel in transactions involving new entrants and their customers and thus allow New York Telephone to avoid some costs.

The operations group reports investing substantial time since February 1996 identifying the operational needs of new entrants with respect to access to New York Telephone information, data bases, and systems; reviewing New York Telephone's responses, and working on the various interfaces. In addition, five subgroups were established to focus on each of the following areas: (1) Service Ordering, (2) Trouble Administration, (3) Credit and Collections, (4) Billing and Usage Detail, and (5) Local Exchange Company Requirements. The operations group and its five sub-groups report considerable progress addressing the host of requirements presented by new entrants. A summary of the operations group's report of the most significant new entrant requirements and New York Telephone's responses, including its commitments to respond to new entrant requests, follows.

1. Service Ordering

New York Telephone's service offerings change from time to time and are not always available in all geographical areas. Before negotiating service orders with their customers and transmitting them to New York Telephone, new entrants want to know what services are available and whether there are any geographical limitations. New York Telephone has agreed to make such information available, and the parties are working on how this will be accomplished.

New entrants want to be able to forward their service orders electronically to New York Telephone, to have New York Telephone promptly confirm that orders have been received, and to

be able to query New York Telephone's systems regarding the status of each order. New York Telephone will provide such capabilities. The parties are working on the data formats, business rules, and transmission media that will be used to exchange this information electronically.

A difficult issue is the data format that will be used to exchange service order information. AT&T and others want to use a national industry standard, so they will not have to build different systems in different market areas. Although an industry standard has not yet been adopted, a data format called EDI is preferred by most telecommunications companies including New York Telephone. However, New York Telephone's systems are currently designed for an EIF data format, and the company has insisted that new entrants access its service ordering systems via this format, until the industry standard becomes clearly defined and its systems can be reliably changed. Parties should continue to collaborate on a resolution.

The parties are also working on the specific data elements and business rules that will be used to exchange service order information. New York Telephone has developed data elements and business rules for the top three dozen transactions and is reviewing them with the new entrants. This work should continue.

Some new entrants have requested enhancements of New York Telephone's current system capabilities. For example, they want the ability to assign telephone numbers to customers during initial service order contact while the customer is still on the line. New York Telephone will provide this capability by either giving new entrants electronic access to telephone numbers, providing a block of numbers to new entrants in advance, or via a telephone call to the company.

New entrants also want the ability to query the status of pending orders, including when the physical work has been completed and each of the requested services is working. However, New York Telephone's own representatives do not have access to such information. Its systems only identify when

billing has been established, usually 24 hours after the physical work has been completed. New York Telephone has agreed to examine what can be done to satisfy the new entrants' need for this information.

There is agreement that new entrants are responsible for obtaining and retaining authorization from customers wishing to change telephone companies. When New York Telephone receives a service order from a new entrant, it will assume that the new entrant has obtained the customer's authorization to change local exchange companies. Also, New York Telephone has indicated that it may want to audit new entrants' records of authorization. Some new entrants oppose New York Telephone auditing, but this issue has not been fully aired yet. Finally, the parties have agreed to follow the FCC's current rules for switching interLATA toll companies pending the outcome of the Commission's "slamming" proceeding.[1]

2. Trouble Administration

New entrants want the ability to transmit customer trouble reports to New York Telephone, assign repair appointments, and monitor the status of each trouble report through closure, electronically. They also want New York Telephone to acknowledge the receipt of trouble reports and to inform them (so they can inform their customers) when repair appointments are in jeopardy of being missed. These capabilities are available to New York Telephone's service representatives, and New York Telephone will make them available to new entrants as well.

New entrants want access to their customers' trouble report histories to assist them in evaluating and discussing repeated service problems with customers. New York Telephone's representatives have access to customer trouble report histories

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[1] Case 95-C-0806, Unauthorized Switching of Telephone Customers from One telephone Carrier to Another-- "Slamming", Notice Soliciting Comments (issued October 26, 1995).

for the last 30 days, and the company has agreed to provide the same access to new entrants.

New entrants want to be notified of any scheduled maintenance by New York Telephone and of any major network problems (e.g., switch failures or major cable cuts) that could impact their customers' service. They also want to have emergency procedures in place that will enable them to continue to transact business with New York Telephone in the event the company's electronic interfaces fail. New York Telephone has agreed to comply with these requirements, and the parties are discussing how this will be accomplished.

New entrants want New York Telephone to provide them with monthly service quality performance data which will enable them to compare the service quality they are receiving from New York Telephone with the service quality that New York Telephone is providing to other new entrants and to its general body of customers. New York Telephone has agreed to provide such service quality data electronically. In the event a new entrant's customer calls New York Telephone's repair bureau by mistake, new entrants want New York Telephone to direct the call to the correct company. New entrants also want New York Telephone to use a new entrant's brand name when the new entrant's customer is contacted on a repair and to bill the new entrant, rather than the end user, for repairs involving special charges. New York Telephone agrees that it and new entrants have to develop mutual procedures for handling such transactions and is developing proposals for discussion with new entrants.

3. Billing and Usage Detail

New entrants want New York Telephone to provide call usage details, so they can bill their subscribers according to their own rate structures. They also want to receive bills which include both summarized and detailed charges for all services provided by New York Telephone. New York Telephone has generally agreed to these requests, and the parties are working on the implementation details. A key agreement reached by the parties

is the data format that will be used to exchange usage and billing information. New entrants requested a data format known as EMR. Although New York Telephone does not currently use this format, it has agreed to accommodate the new entrants in this regard. The parties have also agreed on how the usage and billing data will be transmitted between companies.

4. Credit & Collections

The credit and collections subgroup has been meeting to establish the processes to be used to implement collections efforts (blocking, suspension, termination and subsequent reconnection for service) and to address fraud detection procedures. The subgroup has been discussing how orders will be taken to block categories of service, and to suspend, terminate and reconnect service, and how fraud detection reports will be supplied to new entrants. New entrants are interested in round-the-clock capability in all of these areas. New York Telephone does not currently conduct these efforts for itself on that basis, but is working toward that end and has committed to make that service available to new entrants when it is adopted by New York Telephone.

5. Competitive Local Exchange Carrier or Partial Reseller Requirements

This sub-group was established to consider the operational needs of companies that resell New York Telephone's unbundled links and ports. Many of the operational needs of these firms are similar to those of service resellers. They generally involve functionalities relating to the service ordering process which will be addressed by a new direct customer access system being developed by New York Telephone to facilitate and streamline service ordering for link and port resellers. Competitive local exchange carriers (CLECs) also have some unique requirements, because they are not simply reselling New York Telephone's local exchange service but are interconnecting components of New York Telephone's network (links and ports) with

their own facilities. Some of these requirements are described below.

When CLECs co-locate their facilities in New York Telephone's central offices, they rely on New York Telephone to provide the intraoffice cables necessary to connect their facilities with New York Telephone's. As CLECs gain customers, the utilization of intraoffice cables will increase, and New York Telephone will eventually have to augment the cables. If New York Telephone fails to do so in a timely manner, CLECs will be unable to serve new customers. The CLECs want New York Telephone to commit to adding capacity well before existing capacity is exhausted. New York Telephone acknowledges the need to address this issue, but also says it needs timely forecasts of CLEC demand.

CLECs want New York Telephone to provide certain information about the physical make-up of each ordered link. New York Telephone says it does not maintain this information for individual lines, but would have to derive it from outside plant engineering records, which would be time-consuming and expensive. But the company has agreed to investigate alternative ways of meeting the CLECs' needs.

Also, CLECs object to the time (up to ten days) it takes to have links installed. They want links installed within the same five day interval available to New York Telephone's local exchange service customers. New York Telephone attributes the delay to the coordination required to ensure that customers who already have telephone service, and are merely switching to a different local service provider, do not experience any lapse of service. New York Telephone assures the CLECs that its new system will improve the process and reduce the interval from ten to seven days, and also notes that links are installed within five days when the new CLEC customer is receiving service for the first time.

RESALE SERVICE QUALITY

Some parties are concerned that New York Telephone could stifle resale competition by providing new entrants with service quality inferior to that provided other New York Telephone customers. They want the company to guarantee its service quality by agreeing to credit new entrants' bills when certain service quality performance thresholds are not met. New York Telephone opposes this.

Service quality is governed by our telephone service standards and by informal special services guidelines. These provisions do not differentiate between services provided to end users and services provided to new entrants. Thus, new entrants are entitled to the same service quality as New York Telephone's end users. New entrants are also entitled to the same protections as end users when the company fails to meet certain performance criteria. Such protections include credits for service interruptions and maintenance and installation rebate plans set forth in the company's tariffs, as well as the service quality penalty provisions contained in the company's long-term performance regulatory plan approved in Case 92-C-0665.

The electronic service ordering and trouble reporting systems being developed in this case are designed to provide parity of service quality between new entrants and other New York Telephone customers. Service orders and trouble reports generated by new entrants should be handled the same way, and given the same priority, as service orders and trouble reports generated by other New York Telephone customers. Also, New York Telephone has agreed to provide new entrants and staff with detailed service quality data, so New York Telephone's performance to new entrants vis-a-vis its other customers can be monitored.

The idea of developing carrier-to-carrier performance standards has been raised in several prior cases, including looking toward the third year competitive checkpoint in the New York Telephone incentive plan. In Case 94-C-0095, staff urged that parties be encouraged to negotiate mutually acceptable

service quality measures. If they fail and seek regulatory intervention, they would be expected to specify the types of carrier-to-carrier standards they would have us consider, for example, standards similar to the local exchange service standards in terms of services, capabilities, administrative, operational, and network requirements, Objective and Weakspot performance criteria, or something entirely different. If rebates or penalties are sought for non-compliance with requirements or performance thresholds, proponents would be expected to explain how such sanctions would be determined and applied and whether the carrier-to-carrier service standards and sanctions should apply just to the incumbents or to all carriers regardless of their market share or dominance.

A service quality proceeding will be instituted to reevaluate telephone service standards in light of staff's audit recommendations, technological advancements, and changes in market structure. Parties may demonstrate in that proceeding why carrier-to-carrier service standards and sanctions for substandard performance are warranted and what form such provisions might take.

CONCLUSION

The measures approved herein are intended to facilitate widespread resale of local exchange service by October 1996. Large-scale provision of links and ports also will be possible by that date, consistent with our mandate that this capability proceed in tandem with resale.

Temporary rates for resale of New York Telephone's and, if appropriate, Rochester Telephone's local exchange service will be in place by July 1996; permanent rates will be set in October 1996, accompanied by the necessary supporting operational systems and processes. For New York Telephone, this will be augmented by tariffed offerings of several unbundled services and elements requested by new entrants to complement resale.

A notice of proposed rulemaking will be issued concerning Part 633 of our rules. Proposed amendments concern

three new situations created by the multi-provider environment: applicants for service who owe a different carrier money from a previous account; applicants who are currently customers of another company, but are not current in paying their bills; and applicants who apply for service at an address where there are unpaid charges from a previous account in another name.

The Commission orders:

1. All prohibitions on resale currently in local exchange company tariffs, with the exception of prohibitions on resale of a service limited to a certain classification of customers to customers not in that classification, are declared void as inconsistent with the Act, except for restrictions enumerated herein.

2. The filing by local exchange companies, other than New York Telephone and Rochester Telephone, of detailed tariff provisions implementing residential resale, is extended until January 1, 1997 unless a bona fide request for resale is received by a local exchange company before that date.

3. New York Telephone is directed to file on July 1, 1996 a tariff making available for resale all currently offered New York Telephone retail services (except promotional and public coin telephone offerings).

4. Parties to this proceeding are directed to continue collaboration on requests, presented in these proceedings, for specific unbundled services and network elements and any other outstanding issues that need resolution in order to facilitate October 1996 resale, including identification of potentially restrictive provisions in New York Telephone's retail tariffs.

5. New York Telephone is directed to file tariffs to provide ISDN links, extended links, riser cable, combined physical/virtual collocation, branded directory assistance/operator services, and self-provisioned (unbundled) directory assistance/operator services, on August 1, 1996 to be effective October 1, 1996.

6. Issues involving carrier-to-carrier service standards are remanded to the appropriate proceeding being instituted from Module IV of the Competition II proceeding.

7. Resolution of Rochester Telephone's resale tariff terms and conditions and permanent resale rates (Case 93-C-0103) is referred to this proceeding.

8. New York Telephone is to produce a list of customer class restrictions in its retail tariffs, to be filed with the July 1 total service resale tariff.

9. New York Telephone is directed to provide new entrants with call detail information for calls originated by the new entrants' flat rate and measured rate customers, at tariffed rates set to recover the costs it incurs to provide such information.

10. These proceedings are continued.

By the Commission,

(SIGNED) JOHN C. CRARY
Secretary