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1 BELLSOUTH TELECOMMUNICATIONS, INC.
2 DIRECT TESTIMONY OF ROBERT C. SCHEYE
3 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
4 DOCKET NO. 950985D-TP
5 (TIME WARNER AND DIGITAL MEDIA PARTNERS PETITIONS)
6 December 4, 1995

7
8
9 Q. Please state your name, address and position with
10 BellSouth Telecommunications, Inc. ("BellSouth" or
11 "Company").

12
13 A. My name is Robert C. Scheye and I am employed by
14 BellSouth Telecommunications, Inc., as a Senior
15 Director in Strategic Management. My address is
16 675 West Peachtree Street, Atlanta, Georgia 30375.

17
18 Q. Please give a brief description of your background
19 and experience.

20
21 A. I began my telecommunications company career in
22 1967 with the Chesapeake and Potomac Telephone
23 Company after graduating from Loyola College with a
24 Bachelor of Science in Economics. After several
25 regulatory positions in C&P, I went to AT&T in

1 1979, where I was responsible for the FCC Docket
2 dealing with competition in the long distance
3 market. In 1982, with divestiture, this
4 organization became responsible for implementing
5 the Modification of Final Judgment (MFJ)
6 requirements related to nondiscriminatory access
7 charges. In 1984, this organization became part of
8 the divested regional companies' staff organization
9 known as Bell Communications Research, Inc.
10 (BellCore). I joined BellSouth in 1988 as a
11 Division Manager responsible for jurisdictional
12 separations and other FCC related matters. In
13 1993, I moved to the BellSouth Strategic Management
14 organization, where I have been responsible for
15 various issues, including local exchange
16 interconnection, unbundling and resale.

17

18 Q. What is the purpose of your testimony?

19

20 A. The purpose of my testimony is to describe
21 BellSouth's local interconnection plan and why it
22 is appropriate. My testimony will specifically
23 respond to the formal issues list attached as
24 RCS-1. I will also respond to the specific issues
25 raised by Ms. Joan McGrath in the petition filed by

1 Time Warner AxS of Florida, L.P. and Digital Media
2 Partners (Time Warner).

3

4 Q. What is the status of your negotiations with Time
5 Warner?

6

7 A. BellSouth has attempted to reach agreements with
8 all Alternative Local Exchange Companies (ALECs)
9 that wish to interconnect, including Time Warner.
10 The agreement reached with Teleport Communications
11 Group, Inc. (TCG) is evidence of that resolve. A
12 copy of the Stipulation and Agreement is attached
13 as RCS-3. BellSouth has been, and continues to be,
14 open to further discussion and continues to meet
15 with Time Warner in an effort to resolve the
16 outstanding issues. A list of BellSouth's
17 negotiation items is attached as RCS-2. BellSouth
18 still remains optimistic that an agreement can be
19 reached with Time Warner.

20

21 Q. Ms. McGrath contends that interconnection rates
22 should not include a contribution to universal
23 service. Why is it appropriate to consider
24 universal service issues when addressing local
25 interconnection arrangements?

1

2 A. It is appropriate because the local interconnection
3 arrangements could be significantly affected by the
4 universal service and carrier of last resort issues
5 being addressed in Florida Docket No. 950696-TP.
6 Specifically, the manner in which the universal
7 service support mechanism is modified to include
8 the required ALEC support will affect the structure
9 and price level for local interconnection
10 arrangements. Consequently, these issues cannot be
11 viewed in a vacuum. Changing the way that one
12 issue is resolved may, and in all likelihood will,
13 necessitate changes in the handling of other
14 issues.

15

16 Q. What are the appropriate interconnection rate
17 structures, interconnection rates or other
18 compensation arrangements for the exchange of local
19 and toll traffic between ALECs and BellSouth?
20 (Issue No. 1)

21

22 A. BellSouth supports a local interconnection plan
23 that includes the following components:

24

25 A compensation arrangement for terminating

1 traffic on BellSouth and ALEC networks based
2 on the appropriate switched access rate
3 structure and rate levels (BellSouth's rate
4 level and components may vary based on the
5 universal service mechanism adopted);

6
7 A default to the toll access model if local
8 calls cannot be distinguished from toll; and

9
10 A transitional structure that will eventually
11 merge all interconnection arrangements (local,
12 toll, independent, cellular/wireless) into one
13 common structure.

14
15 BellSouth's plan recognizes that LECs and ALECs
16 will not be able to distinguish between different
17 types of calls. The arrangements existing today
18 have been predicated on the MFJ requirements and
19 BellSouth's ability to distinguish between local
20 calls and toll calls originating and terminating on
21 our network. Under the MFJ, BellSouth is required
22 to charge access on long distance calls. Once
23 local competition is permitted, ALECs will begin
24 terminating both local and toll traffic on
25 BellSouth's network. This, coupled with the

1 impacts of number portability and the assignment of
2 NXX codes to ALECs, will result in BellSouth being
3 unable to differentiate among the types of traffic
4 originating and terminating on its network. Thus,
5 one comprehensive structure for all types of calls,
6 which covers the appropriate cost of
7 interconnecting for all LECs, ALECs and other
8 providers, must be the ultimate goal.

9
10 Q. Why will number portability and the assignment of
11 NXX codes result in BellSouth being unable to
12 distinguish the types of traffic being terminated
13 on its network?

14
15 A. First, NXXs assigned to ALECs may be deployed in a
16 manner completely different from the way BellSouth
17 utilizes its own NXXs. For example, an ALEC may
18 use an NXX for an area greater than a traditional
19 local calling area. Assignment of NXXs in such a
20 manner will make it impossible for BellSouth to
21 tell whether a call to or from such NXXs is a
22 "traditional local" call or a "traditional long
23 distance" call.

24
25 For example, an ALEC operating in both Tallahassee

1 and Panama City could use the same NXX in both
2 cities (for example, NXX 333). A LEC customer in
3 Panama City dialing 333-xxxx may be calling an ALEC
4 customer in either Tallahassee or Panama City. The
5 call type would not be distinguishable. That is,
6 the LEC could not tell whether the call was a local
7 one for which it should pay a local interconnection
8 charge or a toll call, for which it would either
9 charge originating access or a toll charge. If
10 that same Panama City customer had called a
11 customer in Tallahassee with an NXX of 222, that
12 call would have clearly been a toll call and the
13 LEC would have either charged originating switched
14 access to the IXC, or, if it carried the call
15 itself, a toll charge to the originating caller.
16 To have a different financial arrangement with the
17 ALEC would not only be discriminatory, it would
18 thwart toll competition.

19
20 With the implementation of geographic number
21 portability, the situation becomes even more
22 difficult. In addition to carriers having the
23 ability to use NXXs differently, end users will be
24 able to move from one area to another and still
25 retain their same telephone numbers. Therefore, it

1 will be impossible for BellSouth to know if an end
2 user is calling a point within the traditional
3 local calling area. If this happens, the concept
4 of local calling areas will become virtually
5 meaningless.

6

7 Q. Ms. McGrath suggests on page 18 of her testimony
8 that BellSouth's current measurement systems can
9 not readily accommodate terminating local exchange
10 traffic. Do you agree?

11

12 A. No. While it is true that the current systems do
13 not need to measure local traffic, BellSouth has
14 determined that they can readily be used for the
15 measurement of such traffic.

16

17 Q. Ms. McGrath, on page 16 of her testimony, alleges
18 that for BellSouth to develop and implement a
19 billing system for its proposed local
20 interconnection rate structure would greatly
21 increase costs for local interconnection. Do you
22 agree?

23

24 A. No. Under BellSouth's proposal, no new billing
25 system is necessary. The local interconnection

1 structure proposed by BellSouth employs the
2 identical rate elements that are used for switched
3 access today. Therefore, the same system used
4 today for switched access can be used by BellSouth
5 for local interconnection.

6

7 Q. If BellSouth's local interconnection proposal is
8 adopted, will ALEC costs for local interconnection
9 be greatly increased due to the development and
10 implementation of new billing and measurement
11 systems?

12

13 A. No. Although BellSouth agrees that some
14 incremental operational costs will be incurred if
15 the BellSouth proposal is adopted, ALEC system
16 development costs should be approximately equal
17 regardless of the local interconnection rate
18 structure adopted. It should be noted that
19 development costs will not be mitigated by adoption
20 of an approach other than the existing switched
21 access rate structure and elements. Unless ALECs
22 such as Time Warner intend to provide switched
23 access at no charge, ALEC systems to measure and
24 bill both originating and terminating access
25 charges must be developed and put in place.

1 BellSouth submits that it would be highly unlikely
2 for ALECs not to assess these charges. Finally,
3 ALECs will also be required to develop these
4 systems in order to implement the usage sensitive
5 structures adopted in other jurisdictions (i.e.,
6 Maryland, New York).

7

8

9 Q. On page 20 of Ms. McGrath's testimony, it is
10 suggested that a usage sensitive interconnection
11 rate measurement is not appropriate since the
12 traffic flow between LEC and ALEC networks tends to
13 even out over time. Do you agree?

14

15 A. No. The usage sensitive interconnection
16 arrangement proposed by BellSouth is reasonable
17 regardless of whether traffic patterns are
18 balanced.

19

20 First, while the traffic flow may be balanced from
21 the beginning, there is also the possibility that
22 it will not be. Consequently, some accommodation
23 must be made to address the situation where traffic
24 is unbalanced. Usage sensitive charges will do
25 this.

1
2 Second, and as previously stated, this arrangement
3 is appropriate because it employs an identical
4 structure to that in place today for switched
5 access.
6
7 Third, an interconnection arrangement, such as that
8 proposed by BellSouth, will be required because the
9 technology used by new entrants (both wireline and
10 wireless) will blur the traditional distinctions
11 between local and toll, as was discussed earlier.
12 As these distinctions disappear, it will be
13 critical that compatible arrangements are in place
14 to accommodate traditionally defined local and
15 toll, to assure non-discrimination for the charges
16 applied to different carriers for similar calls,
17 and to ensure that all carriers can recover their
18 costs. It is simply not economic, when local and
19 toll interconnections are indistinguishable, to
20 have different interconnection schemes for them.
21
22 Q. Ms. McGrath alleges that a usage sensitive
23 structure is not appropriate because it reflects
24 BellSouth's network architecture inefficiencies.
25 She also states that it is not appropriate to have

1 local interconnection rates that are different for
2 tandem and end office interconnection. What is
3 your position on these issues?

4

5 A. First, BellSouth absolutely disagrees that its
6 network architecture is inefficient. It appears
7 that the issue Ms. McGrath is actually addressing
8 is whether or not it is appropriate to have
9 different local interconnection rates for tandem
10 and end offices.

11

12 The ALEC may conclude that it is less costly and
13 more efficient for it to connect with the LEC at a
14 tandem instead of connecting at every end office.
15 The ALEC should be able to make this choice based
16 on its desired architecture. However, if an ALEC
17 chooses to interconnect at a LEC's tandem office,
18 the LEC incurs an additional switching cost that is
19 avoided when the ALEC connects to the end office
20 directly. The ALEC may choose to connect at the
21 tandem and incur the switching charges, but avoid
22 the construction charges of building to every end
23 office. Alternatively, the ALEC may connect to
24 the end office and avoid the additional switching
25 charges, but incur whatever construction costs are

1 involved. The ALEC's choice, however, should not
2 prevent the LEC from recovering the additional
3 switching charges associated with connecting at the
4 tandem.

5
6 It should be noted that the proposed rate for the
7 tandem switching element, shown in RCS-3, is
8 \$.00074 per minute. For every one million minutes
9 of use the charge would only be \$740.00.

10

11 This type of cost, or usage, based pricing has also
12 been found appropriate by other jurisdictions, most
13 recently in New York and Maryland. To suggest that
14 BellSouth provide the additional tandem switching
15 functionality at no cost, especially when these
16 arrangements provide greater efficiencies, would
17 not be reasonable.

18

19 Q. Ms. McGrath states in her testimony, on page 25,
20 that Time Warner may be prevented from recovering
21 all of its costs? Do you agree?

22

23 A. No. After reading this assertion several times,
24 the Time Warner argument makes no sense. If Time
25 Warner establishes its local interconnection rates

1 based on the costs of providing local
2 interconnection to its network, it seems impossible
3 that Time Warner will be prevented from recovering
4 its costs, unless it has chosen to do so.

5

6 Q. In addition to the benefits of BellSouth's
7 proposals, are there drawbacks to Time Warner's
8 "bill and keep" plan which make BellSouth's
9 proposal even more appropriate?

10

11 A. Yes. The adoption of the bill and keep arrangement
12 proposed by Time Warner would be inappropriate for
13 several reasons.

14

15 First, bill and keep does not recognize the
16 different types of technical interconnection
17 arrangements that may exist. Under a bill and keep
18 arrangement, ALECs will not be encouraged to
19 provide efficient functionality internal to their
20 own networks. Rather, ALECs will be encouraged to
21 use the efficiencies inherent in BellSouth's
22 network, functionalities for which BellSouth would
23 not be compensated. For example, under a bill and
24 keep arrangement, ALECs may decide to interconnect
25 their end offices with BellSouth's tandems, rather

1 than building their own tandems because there would
2 be no financial incentive to make this investment.
3
4 In contrast, under BellSouth's proposed structure,
5 BellSouth will be encouraged to provide
6 functionality to ALECs that will allow them to
7 operate effectively because BellSouth will be
8 compensated. Where there is no compensation, and
9 the carriers do not share equally in providing the
10 necessary overall capabilities, a significant
11 disincentive will exist for one carrier to provide
12 functionality to the other. For example,
13 regulators, through the restructure of access
14 transport and collocation, have created additional
15 competition for both transport and tandem
16 switching. If no one is directly compensated for
17 providing these functions, it is highly unlikely
18 that any party would be motivated to provide them.
19
20 Second, and as stated previously, bill and keep
21 also does not eliminate the need for billing and
22 administrative systems as suggested by Ms. McGrath.
23 There will still be a need to hand off toll and 800
24 traffic to IXCs, to LECs and to ALECs, which
25 requires the billing of switched access rates.

1 Because ALECs will bill switched access to many
2 different carriers, BellSouth's proposal of
3 applying switched access elements for local
4 interconnections places no additional billing
5 requirements on the ALECs.

6

7 Third, the ALECs argue, in support of their "bill
8 and keep" proposal, that this is the method used by
9 LECs for the exchange of local traffic.

10 However, BellSouth and other LECs in Florida now
11 compensate each other for toll traffic with
12 terminating access charges. The traditional
13 arrangement between independent companies and
14 BellSouth regarding the exchange of local traffic
15 arose from very different circumstances than those
16 existing between ALECs and BellSouth.

17 Historically, independent companies served
18 geographic territories different from BellSouth
19 but which were clearly defined as either local
20 areas or toll areas. Interconnection arrangements
21 were typically at the end office, and different
22 trunk groups were required for toll and local calls
23 which were easily distinguishably by looking at the
24 area in which the call originated.

25

1 Q. If the Commission sets rates, terms, and conditions
2 for interconnection between ALECs and BellSouth,
3 should BellSouth tariff the interconnection rate(s)
4 or other arrangements? (Issue No. 2)

5

6 A. Yes, following the completion of negotiations, or
7 upon receiving an order from the Commission,
8 BellSouth intends to file its rates for local
9 exchange interconnection in a tariff or in
10 contracts filed with the Commission. This will
11 ensure that the rates for local interconnection
12 will be available to all ALECs on a
13 non-discriminatory basis. There appears to be
14 general agreement on this issue by Time Warner as
15 well as other parties.

16

17 Q. What are the appropriate technical and financial
18 arrangements which should govern interconnection
19 between ALECs and BellSouth for the delivery of
20 calls originated and/or terminated from carriers
21 not directly connected to an ALEC's network?

22 (Issue No. 3)

23

24 A. BellSouth is analyzing the appropriateness of
25 providing an intermediary function that would allow

1 calls from an ALEC customer through BellSouth's
2 network to another ALEC's network. Based on
3 BellSouth's understanding of such interconnection
4 arrangements, it may not be appropriate for
5 BellSouth to be involved in these situations
6 because no BellSouth end-user is involved. Because
7 of this, the situation goes beyond what is
8 considered "standard" types of interconnection.

9
10 To the extent, however, that BellSouth and ALECs
11 agree that this arrangement is necessary and that
12 the technical and financial issues are resolved,
13 BellSouth can provide this type of interconnection.
14 In these situations, meet point billing
15 arrangements, where each carrier bills its portion
16 of the interconnection arrangement, may be
17 required. While there can be many permutations
18 involving both local and toll traffic, these should
19 be manageable. It should be emphasized, however,
20 that all parties to such an arrangement must agree
21 on both the technical and financial arrangements to
22 assure a seamless configuration in which all
23 parties are properly compensated.

24

25 Q. Ms. McGrath also discusses an arrangement whereby

1 two collocated ALECs should be permitted to direct
2 connect within the BellSouth tandem, without going
3 through the tandem switch. What is BellSouth's
4 position on this proposal?

5

6 A. This issue is not included within the scope of this
7 proceeding and should not be addressed here.
8 Collocation was designed to allow other carriers to
9 interconnect with the LEC at the LEC's office
10 location. ALECs wishing to interconnect with each
11 other can negotiate comparable interconnection
12 arrangements between each other without any
13 involvement of the LEC.

14

15 To further elaborate, the situation envisioned by
16 Time Warner would appear to be one in which
17 BellSouth could be nothing more than a landlord for
18 the two entities. No one could seriously argue
19 that two ALECs should be allowed on BellSouth's
20 premises just so they could interconnect with each
21 other. The implications of requiring this, even
22 when the ALECs also interconnect with BellSouth,
23 are clearly beyond the scope of this proceeding.

24

25 Q. What are the appropriate technical and financial

1 requirements for the exchange of intraLATA 800
2 traffic which originates from an ALEC customer and
3 terminates to an 800 number served by or through
4 BellSouth? (Issue No. 4)

5

6 A. It is BellSouth's position, at least during the
7 initial phase of local exchange competition, that
8 the traffic at issue in this question will be
9 minimal. While BellSouth provides some intraLATA
10 800 services, ALECs may opt not to provide a
11 comparable service, further reducing the potential
12 volume of traffic. If ALECs opt to provide a
13 comparable service, there will be a need for
14 procedures to be established for the exchange of
15 data in both directions for billing purposes
16 between the two parties involved. Given the
17 minimal amount of traffic involved, it is
18 BellSouth's opinion that the parties can resolve
19 this issue.

20

21 Q. What are the appropriate technical arrangements for
22 the interconnection of an ALEC's network to
23 BellSouth's 911 provisioning network such that ALEC
24 customers are ensured the same level of 911 service
25 as they would receive as a customer of BellSouth?

1 What procedures should be in place for the timely
2 exchange and updating of ALEC customer information
3 for inclusion in appropriate E911 databases?
4 (Issue No. 5a and 5b)

5
6 A. The parties agree that public safety concerns are
7 of the highest priority. It is BellSouth's
8 position that the most appropriate interconnection
9 arrangement would be for each ALEC to provide its
10 own facilities or lease facilities from BellSouth
11 that will connect the trunk side of the ALEC's end
12 office to the BellSouth 911 tandem serving the
13 calling customer's Public Safety Answering Point
14 (PSAP).

15
16 The parties also agree that there should be a
17 single point of contact for coordination of
18 installation, testing and ongoing operational
19 issues. In order for all of this to work, trunks
20 must be capable of carrying Automatic Number
21 Identification (ANI) to the 911 tandem and the
22 trunk facility must conform with the industry
23 standard ANSI T1.405-1989 (Interface Between
24 Carriers and Customer Installations - Analog Voice
25 Grade Switched Access). In addition, the trunk

1 interface between the ALEC end office and the
2 BellSouth tandem may be either a 2-wire analog
3 interface or a digital DS1 interface, but a minimum
4 of two trunks are required. Additional trunks may
5 be required depending on the volume of traffic.

6
7 BellSouth and Time Warner agree that procedures
8 must be in place to handle transmission, receipt
9 and daily updates of the customer telephone number
10 and the name and address associated with that
11 number to ensure that 911 calls are correctly
12 routed. At least three data files or databases are
13 generally required to provide data for display at
14 the Public Service Answering Position (PSAP).
15 These are Master Street Address Guide (MSAG),
16 Telephone Number (TN), and Network Information
17 (TN/ESN) databases.

18

19 Q. What are the appropriate technical and financial
20 requirements for operator handled traffic flowing
21 between an ALEC and BellSouth including busy line
22 verification and emergency interrupt services?

23 (Issue No. 6)

24

25 A. A dedicated trunk group, either one way or two way,

1 is required from the ALEC's end office to the
2 BellSouth Operator Services System. The trunk
3 group can be the same as that used for Inward
4 Operator Services (busy line verification and
5 emergency interrupt services) and Operator Transfer
6 Service. Busy line verification and emergency
7 interrupt services are currently tariffed in the
8 Access Service Tariff.

9
10 Q. What are the appropriate arrangements for the
11 provision of directory assistance services and data
12 between BellSouth and ALECs? (Issue No. 7)

13
14 A. If an ALEC desires to list its customers in
15 BellSouth's directory assistance database,
16 BellSouth will provide this service as long as the
17 ALEC provides BellSouth with necessary information
18 in the format specified by BellSouth to populate
19 the database. BellSouth does not agree that DA
20 listings should be at no charge in all instances.
21 To the extent that additional costs are incurred by
22 BellSouth, ALECs should be required to pay
23 BellSouth these costs. An example of this would be
24 if the ALEC information is not provided in a form
25 compatible with BellSouth's system.

1

2 Q. Time Warner has requested that BellSouth provide
3 directory assistance as a resale option, a database
4 access option and as a database purchase option.
5 What is your position on this request?

6

7 A. BellSouth currently provides services that will
8 meet the Time Warner request. BellSouth provides
9 directory assistance via the access tariff.
10 Although, at this time branding is not available
11 with this offering, the Company is examining the
12 possibility of providing it on directory assistance
13 access calls.

14

15 BellSouth also currently licenses the use of data
16 contained in its directory assistance database via
17 DADS (Directory Assistance Database Service),
18 tariffed in the BellSouth General Subscriber
19 Service Tariff. Subscribers may use DADS data to
20 provide their own directory assistance type
21 service.

22

23 Q. Under what terms and conditions should BellSouth be
24 required to list ALEC customers in its white and
25 yellow pages directories, and to publish and

1 distribute these directories to ALECs customers?

2 [Issue No. 8]

3

4 A. BellSouth will arrange to list ALEC business
5 customers in BellSouth's yellow and white page
6 directories, and to list ALEC residence customers
7 in BellSouth's white page directories. It is also
8 BellSouth's intention to arrange for distribution
9 of yellow and white page directories to ALEC
10 customers. BellSouth agrees with Time Warner and
11 intends to arrange for a primary listing for
12 individual customers at no charge as long as the
13 data is provided in a form compatible with
14 BellSouth's systems. Additional listing options
15 (e.g., design listings) and the provision of
16 directories outside a customer's service area will
17 be provided to ALEC customers and charges will be
18 assessed under the same terms, conditions and rates
19 offered to BellSouth customers.

20

21 Q. What are the appropriate arrangements for the
22 provision of billing and collection services
23 between BellSouth and ALECs, including billing and
24 clearing credit card, collect, third party calls
25 and audiotext calls? (Issue No. 9)

1

2 A. All ALECs entering the market will be treated by
3 BellSouth like other LECs are today as suggested by
4 Ms. McGrath in her testimony.

5

6 An ALEC may elect to have a Regional Bell Operating
7 Company (RBOC), other than BellSouth, serve as its
8 Centralized Message Distribution System (CMDS)
9 host. One requirement, irrespective of which RBOC
10 is selected, is that the ALEC must have its own
11 Regional Accounting Office code from BellCore.
12 CMDS will provide the ALEC with the ability to bill
13 for its services when the messages are recorded by
14 a local exchange company. This would include
15 credit card, collect and third-party calls. Under
16 this option, all messages that are originated by
17 the ALEC but billable by another company, or that
18 are originated by another company and billable by
19 the ALEC, will be sent through that RBOC host for
20 distribution. BellSouth would not be involved in
21 this scenario. If a call originates in BellSouth
22 territory that is billable by the ALEC, BellSouth
23 would send that message to Kansas City (where the
24 CMDS system resides). CMDS would forward the
25 message to the host RBOC who would then distribute

1 it to the ALEC. The reverse would be true for any
2 ALEC originated message that is billable to a
3 BellSouth customer.

4
5 If the ALEC elects to purchase operator and/or 800
6 database service from BellSouth, and BellSouth is
7 therefore recording messages on the ALEC's behalf,
8 BellSouth will send those messages directly to the
9 ALEC for rating. The ALEC would then distribute
10 the messages to the appropriate billing company via
11 their RBOC host.

12
13 The ALEC may elect to have BellSouth serve as its
14 CMDS host. When BellSouth provides the CMDS host
15 function, BellSouth will send CMDS all messages
16 that are originated by an ALEC customer that are
17 billable outside the BellSouth region. BellSouth
18 will also forward all messages that originate
19 outside the BellSouth region from CMDS to the ALEC
20 for billing where applicable. This service will be
21 provided via contract between the two companies.

22
23 As for audiotext calls, N11 service is the only
24 service currently offered by BellSouth in its
25 General Subscriber Service Tariff specifically

1 tailored for audiotext customers. 976 service is
2 grandfathered and is no longer available. For an
3 ALEC to be able to provide N11 service to an
4 audiotext customer, the ALEC would have to
5 translate the audiotext provider's seven or ten
6 digit local telephone number to the appropriate N11
7 service three-digit code at the ALECs' end office.
8 Since the recording for that call would be done at
9 the ALEC's end office, BellSouth would not be
10 involved. The ALEC would then have to make its own
11 arrangement with the audiotext provider for billing
12 and collection of N11 calls to their customers. It
13 should be noted that BellSouth does not jointly
14 provide N11 service with any other LEC anywhere in
15 its service region.

16

17 Q. What arrangements are necessary to ensure the
18 provision of CLASS/LASS services between BellSouth
19 and an ALECs interconnected networks? [Issue No.
20 10]

21

22 A. Full Signaling System 7 (SS7) connectivity is
23 required between end offices to ensure the
24 provision of CLASS/LASS services between BellSouth
25 and an ALEC. BellSouth plans to unbundle SS7

1 signaling in its Switched Access Service tariff and
2 ALECs will be able to purchase this connectivity as
3 an unbundled service.

4

5 Q. What are the appropriate arrangements for physical
6 interconnection between ALECs and BellSouth,
7 including trunking and signaling? (Issue No. 11)

8

9 A. It is BellSouth's position that local
10 interconnection, which includes trunking and
11 signaling, should be provided at the access tandem
12 and end office level. This is the only technically
13 feasible arrangement and is the arrangement that
14 currently exists with the interexchange carriers.

15

16 Q. To the extent not addressed in the Number
17 Portability Docket, what are the appropriate
18 financial and operational arrangements for
19 interexchange calls terminated to a number that has
20 been "ported" to an ALEC? (Issue No. 12)

21

22 A. The arrangement referenced above is identical to a
23 situation in which an interexchange carrier is
24 connected through the BellSouth access tandem to an
25 ALEC end office. Under those circumstances,

1 BellSouth would bill its switched access rate
2 elements to the interexchange carrier and would
3 anticipate that ALECs would do likewise. The IXC
4 would receive two bills for the call, one from
5 BellSouth and one from the ALEC, but the total
6 charges would only constitute one access charge.
7 This same arrangement is applicable to a call that
8 has been "ported"; therefore, no special technical
9 provisions are required.

10

11 Q. What, if any, arrangements are necessary to address
12 other operational issues? (Issue No. 13)

13

14 A. Operational issues such as repair service
15 arrangements are most appropriately resolved
16 through the negotiation process. It is BellSouth's
17 intention to address them in this manner. Should
18 issues arise between the parties that cannot be
19 resolved, the existing complaint procedures are the
20 appropriate means for resolution.

21

22 Q. What, if any, arrangements are appropriate for the
23 assignment of NXX codes to ALECs? (Issue No. 14)

24

25 A. BellSouth acknowledges that numbers should be

1 available to all carriers on a equal basis in a
2 competitive local exchange environment. This issue
3 is currently being examined at the federal level.
4 BellSouth supports the national work as well as the
5 use of an independent administrator for the
6 assignment and control of NPA and NXX codes and
7 other special codes available in the North American
8 Numbering Plan (NANP). BellSouth will continue to
9 participate in national forums established to
10 develop and implement such an independent
11 administrator. Until such time that these issues
12 are resolved at the national level, ALECs must
13 process requests through BellSouth as long as
14 BellSouth is the NXX administrator for its region.

15

16 Q. Ms. McGrath states on page 26 of her testimony that
17 BellSouth's proposed rates for collocation have the
18 ability to create a barrier to entry for Time
19 Warner. Do you agree with Ms. McGrath?

20

21 A. No. In accordance with this Commission's
22 requirements, BellSouth filed its proposed
23 collocation rates on November 20, 1995. Ms.
24 McGrath's testimony provides no indication of how
25 any aspect of that filing could create a barrier to

1 entry. Moreover, it is clear that the Commission
2 plans to deal with the issue of collocation in
3 Docket No. 921074-TP and, therefore, is beyond the
4 scope of this proceeding.

5

6 Q. Does this conclude your testimony?

7

8 A. Yes.

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**ISSUES LIST FOR MCI/MFS/CONTINENTAL/TELEPORT/TIME WARNER
DOCKET NO. 950985-TP**

1. What are the appropriate rate structures, interconnection rates, or other compensation arrangements for the exchange of local and toll traffic between Time Warner and BellSouth?
2. If the Commission sets rates, terms, and conditions for interconnection between Time Warner and BellSouth, should BellSouth tariff the interconnection rate(s) or other arrangements?
3. What are the appropriate technical and financial arrangements which should govern interconnection between Time Warner and BellSouth for the delivery of calls originated and/or terminated from carriers not directly connected to Time Warner's network?
4. What are the appropriate technical and financial requirements for the exchange of intraLATA 800 traffic which originates from a Time Warner customer and terminates to an 800 number served by or through BellSouth?
- 5a. What are the appropriate technical arrangements for the interconnection of Time Warner's network to BellSouth's 911 provisioning network such that Time Warner's customers are ensured the same level of 911 service as they would receive as a customer of BellSouth?
- 5b. What procedures should be in place for the timely exchange and updating of Time Warner customer information for inclusion in appropriate E911 databases?
6. What are the appropriate technical and financial requirements for operator handled traffic flowing between Time Warner and BellSouth, including busy line verification and emergency interrupt services?
7. What are the appropriate arrangements for the provision of directory assistance services and data between BellSouth and Time Warner?
8. Under what terms and conditions should BellSouth be required to list Time Warner's customers in its white and yellow pages directories, and to publish and distribute these directories to Time Warner's customers?

9. What are the appropriate arrangements for the provision of billing and collection services between BellSouth and Time Warner including billing and clearing credit, collect, third party and audiotext calls?
10. What arrangements are necessary to ensure the provision of CLASS/LASS services between Time Warner's and BellSouth's networks?
11. What are the appropriate arrangements for physical interconnection between Time Warner and BellSouth, including trunking and signalling?
12. To the extent not addressed in the Number Portability Docket, what are the appropriate financial and operational arrangements for interexchange calls terminated to a number that has been "ported" to Time Warner?
13. What, if any, arrangements are necessary to address other operational issues?
14. What, if any, arrangements are appropriate for the assignment of NXX codes to Time Warner?

NEGOTIATION ITEMS

Local Interconnection

- Price Level
- Toll Default
- Use of NXX (LCA)
- Network (Trunking)
- Operational and Administrative
- Forecasts/Timing
- Tariffs/Contracts

Mutual Compensation

- Differential Tied to USF
- Size of Differential
- Co Carrier Status
- Contracts/Agreements

Resale

- Interest
- Packaging Restriction
- Discounts
- Class of Service
- Tariffs

Unbundling

- Price Level
- DA
- Listings
- CMDS
- Collocation
- Loops and Ports
- Number Portability

NEGOTIATION ITEMS

Unbundling (Cont.)

- 911
- LIDB
- 800 Data Base
- Signaling
- Operator Services
- Poles, Ducts, and Conduits
- Forecasts/Timing

Universal Service

- Relationship to Interconnection
- Size (Calculations)
- Method of Recovery
- Recipients
- Timing

Stipulation and Agreement

This Stipulation and Agreement is entered into by and between the undersigned parties to Docket No. 950985-TP, addressing the establishment, on an interim basis, of nondiscriminatory rates, terms and conditions for local interconnection pursuant to Section 364.162, Florida Statutes; Docket No. 950696-TP, addressing the establishment of an interim universal service/carrier of last resort recovery mechanism pursuant to Section 364.025, Florida Statutes; Docket No. 950737-TP, addressing a temporary telephone number portability solution, e.g., Remote Call Forwarding pursuant to Section 364.16(4), Florida Statutes; and Docket No. 950984-TP, addressing unbundling and resale of local exchange telecommunications company network features, functions and capabilities pursuant to Section 364.161, Florida Statutes.

It is the undersigned parties' intention and understanding that this comprehensive Stipulation and Agreement will establish the interim prices, terms, conditions and mechanisms necessary to facilitate the introduction and development of local exchange competition, as required by the above-referenced sections of Florida Chapter Law 95-403, and will dispose of all outstanding issues in the aforementioned dockets. This Stipulation and Agreement also sets forth the undersigned parties' agreement with respect to other matters which relate to the Petition filed by Teleport Communications Group, Inc. (TCG) in Docket No. 950985-TP.

The undersigned parties agree that the issues addressed in the aforementioned proceedings, which have been framed in response to the requirements of the above-referenced sections of Florida Chapter Law 95-403, shall be resolved as follows:

A. Local Interconnection - Docket No. 950985-TP

Section 364.162, Florida Statutes, provides that an ALEC shall have until August 31, 1995, or sixty (60) days, to negotiate with the LEC mutually acceptable prices, terms and conditions of interconnection and for the resale of services and facilities. The statute also provides that if the parties are not able to negotiate a price by August 31, 1995, or within sixty days, either party may petition the Commission to establish non-discriminatory rates, terms and conditions of interconnection and for the resale of services and facilities. Whether set by negotiation or by the Commission, interconnection and resale prices, rates, terms and conditions shall be filed with the Commission before their effective date.

The parties were unable to negotiate mutually acceptable prices, terms and conditions of interconnection by August 31, 1995, or within sixty days, and one party, Teleport Communications Group ("TCG"), has filed a petition with the Commission to establish the rates, terms and conditions for interconnection and the exchange of traffic with BellSouth. After further negotiations, however, the undersigned parties now agree to the following interim prices, terms and conditions for interconnection and the exchange of traffic:

1. Local interconnection is defined as the delivery of local traffic to be terminated on each company's local network. The delivery of local traffic shall be reciprocal and compensation will be mutual. Each ALEC will pay BellSouth, and vice versa, unless it is mutually agreed that the administrative costs associated with local interconnection are greater than the net monies exchanged, in which case the parties will exchange local traffic on an in-kind basis; foregoing compensation in the form of cash or a cash equivalent. In the absence of an in-kind traffic exchange, the parties will compensate each other pursuant to BellSouth's intrastate switched network access rate elements. (See Attachment A which is incorporated herein by reference.) For purposes of charging for local interconnection, BellSouth will employ its intrastate switched network access service rate elements - exclusive of the Residual Interconnection Charge and the Carrier Common Line Charge - on a per minute of use basis for terminating local traffic. Each undersigned ALEC will have local interconnection rates that are no higher than those charged by BellSouth.
2. In order to mitigate the potential adverse impact on a local exchange provider (i.e., BellSouth or an ALEC) which might occur because of an imbalance of terminating local traffic between the local exchange providers, and to reflect the fact that terminating costs are associated with peak period demand, no local

exchange provider will be required to compensate the other local exchange provider for more than one-hundred-ten percent (110%) of the minutes of use of the local exchange provider with the lower minutes of use in the same month. For example, if in a given month BellSouth has 10,000 minutes of local traffic terminated on an ALEC's local exchange network and the ALEC has 15,000 minutes of local traffic terminated on BellSouth's local exchange network, the ALEC would be required to compensate BellSouth for local interconnection on the basis of 11,000 terminating minutes (10,000 mins. x 110% = 11,000 mins.), and BellSouth would compensate the ALEC for 10,000 terminating minutes.

3. BellSouth will provide intermediary tandem switching and transport to connect the end user of an ALEC to the end user of another ALEC, a LEC other than BellSouth, or wireless telecommunications service provider for the purpose of making a local call. When BellSouth provides this intermediary function, it will bill a \$.002 per minute charge over and above its local interconnection charge that applies when a BellSouth end user is involved.
4. When BellSouth or an ALEC provides intermediary functions for network access, i.e., between an IXC and an ALEC, the ALEC and BellSouth will each provide their own network access service elements on a meet-point basis. Each carrier will bill its own network access service rate elements to the IXC. BellSouth or

the ALEC will bill the residual interconnection charge ("RIC") to the IXC when either provides the intermediary tandem function.

5. Whenever BellSouth delivers traffic to an ALEC for termination on the ALEC's network, if BellSouth cannot determine whether the traffic will be local or toll because of the manner in which the ALEC uses NNX codes, BellSouth will not compensate the ALEC for local interconnection but will, instead, charge the ALEC originating intrastate network access service charges unless the ALEC can provide BellSouth with sufficient information to make a determination as to whether the traffic is local or toll. Provided, however, that the ALEC has access to a sufficient quantity of numbering sources. In the event the ALEC cannot determine whether traffic delivered to BellSouth is local or toll, then the same provisions shall also apply.
6. BellSouth has proposed an interim universal service/carrier of last resort mechanism in testimony and exhibits submitted by A.J. Varner and P.F. Martin, dated August 14, 1995, in Docket No. 950696-TP. The adoption of Alternative 1, as described in the testimony and exhibits, would allow BellSouth to eliminate the carrier common line and residual interconnection rate elements from intrastate switched access rates (and interstate if the same plan were adopted by the FCC

for Florida).¹ The rates for local interconnection and terminating switched network access associated with intrastate toll calls (and interstate, if adopted by the FCC) would be identical and the undersigned parties could terminate all traffic regardless of its jurisdiction at the same rates notwithstanding Section 364.16(3)(a), Florida Statutes. However, if BellSouth's proposed Alternative 1, as modified by this Stipulation and Agreement, i.e., the ALEC's assessable revenues for the period January 1, 1996 through December 31, 1997, will be zero, is not adopted by the Commission and the intrastate terminating switched access rates consequently differ from the local interconnection rates, the parties recognize that the local interconnection arrangements agreed to herein are not appropriate and are null and void. In that event, the parties will begin to negotiate different local interconnection arrangements as expeditiously as possible. These negotiations should include some interim arrangements that could become effective on January 1, 1996, while further negotiations or Commission proceedings, if necessary, continue. The parties stipulate and agree that the terms, conditions and prices ultimately ordered by the Commission, or negotiated by the parties, will be effective retroactive to January 1, 1996.

¹ Even with the elimination of the CCL and RIC elements from the intrastate switched network access service, there will be a \$.0012 per minute residual amount in the interstate switched network access rates.

Because the undersigned parties lack sufficient data with respect to the volumes of local terminating traffic being delivered to each LEC and ALEC, the prices, terms and conditions of local interconnection agreed to herein are deemed transitional and are to remain in effect for a two (2) year period ending December 31, 1997, and the undersigned parties agree to renegotiate the prices, terms and conditions prior to the end of the two (2) year period, based on specific traffic data. This period can be extended for up to six months if an ALEC is unable to operate because the ALEC is unable to obtain the necessary local interconnection arrangements, NNxs, etc. from BellSouth in a timely fashion.

The undersigned parties stipulate and agree that the local interconnection and traffic arrangements agreed to herein are interim and that the parties, no later than July 1, 1997, shall commence negotiations with regard to the terms, conditions and prices of interconnection arrangements to be effective beginning January 1, 1998. If the parties are unable to satisfactorily negotiate new interconnection terms, conditions and prices within 90 days, any party may petition the Commission to establish appropriate interconnection arrangements. The parties will encourage the Commission to issue its order by not later than December 31, 1997. In the event the Commission does not issue its order prior to January 1, 1998, or if the parties continue to negotiate the interconnection arrangements beyond January 1, 1998, the parties stipulate and agree that the terms, conditions and prices ultimately ordered by the Commission.

or negotiated by the parties, will be effective retroactive to January 1, 1998. Until the revised interconnection arrangements become effective, the parties shall continue to exchange traffic.

It is further understood and agreed that TCG and BellSouth shall jointly petition the Commission for a stay of this proceeding, but if the Commission does not grant the stay expeditiously TCG will dismiss without prejudice its petition filed with the Commission in this docket.

B. Unbundling and Resale of Local Exchange Telecommunications Company Network Features, Functions and Capabilities - Docket No. 950984-TP

Section 364.161, Florida Statutes, requires each LEC, upon request, to unbundle each of its network features, functions and capabilities, including access to signaling data-bases, systems and routing process, and offer them to any other telecommunications provider requesting such features, functions or capabilities for resale to the extent technically and economically feasible and at prices that are not below cost. The statute also requires that the parties first negotiate the terms, conditions and prices of any feasible unbundling request. If the parties cannot reach a satisfactory resolution within 60 days, either party may petition the Commission to arbitrate the dispute and the Commission shall make a determination within 120 days.

The undersigned parties have now satisfactorily resolved the terms, conditions and prices of those network features, functions and capabilities that are technically and economically feasible of unbundling as set forth in Attachment B which is incorporated herein by reference. It is understood by the parties that the list of network features, functions and capabilities is not

exhaustive and the parties commit to cooperate in the negotiation of additional network features, functions and capabilities as the parties' future needs require.

C. Universal Service/Carrier of Last Resort - Docket No. 950696-TP

Section 364.025, Florida Statutes, requires the Commission to establish an interim universal service/carrier of last resort ("US/COLR") recovery mechanism by January 1, 1996. This interim mechanism is to be applied in a manner that ensures that each alternative local exchange company ("ALEC") contributes its fair share of the local exchange telecommunications company's ("LEC's") recovery of investment in fulfilling its carrier of last resort obligations and the maintenance of universal service objectives. The statute further provides that the Commission shall ensure that the interim mechanism, which is to remain in effect, if necessary, until the implementation of a permanent mechanism, but not later than January 1, 2000, ensures the maintenance of universal service through a carrier of last resort, but does not impede the development of residential consumer choice or create an unreasonable barrier to competition.

The undersigned parties stipulate and agree that the interim universal service/carrier of last resort (US/COLR) recovery mechanism proposed by BellSouth (Alternative 1) in the direct testimony and associated exhibits of BellSouth's witnesses Alphonso J. Varner and Peter F. Martin, dated August 14, 1995, as modified by this Stipulation and Agreement, is an acceptable alternative under the requirements of Florida law concerning the interim US/COLR mechanism. Notwithstanding the foregoing, the parties are entering this Stipulation and Agreement as a result of negotiations and compromise and for the purpose of facilitating the development of local

exchange competition as intended by the Florida Legislature. Accordingly, the parties in no way waive their right to petition the Commission pursuant to Section 364.025(3), Florida Statutes. In the event the BellSouth-proposed US/COLR recovery mechanism - Alternative 1 - is adopted and implemented by the Commission, each ALEC payment required thereby will be based upon its proportionate share of assessable revenues.² The undersigned parties also agree that, in order to assure that the proper amounts of assessable revenues are being reported and the associated amounts of assessments are being collected, the Commission shall periodically audit each telecommunications service provider's appropriate records.

The undersigned parties agree for purposes of determining payments from the ALECs for the period January 1, 1996 through December 31, 1997, the assessable revenues will be zero and no payments will be due. Thereafter, each ALEC will be billed under the BellSouth-proposed US/COLR recovery mechanism. The undersigned parties agree that for the period after December 31, 1997, the parties may renegotiate the foregoing provisions to the extent permitted by Florida law and Commission rules.

The undersigned parties agree to use their best efforts to persuade the Commission to adopt BellSouth's proposed interim US/COLR recovery mechanism - Alternative 1, as modified by this Stipulation and Agreement. The undersigned parties also agree to use their best efforts

² Assessable revenues means revenues associated with the ALEC's provision of basic local telecommunications services - as defined in Section 364.02(2), Florida Statutes - and their associated vertical or ancillary services. Assessable revenues do not include ALEC revenues received from basic local telecommunications services offered at a price comparable to the incumbent LEC's or Lifeline service or from local interconnection and network access services.

to persuade the Commission and the Legislature to establish a permanent US/COLR recovery mechanism at the earliest possible date; provided, however, that such efforts shall not be construed or used as an admission by the undersigned parties concerning the necessity for a permanent US/COLR recovery mechanism.

D. Temporary Telephone Number Portability - Docket No. 950737-TP

At the Commission's regular agenda conference held on September 12, 1995, the Commission approved the Stipulation and Agreement of the parties to Docket No. 950737-TP, which addressed every issue relating to the implementation of a temporary telephone number portability solution, except the price to be charged for the temporary telephone number portability solution and the advantages and disadvantages of Remote Call Forwarding. The undersigned parties agree that the Commission-approved Stipulation and Agreement shall be incorporated herein by reference and be attached to this Stipulation and Agreement as Attachment C.

With regard to the price to be paid for remote call forwarding, which is the temporary telephone number portability solution to be implemented January 1, 1996, the undersigned parties agree to pay \$1.50 per line, per month, plus a non-recurring charge of no more than \$25.00 per order for remote call forwarding used between carriers. For additional paths, the undersigned parties agree to pay \$.75 per month, per additional path, plus a non-recurring charge of no more than \$25.00 per order. To the extent location portability is involved, i.e.,

movement of the customer to a different location, the rates applicable to end users for remote call forwarding would be charged.

In the event that an ALEC and the interexchange carriers have direct connections (i.e., no BellSouth tandem is involved) for all traffic except for terminating traffic through remote call forwarding (necessitating the inclusion of a BellSouth tandem), then the access revenues associated with these calls will be due to the ALEC.

E. Resolution of Disputes

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

F. Duration

This Stipulation and Agreement takes effect on October __, 1995, and remains in effect until each of the matters and issues addressed herein has been implemented or resolved as contemplated by the undersigned parties.

G. Representations

Each person signing this Stipulation and Agreement represents that he or she has the requisite authority to bind the party on whose behalf the person is signing. By signing this Stipulation and Agreement, each undersigned party represents that it agrees to each of the stipulations and agreements set forth herein. In the event there are parties to the aforementioned dockets that do not sign this Stipulation and Agreement, the comprehensive resolution of the issues set forth in this Stipulation and Agreement shall, nonetheless, be binding upon the undersigned parties. Each undersigned party commits to use its best efforts to persuade the Commission, prior to and during the hearings scheduled in the aforementioned dockets, to accept the stipulations agreed to by the undersigned parties. The undersigned parties further agree that, in the event the Commission does not adopt this Stipulation and Agreement in its entirety, the Stipulation and Agreement shall, nonetheless, be binding upon the parties as if it had been adopted by the Commission, except as set forth elsewhere in this Stipulation and Agreement. The undersigned parties also stipulate and agree that the Commission shall, immediately upon approval of this Stipulation and Agreement, close Docket Nos. 950737-TP, 950984-TP and 950985-TP. The undersigned parties further agree to request the Commission to keep open Docket No. 950696-TP solely for the purpose of: (1) implementing the adoption of BellSouth's proposed interim US/COLR recovery mechanism - Alternative 1 as modified by this Stipulation and Agreement; and (2) for purposes of satisfying the Legislature's mandate to the Commission to research the issue of a permanent US/COLR mechanism and to determine and recommend

a reasonable and fair mechanism for providing to the greatest number of customers basic local exchange telecommunications service at an affordable price.

H. Limitation of Use

The undersigned parties understand and agree that this Stipulation and Agreement was entered into to resolve issues and matters which are unique to the State of Florida because of regulatory precedent and legislative requirements. The undersigned parties therefore agree that none of the agreements and stipulations contained herein shall be proffered by an undersigned party in another jurisdiction as evidence of any concession or as a waiver of any position taken by another undersigned party in that jurisdiction or for any other purpose.

I. Waivers

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

J. Governing Law

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

K. Purposes

The undersigned parties acknowledge that this Stipulation and Agreement is being entered into for the purposes of complying with the requirements of Florida Chapter Law 95-403 with respect to negotiating the matters at issue in Docket Nos. 950737-TP, 950984-TP and 950985-TP; and in order to avoid the expense and uncertainty inherent in resolving the matters at issue in Docket No. 95696-TP. Neither this Stipulation and Agreement nor any action taken to reach, effectuate or further this Stipulation and Agreement may be construed as, or may be used as an admission by or against any party. Entering into or carrying out this Stipulation and Agreement or any negotiations or proceedings related thereto, shall not in any event be construed as, or deemed to be evidence of, an admission or concession by any of the undersigned parties, or to be a waiver of any applicable claim or defense, otherwise available, nor does it indicate that any party other than BellSouth believes that a universal service "subsidy" exists or is necessary beyond what has historically been recognized as a "toll-to-local" subsidy in the switched access charge rate design.

L. Arm's Length Negotiations

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

M. Joint Drafting

The undersigned parties participated jointly in the drafting of this Stipulation and Agreement, and therefore the terms of this Stipulation and Agreement are not intended to be construed against any undersigned party by virtue of draftsmanship.

N. Single Instrument

This Stipulation and Agreement may be executed in several counterparts, each of which, when executed, shall constitute an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, this Stipulation and Agreement has been executed as of the
17 day of October, 1995, by the undersigned representatives for the parties hereto.

Teleport Communications Group, Inc.

BellSouth Telecommunications, Inc.

By: 
Authorized Representative

By: 
Authorized Representative

By: _____
Authorized Representative

By: _____
Authorized Representative

By: _____
Authorized Representative

By: _____
Authorized Representative

By: _____
Authorized Representative

By: _____
Authorized Representative

By: _____
Authorized Representative

ATTACHMENT A

BELLSOUTH FLORIDA - INTRASTATE
 SWITCHED ACCESS

Rate Elements	Proposed 11/04/95	With BellSouth Alternative 1 Proposal
Carrier Common Line		
Originating	\$0.01061	--
Terminating	\$0.02927	--
Transport ¹		
DS1 Local Channel - Entrance Facility	\$0.00062	\$0.00062
Residual Interconnection	\$0.005159	--
Switched Common Transport per minute of use per mile	\$0.00004	\$0.00004
Facilities Termination per MOU	\$0.00036	\$0.00036
Access Tandem Switching	\$0.00074	\$0.00074
Local Switching 2	\$0.00876	<u>\$0.00876</u> \$0.01052 ²

¹ Assumptions:

- Tandem Connection with Common Transport
- No Collocation
- DS1 local channel @ 9000 minutes per month and 24 voice grade equivalents

² If BellSouth's Alternative 1 proposal is adopted by the Florida Public Service Commission, this will also be the local interconnection rate.

ATTACHMENT B

**UNBUNDLED NETWORK FEATURES, FUNCTIONS
AND CAPABILITIES**

The parties to the Stipulation and Agreement have negotiated the following terms, conditions and prices relating to unbundled network features, functions and capabilities:

(1) Access to 911/E911 Emergency Network.

For basic 911 service, BellSouth will provide a list consisting of each municipality in Florida that subscribes to Basic 911 service. The list will also provide the E911 conversion date and for network routing purposes a ten-digit directory number representing the appropriate emergency answering position for each municipality subscribing to 911 service. Each ALEC will arrange to accept 911 calls from its customers 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 and route that call to BellSouth at the appropriate tandem or end office. When a municipality converts to E911 service, the ALEC shall discontinue the Basic 911 procedures and begin the E911 procedures.

For E911 service, the ALEC will connect the necessary trunks to the appropriate E911 tandem, including the designated secondary tandem. If a municipality has converted to E911 service, the ALEC will forward 911 calls to the appropriate E911 primary tandem, along with ANI, based upon the current E911 end office to tandem homing arrangement as provided by BellSouth. If the primary tandem trunks are not available, the ALEC will alternate route the call to the designated secondary E911 tandem. If the secondary tandem trunks are not available, the ALEC will alternate route the call to the appropriate Traffic Operator Position System (TOPS) tandem.

In order to ensure the proper working of the system, along with accurate customer data, the ALEC will provide daily updates to the E911 data-base. BellSouth will work cooperatively with the ALEC to define record layouts, media requirements, and procedures for this process.

In some instances BellSouth is responsible for maintenance of the E911 data-base and is compensated for performing these functions by either the municipality or the ALEC - for maintaining the ALEC's information. In no event, however, shall BellSouth be entitled to compensation from both parties for the same function.

(2) Directory Listings and Directory Distribution.

BellSouth will include ALEC's customers' primary listings in the white page (residence and business listings) and yellow page (business listings) directories, as well as the directory assistance data-base, as long as the ALEC provides information to BellSouth in a manner compatible with BellSouth's operational systems. BellSouth will not charge the ALECs to (a) print their customers' primary listings in the white pages and yellow page directories; (b) distribute directory books to their customers; (c) recycle their customers' directory books; and (d) maintain the Directory Assistance data-base. BellSouth will work cooperatively with the ALECs on issues concerning lead time, timeliness, format, and content of listing information.

(3) IntraLATA 800 Traffic.

BellSouth will compensate ALECs for the origination of 800 traffic terminated to BellSouth pursuant to the ALEC's originating switched access charges, including the data-base query. The ALEC will provide to BellSouth the appropriate records necessary for BellSouth to bill its customers. The records will be provided in a standard ASR format for a fee of \$0.015 per record. At such time as an ALEC elects to provide 800 services, the ALEC will reciprocate this arrangement. Should BellSouth be permitted to provide interLATA 800 services prior to the expiration of this Stipulation and Agreement, BellSouth will be responsible for

compensating the ALEC for the origination of such traffic as well on the same terms and conditions as described above.

(4) Number Resource Administration.

So long as BellSouth continues to act as the local administrator of the North American Numbering Plan, BellSouth will assign and administer Central Office Codes (NNX/NXX) consistent with the industry developed "Central Office Code (NNX/NXX) Assignment Guidelines." This document was last published by Bellcore on November 16, 1994 as IL-94/11-013.

(5) Busy Line Verification/Emergency Interrupt Services.

BellSouth and the ALECs shall mutually provide each other busy line verification and emergency interrupt services pursuant to tariff.

(6) Network Design and Management.

BellSouth and the ALECs will work cooperatively to install and maintain reliable interconnected telecommunications networks. A cooperative effort will include, but not be limited to, the exchange of appropriate information concerning network changes that impact services to the local service provider, maintenance contact numbers and escalation procedures. The interconnection of all networks will be based upon accepted industry/national guidelines for transmission standards and

traffic blocking criteria. BellSouth and the ALECs will work cooperatively to apply sound network management principles by invoking appropriate network management controls, i.e., call gapping, to alleviate or prevent network congestion. It is BellSouth's intention not to charge rearrangement, reconfiguration, disconnect, or other non-recurring fees associated with the initial reconfiguration of each carrier's interconnection arrangements. However, each ALEC's interconnection reconfigurations will have to be considered individually as to the application of a charge.

(7) **CLASS Interoperability.**

BellSouth and the ALECs will provide LEC-to-LEC Common Channel Signalling (CCS) to one another, where available, in conjunction with all traffic in order to enable full interoperability of CLASS features and functions. All CCS signalling 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 BellSouth and the ALECs will cooperate on the exchange of Transactional Capabilities Application Part (TCAP) messages to facilitate full inter-operability of CCS-based features between their respective networks.

(8) Network Expansion.

For network expansion, BellSouth and the ALECs will review engineering requirements on a quarterly basis and establish forecasts for trunk utilization. New trunk groups will be implemented as dictated by engineering requirements for both BellSouth and the ALEC. BellSouth and the ALEC are required to provide each other the proper call information (i.e., originated call party number and destination call party number, CIC, OZZ, etc.) to enable each company to bill accordingly.

(9) Signaling.

In addition to CLASS interoperability, as discussed above, BellSouth will offer use of its signaling network on an unbundled basis at tariffed rates. Signaling functionality will be available with both A-link and B-link connectivity.

STIPULATION AND AGREEMENT

Chapter 364.16(4), Florida Statutes, requires the Florida Public Service Commission to have a temporary service provider number portability mechanism in place on January 1, 1996. The statute further requires industry participants to form a number portability standards group by September 1, 1995 for the purpose of developing the appropriate costs, parameters, and standards for number portability. Negotiating the temporary number portability solution is one task that the group is to perform. This standards group was formed on July 26, 1995, and consists of the members listed on Attachment A to this agreement. If parties are unable to come to agreement on the temporary solution, the Florida Public Service Commission has reserved dates for an evidentiary proceeding under Chapter 120.57, Florida Statutes.

As a result of workshops held by the members of the standards group, an agreement has been reached as to the methods of providing temporary number portability. This Stipulation is entered into by and between the undersigned parties to Docket No. 950737-TP, Investigation into a Temporary Local Telephone Number Portability Solution to Implement Competition in Local Exchange Markets.

The parties agree that Chapter 364.16(4), Florida Statutes, requires a service provider temporary number portability solution. Service provider number portability allows an end user at a given location to change service from a local exchange

company (LEC) to an alternative local exchange company (ALEC) or vice versa, or between two ALECs, without changing local telephone numbers.

The parties further agree that a temporary service provider number portability mechanism that can be implemented in most LEC central offices at the present time is Remote Call Forwarding. With Remote Call Forwarding, a call to the old telephone number is first sent to the switch of the former local service provider, and then forwarded (ported) to the switch of the new local service provider. This is a temporary mechanism that can be implemented using existing switch and network technology. While remote call forwarding is not an appropriate solution to the issue of permanent number portability, the parties agree that it can be used as a temporary number portability mechanism.

The parties therefore agree that the LECs shall offer Remote Call Forwarding to certificated ALECs as a temporary number portability mechanism, effective January 1, 1996. Likewise, the parties agree that ALECs shall offer Remote Call Forwarding to LECs as a temporary number portability mechanism, effective on the date they begin to provide local exchange telephone service. All parties agree that the provision of reliable end user access to emergency services such as 911/E911 is necessary to protect the public health, safety and welfare. This stipulation is entered into with the understanding that Remote Call Forwarding does not provide technical impediments to the availability and reliable transfer of relevant information to 911/E911 systems.

All parties shall work together and with the 911 coordinators to successfully integrate the relevant ALEC information into the existing 911/E911 systems. The recurring price for Remote Call Forwarding will be on a per-line per-month basis and will be uniform throughout an individual LEC's existing service territory. The price charged by an individual LEC for Remote Call Forwarding shall not be below the costs of that LEC to provide Remote Call Forwarding for purposes of providing temporary number portability. The price charged for Remote Call Forwarding offered by an ALEC will mirror the price charged by the LEC.

The parties recognize that there are other related compensation issues that are not addressed in this agreement, including compensation for termination of ported calls and the entitlement to terminating network access charges on ported calls. These items will be negotiated by the parties, or resolved by the Commission, as local interconnection issues under Chapter 364.162.

The parties further agree that Flexible Direct Inward Dialing is an alternative temporary number portability mechanism. With Flexible Direct Inward Dialing, the number is routed to the switch of the former local service provider, which translates it to look like a direct inward dialed call terminating in the switch of the new local exchange provider. The parties recognize that Flexible Direct Inward Dialing involves certain technical and administrative issues that have not yet been fully addressed.

The parties agree that the LECs will continue to negotiate with the ALECs who desire to utilize Flexible Direct Inward Dialing as a method of providing temporary number portability to resolve any technical and administrative issues and to establish the prices, terms and conditions upon which Flexible Direct Inward Dialing will be offered. In the event the parties are unable to satisfactorily negotiate the price, terms and conditions, either party may petition the Commission which shall, within 120 days after receipt of the petition and after opportunity for a hearing, determine whether Flexible Direct Inward Dialing is technically and economically feasible and, if so, set nondiscriminatory rates, terms and conditions for Flexible Direct Inward Dialing. The prices and rates shall not be below cost.

Nothing in this Stipulation shall preclude the use of other feasible options for temporary number portability that may be developed in the future.

The parties further agree that the work of the number portability standards group will continue, under Chapter 364.16(4), Florida Statutes, to investigate and develop a permanent number portability solution.

(SIGNATURES BEGIN ON FOLLOWING PAGE)

IN WITNESS WHEREOF, the parties have executed this
Stipulation and Agreement as of the 30th day of August, 1995.

BELLSOUTH TELECOMMUNICATIONS, INC.
D/B/A SOUTHERN BELL TELEPHONE AND
TELEGRAPH COMPANY

By: *Parry H. Sims*

GENERAL TELEPHONE COMPANY OF FLORIDA,
INC.

By: _____

SPRINT/UNITED TELEPHONE COMPANY OF
FLORIDA

By: _____

SPRINT/CENTRAL TELEPHONE COMPANY OF
FLORIDA

By: _____

METROPOLITAN FIBER SYSTEMS OF FLORIDA,
INC.

By: _____

MCI METRO ACCESS TRANSMISSION SERVICES,
INC.

By: *Rio D. Meza*

IN WITNESS WHEREOF, the parties have executed this
Stipulation and Agreement as of the 30th day of August, 1998.

BELLSOUTH TELECOMMUNICATIONS, INC.
D/B/A SOUTHERN BELL TELEPHONE AND
TELEGRAPH COMPANY

By: _____

GENERAL TELEPHONE COMPANY OF FLORIDA,
INC.

By: *Stanley Powell*

SPRINT/UNITED TELEPHONE COMPANY OF
FLORIDA

By: _____

SPRINT/CENTRAL TELEPHONE COMPANY OF
FLORIDA

By: _____

METROPOLITAN FIBER SYSTEMS OF FLORIDA,
INC.

By: _____

MCI METRO ACCESS TRANSMISSION SERVICES,
INC.

By: _____

08/30/95

12:43

HOPPING GREEN SAMS SMITH PA •

IN WITNESS WHEREOF, the parties have executed this
Stipulation and Agreement as of the 30th day of August, 1995.

BELLSOUTH TELECOMMUNICATIONS, INC.
D/B/A SOUTHERN BELL TELEPHONE AND
TELEGRAPH COMPANY

By: _____

GENERAL TELEPHONE COMPANY OF FLORIDA,
INC.

By: _____

SPRINT/UNITED TELEPHONE COMPANY OF
FLORIDA

By: F. B. Poy

SPRINT/CENTRAL TELEPHONE COMPANY OF
FLORIDA

By: F. B. Poy

METROPOLITAN FIBER SYSTEMS OF FLORIDA,
INC.

By: _____

MCI METRO ACCESS TRANSMISSION SERVICES,
INC.

By: _____

IN WITNESS WHEREOF, the parties have executed this
Stipulation and Agreement as of the 30th day of August, 1995.

BELLSOUTH TELECOMMUNICATIONS, INC.
D/B/A SOUTHERN BELL TELEPHONE AND
TELEGRAPH COMPANY

By: _____

GENERAL TELEPHONE COMPANY OF FLORIDA,
INC.

By: _____

SPRINT/UNITED TELEPHONE COMPANY OF
FLORIDA

By: _____

SPRINT/CENTRAL TELEPHONE COMPANY OF
FLORIDA

By: _____

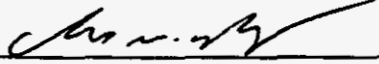
METROPOLITAN FIBER SYSTEMS OF FLORIDA,
INC.

By:  _____

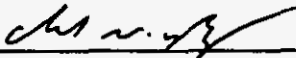
MCI METRO ACCESS TRANSMISSION SERVICES,
INC.

By: _____


TIME WARNER AXS

By: 

DIGITAL MEDIA PARTNERS

By: 

FLORIDA CABLE TELECOMMUNICATIONS
ASSOCIATION, INC.

By: 

AT&T COMMUNICATIONS OF THE SOUTHERN
STATES, INC.

By: 

FLORIDA PUBLIC TELECOMMUNICATIONS
ASSOCIATION

By: 

INTERMEDIA COMMUNICATIONS OF FLORIDA,
INC.

By: _____

SPRINT COMMUNICATIONS COMPANY,
LIMITED PARTNERSHIP

By: _____

ICI ADMIN.

BELLSOUTH TELECOMMUNICATIONS, IN
FPSC DOCKET NO. 950985D-TP
WITNESS SCHEYE DIRECT TESTIMONY
EXHIBIT ___ RCS-3
Page 35 of 37

TIME WARNER AXS

By: _____

DIGITAL MEDIA PARTNERS

By: _____

FLORIDA CABLE TELECOMMUNICATIONS
ASSOCIATION, INC.

By: _____

AT&T COMMUNICATIONS OF THE SOUTHERN
STATES, INC.

By: _____

FLORIDA PUBLIC TELECOMMUNICATIONS
ASSOCIATION

By: _____

INTERMEDIA COMMUNICATIONS OF FLORIDA,
INC.

By: Patricia A. Kelli

SPRINT COMMUNICATIONS COMPANY,
LIMITED PARTNERSHIP

By: _____

TIME WARNER AXS

By: _____

DIGITAL MEDIA PARTNERS

By: _____

FLORIDA CABLE TELECOMMUNICATIONS
ASSOCIATION, INC.

By: _____

AT&T COMMUNICATIONS OF THE SOUTHERN
STATES, INC.

By: _____

FLORIDA PUBLIC TELECOMMUNICATIONS
ASSOCIATION

By: _____

INTERMEDIA COMMUNICATIONS OF FLORIDA,
INC.

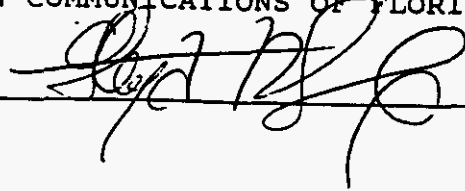
By: _____

SPRINT COMMUNICATIONS COMPANY,
LIMITED PARTNERSHIP

By: Joseph H. Key

MCCA W COMMUNICATIONS OF FLORIDA, INC.

By: _____

A handwritten signature in black ink, appearing to be "D. J. S.", is written over a horizontal line. The signature is stylized and cursive.