

**ORIGINAL
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**In The Matter Of The
Interconnection Agreement
Negotiations Between AT&T
And BellSouth Pursuant To
47 U.S.C. §252**

**AT&T'S DOCUMENTS
SUBMITTED UNDER THE
TELECOMMUNICATIONS
ACT OF 1996**

VOLUME VII

TABS 125 - 182

JULY 17, 1996

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FPSC-RECORDS/REPORTING

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. Section 252)
_____)

DOCKET NO. _____

PETITION BY AT&T FOR
ARBITRATION UNDER THE
TELECOMMUNICATIONS ACT
OF 1996

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PURSUANT TO THE TELECOMMUNICATIONS ACT OF 1996***

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	313	3/27/96	AT&T Communications Inc. Local Network Elements	200564
XV	314	3/28/96	Local Operator Services Tactical Plan	200602
	315	3/28/96	AT&T Communications Inc. Total Services Resale	200683
	316	3/28/96	AT&T Communications Inc. Unbundled Loop Combination	200705
	317	4/2/96	Letter from J. Bradbury to S. Lavett	200734
	318	4/4/96	AT&T Unbundled Loop Combination and Interconnection	200735
	319	4/10/96	Memo from J. Bradbury to S. Lavett	200791
	320	4/10/96	Memo from J. Bradbury to S. Lavett	200803
	321	4/16/96	AT&T Communications Inc. Total Services Resale Planning Document	200805
	322	4/16/96	AT&T Communications Inc. Local Network Elements	200828
	323	4/16/96	AT&T Communications Inc. Unbundled Loop Combination and Interconnection	200866
	324	4/29/96	Letter from M. Fawzi to S. Lavett	200895
	325	5/1/96	Total Services Resale Status Document	200897
	326	5/1/96	Total Services Resale Interface Related	200912

XVI	327	5/23/96	Memo from P. Foster to S. Lavett	200928
	328	5/27/96	Local Account Maintenance Negotiations	200937
	329	5/28/96	Unbundled Network Elements Forecast Team	200962
	330	5/31/96	Letter from K. Taber to S. Lavett	200999
	331	6/5/96	Letter from J. Carroll to C. Coe	201011
	332	6/20/96	Letter from S. Ray to S. Lavett	201018
	333	6/21/96	Letter from J. Carroll to C. Coe	201078
	334	6/21/96	Total Services Resale Box Score	201095
	335	6/25/96	Customer Experience Documentation	201112
	336	6/27/96	Memo from P. Nelson to Executive Team	201121
	337	3/27/96	AT&T Communications Inc. Local Network Elements	300040
	338	3/28/96	AT&T Communications Inc. Total Service Resale	300078
	339	3/00/96	Local Resale Data Transfer Requirements	300123
	340	3/28/96	AT&T Communications Inc. Unbundled Loop Combination	300156
	341	3/27/96	Local Account Maintenance	300184
	342	Undated	Proposed Recovery of Costs Incurred by BellSouth	300530
	343	Undated	BellSouth - AT&T Negotiations Operations Costs Issues	300531
	344	7/3/96	AT&T - BellSouth Negotiation Core Team Issues	300542
	345	7/3/96	AT&T - BellSouth Negotiation Core Team Issues	300558
	346	Undated	Subloop Unbundling Proposal Summary	900001
	347	9/13/95	Proposed GA Billing Arrangements	900003
	348	9/19/95	Proposed Billing Arrangements	900072
	349	10/29/95	Total Service Resale Planning Matrix	900141
	350	11/17/95	Total Service Resale	900149
	351	12/4/95	Memo from Q. Sanders to B. West, et al.	900192
	352	12/8/95	Total Service Resale	900209
	353	12/19/95	Service & Service Ordering	900274
	354	12/19/95	Common Issues	900333
	355	1/22/96	Requirement Status/Agree	900339
	356	1/22/96	Provisioning, Maintenance & Repair	900415

900499	Fax from M. Imperato to K. Taber	1/30/96	357
900521	Total Service Resale	2/7/96	358
900588	Fax from G. Calhoun to J. Bradbury	3/25/96	359
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901006	Florida Cost Analysis	4/00/96	363
901236	Georgia Cost Analysis	4/00/96	364
901476	Total Service Resale	4/2/96	365
901525	Total Service Resale - Complete	4/2/96	366
901611	Service & Service Ordering Package	4/2/96	367
901651	Draft Summary	3/28/96	368
901655	Fax from M. Cathey to N. Brown	4/3/96	369
901657	Data Transfer Conference Call	4/2/96	370
901666	Entire Document - Resale	4/11/96	371
901786	Fax from S. Lavett to Sue Ray	4/11/96	372
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901908	Fax from J. Brinkley to N. Brown	4/17/96	375
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901932	Resale/Agree	4/23/96	379
901968	Fax from C. Braun to S. Ray	4/29/96	380
901976	Resale/Agree	4/29/96	381
902013	Resale/Obtainable - Pending-Escalated	4/29/96	382
902050	Unbundled/All	4/29/96	383
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902217	BAPCO Services	Undated	385
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902275	SME Escalation Form	5/7/96	
902276	Fax from S. Lavett to P. Nelson	5/7/96	
902282	Unbundled/All	5/14/96	
902395	Letter from V. Atherton to R. Oakes	5/20/96	
902397	Executive Team Meeting Notes	5/22/96	
902399	Switched Local Transport Cost Summaries	5/21/96	
902810	LTR Studies FL & LA	5/21/96	
903042	Supplemental Response to Initial AT&T Request Question #5	5/21/96	
903625	BellSouth's Response to Ellison's Supplemental Data Request of 4/24/96	5/24/96	
903471	BellSouth Response to Ellison's Supplemental Data Request of 4/26/96	5/24/96	
903640	Resale/All	5/24/96	
903738	Resale/Agree	5/24/96	
903755	Resale/Obtainable - Pending - Escalated	5/24/96	
903817	Resale/Status - None	6/18/96	
903822	Revised Routing Policy	5/24/96	
903823	Letter from V. Atherton to R. Oakes	5/28/95	
903836	Letter from S. Lavett to P. Nelson	5/28/96	
903831	Letter from Pam to D. Hassebrock, et al.	5/30/96	
903840	Fax from B. Warren to K. Tabor	6/4/96	
903844	Letter from V. Atherton from R. Oakes	6/11/96	
903847	Letter form V. Atherton from R. Oakes	6/11/96	
903851	BellSouth Response to AT&T 1st Request, Item 1	6/11/96	
904130	BellSouth Response to AT&T 1st Request, Item 1	Undated	
904912	BellSouth Response to AT&T 1st Request, Item 1	Undated	
905116	BellSouth Response to AT&T 1st Request, Item 1	Undated	
905230	BellSouth Response to AT&T 1st Request, Item 1	Undated	
905279	BellSouth Response to AT&T 1st Request, Item 1	Undated	
905282	BellSouth Response to AT&T 1st Request, Item 1	Undated	
905285	BellSouth Response to AT&T 1st Request, Item 1	Undated	
905680	BellSouth Response to Florida Studies Provided in Response to PSC Order	Undated	

	417	6/14/96	Fax from K. Milner to P. Nelson	905956
	418	6/18/96	Resale/All	905971
	419	6/18/96	Resale/Obtainable-Pending-Escalated	906020
	420	6/18/96	Resale/Agree	906050
	421	6/19/96	Issue Data submitted by C. Weekley re. Response Letter	906072
	422	6/22/96	Letter from R. Barretto to C. Taber	906082
	423	6/30/96	Resale/All	906127
	424	7/1/96	Notes from D. Lee	906234
	425	Undated	Issue Data BellSouth Position	906306
	426	3/28/96	AT&T/BST Local Interconnection Negotiations	300034
	427	4/2/96	AT&T/BST Local Interconnection Negotiations	300273
	428	4/9/96	AT&T/BST Local Interconnection Negotiations	300313
	429	4/17/96	AT&T/BST Local Interconnection Negotiations	300327
	430	Undated	Timelines to Document Agreement	300345
	431	4/22/96	AT&T/BST Local Interconnection Negotiations	300363
	432	Undated	AT&T/BST Local Interconnection Negotiations	300368
	433	5/1/96	AT&T/BST Local Interconnection Negotiations	300371
	434	5/1/96	AT&T/BST Local Interconnection Negotiations	300372
	435	Undated	BellSouth Tennessee Resale Study	300450
XVII	436	5/30/96	Florida Cost Study	700000
XVI	437	Various	Executive Team Meeting Minutes	400000
XI	438	7/15/96	Letter from J. Carroll to S. Schaefer	400218
	439	7/16/96	Letter from J. Carroll to S. Schaefer	400220

TSL



Southern Region

Susan D. Ray
Local Service Negotiator

Room 12N04
Promenade II
1200 Peachtree St., NE
Atlanta, GA 30309
404-810-3123

May 16, 1996

Suzie Lavett
Lead Negotiator
Room E56
3535 Colonnade Parkway
Birmingham, AL 35243

Dear Suzie:

Attached are the Total Service Resale open issues for Account Maintenance, Data Transfer, Carrier Billing and Security. Please respond to the BellSouth action items by May 23, 1996 or the date specified, so we can continue our negotiations.

If you have any questions on this matter, please contact me on 404-810-3123.

Sincerely,

Susan D. Ray

001834

ACCOUNT MAINTENANCE

OUTPLOC Transaction Feed - AT&T's requirement is for BellSouth to notify AT&T, via a Connect/Direct end-of-day feed, when a customer changes from AT&T Local to another LSP by contacting the new LSP (Incumbent or another Reseller).

BellSouth Action Item: BellSouth (Suzie Lavett/Shirley Wilcox) will provide status on the OUTPLOC Transaction Feed by 4/16/96 (PAST DUE).

PIC Only Change Process - AT&T's requirement is for BellSouth to accept PIC Only changes, via the Provisioning Process and at the current PIC Only Change Charge (\$1.49), when a customer contacts AT&T Local requesting a PIC change from AT&T LD to another LD Carrier. BellSouth also needs to convey the confirmation of the PIC Change via a Work Order Completion feed.

BellSouth has agreed to this requirement except for sending "Completions." Cindy Clark is working the "Completions" issue as part of the Provisioning process.

IXC PIC Change Process - AT&T's requirement is for BellSouth to reject IXC PIC Changes (with LSP ID) when an IXC sends a PIC Change to BellSouth instead of the customer's LSP (AT&T's Local Customer).

BellSouth's position is that since they are the SWP, they will work authorized PIC Changes.

As you are aware, we do not agree with BellSouth's position on this issue; it is imperative for BellSouth to reject IXC PIC Changes (with LSP ID) when an IXC sends a PIC Change to BellSouth instead of the customer's LSP (AT&T's Local Customer). AT&T needs the same ability to process orders as a LEC does in the current environment. IXCs need to know who the customer's Local Service Provider is, and AT&T needs to know who their Local Customer's have selected as a IXC.

This issue has been escalated.

001825

DATA TRANSFER

Rated Vs Unrated Messages - AT&T's requirement is for BellSouth to forward messages as "unrated" except on incollects (collect, third number, or credit card originating from another Local Carrier's customer to AT&T's Local customer).

NOTE: As an interim process, AT&T has now requested that BellSouth continue to handle Information Service Providers in the normal manner.

BellSouth's original position was to forward all messages as "rated".

BellSouth has now agreed to provide the messages per our requirements for a charge of approximately \$22,000 for programming their system to change the applicable ratings from "rated" to "unrated" at the end of their process (BellSouth's quality edits are built on the front-end of their process; therefore, the messages must go through their process and be "unrated" at the end of the process).

AT&T is not interested in incurring charges associated with BellSouth programming their system to strip ratings prior to sending the data to AT&T. AT&T needs BellSouth to provide messages in unrated format except on incollects. Providing BellSouth's rates on messages that AT&T cannot utilize to bill customers is of no value to AT&T. The additional edits BellSouth performs are also of no value to AT&T. AT&T will still have to apply their own edits on the messages BellSouth transmits.

This issue has been escalated.

Handling "Unbillables" - AT&T's requirement is an up-front mechanized process to return errored messages.

BellSouth does not believe, due to their quality edits, that there will be a significant number of errored messages except in very unusual circumstances.

BellSouth's position is basically that if/when we receive a significant volume of errored messages; at that time, BellSouth work with AT&T to resolve them. AT&T does not believe that is an effective process. We need an up-front mechanized process to return errored messages to avoid time-consuming work-arounds in the future. Examples of errored messages are messages that fail the critical edits, i.e. invalid NPA, invalid connect time, etc.

BellSouth escalated this issue.

001826

Flat-rate Service Usage - AT&T's requirement is to obtain Flat-rate usage from BellSouth. AT&T can forego this information in the interim, but needs the information and is requesting BellSouth to provide a timeline when recording will be possible.

At this time, BellSouth does not have the system capacity to record Flat-rate service usage, and has no plans in the foreseeable future to do so.

Rates to be applied from AT&T local customers to BellSouth local customers (collect, billed to BST's customers 3rd numbers or BST's customers calling cards) - AT&T's position is that the "Originating" Carriers rates apply.

BellSouth's position is that collect, third number, credit card local/IntraLATA calls completed via BellSouth's network that are accepted and/or billed to AT&T's end-user should be rated at the discount rate and billed to AT&T. AT&T may then resell such calls to their end-user at AT&T's rates. Local/IntraLATA calls completed via BST's network that are accepted by and/or billed to BST's end-user should be billed to the end-user at BST's rates.

This issue has been escalated.

BellSouth proposed that the OCN be populated in positions 26-29 in the Header/Trailer record.

AT&T Action Item: AT&T (Lisa Caro) is working this issue and will provide status on the 5/28/96 Conference call.

BellSouth would like a copy of the detailed record edits AT&T plans on utilizing.

AT&T Action Item: AT&T (Lisa Caro) is working this issue and will provide status on our May 28, 1996, conference call.

BellSouth (Karen Mosey) defined their control records for AT&T to review.

AT&T Action Item: AT&T's SME (Lisa Caro) is in the process of reviewing BellSouth's control records and will provide status on our May 28, 1996 conference call. First review is that AT&T will not utilize them until approved by OBF (not standard -- All of the LECs control records could be different until standardized).

001837

AT&T (Lisa Caro) provided BellSouth with an detailed EMR matrix for review.

BellSouth Action Item: BellSouth will review the matrix and provide status on our May 28, 1996, conference call.

001828

CARRIER BILLING

CABS/SABR - AT&T's long-term requirement is for BellSouth to utilize existing billing systems and the industry standard guidelines. AT&T's expectation is for BellSouth to commit to move toward the standard guidelines (CABS/SABR) and to provide a plan (including an aggressive timeline) for doing so by year-end, 1996.

BellSouth has yet to make any type of commitments on this requirement.

BellSouth Action Item: BellSouth (Craig Steel) will discuss this issue internally and provide AT&T (Sue Ray) with status by 5/23/96.

As an interim process, AT&T has agreed to accept BellSouth's proposal to utilize CRIS/CLUB to bill AT&T for local services if BellSouth agrees to meet the non-standard local requirements. Open issues are:

One BAN per RAO - AT&T's requirement is for BellSouth to bill one BAN per RAO.

BellSouth stated that they could meet our requirement of one BAN per RAO with the high-level (master) number included in their "Analyzer Software".

AT&T Action Item: AT&T (Mer Thompson) is analyzing if BellSouth's "Analyzer Software" will meet AT&T's interim requirements.

Identify Incurred State - AT&T's requirement is for BellSouth to provide all charges by identifying incurred state.

BellSouth Action Item: BellSouth (Craig Steele) will provide the Cross-Boundary situations by 5/23/96.

Identify Business and Residence Services - AT&T's requirement is for BellSouth to separately identify business and residence services.

BellSouth stated that they could meet our requirement for identifying Business and Residence by the 1FB/1FR on the "Analyzer Software Diskette" (details of the CRIS/CLUB bill) they could provide to AT&T (Mer Thompson).

AT&T Action Item: AT&T (Mer Thompson) is analyzing if BellSouth's "Analyzer Software" will meet AT&T's interim requirements.

Pre-Bill Certification Process - AT&T's requirements are:

001839

- BST and AT&T will jointly define measurements and controls for bill accuracy
- BST will participate in Supplier Quality Certification
- BST will complete a signed Operating Agreement
- BST will develop a change management process to document all changes to billing and associated processes
- BST will participate in bill period closure

At this time, BellSouth has tabled all Pre-bill Certification discussions stating that it is too early in the process to discuss this issue.

At a minimum, AT&T requires an aggressive timeline on when BellSouth will utilize the Pre-bill Certification process, and for BellSouth to agree to allow AT&T to conduct a LEC review prior to completing the Pre-bill certification process.

BellSouth Action Item: BellSouth (Craig Steel) will discuss this issue internally and provide AT&T (Sue Ray) with status by 5/23/96.

On May 15, 1996, BellSouth provided AT&T with a sample Summary Bill and a demonstration on their "Analyzer Software".

AT&T Action Item: AT&T (Mer Thompson) is reviewing the Summary Bill and "Analyzer Software" to determine if they meet AT&T's interim requirements. One of the items that AT&T needs is the ability to obtain reports/information by "Master Billing Account Number".

BellSouth Action Item: By 5/23/96, BellSouth will verify that the "Analyzer Software" reports/information can be rolled-up to the "Master Billing Account Number" level.

001840

SECURITY

AT&T has requested that BellSouth act as our agent in emergency situations.

BellSouth Action Item: BellSouth (Suzie Lavett) will discuss this issue internally and provide AT&T (Sue Ray) with status by 5/1/96 (**PAST DUE**).

Once BellSouth makes a commitment to act as our agent, AT&T and BellSouth (Suzie Lavett and Sue Ray) we will draft the Security agreement for approval.

001841

May 16, 1996

Kathy Taber
AT&T
1200 Peachtree St., NE
Atlanta, GA 30309

Dear Kathy,

I am writing to confirm our various voice messages regarding your letter faxed to me on May 1, 1996. Below is a summary of our responses:

- BellSouth did not have any matrix available for feature interactions and is researching the need for such matrices for BST services.
- BellSouth was re-evaluating its ISDMI business case and on May 10, 1996, I advised Pam Nelson that BST plans to deploy in Atlanta but further deployment is not planned. BellSouth's position regarding whether or not ISDMI will be available for resale, the real TSR issue, has never wavered. BellSouth will offer SMDI and ISDMI for resale where ever each is available.
- I noted that I was to provide how you would be notified of the MemoryCall® PIN. This number will be shown on the firm order confirmation (FOC) provided by BST, as shown on page 64 of the Resale Ordering Guidelines. Several copies of the Guidelines have been provided to Jay Bradbury and Cindy Clark. The MemoryCall® service description is being added to the Guidelines.
- Updates to LIDB for resale customers will be handled via service orders as it is today for BST and users. In an unbundled services environment, where BST is not the switch provider, updates will be handled via a file transmission. Craig Steele, telephone number 601 951-8030, is your core contact for additional LIDB questions.
- During our April 18, 1996, conference call, AT&T requested a presentation regarding ESSX service. AT&T agreed to review BellSouth's tariff offering and advise me of specific questions before I bring in another BST SME to discuss this service. I have not received anything regarding this item.
- AT&T agreed to clarify its "0+ TLN is ported" requirement. I do not show that we have received this clarification.

Please let me know if you have any questions.

Sincerely,



Suzie Lavett

cc: Craig Steele

001842

May 17, 1996

Vic Atherton
BellSouth Telecommunications Inc.
North N3E1
3535 Colonnade Parkway
Birmingham, Alabama 35243

Dear Vic,

The purpose of this letter is to clarify what was agreed to by AT&T and BellSouth at the Unbundled Network Elements meeting that took place on 5/8/96. On May 16, 1996 you received a fax from me which stated that, at the 5/8/96 meeting, we addressed 15 elements and reached agreement on 12 of the elements. On that same day (5/16/96), you faxed me a letter stating that I misrepresented what was agreed to by AT&T and BellSouth. I can assure you that my intent was not to misrepresent what was agreed to at the meeting, but rather to capture to those elements to which AT&T and BellSouth agreed. Now that you and I have talked, it is my understanding that we have agreed to the following:

- 1) On 5/8/96 AT&T and BST discussed 15 of the 17 elements that are in the Unbundled Network Elements Local Platform document.
- 2) Of the 15 unbundled network elements that were discussed, BellSouth *agrees in principle* to the following: Local Switching, Digital Cross connect Systems, Data Switching, SS7 Message Transfer and Control, Signaling Link Transport, SCPs/Data Bases, and Tandem Switching.
- 3) *No agreement in principle* was reached on the following:
 - a) Unbundled loop elements (BellSouth has unbundled the loop into 3 subloop components that do not coincide with AT&T's sub loop elements. Further discussions regarding the technical feasibility of these elements will take place on 5/20.)
 - b) Common and Dedicated Transport. (AT&T will provide additional clarification on these elements on 5/20)
 - c) AIN was deferred to another meeting (Chris Weekley and Jerry Latham to set up separate meeting.

Vic please let me know if you concur with this clarification.

Yours truly,


Robert Oakes

001843

May 17, 1996

Memo To File: Andre' Mule'

Subject: Tennessee Trial

Today (May 15, 1996) at approximately 8:15 a.m. I called Charlie Coe's office to inform him. His secretary answered and said he would be in shortly. I left my number for Charlie to call back and left this message with her. Tell Charlie that AT&T will begin a market test with 100 customers in Tennessee on May 16. The original of the Master Account Application package will be delivered to Charlie via courier mid-morning on the 15th. We expect that BellSouth will work these orders at the 25% discount ordered by the Tennessee Commission in their December, 1995, rules.

Let Charlie know that Scott will also get a call.

Thanks,

Jim Carroll

001844

Cost/Price



Neil E. Brown
Regional Director
Access Management

Room ~~6002~~ 6146
1200 Peachtree St.
Atlanta, GA 30309
404 810-7269

May 17, 1996

Andre' Mule'

Via Fax to:
Ms. Suzie Lavett
Mr. Bob Scheye

Dear Suzy and Bob:

Attached is a detailed Agenda and back-up attachments for Tuesday's Cost/Price meeting. If you have questions on the last attachment, please call Wayne Ellison on 404-810-8068. On all other matters, please call me.

I am concerned by what appears to me that BellSouth is not sufficiently committed to the negotiations process to meet regularly at the weekly, scheduled Cost/Price meetings. Last week when Bob said he would not be available and Suzy requested that we use a conference call to save her from having to spend an extra day in Atlanta, I agreed. Then Suzy was unavailable for the call and we traded voice-mail messages. Now I have been informed that neither of you are available for next Tuesday's meeting and that Bob will not be available until June because of the need to prepare for Tennessee hearings.

AT&T also has to prepare for Tennessee hearings, and those involved are having to split their time between these two efforts, but that does not limit our commitment to negotiate. The failure to allocate appropriate resources to properly support the negotiations effort is just another complication on top of the issue raised in our request for mediation and further delays reaching agreement on pricing issues.

Please advise me as to how BellSouth proposes to address these concerns. I await your call.

Sincerely yours,

Attachments

001845

AT&T/ BELLSOUTH COST/PRICE MEETING
MAY 21, 1996 - 8:30 AM and 10:30 AM
1200 PEACHTREE ST, NE, ATLANTA, GEORGIA 30309

AT&T: N. Brown, M. Guedel, M. Harper, W. Ellison, A. Lerma, M. Lemler

BellSouth: Bob Scheye and Suzie Lavett have reported that they are unable to attend. Bob Scheye has stated he cannot attend again before June.

THE WEEKLY COST MEETINGS HAVE BEEN SCHEDULED FOR EACH TUESDAY AT 8:30 AM UNLESS BOTH PARTIES AGREE TO AN ALTERNATE DAY/TIME. NOT HAVING THE RIGHT PEOPLE PRESENT CONSTITUTES UNACCEPTABLE DELAY. AT&T IS CONCERNED THAT BELLSOUTH IS UNABLE TO PROVIDE FULL-TIME, QUALIFIED NEGOTIATORS AT WEEKLY MEETINGS, AS SCHEDULED, AND WHEN ATTENDANCE IS UNEXPECTEDLY CANCELED.

Marc Cathey and Jim Brinkley are scheduled to attend the 10:30 AM meeting on Access

FINAL AGENDA

8:30 AM - Non-Access Discussions

- Conflicting NRC Positions (See Attachments 1,2, and 3 - Refer Questions to Neil Brown on 810-7269) Brown/Lavett
- Detailed Discussion on Bob Scheye's Price Proposal for UNEs (See Attachment 4 - Refer Questions to Wayne Ellison on 810-8068) Ellison/Guedel
- List of Cost Studies Completed & Available i/c/w UNE proposal Suzie Lavett
- Data Requests Expanded to Include All States Where Negotiations Initiated - Delivery Expected by AT&T Suzie Lavett
- Request Cost-Based Price Proposal for PLOC Charge at 5/21 Meeting Lavett/Scheye
- Next Meeting:
Tuesday, May 28 Meeting: 8:30 AM Non-Access Discussions All

10:30 AM Access Discussions

Access/Interconnection/USF

All AT&T
Cathey/Brinkley

001846

SEE ATTACHMENTS 1,2,3, and 4

File: Agenda7.doc

BellSouth Telecommunications, Inc.
Hearing Request No. 4 of Lorraine Maddox
Georgia PSC Docket No. 6352-U
Page 1 of 1
April 1, 1996

REQUEST: Will there be a discount on nonrecurring charges to resellers?

RESPONSE: The nonrecurring revenue is included in our revenue calculations. For this reason, either (1) the discounts as calculated should be applied to the retail nonrecurring charges as well as all retail recurring charges or (2) the overall percent discount applicable to retail recurring charges only should be adjusted to 11.6 percent for residence and 9.6 percent for business.

RESPONSE PROVIDED BY: Robert C. Scheye
Senior Director
675 West Peachtree Street
Atlanta, Georgia

001847

May 10, 1996

Via Fax to: Suzie Lavett

SUBJECT: Non-Recurring Costs and Data Requests

Dear Suzie,

Over the past several weeks there has been some confusion on BellSouth's position on providing discounts to Non-Recurring Charges ("NRC") in the wholesale market. You and Mary Jo Peed had indicated at a Core Team meeting and in a letter from Mary Jo to Sylvia Anderson that there were no avoidable costs associated with NRC. We said that this position did not reflect actual cost impacts in a wholesale market. I know that you had committed to clarify BellSouth's position in writing. However, that should not be necessary as we have been able to clarify the position by researching the record and talking further with Frank Kolb.

It has been and remains AT&T's position that a significant portion of the non-recurring costs associated with the establishment of retail services will be avoided in the wholesale market. Based on BellSouth's response (sponsored by Bob Scheye) to an AT&T data request in Georgia and discussions between Mike Guedel and Frank Kolb over the past few days, we are satisfied that BellSouth's position is the same as AT&T's.

It would be helpful if you would clarify BellSouth's views on what NRC elements are avoided. Please describe the NRC cost elements that will be avoided and the NRC cost elements that will not be avoided with clarity as to how they are treated in your studies. Please deliver this request in writing at or before the May 21 Cost/Price meeting.

Finally, please note that any previous data requests apply to all states wherein we have initiated negotiations. For example, please provide your Loop/Port/Usage studies for Alabama and Kentucky at or before the May 21 Cost/Price meeting.

Thank you.

Neil E. Brown

Cc: AT&T Cost Team
AT&T Core Team

001848

NON-RECURRING CHARGES

The establishment of the resale market required BST to develop and implement service order entry processes and procedures that differ from that the service order entry process in place for BST end user customers. Other activity required for establishing service beyond the service entry phase are the same regardless of who (BST end user or reseller) initiates the order to BST.

It was determined that the additional cost for resale service order entry would offset any possible avoided costs. In addition, the inclusion of non-recurring charges in the calculation of the resale discount would result in a lower discount rate than was produced by excluding the non-recurring revenue and avoided costs.

Rather than develop a unique resale service order process charge and include the non-recurring revenue and associated insignificant avoided costs in the resale discount calculations, BellSouth chose to apply its existing service order charges to resale orders, absorb any additional costs incurred and exclude non-recurring charges from the resale discount.

001849

BELLSOUTH PRICE PROPOSAL

Item	Type	Use	Explanation	BellSouth Proposal	Questions for BellSouth
Network Interface Device				Not addressed.	When will BellSouth submit price proposal and cost documentation for this element, by listed type and use?
	Twisted Pair			Not addressed.	
	Fiber			Not addressed.	
	Coax			Not addressed.	
Loop Distribution				Not addressed.	When will BellSouth submit price proposal and cost documentation for this element, by listed type and use?
	Twisted Pair			Not addressed.	
	Fiber			Not addressed.	
	Coax			Not addressed.	
Loop Concentration Multiplexer				Not addressed.	When will BellSouth submit price proposal and cost documentation for this element, by listed type and use?
	Dig. Loop Cxr			Not addressed.	
	Fiber Node			Not addressed.	
Loop Feeder				Not addressed.	When will BellSouth submit price proposal and cost documentation for this element, by listed type and use?
	Twisted Pair	POTS	Terminated on MDF	Not addressed.	
		Data	Terminated on MDF	Not addressed.	
		Private Line	Terminated on MDF	Not addressed.	
		ISDN	Terminated on MDF	Not addressed.	
	Metallic T1		Term on DSX1 @ each end- for standard DS1 signal		
	Fiber		Single mode. Term on LG X-conn (LGX) panels each end. Standard DS1/DS3 signals between DLC remote & LSO	Not addressed.	
	Fiber	SONET OC-3/ OC-12 shelves	O/E conversion and multiplex functions	Not addressed.	
Hybrid Fiber/Coax		Fiber from LSO to fiber node/ trpt of voice, video, data	Not addressed.		

001850

BELLSOUTH PRICE PROPOSAL

Item	Type	Use	Explanation	BellSouth Proposal	Questions for BellSouth
Loop Combination			From MDF or DSX panel in CO (or remote) to terminal on customer premises.	Flat-rate exchange access loop and distance sensitive IOC. Rates for loop meeting same parameters as residence or business exchange access line.	Will BellSouth provide loop costs by density zone? When will BellSouth provide additional requested data regarding loop-is-a-loop study?
	Twisted pair common line	Subscriber loop	Term in CO	Loop rates ranging from \$17.00 in Florida to \$30.03 in North Carolina.	Provide rationale for proposed rates. Provide supporting cost studies.
	Twisted pair common line	IOC Mileage	LEC office to ALEC office	\$11.85 to \$50.00 fixed monthly charge plus mileage charges of approx. \$2.00 per mile (varies), plus NRC charge.	Provide rationale for proposed rates. Provide supporting cost studies.
	Twisted pair common line	Channelization		BellSouth offers channelization service to convert VG local channel to DS1. Monthly charge per system, plus charge per circuit, plus NRC charges.	Is channelization capability offered only in CO? Provide rationale for proposed rates. Provide cost studies.
	Twisted pair private line		Term in CO	Not addressed.	When will BellSouth submit price proposal and cost documentation?
	TCXR		Term in CO	Not addressed.	When will BellSouth submit price proposal and cost documentation?
	SONET ring		Term in CO	Not addressed.	When will BellSouth submit price proposal and cost documentation?
	Twisted pair private line		Between Customers	Not addressed.	When will BellSouth submit price proposal and cost documentation?
	TCXR		Between Customers	Not addressed.	When will BellSouth submit price proposal and cost documentation?
	SONET ring		Between Customers	Not addressed.	When will BellSouth submit price proposal and cost documentation?

001821

BELLSOUTH PRICE PROPOSAL

Item	Type	Use	Explanation	BellSouth Proposal	Questions for BellSouth	
Local Switching				Unbundled switching not offered. BellSouth proposes a port that permits users to transmit or receive information over BellSouth's public switched network, at fixed monthly charge plus distance sensitive usage charges.	When will BellSouth submit price prop. & cost for unbundled local switch? Provide rationale for prop. rates & cost studies. How are local operator services, local DA, BLV, Interrupt, Intercept, term. to ICO/ALEC provisioned with port?	
		Feature	Route traffic to LEC or non-LEC network	Not included in BellSouth proposal.	When will BellSouth submit price proposal and cost support?	
		Feature	Routing & screening per customer AND routing & screening per class	Not provided in BellSouth proposal.	When will BellSouth submit price proposal and cost support?	
	Line Interfaces	Standard tip & ring			Residence and business port offered, bundled with transport.	When will BellSouth submit price proposal and cost support?
		Coin		Includes public, semi-pub, COCOT, and options.	Not addressed.	When will BellSouth submit price proposal and cost support?
		On hook signaling			Not addressed.	When will BellSouth submit price proposal and cost support?
		BRI ISDN			Not addressed.	When will BellSouth submit price proposal and cost support?
		PRI ISDN			Not addressed.	When will BellSouth submit price proposal and cost support?
		TR 08- Dig Loop Cxr			Not addressed.	When will BellSouth submit price proposal and cost support?
		TR 303- Dig Loop Cxr			Not addressed.	When will BellSouth submit price proposal and cost support?
		Direct In Dial			PBX port offered. Not clear if Direct dial included in rate.	Does PBX port include DID capability?
	Line Features	Residential Features			Not addressed.	When will BellSouth submit price proposal and cost support?
		CLASS features			Not addressed.	When will BellSouth submit price proposal and cost support?

004852

BELLSOUTH PRICE PROPOSAL

Item	Type	Use	Explanation	BellSouth Proposal	Questions for BellSouth	
Local Switching (cont'd)	Line features (cont'd)	Business/ Centrex Features		Rotary service offered. Other features not addressed.	When will BellSouth submit price proposal and cost support?	
	AIN Triggers			Not addressed.	When will BellSouth submit price proposal and cost support?	
	Trunk Terminations	CAMA ANI			Not addressed.	When will BellSouth submit price proposal and cost support?
		FGB			Not addressed.	When will BellSouth submit price proposal and cost support?
		FGC- IEC Operator			Not addressed.	When will BellSouth submit price proposal and cost support?
		T1 to PBX			Not addressed.	When will BellSouth submit price proposal and cost support?
		PRI to PBX			Not addressed.	When will BellSouth submit price proposal and cost support?
		DS 3			Not addressed.	When will BellSouth submit price proposal and cost support?
		64 kbps clear channel			Not addressed.	When will BellSouth submit price proposal and cost support?
		Switched digital- 56 & 64 kb/s			Not addressed.	When will BellSouth submit price proposal and cost support?
Loop/ Port cross-connect		Connection of unbundled switch and collocated loop elements.	Charges for connecting port and collocated loop based on cross-connection rate elements in Section 20 of BellSouth interstate access tariff.	Provide cost study.		

001953

BELLSOUTH PRICE PROPOSAL

Item	Type	Use	Explanation	BellSouth Proposal	Questions for BellSouth
Local Operator Services	General Offering			Opr. Call Processing Svc. incl oper. and auto. call handling & custom call branding. Oper. call handling @ \$1.17 per work minute, fixed charge per call attempt, charge per fully auto. call handled. Plus opr svcs. trpt from E6 of intra tariff.	Provide cost study. How does this service function with local port offering? How would separate trpt charge match up with port offering?
	Call Completion			Included in operator call processing access service.	
	Public Telephone			Appears to be included in operator call processing access service.	Is this service included?
	Card			Included in operator call processing access service.	
	Collect			Included in operator call processing access service.	
	Third Party			Included in operator call processing access service.	
	Dialing instructions			Included in operator call processing access service.	
	Time & Charges			Appears to be included in operator call processing access service.	Is this service included?
Local Directory Assistance	Service Call			Rates, terms and cond. from E9.1.7 or E9.5.3 of intrastate access tariff	Relationship to port offering? Provide cost study.
	Directory transport			Rates, terms and cond. from E9.1.7 or E9.5.3 of intrastate access tariff	Relationship to port offering? Provide cost study.
	DA Interconnection			Rates, terms and cond. from E9.1.7 or E9.5.3 of intrastate access tariff	Relationship to port offering? Provide cost study.
	DA Database Service			Rates, terms and conditions from A38.1 of GST	Provide cost study.
	Direct Access to DA			Rates, terms and cond. from 9.3 of BellSouth Interstate access tariff	Provide cost study.
	DA Call Completion			\$.25 per call attempt	Relationship to port offering? Provide cost study.
	Call Completion Termination Charge			Varying rates from \$.12 to \$.39 per attempt, plus charge for DACC.	Relationship to port offering? Provide cost study.
	Intercept			Charge per intercept query of \$.30.	Relationship to port offering? Provide cost study.

001951

BELLSOUTH PRICE PROPOSAL

Item	Type	Use	Explanation	BellSouth Proposal	Questions for BellSouth
Busy Line Verification				Inward operator service offered under terms, conditions set forth in section E18 of intrastate access service tariff.	Relationship of this offering to port offering? Provide cost study.
Emergency Interrupt				Inward operator service offered under terms, conditions set forth in section E18 of intrastate access service tariff.	Relationship of this offering to port offering? Provide cost study.
Common Transport			Includes multiplexing, grooming, cross office wiring to DSX or LGX. Includes DS1, DS3, various SONET level term options, two way or one way option	Not addressed as an unbundled element.	When will BellSouth submit price proposal and cost documentation for this element, by listed type and use?
Dedicated Transport			DS0, DS1, DS3, SONET, OC-X	Not addressed as an unbundled element.	When will BellSouth submit price proposal and cost support?
	Type 1		Between LEC and ALEC or IXC. Must permit permissive switch to trpt between LEC and another cxx for terminating traffic	Not addressed as an unbundled element.	When will BellSouth submit price proposal and cost support?
	Type 2		Leased to connect unbundled equip within LEC network, or LEC to POP for dedicated access	Not addressed as an unbundled element.	When will BellSouth submit price proposal and cost support?
		Current offerings		Not addressed as an unbundled element.	When will BellSouth submit price proposal and cost support?
		SONET line switched rings, OC48		Not addressed as an unbundled element.	When will BellSouth submit price proposal and cost support?
		SONET path switched rings, OC 3, OC 12		Not addressed as an unbundled element.	When will BellSouth submit price proposal and cost support?
		SONET point to point		Not addressed as an unbundled element.	When will BellSouth submit price proposal and cost support?

00255

BELLSOUTH PRICE PROPOSAL

Item	Type	Use	Explanation	BellSouth Proposal	Questions for BellSouth
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	Not addressed as an unbundled element.	When will BellSouth submit price proposal and cost support?
Data Switching	Packet transport			Not addressed.	When will BellSouth submit price proposal and cost support?
	Frame Relay			Not addressed.	When will BellSouth submit price proposal and cost support?
	ATM			Not addressed.	When will BellSouth submit price proposal and cost support?
SS7 Msg Transfer and Control				BellSouth offers connection to and utilization of BellSouth SS7 network for call setup and non-call purposes.	
Signaling Link Transport				56Kbps signaling connection to STP offered @ \$155 per month, STP port termination @ \$355.00 per month, call set up msg @ \$.000023 per msg., T-Cap Msg @ \$.00005 per msg.	Provide cost study.
	A links		Between ALEC local switch and LEC STP. A link layer shall consist of two links satisfying inter and intra-office diversity requirements.	Appears to be included in BellSouth proposal.	Is AT&T assumption correct. Does charge include diversity?
	D links		Between LEC STP and ALEC STP	Appears to be included in BellSouth proposal.	Is AT&T assumption correct. Does charge include diversity?
	A links, B links, C links, D links, E links		Between other POI designated by AT&T	Not clear that this arrangement included in proposal.	Is this arrangement included in BellSouth proposal?

001955

BELLSOUTH PRICE PROPOSAL

Item	Type	Use	Explanation	BellSouth Proposal	Questions for BellSouth
SCPs/ Data Bases	Line Info Database (LIDB)	Storage Agreement		BellSouth will store, at no charge, billing number info. for resold BellSouth lines and svc. port. arrgts and will provide responses to on-line, call by call queries for purposes of billed number screening, calling card validation and fraud control.	
		Use of ALEC LIDB data		Each time an ALEC's data is used BellSouth will compensate that ALEC at a rate of 40% of BellSouth's LIDB validation rate per query	Is both read and write capability included? Rationale for proposed compensation.
		Validation		Charges apply for LIDB validation @\$.038, and query trpt from RSTP to SCP @ \$.0003. Addnl. charges for Orig point code establish and SS7& network.	Provide cost study.
	Toll Free Number Portability Database			ALECs may use BellSouth 800 SCPs for obtaining 800 Service routing information, at rates, terms, conditions in Sections E2, E5, E6, and E13 of intrastate access tariff.	Provide cost study
	Local Number Portability Database			Not addressed.	
Tandem Switching				Tandem switching not addressed as unbundled element.	When will BellSouth submit price proposal and cost support?
911/E911 Access				ALEC must provide two dedicated trk. grps. from ALEC SWC to appropriate 911 tandem. May be provided using dedicated transport facilities from Section E6 of BellSouth intrastate access tariff. BellSouth will bill municipality other rates.	What rates will BellSouth bill municipality?

001957

BELLSOUTH PRICE PROPOSAL

Item	Type	Use	Explanation	BellSouth Proposal	Questions for BellSouth
Advanced Intelligent Network	AIN triggers			Not specifically addressed.	When will BellSouth submit price proposal and cost support?
	Interconnection of AT&T & LEC SS7 for exchange of AIN TCAP messages			Not specifically addressed.	When will BellSouth submit price proposal and cost support?
Network Interconnect				BellSouth proposes terminating traffic arrangements from the ALEC POI using access rates from the intrastate access tariff. Arrangement only applies to traffic originating in BellSouth basic local calling area.	Will all access rates, incl CCL, apply to traffic from expanded local calling area. Who determines POI. Meet point precluded? If not, what arrg't for meet point span? Limitation on 2-way vs 1-way trunks? Credit for BellSouth use?
	POI to Bell SWC			Local channel rates apply from intrastate switched access tariff.	Provide cost study.
	SWC to EO			Dedicated transport rates from intrastate switched access tariff.	Provide cost study.
	SWC to Tdm			Dedicated transport rates from intrastate switched access tariff.	Provide cost study.
	TDM to EO			Common transport rates from intrastate access tariff.	Provide cost study.
	TDM to ALEC, ICO			Not clear. It appears that an intermediary tandem switch charge applies.	Explain intermediary charge. What is included? Does this provide for terminating to ICO, ALEC? What other charges apply? Provide cost study.
	EO			FGD local switching charge applies.	Provide cost study.
	Other Charges			Info Surcharge applies.	There is no cost basis for this charge. Eliminate.
	Mutual Comp			Compensation limited to 105% of billed minutes of use of party with lower billed interconnection minutes in same month.	Achieve common understanding on what this provision means.

001858

BELLSOUTH PRICE PROPOSAL

Item	Type	Use	Explanation	BellSouth Proposal	Questions for BellSouth
Number Portability				BellSouth proposes number portability through two arrangements. The first is SPNP- Remote. The second is SPNP-Direct inward dialing	
	SPNP- Remote			Automatic forwarding of 7 or 10 digit number within BellSouth's basic local calling area. A \$25.00 NRC applies per customer location, plus monthly rates of \$1.50 to \$1.75 per ported number.	What is meant by condition that number will be forwarded within basic local calling area? Provide cost study.
	SPNP- DID			Trk side access to Bell EO for DID to ALEC switch. Intrastate access rates apply for dedicated facility to ALEC switch, plus typically \$13.00 mo. per trunk for DID capability, plus \$25.00 NRC per port. cust. location, plus \$.01 monthly per number.	Is the \$13.00 per VG equivalent? Provide cost study.
Directory Listings				BellSouth proposes no charge for primary customer listing. Additional listings and optional listings at rates in BellSouth's intrastate GST.	
Access to Numbers				BellSouth will assist ALECs applying for NXX codes for their use in providing local exchange services.	
CMDS- Hosting				Provides for message distribution charge and data transmission charge per message to deliver message data as described in Attachment C-12 (not attached).	Provide cost study. Where is attachment C-12?

630700

BELLSOUTH PRICE PROPOSAL

Item	Type	Use	Explanation	BellSouth Proposal	Questions for BellSouth
Non-Sent Paid Report System			Mechanized report system providing companies within BellSouth region info regarding Non-Sent Paid message and revenue distribution	BellSouth proposes charge of \$.05 per msg inside US and \$.16 outside US	Provide cost study. Provide system description.
Poles, Ducts, Conduits and Rights of Way				BellSouth proposes to provide under standard License Agreement. No terms, conditions, or rates provided.	When will BellSouth submit price proposal, cost support, standard license agreement?
Virtual Collocation				Rates, terms and conditions set forth in Section 20 of BellSouth Interstate access tariff	Provide cost study.
Physical Collocation				Rates, terms and conditions to be negotiated. Current offer language limits to termination of transmission links, but BellSouth has stated that limitation will probably be dropped.	When will BellSouth submit price proposal and cost support?
Unbundled Element Power				Not addressed.	Does this need to be addressed as separate cost item?
Local Calling Area Boundary Guide				BellSouth proposes to provide at no charge boundary guide to assist in deployment of numbers to conform with BellSouth existing local calling area geographics.	

001930

Issue: Action items (responses from BST)

Date: 5/17/96

Place: 1200 Peachtree St.

Participants	Name	Title
---------------------	-------------	--------------

Notes:

This package includes:

Follow up on action items provided by Kathy Massey of BST LCSC

Premise Access Guidelines

Interval Guide (revised) simple services—revision includes “switch as is”

Interval Guide complex services

Revision to OLEC handbook regarding jeopardy notification

Follow up on action item provided by Beth Carnes regarding non-discriminatory training.

Submitted by: Cindy Clark

Tel: (404)810-3119

001861

PREMISE ACCESS GUIDELINES

Use the helpful guidelines below along with any additional end user information obtained to determine if Premise Access is needed.

CONSUMER SERVICE

Access is normally not required for residential activity. Unless an additional line is being added, or inside wiring or jacks are ordered. Where the Network Interface is located inside a dwelling, access may be needed.

BUSINESS SERVICE

Access should normally be negotiated on most business activity.

ACCESS REQUIRED WHEN:

- Inside wiring or jacks are ordered, moved or rearranged.
- The Network Interface is located inside the building.
- "Special" (Complex) services are ordered.
- Non-Basic wiring required.

NOTE: Non-Basic or Complex wiring is wiring that connects a system of telephones and related equipment. A system is any group of sets/computers/fax terminals/etc. Which all share the same controlling equipment.

DUE DATE JOB AID / HELPFUL GUIDELINES

The LCSC will make every effort to meet customer ready dates.

Many factors affect the availability of due dates including but not limited to the following items:

Presence of facilities	Select day plan (available central office work days)
New installation vs. Previous service	Work load
Number of lines	Services and features requested
Numbered vs. Unnumbered address	Interfering service
Premises visit vs. No visit	

Negotiate when the end user will be ready for service connection. Use the helpful guidelines below along with any additional end user information obtained to determine an appropriate due date. The LCSC will inform you of the actual order due date on the Firm Order Confirmation.

CONSUMER AND SMALL BUSINESS

NEW CONNECT OR MOVE TO NEW ADDRESS, 1-2 LINES -

Numbered address, service previously at address, and no existing service at address -
due date 2 business days

Numbered address, has existing service at address, connecting additional line -
due date 3 business days

Numbered address, no previous service at address -
due date 3 business days

Numbered address, address has dial tone, and customer can place calls from address -
due date 3 business days

Numbered address, address has dial tone, and customer can only call BellSouth -
due date same business day, if connecting 1 line and no premise visit is needed
due date 2 business days, if connecting 1 line and premise visit is needed

Unnumbered address, get street name, route, box, previous occupants number, previous
occupants name, neighbors number, and driving directions -
due date 3 business days

Trailer service, negotiate service pole placement and connection.
due date using appropriate numbered or unnumbered address guidelines

CHANGE Orders (add or remove optional services), RECORD Orders (record work on), and SWITCH-AS-IS Orders (change end user to another provider, no change in services and features):

Received in the LCSC before noon - due date same business day

Received in the LCSC after noon - due date next business day

*Same day due dates are not available when the following applies:

Central office freeze - due date intervals will vary

Caller ID - due date 2 business days

Prestige Communications - due date next business day

Ring Master (swapping telephone numbers) - due date next business day

Memory Call - due date 2 business days

Call Waiting Deluxe - due date 2 business days

Visual Director - due date 2 business days

Georgia OEAS - due date next business days

Premise visit needed - due date using New Connect guide

• Not applicable for switch-as-is.

BC/5/10/96

001853

NON-PROJECT COMPLEX SERVICES JOB AID / HELPFUL GUIDELINES

*The LCSC will make every effort to meet customer ready dates,
The intervals below are recommendations only.*

Many factors affect the availability of due dates including but not limited to the following items:

Presence of facilities	Select day plan (available central office work days)
New installation vs. Previous service	Work load
Number of lines	Services and features requested
Numbered vs. Unnumbered address	Interfering service
premises visit vs. No visit	

Negotiate when the end user will be ready for service connection. Use the helpful guidelines below along with any additional end user information obtained to determine an appropriate due date. The LCSC will inform you of the actual order due date on the Firm Order Confirmation.

The following services are considered non-Project. If the quantity exceeds a service specific threshold, project treatment will be required. This list is not all inclusive.

SERVICE ORDERED

SUGGESTED INTERVAL

DIGITAL DATA:

2.4kb - 64kb

1-8 Ckts.

15 days

9 or more (each adl. 4)

+ 2 days *

WATS:

1-8 lines

7 days

9-16 lines

10 days

17-24 lines

13 days

25 or more (each adl. 24)

+ 1 day *

PRIVATE LINE SERVICES:

(Alarms, Tie lines, Analog Data)

1-8 Circuits

7 days

9-16 Circuits

10 days

17-24 Circuits

13 days

25 or more (each adl. 24)

+ 1 day *

5/13/96

001864

NON-PROJECT COMPLEX SVCS. (con't)

SERVICE ORDERED

SUGGESTED INTERVAL

VOICE GRADE SERVICES:

(Foreign Exchange, OPS's, Trunks)

1-8 Circuits/Trunks	7 days
9-16 Circuits/Trunks	10 days
17-24 Circuits/Trunks	13 days
25 or more (each adi. 24)	+ 1 day *

MULTI-POINT:

3-5 Points	14 days
6-8 Points	16 days
9 or more (each adi. 3)	+ 2 days *

ISDN:

(Basic Rate/Single Line)

1-4 Circuits	10 days
5 or more (each adi. Ckt.)	+ 1 day *

CONDITIONING

Add 3 days to standard interval.

*** PROJECT TREATMENT REQUIRED**

5/13/96

001865

OLEC-to-BELLSOUTH ORDERING GUIDELINES
RESALE

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OLEC-to-BELLSOUTH ORDERING GUIDELINES
RESALE

Confirmation of Service Request

After processing the OLEC service request, a Firm Order Confirmation (FOC) will be returned to the OLEC via facsimile. The confirmation will provide the BellSouth order number, the negotiated service due date, telephone numbers (as applicable to the service), and the BellSouth service representative name and telephone number. Additional service specific data may also be provided.

Note:

The FOC does not constitute, and is not, a guarantee that facilities are available. The committed due date is based on an assumption that facilities are available. If there is a post-FOC facility problem, the OLEC will be informed of the estimated service date. BellSouth will attempt to issue the FOC within 24 hours of receipt of a complete/correct service request.

Service Request Changes and Cancellations

BellSouth should be notified as soon as possible of any service request changes or cancellations. Early notification will allow adequate time to process the change and notify all affected departments. This will ensure the order properly reflects all requested service and appropriate billing.

Changes and cancellations should be submitted by facsimile. The Supplemental Local Service Request (SLSR) should have specific remarks identifying the desired action and/or changes.

Missed Appointments

If an appointment is missed for end user reasons, the LCSC will provide notification (see following page) to the OLEC via facsimile. (C)

The OLEC should enter a new requested due date on the notification form and return the form via facsimile to the LCSC. If a new due date is not provided within 14 calendar days, the original service order will be canceled.

Service Jeopardies

If it is determined, after the Firm Order Confirmation but prior to the due date, that a committed service date cannot be met for any reason, the OLEC will be notified promptly by a telephone call from the LCSC. (N)
(N)
(N)

If it is determined on the due date that the service cannot be provided on that date, the OLEC will be notified promptly by a telephone call from network personnel. (N)
(N)
(N)



Southern Region
Susan D. Ray
Local Service Negotiator

Room 12N04
Promenade II
1200 Peachtree St., NE
Atlanta, GA 30309
404-810-3123

May 17, 1996

Suzie Lavett
Lead Negotiator
Room E56
3535 Colonnade Parkway
Birmingham, AL 35243

Dear Suzie:

This letter is in reference to our "Rated" Information Service Provider requirement (part of the Account Maintenance "Rated/Unrated" requirement). In order to allow AT&T to make certain system modifications, we are requesting, as an interim basis, BellSouth to continue to bill Information Service Provider calls in the normal manner (including AT&T's Local Customer's calls) instead of sending AT&T this information in "rated" format. We will notify you when we are ready to receive the "rated" Information Service Provider usage.

Please let me know by May 24, 1996, if BellSouth will be able to accommodate this request.

Sincerely,

Susan D. Ray

001988

FAX

Date 5/17/96

Number of pages including cover sheet

TO: Pam Nelson
Phone 810-3100
Fax Phone 810-3131
Pls copy to: Cindy Clark (Letter)
Phone
Fax Phone
TO:
Phone
Fax Phone

FROM: Suzie Lavett
BellSouth
Telecommunications
Phone 404 529-7496, or
205 977-0104
Fax Phone 404 420-0031, or
205 977-0164

CC:

REMARKS: Urgent For your review Reply ASAP Please Comment

Attached are a the rated versus unrated matrix and the May 16, 1996, letter from Scott to Jim.

Have a good week-end!!

SL

Copy to :
- Andre
- Gwen

001859

EMR Field Study - Rated Vs. Unrated

Field Description	Changed in Rating?	Rated Value	Unrated value
From Number	*		
To Number	*		
Charge Amount	yes	calculated amount	zeros or spaces
Type of Regulation Ind.	no		
State Tax	yes	calculated amount	zeros or spaces
Local Tax	yes	calculated amount	zeros or spaces
Connect Time	no		
Billable Time	yes	can be changed to a minimum value	
Method of Recording	no		
Return Code	no		
From RAO	*		
Local Co. Information	no		
Rate Period	yes	set by rating	spaces
Rate Class	no		
Message Type	no		
Term. WATS Band	no		
Ind. 1-Coin/Hotel/OUTWATS	no		
Ind. 2-Credit Applied/Cust. Req. Recharge	no		
Ind. 3>Returns/Rebill	no		
Ind. 4-Other Place	no		
Ind. 5-ICS	yes	1 or 2	
Ind. 6-Tariff Applied/Rounding of Billable Time	yes	set by rating	
Ind. 7-CDAR Number/30+ Connect Time/OCP Data	no		
Ind. 8-Ser. No./Oper. Unit/Ras. Pt ID/ Lib. Phone No/Dept Ident/IC Serial No./ Oblig. ID present	no		
Ind. 9-Radio Services Originated	no		
Ind. 10-Radio Services Terminated	no		
Ind. 11-Billing No. Characteristics	yes	set by rating for OCPs?	
Ind. 12-Time and Charges/Element Overflow/Long Duration	no		
Ind. 13-Tax/Other Line Charge/ Unrated/ 800 Service	yes	1,2,3, or 4	5
Ind. 14-Record Revision	no		
Ind. 15-BCC/EC/IC orig	yes	1,2,3, or 4	0
Ind. 16-Part Charge/ Specialized Calling	no		
Ind. 17-Redirected Msg/ BVDB	no		

001570

1

Ind. 18-Multiple Rate Period/Attempts	yes	if applicable, rating acts	
Ind. 19-LATA Id.	yes	1	0
Ind. 20	no	0	0
Obligation ID	no		
Billing RAO	*		
Billing Number	*		
From Place	no		
To Place	**		
Library Code	no		
Settlement Code	no		3,6,8, or 9
CIC	no	0000	0000
Ind. 21-Equal Access Dialing Method	no		
Ind. 22-Recording Entity	no		
Ind. 23-Type Credit Call	no		
Ind. 24-Specialized Services	no		
Ind. 25	no		
Ind. 26	no		
Ind. 27-Tax Exempt	no		
Ind. 28	no		
Ind. 29-Other Billing Entity	no	0	0
Ind. 30	no	0	0

*These fields are changed in such cases as 2-way OCP and DataReach (in reverse bill situations, to and from information is swapped before Rating so they can be rated properly)

**This field is changed in such cases as 800, WATS, 2-way OCP, WATS, 800

THE ABOVE INFORMATION IS BASED ON AN INITIAL INVESTIGATION BY IT-CORE PROCESSES. IT IS NOT GUARANTEED TO BE CORRECT AND COMPLETE FOR ALL SCENARIOS.

001571

at home

5/17/96 Audix from Neil Brown 3:03 pm

This is Neil. I'm forwarding this message to a subset of the Leadership Team and Governance Team. I'm forwarding a message from Wayne Ellison, and Andre', if you would have it transcribed for the record, I think we would want to keep it. He actually called me at 1:45 pm, Wayne Ellison did, and tells me about a conversation he had with Frank Kolb. By the way, I have not heard from Suzie Lavett or Bob Scheye regarding what I faxed over there. Thanks.

Neil, this is Wayne. It's about 1:45 pm on Friday. Frank Kolb just called, well, he called about 1:45; it's about 2:00 now. Frank told me that they had reviewed the list of questions that I had proposed, the 8 supplemental questions, the requests for additional supporting data, and that he planned to give me responses to all of the questions that would be responsive to the data I sought, with the exception of manuals and prices for Fujitsu and Northern Telecom equipment, which he said they could not do because of proprietary agreements with those companies. Specifically what he said was that he would provide state-specific data for Louisiana on all the cost factors that I'd asked for. He would also provide some data that would be general in nature, apply to all the companies, but the bottom line was that each of the cost elements I'd asked for we would get some kind of data in order to evaluate those numbers, and then we could discuss it after I looked at it to see whether the questions I came up with when reviewing the data. He also mentioned that they were working on new cost studies, which they hope to have ready in time to file under some orders they have with Commissions in Louisiana, Tennessee and Florida. He didn't know whether those were going to be ready or not. I will write this all up and get it to you Monday. Thanks.

001872

*Electronic
Interface*



Mule

CSG Market Development

1200 Peachtree St.
Atlanta, GA 30309

May 20, 1996

Via Fax and Hand Delivery (fax: 205-977-0164)

Suzie Lavett
BellSouth
3535 Colonade Parkway, Room E5H1
Birmingham, AL 35243

Suzie:

This letter responds to your May 6 letter to me in which you requested clarification regarding AT&T's position concerning electronic bonding.

In a May 7, 1996 letter to Scott Schaefer, J. Carroll clearly describes that AT&T requires real-time electronic interfaces in order to provide customers with competitive service alternatives at parity with BellSouth. The letter further outlines AT&T's position regarding funding for electronic interfaces.

I have attached a copy of the May 7 letter from J. Carroll to S. Schaefer for your convenience.

Sincerely,

A handwritten signature in dark ink, appearing to read "P. Foster".

Preston Foster
AT&T Lead Negotiator

attachment

001873



William J. (Jim) Carroll
Vice President

May 7, 1996

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

Via hand Delivery and Facsimile

W. Scott Schaefer
Acting Vice President
InterConnection Services
BellSouth Telecommunications, Inc.

Dear Scott:

In your letter dated 4/30, you announced BellSouth's intention to move forward with an EDI implementation. Accordingly, we have aligned systems development resources from our companies and have scheduled two conference calls this week and a two-day meeting for next week. While I am encouraged by these steps forward, I find it necessary to again point out that your letter provides only a partial response to AT&T's request.

As you are aware, AT&T has requested real-time electronic interfaces and access to information and systems required to support all aspects of local services resale and unbundled elements, including but not limited to ordering, pre-ordering, provisioning, and maintenance. Real time interfaces are required to provide customers with competitive alternative service at parity with that of the incumbent LEC -- BellSouth, and is totally consistent with the letter and spirit of the Telecommunications Act of 1996. To date, we have not seen enough of the details regarding BellSouth's EDI plan to determine if it is satisfactory as more than an interim solution. Additionally, over the past months, AT&T has repeatedly stated its need to have these interfaces available by 7/1/96 in order to meet our market entry targets. Your letter proposes EDI availability in a timeframe which fails to meet AT&T's required availability date.

Accordingly, based on our current understanding of BellSouth's planned EDI implementation, your proposal falls short of meeting AT&T's requirements and further postpones the introduction of meaningful competition in the marketplace. As a result, we cannot unconditionally withdraw this issue from our petition before the Georgia Public Service Commission.

We would, however, be willing to withdraw this issue from our petition at the Georgia PSC upon full satisfaction of all the following conditions:

1. BellSouth agrees to provide real-time electronic interfaces in all nine states within the BellSouth territory.
2. These interfaces are made operational in Georgia by 7/1 and by 10/1, BellSouth and AT&T will agree to operational dates for the other eight states based on our experiences in Georgia relative to electronic interfaces.
3. BellSouth agrees to a 15% operational inefficiencies discount (as compared to AT&T's proposed 10% operational inefficiencies discount now pending at the Georgia PSC) until these interfaces are delivered, resulting in service parity.
4. All other terms and conditions relative to real-time electronic interfaces are fully negotiated, agreed to, and documented in writing by BellSouth and AT&T no later than 5/19, including AT&T's right to petition or otherwise complain to any state commission or court of competent

001574

jurisdiction regarding BellSouth's failure to meet any of the above conditions.

In addition to the foregoing, I also would like to clarify AT&T's position on several issues.

AT&T proposed EDI as an interim solution. AT&T recognizes that several approaches may result in the desired end of real-time access to information and systems. Although AT&T proposed EDI as one possible interim solution, other methods (including NDM) were also suggested. AT&T encouraged BellSouth to research any solution which would meet AT&T's needs and provided BellSouth with names of other companies who might share their experience in this regard.

Regarding the scope of the electronic interface development, AT&T agrees to the simultaneous development for resale and facilities-based only to the extent this would not jeopardize our operational dates for total services resale.

Regarding the timeline for delivery of BellSouth's EDI implementation, we have talked repeatedly about the need for a 7/1 completion date of full real time electronic interfaces; however, based on the process you describe, I believe availability of these interfaces will not occur until 90 days from 5/6. This timeline will make it unlikely that interim electronic interfaces will be available prior to August. AT&T continues to require 7/1 availability and has the resources required to meet this date. What we lack at present is your commitment to meet this date.

Regarding your expectation that AT&T support BellSouth's proposed EDI solution in the Operations and Billing Forum (OBF), at this time it is premature to determine if the proposed EDI solution will meet AT&T's long term needs. However, as we more fully understand BellSouth's proposal, AT&T remains willing to advocate standards which are in the interests of both AT&T and BellSouth at this and other industry forums, both for interim as well as long term standards.

Finally, in connection with any costs associated with the development of electronic interfaces, it has been AT&T's experience and expectation that BellSouth would achieve such significant operational efficiencies as a result of this development (as compared to manual operations), and that development costs would be nominal. Accordingly, any such costs should be funded by BellSouth. If it is determined that development costs are significant, these costs should be borne by the industry because all will benefit from the development of these interfaces and the resultant competition. It would not be acceptable for BellSouth to "net" these development costs against avoided cost discount.

I hope the foregoing is helpful regarding the issues surrounding electronic interfaces. I look forward to discussing these issues in more detail when we meet this afternoon.

Sincerely,



William J. Carroll

cc: C. Coe

001875

W. J. Carroll
TN Tennessee



William J. (Jim) Carroll
Vice President

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

May 20, 1996

Via Hand Delivery

Mr. Charles B. Coe
BellSouth Telecommunications, Inc.
Suite 4514
675 W. Peachtree Street, NE
Atlanta, GA 30375

Dear Charlie:

This letter is in response to Scott Schaefer's correspondence of May 16, 1996, concerning BellSouth's refusal to process service order requests in connection with AT&T's market entry and operational test in Tennessee.

In June, 1995, the Tennessee Code was amended to permit competition in all telecommunications markets. Rules adopted by the Public Service Commission on December 19, 1995 and reaffirmed on April 30, 1996 set forth the Commission's policy for implementing the new law. In order to facilitate competition in the local telecommunications market, Rule 1220-4-8-.11 requires BellSouth to make all of its service offerings available for resale. This rule also provides for the resale of local services at an interim discount rate of 25% off tariffed rates (Rule 1220-4-8-.11(b)).

It is our intent to implement the Commission's policy and the spirit of the rules by moving forward to bring the benefits of competition to the consumers of Tennessee without further delay as contemplated by the legislature. The rules have been adopted by the Tennessee Public Service Commission and are pending review by the Attorney General's office. It has been the practice of the Commission to allow regulated companies to operate under rules that it has adopted pending Attorney General review and publication in the Official Registry of the Secretary of State's office.

001876

AT&T is conducting this trial pursuant to Rule 1220-4-8-.11 and not the Telecommunications Act of 1996. Thus, AT&T fully expects BellSouth to make its local exchange services available for resale in accordance with that rule, including the 25% interim discount. An interconnection agreement under the Telecommunications Act of 1996, approved by the Tennessee Public Service Commission, is not a prerequisite for purposes of this trial.

BellSouth also expressed a concern about the provision of resold local exchange and interexchange long distance services by AT&T and the potential conflict with section 271(e) of the Telecommunications Act of 1996. AT&T recognizes its duty under section 271(e) and a similar provision under Rule 1220-4-8-.11(3) of the Tennessee Rules prohibiting the joint marketing of services. I can assure you that AT&T will provide all of its services in accordance with all applicable provisions of law and Commission rules.

I am encouraged that BellSouth is pleased that AT&T is beginning its market entry and operational test and that BellSouth welcomes our entry into the local market. BellSouth's desire to assist in the development of a truly competitive local exchange market can best be demonstrated by BellSouth removing existing barriers to entry rather than creating new ones. Consequently, I am requesting that BellSouth, within the spirit and intent of Tennessee law and Commission Rule 1220-4-8-.11, immediately begin processing the service order requests submitted by AT&T on May 15, 1996.



cc: S. Schaefer

001877

May 20, 1996

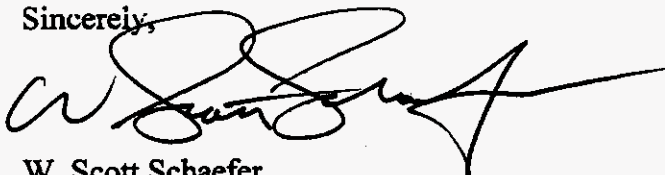
Mr. William J. Carroll
Vice President
Room 4170
1200 Peachtree St., NE
Atlanta, Georgia 30309

Dear Jim:

On Friday, AT&T raised some concerns over BellSouth's commitment to meet on pricing/costing matters in a letter from Neil Brown to Suzie Lavett and Bob Scheye. BellSouth had provided a pricing list for unbundled features last week which we thought would be discussed this week if necessary. However, we received a fairly lengthy document back asking for cost studies and rationale for a large number of additional items. Rather than have our resources working toward producing volumes of cost studies, it would seem that we need to determine if there is a meeting of the minds over what is a reasonable set of unbundled features.

BellSouth believes the list we provided represents a good basis for discussions relative to unbundling. BellSouth recommends focusing discussions on the BellSouth list as a way of gaining initial agreement and speeding AT&T's entry into this market. Subsequent to the initial agreement, both companies would then discuss additional points of unbundling as to technical feasibility and price. I look forward to discussing this approach in our Thursday meeting.

Sincerely,



W. Scott Schaefer
Vice President - Marketing
InterConnection Sales

cc: Neil Brown - AT&T
Suzie Lavett - BellSouth
Bob Scheye - BellSouth

001878

MAY 24 1996

*Original to Huber for file
CT Given for file*

FAX

Date 05/20/96

Number of pages including cover sheet

TO: Pam Nelson

Phone 404 810-3100

Fax Phone 404 810-3131

FROM: Suzie Lavett
BellSouth
Telecommunications

Phone 404 529-7496 or

205 977-0104

Fax Phone FAX #: 404 529-7496, or

205 977-0164

CC:

REMARKS: Urgent For your review Reply ASAP Please Comment

Issue 6, LOA

BellSouth will accept AT&T's service orders under a blanketed Letter of Authorization. In the pre-order environment, BellSouth will release customer account information to AT&T under a Letter of Agency or to the end user on a three-way call with AT&T.

Issue 7, Privacy of end user records:

In order for BST to adequately deal with questions from either the local service providers or their customers, or service problems that may arise, certain BST employees should have the ability to access and "end user" customer records that BST maintains. However, BST will restrict record access in certain work groups to ensure that any potential of even the appearance of records privacy violation be avoided. Consequently, record restriction procedures are being implemented as follows:

End user center access must be blocked except that negotiation systems (RNS, DOE and SONGS) must allow transactions to format disconnect orders. With the exception of disconnect orders, account restrictions will be ^{nc} handled similar to CPNI. Additionally, access ^{to} the customer records system (BOCRIS) will be restricted. When a center employee attempts to access a reseller's end user record, a response will appear on the BOCRIS Message Line - "OLEC Restricted Account - Rnnnn" - where Rnnnn is the Reseller Operating Company Number (OCN). This code can then be used by the employee to obtain the OLEC name and contact number in the event it is needed to refer an end user to their actual service provider.

BellSouth Telecommunications, Inc.

May 20, 1996

Cindy Clark
AT&T
Room 12W47 Promenade II
1200 Peachtree St., NE
Atlanta, Georgia 30309

Post-It™ brand fax transmittal memo 7671 # of pages 3

To	Cindy Clark	From	Beth Carnes
Co.	AT&T	Co.	BST
Dept.		Phone #	404 529-0288
Fax #	404 810 3319	Fax #	404 522 7570

Dear Cindy,

In our May 3, 1996, provisioning meeting, Suzie Lavett made a commitment for BellSouth to provide you with a description of our I&M (Installation and Maintenance) Procedures for installing and Repairing Reseller Lines. This description was in lieu of a copy of the actual procedures, since the training material is proprietary and requested, "to make you feel warm and fuzzy" about our training curriculum for the I&M forces.

Following is an outline of the actual I&M (Installation and Maintenance) Procedures for Installing and Repairing Reseller Lines:

Definitions

Reseller Company
Facility Based Carrier

This section of the training material is to educate the I&M forces that we are entering into a competitive environment with two types of OLECs (Other Local Exchange Carriers) and the distinguishable differences between the two.

For example: "A Reseller leases lines from BellSouth (1FR and 1FB, etc.) and resells the total service to their end user".
"A Facility Based Carrier has their own network and switching systems".



Introduction

This section of the training material is to explain the purpose of the training.

For example: "Any procedures for dealing with Resellers that are not covered will not be any different from the procedures we use for our customers today" and "Our approach in this endeavor is not only non-discriminatory, it also minimizes the impact on our I&M operations.

Identifying Reseller's Lines on Service Orders in LMOS

Identifying Trouble Reports on Reseller's Lines in LMOS

Identifying Reseller's Lines on Service Orders in WFA

Identifying Trouble Reports on Reseller's Lines in WFA

These four (4) sections of the training material explain "what" will be on the work request and "where" to find the information that will identify the work request as a Reseller. This is so that the Technician will know who can authorize additional work and how and when time and material quotes are required.

Self Identification of Service Technicians to Reseller's Customer

This section of the training is to educate the Technicians as to how to identify themselves to the End User Customer.

For example: "I am (name). I am a BellSouth employee, but I am here at the request of (Reseller name) to install/repair your telephone line.

Tariffed Charges Normally Billed to the End User Customer

This section of the training is to educate the Technicians as to who is billed for all applicable charges.

001981

Trouble Determination on Reseller's Line

This section of the training is to reinforce the existing procedures and to reiterate that our tariffs differ from state to state. This section of the training also points out the difference as to who is billed for the work and that difference is that billing will be to the Reseller.

Billing Reseller

Trouble Determination Charges
Tariffed Rearrangement Work
Detariffed installation and Rearrangement Work

This section of the training is to educate the Technicians as to authorization requirements for the work, who is billed for the work, time and material quote requirements and the appropriate forms to be completed for proper billing.

Notification to Reseller's End User Customer when working on a Service Order or a Trouble Report.

This section of the training is to educate the Technicians as to what and how to communicate to the End User and the application of the generic "No Access Card".

Notification to Reseller when working on an End User Service Order or a Trouble Report.

This section of the training is to educate the Technicians as to notification and quotation of applicable charges requirements.

Should you need clarification or have any concerns, don't hesitate to call me at 404-529-0088.

Beth Carnes

001882

TU
Miss
TSM

5/17/96
Andre - up
copy as requested



Sylvia E. Anderson
Chief Commercial Counsel
Southern Region

Promenade I
1200 Peachtree Street, N.E.
Atlanta, GA 30309
404 810-8070
FAX: 404 810-8629

May 20, 1996

**SENT VIA FAX
ORIGINAL U.S. MAIL**

Ms. Mary Jo Peed
General Attorney
BellSouth Telecommunications, Inc.
675 West Peachtree Street, Suite 4300
Atlanta, GA 30375-0001

Dear Mary Jo:

This responds to your letter dated May 16, 1996, setting forth a proposal to resolve the issue raised in AT&T's mediation request in Tennessee.

Before responding to your specific proposal, I need to point out several statements in your letter that are inaccurate and misleading. First, your statement that "BellSouth agreed to sign the confidentiality agreement proposed by AT&T without any of the changes proposed by BellSouth" is simply false. Without going into detail, you and I both are aware that BellSouth proposed some changes to the agreement offered by AT&T and many of those changes were incorporated. Second, your statement that the "confidentiality agreement has been a major obstacle in the free flow of information" since AT&T has refused to separate the negotiations from any related proceeding is inaccurate. The confidentiality agreement has not been the obstacle; BellSouth has been the obstacle. Indeed, your letter illustrates this--you cite BellSouth's relevance objections to providing this information. Relevance has nothing to do with confidentiality. This appears to be just another instance of BellSouth's trying to limit disclosure of information considered during negotiations from State commissions. As I pointed out to you early in our negotiations, AT&T will not accept BellSouth's proposal to treat shared documents separately for negotiations and for any related proceeding. The effect of BellSouth's proposal would be to restrict the State commissions, in any related proceeding, from receiving relevant documentation concerning the negotiations, a result contrary to Section 252 (b) (2) of the Act. AT&T sees no reason to limit State commissioners' access to relevant documentation and the confidentiality agreement addresses any concerns you may have in terms of protecting confidential information produced in a related proceeding by requiring the entry of a protective order.

001083

Ms. Mary Jo Peed

Page 2

May 20, 1996

As to your solution to the mediation issue, AT&T is not inclined to enter into a separate nondisclosure agreement; two agreements covering the same process would be administratively cumbersome and confusing. Instead, we would agree, pursuant to the existing confidentiality agreement, to limit access to the specific documents responsive to Data Request No. 1 (Item #1, TSLRIC or LRIC and Item #3, all other cost studies) to those individuals with a "need to know" initially as listed below:

Counsel
Neil Brown
Wayne Ellison
Mike Guedel
Mike Harper
Art Lerma
Pat McFarland

In return, upon receipt of the documents responsive to Data Request No. 1, AT&T would withdraw its request for mediation.

Please let me know if the above is acceptable to BellSouth.

Sincerely,



Sylvia E. Anderson

sea/sgc

cc: AT&T Leadership Team

AT&T Core Team

Hank Anthony, General Attorney, BellSouth Telecommunications, Inc.

001084

Handwritten notes: "done" and "5/21/96"



William J. (Jim) Carroll
Vice President

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

May 21, 1996

Via Fax and U.S. Mail

Mr. Charles B. Coe
BellSouth Telecommunications, Inc.
Suite 4514
675 W. Peachtree Street, NE
Atlanta, GA 30375

Dear Charlie:

We had agreed that our work on Cost/Price would be pursued in parallel with our work on services and network operations for Total Services Resale and Unbundled Network Elements. We have encountered numerous delays and have made little progress to date. After much delay, as you know, we are currently pursuing mediation in Tennessee. BellSouth is causing further delay in meeting our needs for data to negotiate cost-based, nondiscriminatory prices.

Late last week, both your lead Core team negotiator and your lead Cost team negotiator notified Neil Brown that they would not attend today's Cost/Price meeting. Mr. Scheye did commit to have the meeting covered by someone who could speak to the issues that AT&T would identify. In response, Neil sent Suzy Lavett and Bob Scheye a detailed agenda which identified those issues (Attachment 1). Additionally, on Friday of last week, Mary Jo Peed assured Sylvia Anderson that the appropriate individual (s) from BellSouth would attend today's 8:30 a.m. Cost/Price meeting.

Late yesterday afternoon Scott Schaefer faxed me a letter regarding the agenda (Attachment 2). Mr. Schaefer is correct that we did intend to discuss Mr. Scheye's proposed price list for Unbundled Network Elements ("UNEs") at today's 8:30 AM Cost/Price meeting. We had the appropriate technical experts assembled to do just that.

However at 8:30 AM this morning, only Quinton Sanders from your AT&T Account Team showed up. None of your Subject Matter Experts ("SMEs") who could talk to the issues on the agenda accompanied him. Quinton said that he was not sure if Suzy Lavett was coming but that he knew Bob Scheye was coming. Neil Brown informed Quinton that both Suzy and Bob had told him that they would not attend but Bob promised to send the appropriate SMEs. This has had the doubly damaging impact of getting AT&T to waste time preparing for the meeting and waste more time awaiting their arrival.

In addition, it is not correct to suggest that Neil's letter was asking for anything new. On March 28, 1996, our Core team submitted detailed descriptions of AT&T's requirements for UNEs. On April 4, 1996, our Cost/Price team delivered detailed descriptions of our requirements for underlying cost data which would support pricing proposals for UNEs.

001985

Suzie Lavett had committed to provide a list of supporting cost studies underlying your UNE proposal, as well as where and when these studies would be available for AT&T's review. This commitment had been made at both a Cost/Price team meeting and at a Core team meeting. It continues to puzzle me that BellSouth would expect anything less than AT&T's expectation to review and question any and all cost studies upon which negotiations for "cost-based, nondiscriminatory rates" will be based.

In fact, BellSouth committed to deliver certain cost studies and status reports at today's Cost meeting and has failed to meet that commitment.

Mr. Schaefer is also correct that your pricing proposal could be a basis for beginning price discussions if, and only if, that proposal is accompanied by the supporting cost studies. As to the technical feasibility of AT&T's proposed UNEs, that is a issue on which I hope we will reach closure.

I would appreciate your support.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Jim Carroll".

Jim Carroll

Cc: Neil Brown - AT&T
Suzie Lavett - BellSouth
Bob Scheye - BellSouth
Scott Schaefer - BellSouth

001025

May 17, 1996

Via Fax to:
Ms. Suzie Lavett
Mr. Bob Scheye

Dear Suzy and Bob:

Attached is a detailed Agenda and back-up attachments for Tuesday's Cost/Price meeting. If you have questions on the last attachment, please call Wayne Ellison on 404-810-8068. On all other matters, please call me.

I am concerned by what appears to me that BellSouth is not sufficiently committed to the negotiations process to meet regularly at the weekly, scheduled Cost/Price meetings. Last week when Bob said he would not be available and Suzy requested that we use a conference call to save her from having to spend an extra day in Atlanta, I agreed. Then Suzy was unavailable for the call and we traded voice-mail messages. Now I have been informed that neither of you are available for next Tuesday's meeting and that Bob will not be available until June because of the need to prepare for Tennessee hearings.

AT&T also has to prepare for Tennessee hearings; and those involved are having to split their time between these two efforts, but that does not limit our commitment to negotiate. The failure to allocate appropriate resources to properly support the negotiations effort is just another complication on top of the issue raised in our request for mediation and further delays reaching agreement on pricing issues.

Please advise me as to how BellSouth proposes to address these concerns. I await your call.

Sincerely yours,

Attachments

001887

AT&T/ BELLSOUTH COST/PRICE MEETING
MAY 21, 1996 - 8:30 AM and 10:30 AM
- 1200 PEACHTREE ST, NE, ATLANTA, GEORGIA 30309

AT&T: N. Brown, M. Guedel, M. Harper, W. Ellison, A. Lerma, M. Lemler

BellSouth: Bob Scheye and Suzie Lavett have reported that they are unable to attend. Bob Scheye has stated he cannot attend again before June.

THE WEEKLY COST MEETINGS HAVE BEEN SCHEDULED FOR EACH TUESDAY AT 8:30 AM UNLESS BOTH PARTIES AGREE TO AN ALTERNATE DAY/TIME. NOT HAVING THE RIGHT PEOPLE PRESENT CONSTITUTES UNACCEPTABLE DELAY. AT&T IS CONCERNED THAT BELLSOUTH IS UNABLE TO PROVIDE FULL-TIME, QUALIFIED NEGOTIATORS AT WEEKLY MEETINGS, AS SCHEDULED, AND WHEN ATTENDANCE IS UNEXPECTEDLY CANCELED.

Marc Cathey and Jim Brinkley are scheduled to attend the 10:30 AM meeting on Access

FINAL AGENDA

8:30 AM - Non-Access Discussions

- **Conflicting NRC Positions (See Attachments 1,2, and 3 - Refer Questions to Neil Brown on 810-7269)** Brown/Lavett
- **Detailed Discussion on Bob Scheye's Price Proposal for UNEs - (See Attachment 4 - Refer Questions to Wayne Ellison on 810-8068)** Ellison/Guedel
- **List of Cost Studies Completed & Available i/c/w UNE proposal** Suzie Lavett
- **Data Requests Expanded to Include All States Where Negotiations Initiated - Delivery Expected by AT&T** Suzie Lavett
- **Request Cost-Based Price Proposal for PLOC Charge at 5/21 Meeting** Lavett/Scheye
- **Next Meeting:**
Tuesday, May 28 Meeting: 8:30 AM Non-Access Discussions All

10:30 AM Access Discussions
Access/Interconnection/USF

All AT&T
Cathey/Brinkley

001928

May 20, 1996


Mr. William J. Carroll
Vice President
Room 4170
1200 Peachtree St., NE
Atlanta, Georgia 30309

Dear Jim:

On Friday, AT&T raised some concerns over BellSouth's commitment to meet on pricing/costing matters in a letter from Neil Brown to Suzie Lavett and Bob Scheye. BellSouth had provided a pricing list for unbundled features last week which we thought would be discussed this week if necessary. However, we received a fairly lengthy document back asking for cost studies and rationale for a large number of additional items. Rather than have our resources working toward producing volumes of cost studies, it would seem that we need to determine if there is a meeting of the minds over what is a reasonable set of unbundled features.

BellSouth believes the list we provided represents a good basis for discussions relative to unbundling. BellSouth recommends focusing discussions on the BellSouth list as a way of gaining initial agreement and speeding AT&T's entry into this market. Subsequent to the initial agreement, both companies would then discuss additional points of unbundling as to technical feasibility and price. I look forward to discussing this approach in our Thursday meeting.

Sincerely,



W. Scott Schaefer
Vice President - Marketing
InterConnection Sales

cc: Neil Brown - AT&T
Suzie Lavett - BellSouth
Bob Scheye - BellSouth

001829



William J. (Jim) Carroll
Vice President

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

May 21, 1996

Via Facsimile and Hand Delivery

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

Dear Scott:

This letter requests that BellSouth provide AT&T with detailed information which will allow AT&T to determine with certainty:

1. any services which BellSouth proposes to restrict from resale and which are not described in the Louisiana tariff.
2. the scope of services excluded from resale as identified by the Louisiana tariff and BellSouth in response to 1 above.

AT&T again requests that BellSouth provide a comprehensive list of services excluded from resale on a state by state basis. Because BellSouth has repeatedly changed its position on which services are excluded from resale, it is becoming increasingly difficult for AT&T to proceed with any resale business plans. Following are a few examples of BellSouth's actions which prevent AT&T from gaining a clear understanding of the services BellSouth intends to make available for resale.

1. During the 3/12 executive meeting C. Coe indicated that all services would be made available for resale, with the exception of Contract Service Arrangements. However, during subsequent Core Team meetings, BellSouth informed AT&T that the list of excluded services had grown to include, among others, Grandfathered Services, Contract Service Arrangements, Special Assemblies, Promotional rates, etc.
2. During the 3/28 Core Team Meeting, AT&T requested itemized state specific lists of services available for resale, along with proposed wholesale prices. BellSouth responded with a letter stating that the wholesale discounts for business and consumer services in Georgia would be 9% and 11% respectively. When AT&T asked if this response implied that all services were, in fact, available for resale, BellSouth responded that they were not without further explanation.
3. Subsequently, AT&T requested, and BellSouth agreed, to provide an explicit list of services excluded from resale. However, BellSouth failed to produce such a list and, instead, referred AT&T to BellSouth's "Louisiana Tariff".

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4. In a 4/18 memo to Preston Foster, BellSouth informed AT&T that both Contract Service Arrangements and Special Assemblies would not be available for resale. However, when we reviewed the Louisiana Tariff, which BellSouth stated would be representative of services available for resale within the region, there was no mention of the exclusion of Special Assemblies.
5. A significant part of our Executive meetings on May 7, 1996 and May 14, 1996 was devoted to the subject of which services are available for resale. I think you would agree that we left that meeting with the understanding that much more clarity needs to be provided by BellSouth in order to develop win-win solutions.

In addition to the foregoing, our review of the Louisiana Tariff reflects that there are enough unique Louisiana state-specific service offerings so as to create uncertainty as to what is actually available for resale in other states. (i.e.: Louisiana Education Discount Program)

As you know, Section 251(c)(4)(A) of the Act requires local exchange carriers "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)(B) flatly prohibits local exchange carriers from imposing "unreasonable or discriminatory conditions or limitations" upon "the resale of such telecommunications services." In enacting these provisions, Congress clearly recognized that commercially viable resale opportunities are vital to the development of competition in the local exchange.

Resale opportunities are critically important to AT&T, both as a means quickly to bring at least some of the benefits of competition to consumers and as a springboard to facilities-based entry. Resellers utilize many of their own inputs, including customer service and end-user billing and marketing, to meet customer demand, and these inputs may be provided more efficiently by resellers than local exchange carriers. More fundamentally, resale enables competitors such as AT&T to establish a presence in the market and begin to win customers.

Scott, to better understand the scope of any restrictions or limitations on resale proposed by BellSouth, please provide listings of all services available (and excluded) from resale for the states in which negotiations have commenced. These lists will assist us in identifying any unique state-specific services which may not exist in Louisiana, and would, therefore, not be addressed in the Louisiana tariff. Given the events to date, nothing short of a comprehensive detailed list will provide the clarity required for us to proceed with our resale business plans. Such clarity is required if we are to achieve our goal of substantially completing Total Services Resale negotiations by 6/1.

Additionally, as requested on May 7, 1996 and again on May 14, 1996, AT&T requires assistance in quantifying the scope of the services which BellSouth identifies in the Louisiana tariff as being excluded from the Total Services Resale market. Because we have not yet received data which quantifies the market segments being excluded from resale, we are providing a detailed list of items requested. This information will enable us to understand potential solutions, to ensure a level playing field in the market, and to ensure that customers may exercise their choice of local provider without the restrictions created in the monopoly market.

For the items excluded from resale by each state, we would like for you to provide:

Grandfathered/Obsoleted Services *

List of services, date obsolete, and replacement service, if any
Current revenue for each service
Number of customers for each service

Link-up/Lifeline

Amount of revenue
Number of customers
Number of lines
Sources and amounts of funding for program

N11, 911, E911

Amount of revenue by service
Number of customers by service
Number of lines by service
Amount/% of discount off list retail by service

* In addition to providing quantification of Grandfathered/Obsoleted services data for all BellSouth states, as requested on May 14, 1996, we are seeking verification that the Georgia data we provided you on May 14, 1996 is accurate.

Contract Service Arrangements

Services included (i.e.: ESSX, 800, etc.) and % revenue share of all CSAs

Number of CSA contracts
Amount of CSA revenue
Number of CSA customers
Amount/% of discount off list retail

Special Billing Arrangements (SBA)

Services included (i.e.: ESSX, 800, etc.) and % revenue share of all SBAs

Number of SBAs
Amount of SBA revenue
Number of SBA customers
Amount/% of discount off list retail

Educational Discount Program

Amount of revenue
Number of customers
Amount/% of discount off list retail

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Promotional Rates

Examples of promotion types; services included
Number per year; term
Amount/% revenue off list retail

Installment Billing

Number customers utilizing this feature in 1994 and 1995, by year
Amount of "deferred" installment billing in 1994 and 1995, by year

Centrex

Although Centrex is not explicitly excluded from resale, certain restrictions/prohibitions do exist in some retail tariffs which limit or prevent resale by resellers. Please clarify whether such restrictions and prohibitions will continue, or whether resellers will be provided unrestricted access to non-Grandfathered Centrex services. If these restrictions will continue, provide a description of the limited/restricted Centrex services, the amount of "restricted" (non-Grandfathered) Centrex revenue, and the number of customers.

Please also provide this information on any other services which may not be explicitly excluded from resale but which have restrictions which prevent resale by resellers.

For the items for which BellSouth proposes no discount (Non-recurring charges, Pass Through Charges, and Taxes), it is our understanding that these are not stand alone offerings and are instead associated with particular services. In some cases, AT&T believes that discussions regarding avoided cost are appropriate while other items require further clarification. These discussions/clarifications should occur during the Cost/Price Team meetings.

Thank you for your assistance.

Regards,



William J. Carroll

001893

4/22
+
Exec Int



William J. (Jim) Carroll
Vice President

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

May 21, 1996

VIA HAND DELIVERY AND FACSIMILE

Mr. F. D. Ackerman
BellSouth Corporation
1155 Peachtree Street, NE
Room 2010
Atlanta, GA 30309

Dear Duane:

This letter is in response to Scott Schaefer's letter of May 16, 1996, regarding electronic interfaces.

BellSouth has delayed committing to provide the electronic interfaces that are necessary to be a world class supplier of its largest customer. BellSouth continues to look at this issue from the monopolistic position of maintaining revenue requirements rather than from the competitive position of filling competitive needs. It took BellSouth over six months to begin actively considering providing electronic interfaces, all the while maintaining that "fax interface is immediately available, thus facilitating AT&T's immediate entry into the local exchange reseller market." As we have repeatedly advised, a fax interface is simply unacceptable from a parity and competitive perspective. Now after these many months, BellSouth is requesting AT&T put forth a proposal on how BellSouth should recover its development costs for electronic interfaces. We consider this yet another attempt by BellSouth to further delay AT&T's market entry and meaningful negotiations, particularly in view of the position that BellSouth will not move forward on the design phase for electronic interfaces until the cost issue is resolved.

It is BellSouth's obligation under Section 251 (c) (4) of the Telecommunications Act of 1996 to offer services for resale that are provided free of "unreasonable or discriminatory conditions or limitations." At a minimum, this means that a local exchange carrier cannot discriminate against resellers and in favor of its own retail operations. The nondiscrimination standard is straightforward. A local exchange carrier must take all reasonable steps to make available operational interfaces which ensure that the service provided to resellers will be at parity with that which the local exchange carrier provides to its own retail operations. Such interfaces are as important for resale as they are when new entrants purchase unbundled network elements.

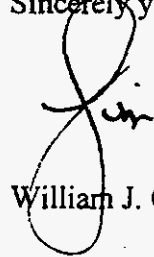
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With respect to BellSouth recovering its development costs for electronic interfaces, AT&T is in no position to put any proposal on the table until we know the magnitude of these costs. We simply can't make a recommendation when we're still in the dark. After we get a sizing and specificity of the costs, then we'll make a proposal. In the meantime, please understand we believe an industry wide, nondiscriminatory, TSLRC based approach may be something for us to discuss. We can't even commit to this, however, without further information from BellSouth.

To further clarify our discussion, you are wrong in asserting that AT&T is the only reseller insisting upon electronic interfaces. As BellSouth is well aware, in Georgia and other state regulatory proceedings, MCI and others have also requested electronic interfaces.

In closing, please assure me of your commitment to providing electronic interfaces.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'W. J. Carroll', written over a large, stylized loop.

William J. Carroll

cc: J. Drummond
C. Coe
S. Schaefer

001895

BAPCO

5-21-96

19 pages

Kathy Taber
AT&T

Kathy,

I am forwarding several of the items discussed in the voice mails that we have been trading back and forth. Let me say that we are on track for the Wednesday conference call.

With regard to the request from Kirk to provide a mechanized version of the central office and directory table, we will be able to provide a mechanized feed. I am not sure what the cost would be since it will involve a small system change but I am sure it can be worked out.

I am attaching a copy of the organization chart to include the other A&P companies reporting to Mr. Perozzi.

The non disclosure agreement and the draft contract are also in the attached and I hope that we can get agreement on both.

The billing chart which I drew on the easel has been transferred to paper to capture the discussions held last meeting.

Finally, I have attached a document we have recently compiled regarding the call guide pages and including cost of three different size directories. The listing package that we discussed will still be several more weeks.

During our next week session perhaps we can continue to forward some of the other items discussed.

Rook



001895

MUTUAL NONDISCLOSURE AGREEMENT

THIS NONDISCLOSURE AGREEMENT is made by and between BellSouth Advertising & Publishing Corporation, a Georgia corporation, ("BAPCO"), and AT&T Corporation (the "Company"), a New York corporation, effective as of May 14, 1996. The parties agree as follows:

1. Project Defined. Each party may receive from the other party information of a non-public nature for use by each party and its officers, directors, agents, employees and representatives, including financial and legal advisers (collectively, "Representatives") in connection with negotiations (the "Purpose") relating to a possible Agreement relating to publishing of listing and related information (the "Project").

2. Information Defined. The parties acknowledge that, in the course of their discussions relating to the Project, each party may receive certain private and proprietary information from or about the other party or its affiliates, including but not limited to technical, financial or business plans and models, names of customers or partners, proposed business deals, reports, market projections, software programs, data or any other private and proprietary information relating to the Project which may include certain trade secrets. Information conveyed orally shall be designated as proprietary or confidential at the time of such oral conveyance and shall be reduced to writing within thirty (30) days. The term "Information" as used herein also includes: (i) the fact that the Information has been made available to the receiving party; (ii) the fact that such discussions are taking place concerning the Project; and (iii) any of the terms, conditions or other facts with respect to the Project or other related transactions, including the status thereof. Any information supplied by either party to the other prior to the execution of this Agreement shall be subject to the same treatment as the Information made available after the execution of this Agreement.

3. Exclusions from Definition. The term "Information" as used herein does not include any data or information: (a) which is already known to the receiving party at the time it is disclosed to the receiving party; or (b) which before being divulged by the receiving party: (i) has become generally known to the public through no wrongful act of the receiving party; (ii) has been rightfully received by the receiving party from a third party without restriction on disclosure and without, to the knowledge of the receiving party, a breach of an obligation of confidentiality running directly or indirectly to the other party hereto; (iii) has been approved for release by a written authorization by the other party hereto; (iv) is required to be disclosed by operation of law pursuant to Section 6 below; or (v) is independently developed by the receiving party without use, directly or indirectly, of the Information received from the other party hereto.

4. Nondisclosure Obligation. Each party receiving any Information shall keep such information confidential and shall not disclose such Information, in whole or in part, to any person other than its Representatives who need to know such Information in connection with the Purpose except with the prior written consent of the other party hereto or as otherwise permitted hereunder. Representatives shall be informed by the receiving party of the confidential nature of the Information and shall be required by the receiving party to agree to be bound by this Agreement. The Information shall be used by the receiving party solely for the Purpose in connection with the Project, and shall not be otherwise used for the receiving party's own benefit, or for any purpose detrimental to the disclosing party.

Neither party shall modify or manufacture any products or systems provided by the other party hereunder, or reverse assemble, reverse engineer, decompile or otherwise attempt to derive source code from any software contained in such products or systems or otherwise provided by the other party hereunder. Notwithstanding the above, nothing herein shall be considered a representation or warranty that similar development or evaluation efforts are not being performed by either party simultaneously or that the Project contemplated by this Agreement is exclusive as between the parties.

5. Standard of Protection. The party receiving any Information shall use efforts commensurate with those that such party employs for the protection of corresponding sensitive information of its own, and the receiving

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, 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 customer guide information in 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. **INDEMNITY.** 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,

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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 directories issued (or with an effective Advertising Billing Date) prior to December 31, 1997.

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 of 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.

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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**

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OPTIONAL PARAGRAPHS

(g) BAPCO will not provide information obtained from CARRIER concerning its subscribers to other local exchange telephone service providers, except as may be required in relation to publishing of Directories or as may be permitted by CARRIER for directory assistance or other purposes.

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Where Billable Items Appear for Customers

BST Bill

All items plus the Yellow Pages
total amount appear on BST bill.

	<u>White Pages</u>	<u>Yellow Pages</u>
Residence	Business	
* Foreign Listings	* Foreign Listings	All
* Additional Listings	* Additional Listings	
* Designer Listings	Advertising (Bold, Logo, etc.)	

* Tariff items

AT&T Bill

	<u>White Pages</u>	<u>Yellow Pages</u>
Residence	Business	
* Foreign Listings	* Foreign Listings	All
* Additional Listings	* Additional Listings	
* Designer Listings	Advertising (Bold, Logo, etc.)	

↓
BAPCO bill

001905

**BellSouth Advertising & Publishing
Corporation**

Call Guide Pages Information

for

Local Exchange Carriers

May 20, 1996

001906

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BellSouth Advertising & Publishing Corporation

Call Guide Pages Information

for

Local Exchange Carriers

General Description

All BellSouth Advertising & Publishing Corporation (BAPCO) White Pages directories published in the nine southeastern states contain Customer Call Guide Pages. The Call Guide Pages provide information to customers that is considered helpful in communicating in the local market and also information that is required by the state Public Service Commissions.

The general information areas listed below will appear as appropriate in the Call Guide Pages

Call Guide Pages General Information

- ◆ 911/Emergency Information
- ◆ Table of contents (Includes information about the cover)
- ◆ Information about the Publisher(BAPCO)
- ◆ Establishing phone service(For all Local Exchange Carriers)
- ◆ Repair Numbers(For All Local Exchange Carriers)
- ◆ Billing Information(for All Local Exchange Carriers)
- ◆ Information for customers with disabilities
- ◆ Directory & Operator Services/900 & 976 Services
- ◆ U. S. Area Codes/Time Zone Maps
- ◆ Directory Coverage Map/Zip Codes
- ◆ Local Calling Instructions
- ◆ Long Distance Calling/Equal Access/International Calling
- ◆ International Calling Codes
- ◆ Need to Know information(Not an Exhaustive List)
 - o Call before you dig
 - o Call Blocking/Blocking calls to area code 900 numbers
 - o Credit for Loss of Service
 - o Wiretapping
 - o Obscene or harrassing calls
 - o Inside Wiring

- o No telephone sales calls
- o Call tracing
- o Other utilities

The information listed above is generic for the directory market area. Information that is provided on the Local Exchange Carriers, Establishing Service, Billing and Repair will be included at no charge where the LEC is licensed to provide service. The LECs must have completed, properly executed, and have on file with BST or BAPCO the following documents to be eligible for inclusion in the Call Guide Pages:

- ◆ Interconnection agreement with Bellsouth Telecommunications(BST)
- ◆ Proof of PSC/PUC Certification
- ◆ Proof of Tax Exempt status(If Applicable)
- ◆ Operating Company Number(OCN)
- ◆ ACNA and CIC code
- ◆ Blanket Letter of Authority (LOA)

Unless on file with BST, the above documents should be sent to:

Rook Barretto
Director-LEC Interface
59 Executive Park Drive South
Room 270
Atlanta, GA 30329

Examples of Call Guide Pages

Attached (I) is a series of draft example Call Guide pages of general information. The general information section will contain from 13 to 19 pages providing information on categories previously listed. The general information section will provide all LECs telephone numbers for:

- ◆ Establishing Service
- ◆ Repair Services
- ◆ Billing Services

The LEC telephone numbers to be used for the above areas must be provided by each local exchange carrier using the attached LEC-Contact Numbers Form(II). The form must be returned to the LEC Interface group no later than the Business Office Close (BOC) date for the directory market involved. All telephone numbers provided by the LEC for the three categories above must be operational and being answered by the appropriate service people.

001909

Call Guide Pages Available to LECs

Call Guide Pages are available for purchase by all Local Exchange Carriers. Pages must be purchased in multiples of two pages up to a maximum of six pages. All pages purchased in multiples of two will be facing pages.

LEC specific pages will be placed immediately following the general customer information pages. The sequence of placement of each LEC's Call Guide Pages will be based on the contract date of the LEC/BAPCO contract for directory services and receipt of an agreement to purchase the pages for each specific market.

The Call Guide Pages provide all LECs the opportunity to communicate with their customers, as well as potential customers, information about their services, how they operate, and where to call to get these services. These directories are placed in virtually every residence and business and are available for reference 24 hours per day, 365 days per year. The directories provide a one-stop source for information for all businesses, including LEC communications services.

Local Exchange Carrier Specific Pages

The content of the Customer Call Guide Pages purchased by the LEC will be at their discretion, but BAPCO reserves the right as publisher to have final approval on both the content and presentation of the materials. In the LEC's specific section, the carrier may list, describe and explain the products and services offered, as well as add to the information about their customer services described in the generic customer guide pages. Typical content may include an overview of the company, optional services, and other information that may assist the customer in doing business with the company. Attachment III provides example pages for a LEC section and Attachment IV provides possible categories of information the LEC may consider providing.

While "informational advertising" of services and how to order these services will be allowed, marketing packages and bundles, specific item pricing, service rates and other large graphics will not be allowed. The carrier may however refer the customers to the appropriate Yellow Pages heading to see the carrier advertising, if purchased. Promotion of products and services in this section will be narrative only in keeping with the integrity of the Customer Call Guide section. Traditional and large graphic advertising however, may be purchased through BAPCO in the classified section of the directory at the local directory advertising rate.

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Call Guide Pages Text and Graphics Due Dates

Requests for Call Guide Pages by the LECs along with all text and graphics must be submitted to LEC Interface by the Business Office Close date for the directory. Attached (V) is a copy of the top 10 directories and Business Office Close dates for each. Other appropriate directory dates will be provided as requested.

Each LEC will be responsible for providing the specific text information to be included in the Call Guide Pages. The content must be provided to the LEC Interface in Microsoft Word version 6.0.1 format.

The Call Guide pages text will be processed by BAPCO Graphics and a proof developed. The proof will be returned to the LEC for approval and changes if needed. If changes are needed BAPCO Graphics will make the changes and return the proofs for approval.

Call Guide Pages Pricing

Call Guide Pages pricing will be based on the pricing of pages in the directory for the market. Examples of Call Guide Pages Pricing are as follows:

	<u>Discounted Annual Rates</u>			
	<u>2 Pages</u>	<u>4 Pages</u>	<u>6 Pages</u>	<u>Distribution</u>
Small Market Book (RockMart, GA)	\$4,968	\$9,936	\$14,904	11,130
Medium Market Book (Gainesville, FL)	\$19,920	\$39,840	\$59,760	234,999
Large Market Book (Atlanta, GA)	\$68,712	\$137,424	\$206,136	1,307,131

Contact LEC Interface for rates of specific markets.

The above guidelines provide basic information and procedures on the Call Guide Pages section. Detailed procedures will be provided as required in the near future. Any questions that arise concerning the Call Guide Section should be referred to:

Rook Barretto
 Director-LEC Interface
 59 Executive Park Dr. S.
 Room 270
 Atlanta, GA 30329 Tel. 404-982-7105

001911



May 21, 1996

Suzie Lavett
BellSouth
Lead Negotiator
Room E56
3535 Colonnade Parkway
Birmingham, AL 35243

Dear Suzie:

We are requesting a presentation from BellSouth focused on the Centrex offer, MultiServe and MultiServe Plus. In the presentation we would like you to address the following areas of interest:

1. Provide Feature/Functionality on the following:

Main Station line definition and NARS definition
Automatic Route Selection
Private Facilities Termination, i.e., T1.5
Signaling options over PF Terminations, i.e., ANI, Station ID
SMDR options
Customer Control option
DISA option
ACD option
Telephone Number Retention capability
Multiserve Multi Account Service (MMAS)
What features require premise equipment

2. Provide Process Flows on the following:

Ordering and Provisioning
Initial Setup
Subsequent order activity
Maintenance
Number reservation and administration

3. Provide clarification on BellSouth's position with regard to ESSX and Digital ESSX and the ability to resell to existing ESSX customers.

The items listed above are the highlights that we would like covered in a presentation although any additional information you have to share will also be appreciated. We would like to schedule the presentation within the next two weeks. Please call me at 404-810-3102 to schedule a day.

Sincerely,

Kathy Liber

cc: Mike Lacy

001912

BellSouth Interconnection
South E511
3535 Colonnade Parkway
Birmingham, Alabama 35243

Fax 205 977-8241

May 21, 1996

Mr. Christopher Weekley
AT&T - Local Services
1200 Peachtree Street NE
Promanade II Room 12W44
Atlanta, GA 30309

Dear Chris,

As we discussed on the phone, BST does plan to provide unbundled AIN functionality as a part of our local interconnection offering.

BellSouth plans a phased introduction of third party access to AIN triggers. Within our phased interconnection architecture, all providers are free to develop any AIN application to their unique specifications. Stated differently, all competitors will have any equivalent opportunity to develop new services.

The first phase will allow AT&T to utilize BST's service development tools to develop services that would reside within BST's development platform. With the proper regulatory clearance, this phase could be available within 60 to 90 days.

The second phase of BellSouth's Open AIN plan would support the interconnection of third party databases and/or processors, known as service control points (SCPs), with BellSouth AIN components. Such access would be supported through utilization of SS7 capabilities where network signaling traffic is separated from the physical path used to deliver a call. The availability of this type functionality would depend upon industry demand and network readiness.

The architecture that AT&T proposes to accomplish this type of interconnection is not technically feasible today. However, BellSouth continues to work with customers and vendors to develop the technology necessary to support interconnection of third party SCPs. Specific development work continues as it relates to the following interconnection

001913

requirements: routing to/from multiple providers, protocol inter-networking, recording/billing, network security, and user security, performance management, fault management, protocol/message screening and feature interaction management.

If you would like to discuss this further, please call me at 205-977-1070.

Sincerely,



Jerry Latham
Manager - Local Interconnection

001914

cost / price

21

AL, FL, GA, KY, LA, NC, TN
 Unbundled Network Elements Cost Studies Summary
 5/22/96 Status

Element	Status
Network Interface Device Unbundled Loop	No Study
Loop Distribution	No Study
Loop Concentrator/Multiplexer	Study Incomplete
Loop Feeder	No Study
Loop Combination Unbundled Loop	No Study Provided
Loop Switching	Port Study provided
Local Operator Services	Provided 5/21/96
Local Directory Assistance	Provided 5/21/96
Common Transport	Provided 5/21/96
Dedicated Transport	Provided 5/21/96
Digital Crossconnect System	No Study
Data Switching Element Packet Transport Frame Relay ATM	No Study Still investigating
SS7 Message Transfer and Connection Control	Provided 5/21/96
Switching Link Transport	Provided 5/21/96
SCPs/Databases	800 DataBase Studies provided 5/21/96
Tandem Switching	Provided 5/21/96
Advanced Intelligent Network (AIN)	Provided 5/21/96

001915

EXEC

May 23, 1996

3:15 p.m.

Memo To File: AT&T/BellSouth Negotiations

RE: Telephone conversation between Jim Carroll and Scott Schaefer as a result of my call to Scott.

I told Scott that I wanted to discuss two items with him as a follow on to the negotiation session yesterday. As we had discussed on the first of May, when we initiated our weekly negotiation sessions on Total Services Resale, it is not our intent to initiate a letter writing campaign. It is our intent to maximize communication and understanding in an attempt to reach agreement as opposed to lobbing missiles back and forth. In short, if you had not sent me the May 16, 1996 letter on Electronic Interfaces, I would not have sent you the May 21, 1996 response, if you had not sent me the May 20, 1996 letter on Cost, I would not have sent the May 21, 1996 letter on Cost. The May 21, 1996 letter on formalizing the data requests in connection with services to be excluded from resale was after our discussion on May 7 and May 14, 1996 and my understanding was you wanted a more formal request.

Scott responded by stating that it was hard to say who wrote the first letter. I agreed and stated that my reference point was our dialogue initiating executive discussions on TSR the first of May. He said he understood, however, they may need to respond to some issues in our recent letters. I told him that we would assess them and appropriately respond.

In connection with Branding, as a follow on to the discussion yesterday, I wanted to emphasize the importance of this issue to us. I referenced to Scott the May newspaper article in Florida where BellSouth is providing their technicians and installers new uniforms in connection with BellSouth's identification. In fact, BellSouth stated in the article that, in an increasingly competitive environment, it was important to keep the company name in front of the customer. I told Scott that this further emphasized how far apart we were on Branding and that in our opinion, their position was not competitively neutral and did not meet the requirements of the Federal Act. The generic approach that they are proposing when their installers represent AT&T could also be used by their installers when they represent BellSouth or BellSouth could agree to our position. He stated he understood our position however, this may be an area where we agree to disagree. I told him I understand; however, I wanted to make sure he fully understood our position.

Jim Carroll

cc: A. Mule'
The Governance Team

001916



May 23, 1996

Suzie Lavett
BellSouth
Lead Negotiator
Room E56
3535 Colonnade Parkway
Birmingham, AL 35243

Dear Suzie:

There are several Custom Calling Services that are not defined in the BellSouth OLEC Handbook. We would greatly appreciate you providing a service description, including activation procedures, on each of the following Custom Calling Services:

Call Forwarding Busy Line
Call Forwarding Don't Answer
Remote Access - Call Forwarding Variable
Customer Control of Call Forwarding Busy Line
Customer Control of Call Forwarding Don't Answer
Flexible Call Forwarding
Calling Waiting Deluxe (CWD)

Please respond with this information by May 31, 1996. If you have any questions, please call me at 404-810-3102.

Sincerely,

Kathy Faber

cc: Mike Lacy

001917

May 23, 1996

Vic Atherton
BellSouth Telecommunications, Inc.
North N3E1
3535 Colonnade Parkway
Birmingham, Alabama 35243

Dear Vic,

Below are the action items that resulted from our 5/20 UNE meeting as well as a brief status as to where we are in the negotiation of the unbundled elements. Please review them provide me your comments.

Unbundled Negotiations Meeting Minutes

Date: 5/20/96

Place: BellSouth Center, Atlanta Georgia

Participants

Vic Atherton
Nancy Kallus
George Jung
Keith Milner
Jim Pritchett
Eno Landry
Rob McKibben
Pam Tipton

Title

BST - Technical Negotiator
BST - Infrastructure Planning
BST - Network Planning Provisioning
BST - Strategic Management
BST - Network Operations Staff
BST - BAND Product Support
BST - Network Planning
BST - Collocation

Robert Oakes
Michael Cruz
Wayne Ellison
John Hamman
Chris Weekley
Fred Perrin
Jim Pierson
Sheila Wilson

AT&T Negotiator, Unbundled Team Leader
AT&T Negotiator, Unbundled Network Elements
AT&T Negotiator, Unbundled Network Elements
AT&T Negotiator, Unbundled Network Elements
AT&T Negotiator, Unbundled Network Elements
AT&T Negotiator, Unbundled Network Elements
AT&T Negotiator, Unbundled Network Elements
AT&T Negotiator, Unbundled Network Elements

Ranjit Nandi *
Charles Snyder •
Neng Wang *
* On conference Call

AT&T HQ SME, Unbundled Network Elements
AT&T HQ SME, Unbundled Network Elements
AT&T HQ SME, Unbundled Network Elements

001918

The following is a status on 13 of the 17 Unbundled Network Elements proposed by AT&T (Loop Combination, Operator Services, DA, and AIN were not discussed):

1. Network Interface Device (NID)

BST does not agree that the NID is a technically feasible UNE. BST's loop distribution is grounded via the NID. With respect to residential services, BST contends that if AT&T uses only the NID, BST's loop will not be grounded and therefore will not comply with the National Electrical Code (NEC). AT&T proposed that installing additional NID would remedy the grounding problem. BST has not committed to install additional NID. Awaiting BST business customer position.

Action Item: Keith to find out what manufacturer provides their NIDs

Action Item: Keith to check on NID with respect to business applications.

2. Loop Distribution

BST agrees that this element is technically feasible. However, system enhancements or manual workarounds would be required because current BST systems (TIRKS,FACS) are designed to service the entire loop and not subloop elements.

3. Loop Concentration/Multiplexer

BST agrees that this element is technically feasible only in non-integrated Digital Loop Carriers (DLCs), but that system enhancements or workarounds may be required. BST does not agree that this element, when used in integrated DLCs is technically feasible. Further discussions to take place on integrated system DLCs..

4. Loop Feeder

This element is still under study by BST. BST has indicated that this element is probably technically feasible. BST to provide position by 5/28.

Action Item: Keith to provide answer on Loop Feeder element to Chris by 5/28.

5. Loop Combination

Not discussed

6. Local Switching

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BST agrees that it is technically feasible to unbundle. BST indicates that routing calls to AT&T platforms (Operator Services, DA, 911) are not possible because of possible line class code (LCC) exhaust. AT&T requested BST to provide type of switches, quantities, # of LCC equipped, and # LCC available to determine if a problem exists, and if so, to what extent. BST response due by 5/24.

Action Item: Fred to clarify if AT&T wants Customer Control of Business/Centrex.

Action Item: Vic to talk to Beth or Suzie Lavette about switch technology within BST, capability of line class, how much BST using now vs. to be used by new competitors.

Action Item: Fred is to clarify "soft dial tone" under this category.

Action Item: BST to provide types of local switches deployed, quantity of switches, Line Class Codes equipped, LCC available. BST to provide an estimate of how many Line Class Codes to be used by a new entrant. Also provide an estimate of how many new entrants.

Action Item: Vic will clarify DS3 and Recording AMA/Announcements.

7. Local Operator Services

Not discussed at this meeting

8. Local Directory Assistance

Not discussed at this meeting

9. Common Transport

Vic Atherton (BST) agreed that this UNE is technically feasible but needed concurrence from BST SME (Jane Raulerson). Additionally, current BST pricing bundles switching and transport.

Action Item: Vic check with Jane Raulerson and provide Robert with status on this element Tuesday 5/28.

10. Dedicated Transport

Vic Atherton agreed that this UNE is technically feasible. In addition, BST has indicated that LCC exhaust may be a roadblock (same issue as Op Svcs and DA).

001920

11. Digital Cross-Connect System

BST agreed that this element is technically feasible. Additional investment by BST will be required to meet customer Network Management requirements.

12. Data Switching Element

BST agrees that this is a technically feasible UNE. BST agrees to all of AT&T's requirements with the exception of real-time access to performance monitoring and test equipment. Requires additional BST investment to meet all requirements.

13. SS7 Message Transfer and Connection Control

BST agrees that this UNE is technically feasible with the exception transient signals.

14. Signaling Link Transport

BST agrees that this UNE is technically feasible.

15. SCPs/Databases

BST that this UNE is technically feasible with the exception of providing detailed tracking of usage.

Action Item: Sheila will call Jane Raulerson to discuss this element further and provide clarification of above.

16. Tandem Switching

BST agrees that this UNE is technically feasible. The AIN requirement of this UNE has been deferred for specific AIN negotiations.

17. AIN Advanced Intelligent Network (AIN)

No negotiations on this item have occurred. AT&T received BST written response on 5/22. It appears that further developments are required in order to meet AT&T requirements. AT&T is reviewing BST letter and will set up meeting.

Next meeting on unbundled elements - 5/28/96 ... perhaps at AT&T location.

001921

*BS response to
my May 21 Comm
letter*



May 23, 1996

Sue Ray
AT&T Local Service Negotiator
Room 12N04
Promenade II
1200 Peachtree St. NE
Atlanta, GA 30309

Dear Sue:

In reference to the action items from our May 15 billing meeting and Diskette Analyzer Bill demonstration, below are the BST responses:

The requested cross boundary list is attached. This list is current as of this date but may not be 100% accurate at the time billing is established. The column listing the processing site indicates where the exchange is billed.

BST does not currently have the reporting capability to meet AT&T's request for Master Billing Account Number level reports with the Diskette Analyzer Bill (DAB). No enhancement is currently funded to handle this request. Mer had also asked if BST would be willing to sell DAB to other LECs so AT&T could possibly have uniformity in processing. BST will entertain any requests from other LECs to purchase this software.

Regarding AT&T's billing certification requirements, AT&T's resale billing account will be held to the same quality controls and measurements as BST's end user accounts. Besides system edits, a quality assurance bill verification process exists as well as numerous measures of error rates and timeliness. BellSouth believes that discussions of unique AT&T billing controls and measurements in the resale environment are premature until such time as the processes are fully established.

AT&T has stated they require BST to move toward industry standard guidelines (CABS/SABR) and provide a plan for doing so by year-end, 1996. BST's position is that no industry standard for CABS in the resale environment has been established. When an industry standard is defined, BST will work with AT&T and other resale customers to determine what is appropriate for this market at that time.

Please let me know if there are any other items that need to be addressed.

Sincerely,

Craig Steele

001922

Usage Control - Cross Boundary Sites

City	NDA/NOA	BF	Originating State	Processing State/CO Database site	Tariff State	State Code	# Cust
Clear Springs (205)	334-931	29	AL	FL	FL	2	178
Francisco	205-448	29	AL	TN	TN	9	
Francisco	205-Z35	1	AL	TN	TN	9	0
Fruithurst	205-579	22	AL	GA	GA	3	278
Melvin (205)	334-771	16	AL	MS	MS	6	35
Melvin (205)	334-Z12	1	AL	MS	MS	6	0
Oakland (205)	334-982	17	AL	GA	GA	3	99
Ranburne	205-568	2	AL	GA	GA	3	770
Veto	205-769	1	AL	TN	TN	9	
Century	904-256	28	FL	AL	FL	2	
Century	904-M07	7	FL	AL	FL	2	0
Century	904-Z08	1	FL	AL	FL	2	0
McCaysville	706-492	19	GA	TN	TN	9	
Rossville	706-630	1	GA	TN	TN	9	
Rossville	706-820	17	GA	TN	TN	9	
Rossville	706-858	22	GA	TN	TN	9	
Rossville	706-861	1	GA	TN	TN	9	
Rossville	706-868	23	GA	TN	TN	9	
Rossville	706-891	17	GA	TN	TN	9	
Rossville	706-M09	14	GA	TN	TN	9	1
Rossville	706-M10	10	GA	TN	TN	9	45
Rossville	706-M11	11	GA	TN	TN	9	1
Rossville	706-M13	1	GA	TN	TN	9	8
Rossville	706-M14	2	GA	TN	TN	9	2
Rossville	706-M15	20	GA	TN	TN	9	2
Rossville	706-M18	16	GA	TN	TN	9	1
Rossville	706-M17	17	GA	TN	TN	9	1
Rossville	706-M18	13	GA	TN	TN	9	1
Rossville	706-M21	1	GA	TN	TN	9	4
Rossville	706-M23	23	GA	TN	TN	9	1
Rossville	706-M26	26	GA	TN	TN	9	1
Rossville	706-M30	8	GA	TN	TN	9	1
Rossville	706-M32	22	GA	TN	TN	9	8
Rossville	706-M35	22	GA	TN	TN	9	64
Rossville	706-M45	28	GA	TN	TN	9	1
Rossville	706-M53	22	GA	TN	TN	9	11
Rossville	706-M54	22	GA	TN	TN	9	29
Rossville	706-M76	29	GA	TN	TN	9	8
Rossville	706-Z35	1	GA	TN	TN	9	8
Tennga	706-328	14	GA	TN	TN	9	
Georgetown	912-334	26	GA	AL	AL	1	1,030
Georgetown	912-M06	7	GA	AL	AL	1	1
Georgetown	912-M07	7	GA	AL	AL	1	0
Georgetown	912-M08	7	GA	AL	AL	1	0
Georgetown	912-Z05	1	GA	AL	AL	1	0
Beessie Bend	502-238	11	KY	TN	TN	9	
Jellico	606-786	14	KY	TN	TN	9	
Jordan	502-883	22	KY	TN	TN	9	

Cust column

0 = no customers

Blank = unknown

Note: Access the CO Database from the Processing State/CO Database Site column.

Assign State Value by referring to the Tariff State and State Value columns.

(Florida & Tenn. are exceptions)

This list is current as of 5/23/96. However, 100% accuracy cannot be assured at time of listing establishment

001923

Delta	318-633	17	LA	MS	MS	6	151
Delta	318-229	1	LA	MS	MS	6	0
Oyska	504-548	11	LA	MS	MS	6	3
Pearlington	504-531	26	LA	MS	MS	6	10
Pearlington	504-253	1	LA	MS	MS	6	0
North Cornor	504-874	25	LA	MS	MS	6	8
Cross Roads	601-772	10	MS	LA	LA	5	400
Memphis	601-342	28	MS	TN	TN	9	
Memphis	601-349	28	MS	TN	TN	9	
Memphis	601-393	23	MS	TN	TN	9	
Memphis	601-781	28	MS	TN	TN	9	
Memphis	601-M01	1	MS	TN	TN	9	5
Memphis	601-M02	2	MS	TN	TN	9	3
Memphis	601-M04	4	MS	TN	TN	9	1
Memphis	601-M10	23	MS	TN	TN	9	149
Memphis	601-M12	25	MS	TN	TN	9	6
Memphis	601-M17	11	MS	TN	TN	9	1
Memphis	601-M18	17	MS	TN	TN	9	1
Memphis	601-M19	7	MS	TN	TN	9	2
Memphis	601-M20	20	MS	TN	TN	9	5
Memphis	601-M29	22	MS	TN	TN	9	5
Memphis	601-M30	28	MS	TN	TN	9	1
Memphis	601-M37	16	MS	TN	TN	9	1
Memphis	601-M40	10	MS	TN	TN	9	1
Memphis	601-M48		MS	TN	TN	9	0
Memphis	601-M49	13	MS	TN	TN	9	1
Memphis	601-M75	29	MS	TN	TN	9	33
Memphis	601-Z10	1	MS	TN	TN	9	19
Michigan City	601-768	17	MS	TN	TN	9	
Mt. Pleasant	601-851	8	MS	TN	TN	9	
Red Bay	601-676	4	MS	AL	AL	1	452
South Moscow	601-778	14	MS	TN	TN	9	
Tanner-Williams	601-841	10	MS	AL	AL	1	74
Liberty	704-494	19	NC	TN	TN	9	
S Crowders Creek	704-228	20	NC	SC	SC	8	172
Waterville	704-488	2	NC	TN	TN	9	
Fork Ridge (615)	423-249	22	TN	KY	TN	9	
Fork Ridge (615)	423-M65	26	TN	KY	TN	9	0
Fork Ridge (615)	423-201	1	TN	KY	TN	9	0
Fork Ridge (615)	423-205	1	TN	KY	TN	9	0
Michie	901-239	19	TN	MS	TN	9	
S. Fulton	901-489	28	TN	KY	TN	9	
S. Fulton	901-M01	22	TN	KY	TN	9	1
S. Fulton	901-M58	17	TN	KY	TN	9	4
S. Fulton	901-M63	26	TN	KY	TN	9	4
S. Fulton	901-Z40	1	TN	KY	TN	9	0
S. Fulton	901-479	11	TN	KY	TN	9	
S. Guthrie	615-485	10	TN	KY	TN	9	
S. Oak Grove	615-431	22	TN	KY	TN	9	
S. Oak Grove	615-M01	7	TN	KY	TN	9	1
S. Oak Grove	615-M64	28	TN	KY	TN	9	0
Antioch (803)	864-936	14	SC	NC	NC	7	427
Hill Creek	803-962	4	SC	NC	NC	7	20
Newtonville	803-265	28	SC	NC	NC	7	149
Rowland	803-262	1	SC	NC	NC	7	1

This list is current as of 5/23/96. However, 100% accuracy cannot be assured at time of billing establishment.

001924

with Mike

Voice Mail from Suzie Lavett to Neil Brown on Thursday, 5/23/96 at 12:12 PM:

Neil, this is Suzie Lavett. Your Point person on cost studies is going to be Reg Stark here in Atlanta. His number is 404-529-6762. He is a director who works in the same department as Frank Kolb. He and his people are the ones that talk about service specific cost studies. Frank will be pulled in at times to discuss the methodology and all I'm sure, but Reg is going to overall do the coordination and he has had an additional resource, another director loaned to the effort who will help him with a lot of the logistics. He won't be negotiating but he will be helping behind the scenes to help facilitate moving things along. If you run into any road blocks, call me. Jim Anderson is Reg's AVP but that is the same person that Frank works with.

Do call me if you run into any problems . You can always call Mary Jo (you've got her number) if you have trouble running anyone down or Frank and let him know you are having trouble getting in touch with Reg. I don't think you will have any problems. I talked with Jim just a few minutes ago and he will be meeting with Reg tomorrow but he will be sure that the processes that Reg understands the process and his involvement, so let me know if you run into any roadblocks.

Telephone Conversation: Neil Brown and Mike Guedel of AT&T called Reg Stark of BellSouth on Friday, 5/24/96 at 10:05 AM:

Neil and Mike said "Hello" and exchanged pleasantries. Then Neil told Reg that he and Mike would like to meet with him today and asked Reg if he had been notified that he was our contact.

Reg responded that he had very little time because he had to get to the air port to catch an 11:00 AM flight. He said he had received a voice mail message from Suzie that he would be our primary contact.

I told Reg that our objective for the call had been two-fold:

1. Arrange for Mike and me to meet with him this afternoon to talk about the Avoidable Cost studies.
2. Make certain that he was aware that AT&T expects to the data responses to the questions given by Wayne Ellison to Frank Kolb.

Reg said that he was not involved with doing the cost studies, that he was on the periphery of that work.

I told Reg we could not tolerate any delays, that we needed direct access to the real experts, but that he would be welcome to attend if that is what BellSouth wanted. I asked

001925

who did the studies, and Reg responded that Frank Kolb did the Avoidable Cost studies and that Steve Mitchell did the UNE cost studies.

I told Reg that we would be happy to deal directly with Frank and Steve, or go through him if that could be done with no delay, but I reiterated that we must have direct access to knowledgeable experts who have the substantive knowledge. I further said that we would be happy to go to Birmingham to meet with the real experts at the site of their relevant materials.

Reg said that he needed to talk with Suzie Lavett to find out how she wanted to handle this and that he would get back to me.

I asked Reg if he knew where BellSouth stood on the delivery of promised material from Frank Kolb to Wayne Ellison by today. He responded that he knew that Frank had been in Atlanta earlier this week and that the material had been delivered to BellSouth's lawyers. Reg said he would check on the status and get back to us.

I asked Reg to leave Mike Guedel or me a voice mail today and told him that we wanted to meet with the Avoidable Cost experts today or ASAP next week and wanted to meet with the UNE experts as soon as we had received the promised data responses and had time to review them.

Reg said he would get back to me as soon as possible.

Meeting with Suzie Lavett on Friday, 5/24/96, at 11:00 AM:

I was meeting with Suzy Lavett and others on other matters and took the opportunity to tell her that Mike Guedel and I had spoken with Reg Stark. I shared the gist of the above conversation with Suzie. I asked her to make expeditious contact with Reg and establish direct contact for us with the real experts.

001925

UNE



Cindy Clark
Local Services Negotiator

Room 12W45
Promenade II
1200 Peachtree St., NE
Atlanta, GA 30309
404-810-3119

May 23, 1996

Suzie Lavett
BellSouth
Room E5G
3535 Colonnade Parkway
Birmingham, AL 35243

Fax Delivery (404)420-0031

Suzie,

On May 22, you conveyed to the Core Team that in your opinion, the 5/22/96 meeting to discuss ordering and provisioning of Unbundled Network Elements was a waste of time because BellSouth had to "train" AT&T participants on the Unbundled Network Elements. As I indicated during the meeting, I do not agree with your assessment. In fact, I was surprised by that characterization of the meeting because of the positive comments made by some BellSouth team members after the session.

The purpose of the meeting was to discuss the ordering of unbundled network elements. In fact the agenda prepared by BellSouth says precisely that. Any confusion that may have resulted stemmed from BellSouth's insistence on discussing the functionality of the elements rather than the ordering process. You are well aware that the functionality of the elements is being discussed by the subject matter experts in another forum.

The templates I provided describe AT&T's total proposal for ordering all unbundled elements under negotiation. BellSouth was supposed to bring a similar proposal for the port and loop elements. Since BellSouth did not bring a proposal to the table, continuing with the planned gap analysis discussion would have been difficult. Additionally, it was clear that you were unaware that BST has committed to move forward to implement EDI as the interface for ordering unbundled elements. Please refer to Mr. Schaefer's letter to Mr. Carroll dated April 30, 1996, for clarification.

After you left, our teams spent two hours discussing AT&T's ordering format for a Loop and a Loop and Switching combination. I do appreciate that the BellSouth team then became engaged in the discussion. BellSouth's diagram of your current loop and loop/switching combination architecture helped to pictorially relate BellSouth's architecture to AT&T's ordering template. This type information exchange, (which you described as training) is not only productive and a necessary part of the negotiations process, it is time well spent.

001927

I hope I have addressed your concern about the use of our time and resources. Please let me reassure you that AT&T shares your concern, and we are looking forward to continuing our work to reach agreement. If you have other concerns, please feel free to call me.

Cindy Clark

Cindy Clark

001928

*Electronic
Interface*

6110

May 23, 1996

Preston Foster
Mason Fawzi
Greg Follensbee
Sylvia Anderson
[REDACTED]
Ray Crafton

Team,

Attached is the "EDI Project Timeline Milestones." Please call me or Jay if you have questions or concerns.

Thanks,

Pam

Attached

cc: Jay Bradbury (letter only)

001929

PROJECT TIMELINE MILESTONES

File: edi_time.doc

5/17/96

<u>MILESTONE</u>	<u>START</u>	<u>END</u>	<u>RESP</u>
1.0 PHASE 1 SERVICES			
TOTAL SERVICES RESALE - 1FR, 1FB, PBX INCLUDING EDI TRANSACTIONS 850, 855, 860, 864(?), 865, AND 997			
TASKS			
1.1 Define EDI process flow from existing (BellSouth Ordering Guidelines) fax process (compare EDI and OBF)	5/17/96	5/21/96	Craig
1.1.a document gaps, mismatches (where EDI can't be mapped)			
1.2. AT&T review existing process	5/17/96	5/21/96	E. Frohse
1.2.a. document changes			
1.3 Define services to be included	5/17/96	5/21/96	Bradbury
1.4 Include all service order request types	5/17/96	5/21/96	Craig
1.5 Exchange data	5/22/96	5/22/96	Team
1.5.a Joint conference call to discuss gaps - 8:30 - 11:30 CDT	5/23/96	5/23/96	Higdon/ Bradbury
1.6 Conference call regarding transaction set 850 issues.	5/20/96	5/20/96	Wallace/ Britton
1.6.a Prepare Crs(change requests)	5/21/96	5/28/96	Wallace/ Britton
1.6.b Review, finalize and submit Crs	5/29/96	5/29/96	Wallace/ Britton
2.0 DEFINE LANGUAGE USOC VS ENGLISH			
TASKS			
2.1 Decision to be made regarding the language to be used for receiving requests from AT&T.	5/15/96	5/24/96	Wilcox/Britton

001930

MILESTONE	START	END	RESP
3.0 FINALIZE THE DATA REQUIREMENTS AND LOGICAL MAPPING FOR PHASE 1			
TASKS			
3.1 Define/document BST service order data elements	5/17/96	5/28/96	Craig
3.2 Define/document AT&T reverse feed requirements	5/17/96	5/28/96	Britton
3.3 AT&T to send revised document (includes all agreed upon EDI transactions)		5/29/96	Beechwood
3.3.a Complete review document		5/31/96	EDI Team
3.4 Joint data modeling/logical mapping EDI SME to EDI SME-B'ham	6/3/96	6/7/96	BST & AT&T
3.4.a BST to est logistics for meeting	5/17/96	5/17/96	Wallace
3.5 Develop test plan	6/3/96	6/7/96	BST/AT&T EDI team
3.6 Sign-off on technical specifications (this date establishes change control)	6/7/96	6/7/96	EDI teams & Higdon/ Bradbury

4.0 PHYSICAL MAPPING

TASKS

4.1 EDI coding into translation software (formatting, conversion, input/output files) BST & AT&T	6/10/96	6/28/96	EDI Team
4.2 EDI internal testing (BST & AT&T)	6/10/96	6/28/96	EDI Team

Note: The above functions are taking place in each company, but not jointly.

AT&T has two dependencies associated with this milestone before AT&T can establish dates.

1. Resource allocation
2. Hardware in-place

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MILESTONE	START	END	RESP
5.0 CODING FROM EDI TRANSLATOR TO INTERNAL OSSs			
TASKS			
5.1 Begin coding (includes internal testing)	7/1/96	8/12/96	BST-IT/AT&T
6.0 PHYSICAL COMMUNICATIONS			
TASKS			
6.1 AT&T determine direct connect options for event driven.	5/17/96	5/24/96	Britton
6.2 Order additional circuits by 6/14 (if approp)			Britton/Coe
6.3 Back-up link			Britton
7.0 JOINT TESTING			
TASKS			
7.1 Connectivity testing (Dependency on Milestone 6 new circuits not needed)	7/01/96	7/03/96	
7.2 Develop test cases	7/08/96	7/12/96	
7.3 Syntax testing (i.e., testing the standards)	7/15/96	7/19/96	
7.4 End to End testing	8/13/96	8/27/96	
7.5 Sign-off on user acceptance testing	8/28/96	8/28/96	
NOTE: Begin production trial AT&T site to be determined	9/03/96		

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MILESTONE	START	END	RESP
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8.0 PRODUCTION

TASKS

8.1 Trial site (one site)	9/03/96	9/30/96	
8.2 Ramp up (remaining sites) or additional volume	10/01/96	10/31/96	
8.3 Full Entry	11/01/96	On-going	

**9.0 PLANNING MEETING FOR PHASE 2
END OF YEAR DELIVERY**

TASKS

9.1 Meeting scheduled	7/8/96	7/9/96	
9.1.a Logistics scheduled by BST	5/17/96	5/17/96	Wallace
9.2 Services targeted for 12/96	7/8/96	12/31/96	
* Multi-Serv			
* Private Line			
* AIN			
* ISDN			
9.3 Processes to be completed by 10/96	7/8/96	10/31/96	
* JIA			
* Recovery			
* Error Resolution			
* Change Control			

NOTE: Weekly status calls will be scheduled for length of project. Beginning 6/3/96.

001933

TO: Jay Bradbury

DEPARTMENT: _____

CONTACT NUMBER: _____

FAX NUMBER: 404-810-3131

FROM: Becky Higdon

**INTERCONNECTION
SOUTH S611
3535 COLONNADE PARKWAY
BIRMINGHAM, AL 35243**

CONTACT NUMBER: _____

FAX NUMBER: (205) 977-8138

NUMBER OF PAGES TO FOLLOW: 5

DATE: 5/20/96

SPECIAL INSTRUCTIONS:

5/20/96

Jay,

Attached is the updated Project Timeline.

Please call me if you see anything missing.

Thanks,
Betsy

Also, I will get the conference badge
detail to you later today.

001935

Copy cover letter only to D/Rs
give them the entire document for filing

7/2



BellSouth Telecommunications, Inc. 615 214-6520
Suite 2104 Fax 615 214-8858
333 Commerce Street
Nashville, Tennessee 37201-3300

Charles L. Howorth, Jr.
Regulatory Vice President

REC'D TEL. PUBLIC
SERVICE COMM.
6 MAY 23 AM 9 3
OFFICE OF THE
EXECUTIVE DIRECTOR

May 23, 1996

Mr. Eddie Roberson
Executive Director
Tennessee Public Service Commission
460 James Robertson Parkway
Nashville, TN 37201-3300

Re: Approval of the Interconnection Agreement Negotiated by BellSouth
Telecommunications, Inc. ("BellSouth") and NEXTLINK Tennessee LLC
("NEXTLINK") pursuant to Sections 251 and 252 of the Telecommunications Act of
1996

Dear Mr. Roberson:

Pursuant to section 252(e) of the Telecommunications Act of 1996, BellSouth and NEXTLINK are submitting to the Tennessee Public Service Commission their negotiated agreement for the interconnection of their networks, the unbundling of specific network elements requested by NEXTLINK and the resale of BellSouth telecommunications services to NEXTLINK. The agreement was negotiated pursuant to sections 251 and 252 of the Act and contains the following items:

--the agreement provides for interconnection of the facilities and equipment of the two companies in accordance with sections 251(c)(2) and 252(d)(2) of the Act;

--the agreement provides for the provision of the unbundled network elements requested by NEXTLINK in accordance with the requirements of sections 251(c)(3) and 252(d)(1) of the Act;

--the agreement provides for nondiscriminatory access to the poles, ducts, conduits, and rights of way owned or controlled by BellSouth for NEXTLINK in accordance with section 224 of the Act;

--the agreement contains a commitment to continue to negotiate the rates, terms and conditions regarding the provision of the local loop, local transport and local switching;

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--the agreement provides for the provision by BellSouth of access to 911 and E911 services for NEXTLINK;

--the agreement provides for the provision by BellSouth of access to directory assistance services for NEXTLINK as well as an agreement to further negotiate rates, terms and conditions for the provision of operator call completion services on a branded or unbranded basis via a live or automated operator system dependent on the nature of the transaction provided;

--the agreement provides for the offering of busy-line verification and emergency interrupt services by each company to the other pursuant to tariff;

--the agreement authorizes inclusion of NEXTLINK customers' listings in the BellSouth white pages directory;

--the agreement requires BellSouth to provide to NEXTLINK a sufficient quantity of numbering resources for the period of time BellSouth is the North American Numbering Plan administrator;

--the agreement provides for NEXTLINK access to BellSouth's databases and associated signaling necessary for call routing and completion including 800 database and Line Information Database ("LIDB") access, CLASS interoperability and use of BellSouth's signaling network with both A-link and B-link connectivity. Access to BellSouth's LIDB will be at terms and conditions to be negotiated between the parties;

--the agreement provides for reciprocal number portability through remote call forwarding;

--the agreement defines local interconnection to include local dialing parity in accordance with section 251(b)(3) of the Act;

--the agreement provides for reciprocal compensation arrangements in accordance with the requirements of section 252(d)(2); and

--the agreement authorizes NEXTLINK to purchase telecommunications services from BellSouth for purposes of resale at discounts that reflect the costs avoided by BellSouth through wholesale arrangements. The parties will continue to negotiate the specific terms and conditions of the resale arrangement.

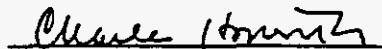
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The parties have agreed that, to the extent items are included within the agreement negotiated by the parties, BellSouth has met the checklist requirements of section 271(c)(2)(B) of the Act.

Pursuant to section 252(e) of the Act, the Commission is charged with approving or rejecting the negotiated agreement between BellSouth and NEXTLINK within 90 days of its submission. BellSouth and NEXTLINK agree that this agreement or any portion of the agreement does not discriminate against a telecommunications carrier not a party to the agreement and that the implementation of the agreement or any portion of the agreement is consistent with the public interest, convenience and necessity. Both parties urge the immediate approval of this agreement.

Lastly, BellSouth and NEXTLINK are anxious to begin implementation of this Agreement and to hasten the benefits that Tennessee consumers will receive as a result of interconnection between the parties. To that end, BellSouth and NEXTLINK have agreed to execute an interim agreement that incorporates the terms and conditions of the interconnection agreement submitted to the Commission. The interim agreement would allow NEXTLINK to begin operations in Tennessee during the pendency of approval process before the Commission. The parties therefore respectfully request the Commission's expedited approval of this interim agreement.

Very truly yours,



Charles L. Howorth, Jr.
Vice President, Regulatory
BellSouth Telecommunications, Inc.



Dana Brown
Director, Regulatory & Governmental Affairs
NextLink Tennessee LLC, Inc.

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OFFICE OF THE
EXECUTIVE DIRECTOR

96 MAY 23 AM 9 36

REC'D TN. PUBLIC
SERVICE COMM.

**INTERIM AGREEMENT BETWEEN
BELLSOUTH TELECOMMUNICATIONS, INC. AND NEXT LINK**

THIS AGREEMENT is by and between BellSouth Telecommunications, Inc., ("BellSouth or Company"), a Georgia corporation and NEXTLINK Tennessee LLC, Inc., ("NEXTLINK"), a Limited Liability Company and shall be deemed effective as of May 1, 1996.

WITNESSETH

WHEREAS, BellSouth is a local exchange telecommunications company authorized to provide telecommunications services in the State of Tennessee; and

WHEREAS, NEXTLINK is an alternative local exchange telecommunications company authorized to provide telecommunications services in the State of Tennessee; and

WHEREAS, NEXTLINK and BellSouth have negotiated and executed an interconnection, unbundling and resale agreement pursuant to the Telecommunications Act of 1996, (the "Act"); and

WHEREAS, NEXTLINK and BellSouth will submit pursuant to the Act said agreement to the Tennessee Public Service Commission ("Commission") for approval; and

WHEREAS, because of the need to facilitate NEXTLINK's entry into the local telecommunications market and to further the benefits for consumers of interconnection between the parties, NEXTLINK and BellSouth desire to interconnect on an interim basis while approval is pending before the Commission;

NOW, THEREFORE, for and in consideration of the mutual premises and conditions contained in the recitals above and provisions below, the parties agreed as follows:

1. The parties agree that pending the approval by the Commission of the Agreement Regarding Interconnection, Unbundling and Resale (the "Agreement") executed on May 1, 1996, they shall interconnect, exchange traffic and purchase services from each other pursuant to the rates, terms and conditions set forth in the Agreement. Said Agreement is attached hereto as Exhibit 1, and by this reference incorporated herein.

2. The parties agree that they shall both advocate to the Commission the approval of the Agreement as quickly as possible and shall make all reasonable efforts to provide the Commission with whatever sufficient relevant information necessary to expedite the Agreement's approval.

3. Should the Commission deny approval of the Agreement, the parties agree to mutually determine the appropriate judicial or administrative efforts necessary to gain

approval of said Agreement. If it is mutually determined that the Agreement must be renegotiated to gain approval by the Commission, the parties agree to do so on an expedited basis. Pending any judicial or administrative efforts, or any renegotiation period, this Interim Agreement shall continue in full force and effect unless specifically directed otherwise by the Commission.

4. Within 3 business days of the execution of this Interim Agreement, the parties will begin immediate development of the mutually agreeable schedule for implementation of this Interim Agreement. The schedule will be attached as an addendum of this Interim Agreement and by this reference incorporated herein.

5. In the event an appropriate regulatory agency or judicial body orders or directs BellSouth or NEXTLINK 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.

In the event BellSouth executes an interconnection, unbundling and resale agreement with any other local exchange carrier, the parties agree that NEXTLINK shall be eligible to supersede this Interim Agreement with the identical rates, terms and conditions contained in the BellSouth agreement with the other local exchange carrier. If NEXTLINK 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.

In the event BellSouth files and receives approval for a tariff offering to provide any substantive service of this Interim Agreement in a way different than that provided for herein, the parties agree that NEXTLINK 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.

6. This Agreement shall expire and be of no further force and effect as of the date of the approval of the Interim Agreement by the Commission.

IN WITNESS WHEREOF, this Agreement has been executed as of the 15

day of May, 1996, by the undersigned representatives for the parties hereto.

NEXTLINK, Inc.

BellSouth Telecommunications, Inc.

By: J. Lutt Bauer
Authorized Representative
Vice President
April 26, 1996

By: Charles L. Smith Jr.
Authorized Representative
Vice President Regulatory - Tennessee

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ADDENDUM

SCHEDULE OF IMPLEMENTATION

- 5/27/96 Provide service capability from NEXTLINK to BellSouth Telecommunications
- 5/31/96 Provide service capability from BellSouth Telecommunications to NEXTLINK
- 6/10/96 Complete manual test calls from each BellSouth switch to NEXTLINK; begin exchange of live traffic no later than this date
- 6/25/96 Complete all service routing and billing testing

IN WITNESS WHEREOF, this Addendum to the Interim Agreement Between BellSouth Telecommunications, Inc. and NEXTLINK, L.L.C., has been executed as the this 23rd day of May, 1996, by the undersigned representatives for the parties hereto.

NEXTLINK, L.L.C.

BellSouth Telecommunications, Inc.

By: 
President

By: 
Vice President Regulatory, Tennessee

001941

REC'D TN. PUBLIC
SERVICE COMM.
'96 MAY 22 AM 9 3
OFFICE OF THE
EXECUTIVE DIRECTOR

Agreement Regarding Interconnection, Unbundling and Resale

This Agreement ("Agreement") is entered into by and between BellSouth
Telecommunications, Inc., ("BellSouth"), a Georgia corporation and NEXTLINK Tennessee
LLC, ("NEXTLINK"), a Limited Liability Company.

The undersigned parties are entering into this comprehensive Agreement pursuant to the sections 251 and 252 of the Telecommunications Act of 1996, (the "Act"), to avoid the uncertainty and expense of litigation, including Tennessee Public Service Commission dockets No. 96-00067, In Re: The Avoidable Costs Of Providing Bundled Services For Resale By Local Exchange Telephone Companies and No. 94-00184, In Re: Proposed Rule for the Regulation of Local Telecommunications Providers and for the purposes of facilitating the introduction of local exchange competition on an expedited basis. It is the intention of the undersigned parties that this comprehensive Agreement remain in effect for two years beginning April 15, 1996. The undersigned parties understand that as experience is gained in the marketplace, it may become apparent that prices, terms and conditions, other than those set forth in this agreement for purposes of introducing competition, may be more appropriate to support the continued development of competition upon the expiration of this agreement. The parties intend for this Agreement to establish the interim prices, terms, conditions and mechanisms necessary to facilitate the introduction of local exchange competition, as required by the Act. This Agreement will dispose of all known outstanding issues in the aforementioned dockets as said issues related to obligations of the undersigned parties.

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A. Local Interconnection

After extensive negotiations, the undersigned parties have agreed to the following interim prices, terms and conditions for interconnection and the exchange of traffic through April 14, 1998.

1. "Local interconnection" is defined as including the delivery of local traffic to be terminated on each company's local network so that customers of either party have the ability to reach customers of the other party, without the use of any access code or substantial delay in the processing of the call, the LEC unbundled network elements, features, functions and capabilities contained in Attachment D, and temporary telephone number portability. While the parties have endeavored in good faith to resolve the issues relating to local interconnection, the parties recognize that they are unable to foresee and account for every issue that may arise as this Agreement is implemented. Thus, to the extent that the rates, terms and conditions for local interconnection are not specifically established herein, the additional prices, terms and conditions shall be established pursuant to negotiation or set by the commission, upon request of either party.
2. The delivery of local traffic between NEXTLINK and BellSouth shall be reciprocal and compensation will be mutual. The parties will pay each other BellSouth's intrastate terminating switched access rate then in effect, exclusive of the Residual Interconnection Charge and Common Carrier Line elements of the switched access rate, on a per minute of use basis for terminating local traffic on each other's network.

Examples of these rate elements and prices are identified on Attachment A which is incorporated herein by reference. If it is mutually agreed that the administrative costs associated with the exchange of local traffic are greater than the net monies exchanged, the parties will exchange local traffic on an in-kind basis, thereby foregoing compensation in the form of cash or cash equivalent.

3. In order to mitigate the potential adverse impact on either party that might occur because of an imbalance of terminating local traffic between the parties, and to reflect the fact that terminating costs are associated with peak period demand, neither party shall be required to compensate the other for more than up to one-hundred-five percent (105 %) of the total minutes of use of the party with the lower minutes of use in the same month. This cap shall apply to the total local minutes of use calculated on a company-wide basis in the State of Tennessee. For example, if in a given month BellSouth has 10,000 minutes of local traffic terminated on NEXTLINK's local exchange network and NEXTLINK has 15,000 minutes of local traffic terminated on BellSouth's local exchange network, NEXTLINK would be required to compensate BellSouth for local interconnection on the basis of 10,500 terminating minutes (10,000 mins. X 105 % = 10,500 mins.) and BellSouth would compensate NEXTLINK for 10,000 terminating minutes. Seven additional examples are contained on Attachment B which is incorporated herein by reference. In order to determine the amount of local traffic terminated on each party's network, BellSouth and NEXTLINK will report to each other provider the amount of local traffic

terminated. The parties agree that there will be technical, administrative, and implementation issues associated with the accurate reporting of the amount of local traffic terminated by each party on the other party's network. As such, the parties further agree to work cooperatively toward a goal of accurate reporting within four months of the effective date of this Agreement. After the parties have attained the goal of accurate reporting, either 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 reported amount was ascertained. The audit shall be accomplished during normal business hours at an office designated by the party being audited. Audit requests shall not be submitted more frequently than one (1) time per calendar year. Audits shall be performed by a mutually acceptable independent auditor paid for by the party requesting the audit. Reciprocal connectivity shall be established at each and every technically feasible point where the facilities of BellSouth and NEXTLINK perform the physical function of delivering local traffic to be terminated in the other company's network. Such interconnecting facilities shall conform, at the minimum, to the telecommunications industry standard of DS 1 (Bellcore Standard No. TR-NWT-00499). In order to engineer for optimal network capabilities, trunk groups shall be established from these facilities such that BellSouth shall provide a reciprocal of each trunk group established by NEXTLINK and vice

versa. STP (signal transfer point) SS7 Signaling System 7) connectivity is also required.

The parties recognize that various aspects of the interconnection process, including physical interconnection arrangements (i.e., collocation, midspan meet) technical requirements, trouble reporting and resolution, billing processes, resolution of operating issues, provisioning, ordering, deadlines, performance standards, recording of traffic, including start and stop time, reporting and payment, dispute resolutions, rounding measurements, financial penalties for late payments, and the provision of inter-carrier clearinghouse functions are not resolved in this Agreement. The parties agree to cooperatively work toward resolution of these issues and in accordance with existing industry standards. The parties agree that resolution of these issues will ultimately result in additional written operational documents with which the parties will comply.

4. BellSouth shall ensure that NEXTLINK has a sufficient quantity of numbering resources so that BellSouth can tell whether a call from a BellSouth customer to NEXTLINK's customer is local or toll. Whenever BellSouth delivers traffic to NEXTLINK for termination on NEXTLINK's network, if BellSouth cannot determine whether the traffic will be local or toll because of the manner in which the NEXTLINK uses NXX codes, BellSouth will not compensate NEXTLINK for local interconnection but will, instead, charge NEXTLINK originating intrastate network access service charges unless NEXTLINK can provide BellSouth with sufficient

information to make a determination as to whether the traffic is local or toll. To the extent BellSouth controls numbering resources, and if BellSouth does not ensure NEXTLINK access to a sufficient quantity of numbering resources so that BellSouth can tell if the call is local or toll, then the call shall be considered local. If during the term of this Agreement BellSouth is no longer the North American Numbering Plan Administrator, BellSouth agrees to comply with the guidelines, plan or rules adopted pursuant to 47 U.S.C. § 251(c). In the event that NEXTLINK cannot determine whether traffic delivered to BellSouth is local or toll, then the same provision shall apply. The parties agree that there will be technical, administrative, and implementation issues associated with achieving the intent of this provision. As such, the parties further agree to work cooperatively toward achieving the intent of this provision within six months of the effective date of this Agreement.

5. Either BellSouth or NEXTLINK will provide intermediary tandem switching and transport to connect the end user of either party to the end user of another ALEC, a LEC other than BellSouth, another telecommunications company (e.g., pay telephone provider, operator services provider) or a wireless telecommunications service provider for the purpose of making a local call. The party performing this intermediary function, will bill to the other party to this Agreement a \$.002 per minute charge over and above its appropriate local interconnection rate elements as shown on Attachment A. Nothing in this section is intended to determine or is intended to imply the rates or charges either party will charge another ALEC, a LEC

other than BellSouth, another telecommunications company (e.g., pay telephone provider, operator services provider) or a wireless telecommunications service provider for interconnection to its local exchange network.

6. When BellSouth or NEXTLINK provides intermediary functions for network access, i.e., between an IXC and NEXTLINK, NEXTLINK 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 NEXTLINK may bill the residual interconnection charge ("RIC") to the IXC when either provides the intermediary tandem function. Nothing in this section is intended to determine or is intended to imply the rates or charges either party will charge interexchange carriers for access to its local exchange network.
7. The delivery of intrastate toll traffic between NEXTLINK and BellSouth shall also be reciprocal and compensation will be mutual. NEXTLINK and BellSouth shall pay each other identical rates for terminating the same type of traffic on each other's network. The parties will pay each other BellSouth's intrastate switched network access service rate elements on a per minute of use basis for originating and terminating intrastate toll traffic as appropriate. For example, when NEXTLINK customer places a toll call to a BellSouth customer and NEXTLINK serves as the toll carrier, BellSouth will charge NEXTLINK terminating network access charges, the price of which will vary depending upon whether the call goes through a BellSouth tandem or is directly routed to the BellSouth end office. If NEXTLINK is serving as

the BellSouth customer's presubscribed IXC, or the BellSouth customer uses NEXTLINK on a 10XXX basis, then BellSouth will charge NEXTLINK the appropriate originating network access charges. Likewise, if BellSouth is serving as NEXTLINK customer's presubscribed IXC, or NEXTLINK customer uses BellSouth on a 10XXX basis, NEXTLINK will bill BellSouth the appropriate originating network access charges. Examples of these network access rate elements and prices are identified on Attachment C which is incorporated herein by reference.

8. Should the Commission deny approval of the Agreement, the parties agree to mutually determine the appropriate judicial or administrative efforts necessary to gain approval of said Agreement. If it is mutually determined that the Agreement must be renegotiated to gain approval by the Commission, the parties agree to do so on an expedited basis.

Because the undersigned parties lack sufficient data with respect to the volumes of local terminating traffic being delivered to each other, the prices, terms and conditions of local interconnection agreed to herein are deemed transitional in nature. The parties deem them acceptable only as an interim arrangement for two years in order to further the purposes set forth by the parties in this Agreement.

The undersigned parties agree that, because the local interconnection and traffic arrangements agreed to herein are considered transitional, the agreements shall be renegotiated with the new provisions becoming effective after two years. Accordingly, by no later than September 1, 1997, the undersigned parties shall commence negotiations with regard to the

terms, conditions and prices of interconnection arrangements to be effective beginning April 15, 1998. If the parties are unable to satisfactorily negotiate new interconnection terms, conditions and prices, any party may petition the commission to establish appropriate interconnection arrangements pursuant to the Act. The parties will encourage the commission to issue its order expeditiously. In the event the commission does not issue its order prior to April 15, 1998, or if the parties continue to negotiate the interconnection arrangements beyond April 15, 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 April 15, 1998. Until the revised interconnection arrangements become effective, the parties shall continue to exchange traffic on a reciprocal basis pursuant to the terms of this Stipulation and Agreement.

In the event an appropriate regulatory agency or judicial body orders or directs BellSouth or NEXTLINK 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.

In the event BellSouth executes an interconnection, unbundling and resale agreement with any other local exchange carrier, the parties agree that NEXTLINK 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 NEXTLINK 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.

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 NEXTLINK 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.

B. Network Elements

The undersigned parties have agreed to the terms, conditions and prices of the network elements requested by NEXTLINK as set forth in Attachment D, which is incorporated herein by reference. It is understood by the parties that the list of network elements is not exhaustive and the parties commit to cooperate in the negotiation of additional network elements as the parties' future needs require. Without limiting the foregoing, the parties agree to actively continue to negotiate the rates, terms and conditions for the local loop, unbundled local transport from the trunk side of BellSouth's switch and unbundling local switching.

C. Telephone Number Portability

The undersigned parties 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 BellSouth shall offer Remote Call Forwarding to NEXTLINK as a temporary number portability mechanism, effective April 15, 1996. Likewise, the parties agree that NEXTLINK shall offer Remote Call Forwarding to BellSouth 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 Agreement 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. Both parties shall work together and with the 911 coordinators to successfully integrate the relevant NEXTLINK information into the existing 911/E911 systems.

With regard to the price to be paid for remote call forwarding between the parties, which is the temporary telephone number portability solution to be implemented April 15, 1996, the parties agree to pay a recurring charge as follows: \$1.25 per line per month per residential customer for one path and \$1.50 per line per month per business customer for one path. For additional paths, the undersigned parties agree to pay \$.50 per month per additional path per residential customer and \$.50 per month per additional path per business customer, with no additional non-recurring charge if the additional path is ordered at the same time as the first path.

The undersigned parties further agree to pay a non-recurring charge of no more than \$25.00 per order for multiple residential or business lines placed on the same order in a single exchange.

The temporary number portability charges listed above shall also apply whenever a BellSouth customer switches to NEXTLINK and changes his or her location within the same BellSouth central office. The same charges will apply when NEXTLINK customer switches to BellSouth and changes his or her location within the same NEXTLINK central office.

For that terminating toll traffic ported to NEXTLINK which requires use of the BellSouth tandem switching, BellSouth will bill the IXC tandem switching, the residual interconnection charge and a portion of the transport, and NEXTLINK 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 NEXTLINK 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 residual interconnection charge, tandem switching and a portion of transport, and remit the local switching, a portion of transport and CCL revenues to NEXTLINK. If a BellSouth intraLATA call is delivered to NEXTLINK, BellSouth will pay NEXTLINK terminating access rates.

In the event that NEXTLINK and the IXCs 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 all access revenues associated with these calls will be due to NEXTLINK. The company switching a call on a ported number agrees to pass through all terminating intrastate toll switched access revenues associated with those calls to the company to which the number is ported. This includes intraLATA toll calls from a BellSouth customer to a ported BellSouth number that terminates to NEXTLINK.

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 BellSouth will continue to negotiate with NEXTLINK should it 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 Tennessee Commission to 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.

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.

D. Telecommunications Services Available For Resale

BellSouth has set forth in Tennessee Public Service Commission Docket No. 96-00067 as the appropriate cost avoided discounts 9% off the retail rate for business services and 11% off the retail rate for residence services. These discounts will be available to NEXTLINK as of the effective date of this Agreement. Should BellSouth be required, pursuant to a fully adjudicated order, to offer its telecommunications services for resale at discounts different from those advocated by BellSouth, those discounts will be available to NEXTLINK in lieu of the discounts set forth above.

E. Liability and Indemnification

1. With respect to any claim or suit by either party, a customer of either party or by any other person or entity, for damages associated with any of the services provided by either party pursuant to this Agreement, including but not limited to the installation, provision, preemption, termination, maintenance, repair or restoration of service, the providing party's liability shall not exceed an amount equal to the proportionate charge for the service provided pursuant to this Agreement for the period during which the service was affected.

2. Neither party shall be liable to the other for any act or omission of any other telecommunications company providing a portion of the services provided under this Agreement.

3. Neither party shall be liable for damages to the other'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 or associated wiring, except to the extent caused by such party's gross negligence or willful misconduct.

4. Notwithstanding subsection A, each party shall indemnify, defend and hold harmless the other party, its affiliates and parent company, against any claim, loss or damage arising from its actions, duties, or obligations arising out of this Interim Agreement and pertaining to (1) claims for libel, slander, invasion of privacy or copyright infringement arising from the content of the communications over the party's network ; (2) claims for patent infringement arising from the party's acts combining, using or reliance on the other party's services, actions, duties or obligations arising out of this Interim Agreement; (3) any claim, loss or damage claimed by the other party's customer, arising from the party's use or reliance on the other party's services, actions, duties, or obligations arising out of this Interim Agreement.

5. Neither party assumes any liability for the accuracy of the data provided to it by the other and each party agrees to indemnify and hold harmless the other for any claim, action, cause of action, damage, injury whatsoever, that may result from the supply of data from one party to the other in conjunction with the provision of any service provided pursuant to this Agreement.

6. No license under patents (other than the limited license to use) is granted by BellSouth or shall be implied or arise by estoppel, with respect to any service offered pursuant to this Agreement. BellSouth will defend NEXTLINK against claims of patent infringement arising solely from the use by NEXTLINK of services offered pursuant to this Agreement and will indemnify NEXTLINK for any damages awarded based solely on such claims.

7. BellSouth's failure to provide or maintain services offered pursuant to this Agreement shall be excused by labor difficulties, governmental orders, civil commotion, criminal actions taken against BellSouth, acts of God and other circumstances beyond BellSouth's reasonable control.

F. Treatment of Proprietary and Confidential Information

1. 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.

2. 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.

G. Resolution of Disputes

The undersigned parties agree that if any dispute arises as to the interpretation of any provision of this Agreement or as to the proper implementation of any of the matters agreed to in this Agreement the parties will petition the Tennessee 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 commissions concerning this Agreement.

H. Representations

Each person signing this Agreement represents that he or she has the requisite authority to bind the party on whose behalf the person is signing. By signing this Agreement, each undersigned party represents that it agrees to each of the agreements set forth herein. In the event there are parties to the aforementioned dockets that do not sign this Agreement, the comprehensive resolution of the issues set forth in this Agreement shall, nonetheless, be binding upon the undersigned parties. Each undersigned party commits to use its best efforts to persuade the commissions, 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 commissions does not adopt this Agreement in its entirety, the Agreement shall not be binding upon the parties.

I. Limitation of Use

The undersigned parties understand and agree that this Agreement was entered into to resolve issues and matters that are unique to the State of Tennessee 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.

The parties agree that whatever publicity or press releases, if any, are prepared as a result of the execution of this Agreement shall be mutually agreed upon as to form and substance.

J. Waivers

Any failure by any undersigned party to insist upon the strict performance by any other entity of any of the provisions of this Agreement shall not be deemed a waiver of any of the provisions of this 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 Agreement.

K. 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.

L. Purposes

The undersigned parties acknowledge that this Agreement is being entered into for the purposes of fulfilling the obligations of the Act, facilitating the introduction of local exchange

competition; and facilitating resolution of the matters at issue in TN Docket Nos. 96-00067 and 94-00184. Neither this Agreement nor any action taken to reach, effectuate or further this Agreement may be construed as, or may be used as an admission by or against any party. Entering into or carrying out this 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.

M. 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 the undersigned parties.

N. Joint Drafting

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

O. Single Instrument

This 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 Agreement has been executed as of the 1st day of May, 1996, by the undersigned representatives for the parties hereto.

NEXTLINK, Inc.

By: [Signature]

Authorized Representative

Vice President

April 26, 1996

BellSouth Telecommunications, Inc.

By: [Signature]

Authorized Representative

Vice President Regulatory - Tennessee

ATTACHMENT A

**BELLSOUTH SWITCHED ACCESS RATE ELEMENTS AND RATE LEVELS
AS OF JANUARY 1, 1996 FOR TENNESSEE**

Transport ¹	
DS1 Local Channel - Entrance Facility	\$0.00062
Switched Common Transport per minute of use per mile	\$0.00004
Facilities Termination per MOU	\$0.00036
Access Tandem Switching	\$0.00074
Local Switching ²	<u>\$0.01750*</u>
Total	\$0.01927

¹Assumptions:

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

*A revised rate of .01008 is scheduled to become effective shortly

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ATTACHMENT B

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.

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ATTACHMENT C

**BELLSOUTH TENNESSEE- INTRASTATE
SWITCHED ACCESS**

Carrier Common Line	
Originating	\$0.01456
Terminating	\$0.02830
Transport¹	
DS1 Local Channel - Entrance Facility	\$0.00062
Residual Interconnection	\$0.00538
Switched Common Transport per minute of use per mile	\$0.00004
Facilities Termination per MOU	\$0.00036
Access Tandem Switching	\$0.00074
Local Switching²	\$0.01750*

¹Assumptions:

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

*A revised rate of .01008 is scheduled to become effective shortly

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ATTACHMENT D

UNBUNDLED NETWORK FEATURES, FUNCTIONS AND CAPABILITIES

The parties to the Agreement have negotiated the following additional 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 Tennessee 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. NEXTLINK 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, NEXTLINK shall discontinue the Basic 911 procedures and begin the E911 procedures. For E911 service, NEXTLINK will connect the necessary trunks to the appropriate E911 tandem. If a municipality has converted to E911 service, NEXTLINK 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 tandem trunks are not available, NEXTLINK will

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alternatively route the call to the designated 7-digit local number residing in the appropriate PSAP. Such a call will be transported over BellSouth's interoffice network and will not carry the ANI of the calling party.. In order to ensure the proper working of the system, along with accurate customer data, NEXTLINK will provide daily updates to the E911 data-base. BellSouth will work cooperatively with NEXTLINK to define record layouts, media requirements, and procedures for this process. In some instances, BellSouth is responsible for maintenance of the E911 database and is compensated for performing these functions by either the municipality or NEXTLINK for maintaining NEXTLINK's information. In no event, however, shall BellSouth be entitled to compensation from both parties for the same function.

(2) Directory Listings.

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

(3) IntraLATA 800 Traffic.

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BellSouth will compensate NEXTLINK for the origination of 800 traffic terminated to BellSouth pursuant to NEXTLINK's originating switched access charges, including the data-base query. NEXTLINK will provide to BellSouth the appropriate records necessary for BellSouth to bill its customers. The records will be provided in a standard ASR/EMR format for a fee of \$0.015 per record. At such time as NEXTLINK elects to provide 800 services, NEXTLINK 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 NEXTLINK for the origination of such traffic as well on the same terms and conditions as described above.

(4) Number Resource Administration.

BellSouth agrees to sponsor NEXTLINK which makes a request and assist NEXTLINK in obtaining RAO codes, and any other billing and accounting codes necessary for the provision of local telephone numbers within BellSouth jurisdiction.

(5) Operator Services.

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

BellSouth will also offer NEXTLINK, pursuant to published tariff as the tariffs are amended from time to time during the term of this Agreement, Directory Assistance Access Service, Directory Assistance Call Completion Access Service and Number Services Intercept Access Services.

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BellSouth will offer to NEXTLINK operator call completion services on a branded or unbranded basis as mutually agreed between the parties. These services may be provided via a live or automated operator system dependent on the nature of the transaction provided. The rates for these services are subject to further negotiations.

BellSouth will offer to NEXTLINK CMDS Hosting and the Non Sent Paid Report System pursuant to the terms and conditions set forth in Attachment E, incorporated herein by this reference.

BellSouth will enter NEXTLINK line information into its Line Information Database ("LIDB") pursuant to the terms and conditions contained in Attachment F, incorporated herein by this reference.

(6) Network Design and Management.

BellSouth and NEXTLINK 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 NEXTLINK 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,

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NEXTLINK's interconnection reconfigurations will have to be considered individually as to the application of a charge.

(7) CLASS Interoperability.

BellSouth and NEXTLINK will 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. 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 BellSouth and NEXTLINK 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 NEXTLINK 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 NEXTLINK. BellSouth and NEXTLINK 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.

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(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. BellSouth agrees to negotiate with NEXTLINK regarding the provision of unbundled local transport service and unbundled local switching service.

(10) Access to Poles, Ducts, Conduits and Rights of Way

BellSouth agrees to provide to NEXTLINK, pursuant to 47 U.S.C. §224, as amended by the Telecommunications Act of 1996, nondiscriminatory access to any pole, duct, conduit, or right-of-way owned or controlled by BellSouth.

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UNBUNDLED NETWORK ELEMENTS

Service/Network Operations and Interconnection

Needs	AT&T Position	BellSouth Position	Status	Action Items
<p>1) AT&T must have the ability to purchase individual or in any combination, unbundled network elements (UNEs) from BellSouth (BST) in order to provide local telephone service to AT&T customers. AT&T may also have the need to order unbundled network elements in a contiguous manner until such time that AT&T can deploy its own facilities in order to provide local service.</p> <p>Unbundled Network Elements: Contiguous Loop. AT&T must have the ability to order a contiguous loop until such time that it can deploy its own loop assets and purchase only those sub-loop elements that it does not self provision.</p>	<p>Section 251 (c)(3)(A) of the Act requires ILECs (BellSouth) to provide "to any requesting telecommunications carrier (AT&T) 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 (AT&T) to combine such elements in order to provide such telecommunications service." Because it is economically inefficient for AT&T to replicate all of BellSouth's infrastructure, AT&T must have the ability to purchase individual UNEs, or combinations of UNEs in order to provide the most cost effective and efficient manner by which to serve its customers.</p> <p>AT&T must have the ability to purchase a loop to provide local service to all potential customers. AT&T cannot be limited to serving only those customers that are served via metallic facilities or non-integrated digital loop carriers. Since unbundling is technically</p>	<p>Section 251 (c) (3) requires BellSouth to provide to any requesting telecommunications carrier for the provision of a telecommunications service, non discriminatory access to network elements on an unbundled basis at any technical feasible point. The following BellSouth positions are in compliance with that requirement.</p> <p>BellSouth offers unbundled metallic and non-integrated digital loop.</p>	<p>Partial Agreement BellSouth's loop offering consists of a contiguous loop (NID, loop distribution, multiplexer/concentrator, and feeder). BellSouth does not offer the loop as an unbundled network element when integrated Digital</p>	<p>With respect to loops on integrated DLCs, BellSouth should provide AT&T a response to the following alternatives:</p> <p><i>BST response: BellSouth proposes that the companies work closely to develop plans to meet AT&T's needs based on AT&T's end office specific demand forecast.</i></p>

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UNBUNDLED NETWORK ELEMENTS

Service/Network Operations and Interconnection

Needs	AT&T Position	BellSouth Position	Status	Action Items
	<p>feasible, the act requires unbundling. Other RLECs (Bell Atlantic) are offering a full range of alternatives for IDLCs.</p>		<p>Loop Carriers are utilized (approx 18% of BST loops are integrated). AT&T must be able to purchase loops as needed and offers solutions that will allow BST to provision loops with integrated DLCs. On 6/1/96 BST to responded to Action Items at right.</p>	<p>a) Provide AT&T with copper facilities</p> <p><i>BST response: BellSouth agrees this is feasible where sufficient copper pair facilities are available.</i></p> <p>b) For integrated VRT configurations, BST to provide a TR303 interface which is certified as being compatible with SESS.</p> <p><i>BST response: BellSouth advised VRT is technically feasible where "Next Generation Digital Loop Carrier" systems are available.</i></p> <p>c) Allow AT&T to purchase entire DLC system. BST to accept AT&T's test results to perform maintenance.</p> <p><i>BST response: BellSouth's position is that this is not technically feasible because BST operations systems cannot assign and maintain this type of arrangement.</i></p> <p>d) Convert integrated systems to universal (non-integrated) system.</p> <p><i>BST response: BellSouth's long range plans do not support movement to an older, less technically</i></p>

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UNBUNDLED NETWORK ELEMENTS

Service/Network Operations and Interconnection

Needs	AT&T Position	BellSouth Position	Status	Action Items
<p>Network Interface Device: AT&T needs the NID to gain access to customers inside wiring in those cases where AT&T deploys its own loop assets.</p>	<p>AT&T's position is that it is technically feasible to unbundle the NID. AT&T has offered solutions that will remedy BellSouth's concerns (see action items). AT&T recommends option b.</p>	<p>BellSouth's position is that unbundling of the Network Interface Device (NID) is not technically feasible in either residence or business applications. Reasons include the requirement for loop distribution plan to be grounded and bonded via the NID for residential service. The NID also provides a standard test across point for the BellSouth loop. If the NID is located outside a business customer's premises, BellSouth would utilize a NID that is similar to that used for residence outdoor NID applications. If the NID is located inside the customer's premises, several different types of devices are used depending on the number of lines terminated and the type of NID requested by the customer.</p>	<p><u>Disagreement</u> AT&T and BST disagree on the technical feasibility of the NID as an unbundled network element (see BellSouth and AT&T positions).</p> <p>BellSouth agrees that system enhancements will make it technically feasible to unbundle the NID and loop distribution as one element (6/4/96).</p> <p>BellSouth agrees to provide AT&T an additional NID at "time and material" (6/4/96).</p>	

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UNBUNDLED NETWORK ELEMENTS

Service/Network Operations and Interconnection

Needs	AT&T Position	BellSouth Position	Status	Action Items
<p>Loop Distribution: Allows AT&T to efficiently connect to local exchange customers when AT&T has its own loop. ATT needs the flexibility to be able to selectively purchase unbundled network elements in conjunction with AT&T's asset deployment plans.</p>	<p>AT&T believes that this element is technically feasible. Such enhancements or workarounds are not relevant to the Act's requirements. However, system enhancements or manual workarounds would be required because current BST systems (TIRKS,FACS) are designed to service the entire loop and not sub-loop elements.</p>	<p>BellSouth's position is that unbundling of Loop Distribution facilities is not technically feasible until such time as operations systems enhancements are accomplished that would eliminate the requirement for costly, manual 'workarounds' in existing mechanized loop assignment and inventory systems. These 'workarounds' are extensive, manual interventions into the mechanized processes to overcome automated assignment and inventory methods and thus allow the assignment and inventory of sub-loop elements.</p>	<p><u>Under Study</u> AT&T and BellSouth disagree on the technical feasibility of Loop Distribution as an unbundled network element. As of 6/5/96, BST cannot commit to a date to respond to AT&T's request to enhance current systems.</p> <p>AT&T delivered a verbal service request to BST at the 6/20/96 executive negotiations meeting. BellSouth agreed to furnish a Time and Cost quote by mid August.</p>	

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UNBUNDLED NETWORK ELEMENTS

Service/Network Operations and Interconnection

Needs	AT&T Position	BellSouth Position	Status	Action Items
<p>Loop Multiplexer/Concentrator: In order to efficiently serve local customers, AT&T may need to utilize multiplexing and concentrator functions. ATT needs the flexibility to be able to purchase individual unbundled network elements in conjunction with AT&T's asset deployment plans.</p>	<p>AT&T believes that it is technically feasible to unbundle the multiplexer/concentrator when provisioned as part of a non-integrated Digital Loop Carrier (system enhancements or workarounds may be required). AT&T requests that BST make the appropriate system enhancements (see action items). In those cases where the multiplexer/concentrator is part of an integrated system, the multiplexer/concentrator should be provisioned over a non-integrated system. The need for enhancements or workarounds is not relevant to the Act's requirements.</p>	<p>BellSouth's position is that unbundling of Loop Multiplexer/Concentrator is not technically feasible until such time as operations systems enhancements are accomplished that would eliminate the requirement for costly, manual 'workarounds' in existing mechanized loop assignment and inventory systems. These 'workarounds' are extensive, manual interventions into the mechanized processes to overcome automated assignment and inventory methods and thus allow the assignment and inventorying of sub-loop elements. Further, even after operations systems enhancements are accomplished, this element is technically feasible only in extremely limited instances where non-Integrated Digital Loop Carrier (DLC) equipment is</p>	<p>Under Study AT&T and BST disagree that this element is technically feasible.</p> <p>AT&T delivered a verbal service request to BST at the 6/20/96 executive negotiations meeting. BellSouth agreed to furnish a Time and Cost quote by mid August.</p>	

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UNBUNDLED NETWORK ELEMENTS

Service/Network Operations and Interconnection

Needs	AT&T Position	BellSouth Position	Status	Action Items
<p>Loop Feeder: Allows AT&T to serve local customers by self providing loop distribution and purchasing loop feeder from BST.</p> <p>Local Switching: AT&T must have the ability to purchase local switching on an unbundled basis separate from all other unbundled network elements. Switching, and all associated features, must be purchased if it is economically inefficient for AT&T to self provide local switching.</p> <p>AT&T must have the ability to route calls to AT&T provided assets</p> <p>*Note, AT&T's definition of Local Switching does not include functions such as inter-office transport (as does BellSouth's definition of local transport)</p>	<p>AT&T's position is that unbundling of this element is technically feasible.</p> <p>AT&T's position is that Local Switching is an unbundled network element and is independent of all other unbundled network elements (inter-office transport, operator systems, directory service). Furthermore, AT&T believes that solutions exist to solve routing issues associated with Local Switching BST.</p> <p>AT&T believes that a two phased solution will remedy potential routing issues.</p> <p>Phase 1: BST agrees to work with AT&T on a routing resource conservation program.</p> <p>phase 2: BST is to develop and implement a capacity expansion program.</p>	<p>deployed. Even after operations systems enhancements are accomplished, unbundling of this element is not technically feasible in those instances where integrated DLC equipment is deployed.</p> <p>It appears that AT&T's Loop Feeder needs can be met by existing special access offerings.</p> <p>BellSouth's Local Switching (Port) offering includes access to its Operator Services, Directory Assistance, Repair Service, and Inter-office Transport.</p>	<p><u>Agree</u> BST agreed on 5/28 that this element is technically feasible.</p> <p><u>Disagree</u> AT&T and BST disagree on the technical feasibility of Local Switching as an unbundled network element. BellSouth is investigating the technical feasibility of routing calls to AT&T platforms. Response was due to AT&T 6/7/96. BellSouth provided AT&T a response on 6/14 indicating that it is not technically feasible to use LCC and switching system translations to ensure proper routing of calls to AT&T platforms. AT&T disagrees with BST's assumptions and seeks to explore options to remedy any potential routing issues.</p> <p>BellSouth and AT&T are participating on joint conference</p>	

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UNBUNDLED NETWORK ELEMENTS

Service/Network Operations and Interconnection

Needs	AT&T Position	BellSouth Position	Status	Action Items
<p>Operator Systems: AT&T will offer Operator Services to serve local customers. AT&T requires the option to be able to self provide Operator Services, or to purchase Operator Services from BST.</p>	<p>AT&T believes that Operator Systems is a technically feasible unbundled network element that is separate and distinct from other unbundled network elements. Unbundling of this element is a necessary requirement for effective competition.</p> <p>AT&T believes that Directory Systems is a technically feasible</p>	<p>BellSouth offers unbundled Operator Systems for use by facilities based carriers who do not purchase switching from BellSouth. See "Local Switching" for routing issues.</p>	<p>calls to develop a solution for the routing issue.</p> <p>Disagree It is technically feasible for BST to provide Operator Services as an unbundled network element only when calls are routed to BST from a non-BST switch.</p> <p>AT&T and BST disagree on the technical feasibility of Operator Services when calls are switched from a BST switch to BST Operator Services. BST has stated that it cannot identify AT&T calls. Potential LCC exhaust prohibits the identification of AT&T calls. AT&T disagrees with BST's assumptions and seeks to explore options to remedy any potential routing issues. BellSouth and AT&T are participating on joint conference calls to develop a solution for the routing issue.</p> <p>BST has advised AT&T that Operator Services is not an unbundled network element.</p> <p>Disagree</p>	

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UNBUNDLED NETWORK ELEMENTS

Service/Network Operations and Interconnection

Needs	AT&T Position	BellSouth Position	Status	Action Items
<p>Directory Systems: Allows AT&T to provide DA to its customers in the event that AT&T does not self provide.</p>	<p>unbundled network element that must be offered separate and distinct from other elements under the Act.</p>	<p>BellSouth offers unbundled Directory Services for use by facilities based carriers who do not purchase switching from BellSouth. See "Local Switching" for routing issues.</p>	<p>It is technically feasible for BST to provide Directory Services as an unbundled network element when calls are routed to BST from a non-BST switch.</p> <p>AT&T and HST disagree on the technical feasibility of Directory Services when calls are switched from a BST switch to BST Directory Services. BST has stated that it cannot identify AT&T calls. Potential LCC exhaust prohibits the identification of AT&T calls. AT&T disagrees with BST's assumptions and seeks to explore options to remedy any potential routing issues.</p>	
<p>Common Transport: AT&T needs the ability to purchase inter-office LEC transport when it is not feasible</p>	<p>Unbundling of this element is technically feasible. It must be a separate unbundled element. AT&T needs flexibility to obtain the element as needed, and in</p>	<p>BellSouth's unbundled exchange port offering provides switched connections to BellSouth's</p>	<p>BellSouth and AT&T are participating on joint conference calls to develop a solution for the routing issue.</p> <p>BST has advised AT&T that Directory Services is not an unbundled network element.</p> <p>Disagree AT&T and BST disagree on the technical feasibility of this element as an unbundled network</p>	

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UNBUNDLED NETWORK ELEMENTS

Service/Network Operations and Interconnection

Needs	AT&T Position	BellSouth Position	Status	Action Items
<p>build its own.</p> <p>Dedicated Transport: AT&T requires dedicated transport to connect to AT&T designated locations. May be more economical to purchase dedicated transport from LEC than to build</p> <p>Digital Cross Connect Systems: AT&T needs DCS for real time self provisioning/reconfiguration and diagnostics.</p>	<p>combination with other unbundled elements.</p> <p>Unbundling of this element is technically feasible. It must be a separate unbundled element. AT&T needs flexibility to obtain the element as needed, and in combination with other unbundled elements.</p> <p>It is not appropriate for AT&T to purchase dedicated transport from special access tariffs.</p> <p>AT&T's position is that this element is technically feasible.</p> <p>AT&T's position is that it is technically feasible to unbundle</p>	<p>network. It provides connectivity to the switching features associated with telephone line and telephone numbers; the line switching functionality; the line to trunk switching function; and inter-local switch connectivity. Common transport as defined by AT&T is available as part of BellSouth's port offering. Transport is also available to AT&T on an unbundled basis.</p> <p>BellSouth offers transport that meets AT&T's requirements via its Special Access tariffs. This transport may not be used with a BellSouth "Port" for intralATA, interoffice transport. See "Local Switching" for routing issues.</p> <p>BST agreed that this element is technically feasible. Additional investment by BST will be required to meet customer Network Management requirements.</p> <p>BST agrees that this is a</p>	<p>element. Same routing issue as Local Switching. Additionally, current BST pricing bundles switching and transport.</p> <p>BST has advised AT&T that Common Transport is not an unbundled network element.</p> <p>Partially Agree BST agrees that this element is technically feasible when non-BST switched calls are routed to BST Direct transport</p> <p>BST and AT&T disagree that this element is technically feasible when utilized in conjunction with BST switching. Same routing issues as local switching.</p> <p>Agree</p> <p>Agree</p>	

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 UNBUNDLED NETWORK ELEMENTS

Service/Network Operations and Interconnection

Needs	AT&T Position	BellSouth Position	Status	Action Items
<p>Data Switching: AT&T needs the ability to purchase data switching capabilities if it is uneconomical to provide own</p>	<p>this element.</p>	<p>technically feasible UNE. BST agrees to all of AT&T's requirements with the exception of real-time access to performance monitoring and test equipment. Requires additional BST investment to meet all requirements.</p>	<p>Agree</p>	
<p>SS7 Message Transfer & Control: Provides AT&T with the ability to provide services requiring SS7 signaling without building its own signaling network</p>	<p>AT&T's position is that it is technically feasible to unbundle this element.</p>	<p>BST agrees that this UNE is technically feasible.</p>	<p>Agree</p>	
<p>Signaling Link Transport: Provides AT&T the ability to order signaling transport in order to connect to STPs. SCPs/Databases: AT&T needs to access databases to provide local exchange service</p>	<p>AT&T's position is that it is technically feasible to unbundle this element.</p>	<p>BST agrees that this UNE is technically feasible with the exception of providing detailed tracking of usage</p>	<p>Agree</p>	
<p>Tandem Switching: Provides AT&T an economically effective method to provide switching and trunking without building its own</p>	<p>AT&T's position is that it is technically feasible to unbundle this element.</p>	<p>BST agrees that this UNE is technically feasible.</p>	<p>Agree</p>	

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 UNBUNDLED NETWORK ELEMENTS

Service/Network Operations and Interconnection

Needs	AT&T Position	BellSouth Position	Status	Action Items
<p>AIN Provides AT&T the ability to quickly create custom services at a party level with BST.</p>	<p>technically feasible to unbundle this element. AT&T's position is that it is technically feasible to unbundle this element. AT&T must be able to provide AIN at a party level with BST. Access to BST's AIN via a gateway (mediation) will not allow AT&T to provide AIN at a party level with BST.</p>	<p>Pursuant to BellSouth's filings associated with FCC Docket No. 91-346, BellSouth believes that open access to its AIN in three phases is technically feasible. Phase I allows third parties access to BellSouth's service creation platform. Phase II provides interconnection of third party providers service platforms to BellSouth's network via a "gateway". Phase III provides for direct ISDN connection of third party providers' service nodes to BellSouth AIN.</p>	<p>Disagree Negotiations on detailed requirements began on 6/10/96. BST to provide written response to AT&T requirements on 6/19; conference call scheduled for 6/22.</p>	
<p>2) AT&T requires the ability to connect to BST's network and facilities in order to provide local telephone service.</p>	<p>Physical Collocation Section 251 (c) (6) of the Act requires that BST to provide "for physical collocation of equipment necessary for interconnection or access to unbundled network at the premises of the local exchange carrier (BST)" unless BST can prove that it is impractical due to space limitations or technical reasons. In order to efficiently connect to the BST network, AT&T needs dedicated space at BST's LSOs and other locations so that AT&T can install its equipment. AT&T local service</p>	<p>BellSouth will provide, pursuant to section 251 (c) (3), physical collocation on a first come, first serve basis, based on space availability. For offices which do not have adequate space for physical collocation, BST will offer virtual collocation. BellSouth does not restrict vendor selection for equipment to be placed in the physical collocation space, though equipment must meet industry standards. AT&T will have unrestricted 24x7 access to their dedicated space in manned</p>	<p>Agreement BST has agreed to physical collocation basis with no limitations with respect to types of equipment which may be installed. Open issues such as environmental alarms are being worked at the SMI level.</p>	

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UNBUNDLED NETWORK ELEMENTS

Service/Network Operations and Interconnection

Needs	AT&T Position	BellSouth Position	Status	Action Items
	<p>customers will benefit from quicker deployment of technological advancements.</p> <p>Interconnection Section 251 (c) (3) requires BST "to provide, for the facilities and equipment of any requesting telecommunications carrier (AT&T) interconnection with the local exchange carrier's (BST) network." AT&T must be able to connect to the BST network so that AT&T customers can send and receive calls from BST customers, utilize BST data bases and signaling systems.</p> <p>Rights of Way Section 251 (b) (4) states that BST has the duty to "afford access to poles, ducts, conduits, and rights-of-way". Since it is economically inefficient for AT&T to replicate all of BST's infrastructure AT&T must have access to BST's conduits, pole attachments, pathways, entrance facilities, telephone closets. so that AT&T</p>	<p>offices and provisions for 24x7 access to their space in unmanned offices. BellSouth will allow OLEC to OLEC cross connection.</p> <p>BellSouth will provide interconnection pursuant to Section 251(c) of the Act and expects AT&T to interconnect with BellSouth pursuant to section 251 (a) of the Act. AT&T may order one way or two way trunk groups for interconnection. BellSouth expects to be provided the same option and intends to order one way trunk groups. Interconnection via mid-span meet may not be technically feasible. BellSouth is willing to engage in joint testing of this interconnection option.</p> <p>BellSouth will provide access to its poles, ducts, conduits and rights of way pursuant to the requirements of section 224 as amended by section 703 of the Act. AT&T's requests go above and beyond such requirements. Negotiations to further qualify areas of disagreement continue.</p>	<p>Agreement BST agrees to provide transiting traffic to and from other carriers (IXCs, CLECs, etc.) BST will provide signaling platform requested by AT&T. AT&T may order tandem or direct end office trunk groups. Negotiations continue.</p> <p>Partial Agreement Initial conference call took place on 5/21. BST agreed to meet some of AT&T's requirements. BST does not agree to: provide AT&T with existing copies of pole and conduit prints, allow AT&T to "break out of" BST conduit, allow AT&T the use of inner duct or conduit space that BST plans to</p>	

cost / 11-11-96
Friday, 5/24/96, 2:02 PM: Voice mail message from Neil Brown to Frank Kolb:

I told Frank: After talking with Reg Stark and Suzy Lavett earlier today, Suzy told me that we should contact you directly. Mike Guedel and I are planning to come to Birmingham on Wednesday and Thursday, 5/29-30, to meet with you and anyone you designate to discuss your Avoidable Cost studies. I asked Frank to please call to confirm that this is okay because we are making the travel arrangements.

Friday, 5/24/96, 3:30 PM: Voice mail message from Neil Brown to Suzie Lavett:

“Suzie, I know you are on the way home now but I wanted to let you know that I left a voice mail message with Frank Kolb about an hour and a half ago. I told Frank that Mike Guedel and I plan to come to Birmingham on Wednesday and Thursday, 5/29-30, to discuss the BellSouth Avoidable Cost studies. We may bring one other person. Please make sure that BellSouth is ready for that visit and let me know the address and telephone number at Colonnade or elsewhere where Frank’s office is. We would like to start at about 1:00 PM on Wednesday and 8:00 AM on Thursday. You may leave me a voice mail at 404-810-7269. Have a great holiday week-end. Goodbye.”

001983

OK to: *[Signature]*
Call to: *[Signature]*

FAX

Date 05/28/96

Number of pages including cover sheet

2

TO: Pam Nelson

FROM: Suzie Lavett
BellSouth
Telecommunications

Phone 404 810-3100

Fax Phone 404 810-3131

Phone 404 529-7496

Fax Phone 404 420-0031

CC:

REMARKS: Urgent For your review Reply ASAP Please Comment

Pam,
More input:

ISR Item 3

Add as first item in BST Position column just above **Electric Interface**:

BellSouth is prepared to provide AT&T with a level of service and quality of service that is comparable to the service and quality provided to BellSouth's end users. As such, BST proposals regarding pre-service ordering, ordering and provisioning are designed to meet that commitment.

Add to the **Service Ordering processing and Provisioning: "Status"**

BellSouth's original proposed EDI availability date of August 1, 1996, was amended to September 1, 1996, to accommodate AT&T's schedule.

Collect, third number, etc., calls - Change BST Position to read

Pursuant to Section 251(c)(4)(A) of the Act, BellSouth has a duty to offer for resale its retail telecommunications services. The operator services at issue here are sold at retail as a part of residential or business services. Therefore, it is appropriate for BellSouth to bill intraLATA charges to its end users, including collect, etc., calls at its rates. It is also appropriate for BellSouth to bill intraLATA applicable charges to AT&T's end users to the AT&T resale account at the discount rate where appropriate.

001981

IXC PIC Change - BST Position

Add to the first bullet which ends with "via BST's mechanized CARE interface.":

BST considers this to be a reasonable condition or limitation of its offer of services available for resale.

Andre Mulla

1-57

BELLSOUTH

May 28, 1996

Sue Ray
AT&T Local Service Negotiator
Room 12N04
Promenade II
1200 Peachtree St. NE
Atlanta, GA 30309

Response to 5/21/96
TSR letter
on Carrier Bldg.

Dear Sue:

In response to your concerns with AT&T incurring charges for the Diskette Analyzer Bill (DAB) software, that charge is a standard fee for the service and is applicable to all DAB users. Magnetic Tape Billing is also available but would require programming on AT&T's part to pull the data as needed. There is no charge for the magnetic tape if no other billing media (paper) is required.

With respect to AT&T's possible need for additional information on the CLUB Summary bill, BellSouth has no plans to incorporate DAB-like reports in its CLUB Summary process.

Sincerely,

Craig Steele

001986

Post-It™ brand fax transmittal memo 7671		# of pages > 1
To <i>Val Sapp</i>	From <i>Dottie Lee</i>	
Co. <i>LS</i>	Co.	
Dept. <i>215 321-2109</i>	Phone # <i>404 810-3124</i>	
Fax # <i>321-4502</i>	Fax # <i>810-3131</i>	

May 28, 1996

TO: Val Sapp

FROM: Dottie Lee *D*

RE: E911

Following are some items from our May 16th conference call that I would like to review in more detail:

1. For Total Service Resale (TSR), how will BellSouth handle updates/new customer input to the ALI/DMS database.
2. The Network specifications for Telephone Number Portability, particularly Service Provider Number Portability using Remote Call Forwarding (SPNP-RCF) and Service Provider Number Portability using Flexible Direct Inward Dialing (SPNP-Flex DID).
3. Process for providing Master Street Address Guide (MSAG) data initially and on-going.
4. Who are the Public Safety Answering Point contacts for E911.

As discussed via voice mail, I have time scheduled Thursday, May 30 or Friday, May 31 to go over these items. Please confirm your availability as soon as possible. I can be reached at (404) 810-3124.

001907



Pamela A. Nelson
District Manager
Access Supplier Management

Room 12W54
Promenade II
1200 Peachtree St., NE
Atlanta, GA 30309
404 810-3100

May 29, 1996

Suzie Lavett
BellSouth
Room E5G 3535 Colonnade Parkway
Birmingham, Alabama 35243

HAND DELIVERED

Dear Suzie:

Re: RSAG-P/SIMS Agreement

Attached are our suggested revisions to this agreement. Please understand AT&T intends this agreement is to be effective only during our negotiations phase for purposes of joint development and operational testing. Accordingly, AT&T has largely accepted the terms and conditions proposed by BellSouth for this interim period. Our executing this agreement should not be construed as "buy-in" for purposes of negotiating our ultimate interconnection agreement which will include appropriate terms and conditions for accessing RSAG and P/SIMS information.

Finally please give me your assurance that BellSouth is treating AT&T on the same basis as it treats itself and the other local exchange carriers for purposes of accessing RSAG and P/SIMS information. Thank you.

Sincerely yours,

Pamela A. Nelson

001983

Revisions to Agreement for Preordering Information

1. At 4.01, change last sentence to read – The Local Exchange Company may contest on their own, or may 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.
2. At V. TERM OF AGREEMENT – substitute – This Agreement shall continue in effect until it is replaced by provisions incorporated in an Interconnection Agreement now being negotiated by the parties under the Telecommunications Act of 1996. During the pendency of the negotiations, this Agreement may be terminated by the Local Exchange Company upon at least thirty (30) days prior written notice to BST. All obligations of the parties incurred prior to the termination date shall survive termination of this Agreement.
3. At VII. LIMITATION OF LIABILITY – append the following – provided, however, that such indemnification and save harmless obligation shall apply only to direct damages which are proven and shall not apply to circumstances resulting from any negligence of BST, its Agents, Servants, Employees or others; and, provided, further, that such indemnification and save harmless obligation is expressly conditioned on the following (i) that AT&T shall be notified in writing promptly of any such claim or demand, (ii) that AT&T shall have sole control of the defense of any action or such claim or demand and of all negotiations for its settlement or compromise; and that (iii) BST shall cooperate with AT&T in a reasonable way to facilitate the settlement or defense of such claim or demand.
4. At 8.03, append the following – which approval shall not be unreasonably delayed or withheld.
5. At 8.04, substitute “and” for “which”.
6. At 8.05, append the following—and the parties agree to immediately negotiate replacement language for the invalid or unenforceable provisions.
7. At 8.08, following “withheld”, add “or delayed” and substitute the following –provided, however, that either party may, without the other's consent, assign this Agreement to an entity owned in whole or in part by that party, or by one or more of its direct or indirect subsidiaries, and may subcontract the performance of any of its obligations hereunder.

001929

AGREEMENT FOR PREORDERING INFORMATION

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 under which Local Exchange Company will access and use certain preordering information stored in BST's Regional Street Address Guide (RSAG) data base and in files extracted from the Products/Services Information Management System (P/SIMS) data base.

II. DEFINITIONS

2.01. **RSAG Information** - RSAG Information is information obtained from the Regional Street Address Guide (RSAG). For purposes of this Agreement RSAG Information is limited to individual customer location/address data and associated serving central office switches. Data from RSAG can be associated with P/SIMS file data to determine feature and service availability and to identify provisioning carriers. Information in RSAG is accessed using a combination of the following indicators: a valid street address, previous telephone number, previous customer name, descriptive address (e.g., John Hancock Center), or a valid community name and state.

2.02. **P/SIMS Information** - P/SIMS Information is information obtained from the Products/Services Information Management System (P/SIMS). For purposes of this Agreement P/SIMS Information is limited to service/feature availability (by central office) and a listing of carriers providing interLATA and (where applicable) intraLATA services.

2.03. **NPA** - Numbering Plan Area is an area code. The NPA is the primary code which identifies the central office switch providing local exchange service to a specific end user address.

2.04. **NXX** - NXX is a secondary central office code. In combination with the NPA it provides an identifier for each BST central office switch.

III. RESPONSIBILITIES OF PARTIES

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3.01. BST will provide Local Exchange Company with access on a real time basis to RSAG Information. Local Exchange Company may use RSAG Information to obtain the primary NPA/NXX of the associated central office. RSAG is a 24x7 application; however, batch processing will necessitate periods of system unavailability during the morning hours. BST shall endeavor to maintain a satisfactory response time. Depending on the accuracy and level of detail of input data, some transactions will complete in fifteen (15) seconds per query or less. BST shall have no liability to Local Exchange Company for a response time exceeding this parameter.

3.02. BST will provide Local Exchange Company with access to data files containing P/SIMS Information. A separate data file will be prepared for each state contained in BST's nine-state service territory. Access to P/SIMS Information will be provided through a data transmission line. The data transmission line may be obtained from BST pursuant to the provisions of tariffs filed in each state jurisdiction served by BST. Using the data transmission line, Local Exchange Company will have the capability of downloading P/SIMS Information into computer facilities over which Local Exchange Company exercises dominion and control. P/SIMS Information available to Local Exchange Company through this arrangement includes, but is not limited to, a listing of services and features available by central office and a listing of interLATA carriers and (where applicable) intraLATA carriers serving each central office. BST will update P/SIMS Information a minimum of one time per week; however, Local Exchange Company may perform downloading of P/SIMS Information at whatever frequency it deems appropriate.

3.03. Local Exchange Company will obtain from BST a security card featuring a unique password identification which will be changed periodically by BST. A nonrecurring charge of One Hundred (\$100.00) Dollars will be applied to each security card provided, including duplicates furnished to additional users or furnished as a replacement of lost or stolen cards.

3.04. Local Exchange Company acknowledges that RSAG Information and P/SIMS Information obtained pursuant to this Agreement is provided for the limited purposes of facilitating the establishment of new customer accounts and identifying services and features available in specific BST central offices. Local Exchange Company agrees that it will not sell or otherwise transfer RSAG Information and/or P/SIMS Information to any third party for any purpose whatsoever without the prior written consent of BST.

IV. FEES FOR SERVICE AND TAXES

4.01. BST will provide the services contemplated by this Agreement without charge to Local Exchange Company. Sales, use and all other taxes (excluding

taxes on BST's income) determined by BST or any taxing authority to be due to any federal, state or local taxing jurisdiction with respect to the provision of the services 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. ①

4.02. Local Exchange Company hereby acknowledges that future market conditions may increase BST's provisioning costs and necessitate a charge or charges for the services provided pursuant to this Agreement. Should BST in its sole judgment determine to assess a charge or charges for the services described herein, BST will provide Local Exchange Company with a minimum of ninety (90) days' prior written notice of this determination, said notice to include a statement of the exact charge or charges to be applied by BST.

V. TERM OF AGREEMENT

② This Agreement shall continue in effect until terminated by either party upon at least thirty (30) days' prior written notice to the other party. All obligations of the parties incurred prior to the termination date shall survive termination of this Agreement.

VI. DISCLAIMER OF WARRANTIES

6.01. BST does not warrant that services provided under this Agreement will be uninterrupted or error free. In the event of interruptions, delays, errors or other failure of the services, BST's obligation shall be limited to using reasonable efforts under the circumstances to restore the services. BST shall have no obligation to retrieve or reconstruct any messages or data which may be lost or damaged. Local Exchange Company is responsible for providing back-up for data deemed by Local Exchange Company to be necessary to its operations.

6.02. THE SERVICES ARE PROVIDED "AS IS." BST MAKES NO WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE SERVICES, INCLUDING BUT NOT LIMITED TO ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WHICH WARRANTIES ARE HEREBY EXPRESSLY DISCLAIMED.

VII. LIMITATION OF LIABILITY

In no event will BST be liable to Local Exchange Company or any third party for indirect, incidental, special or consequential damages arising out of or in connection with the services provided under this Agreement, including but not limited to losses or damages for any lost profits, errors or omissions in data, lost data or lost or delayed messages, whether caused by BST's negligence or other

legal fault, even if BST has been advised of the possibility of such damages. BST shall be indemnified and saved harmless by Local Exchange Company from all such claims asserted by third parties which arise, directly or indirectly, from BST's provision of services to Local Exchange Company under this Agreement or from any act or omission of Local Exchange Company in connection with the services provided under this Agreement. (3)

VIII. MISCELLANEOUS PROVISIONS

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

8.02. 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.

8.03. 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 Local Exchange Company further agrees not to publish or use such advertising, sales promotions, press releases, or publicity matters without BST's prior written approval. (4)

8.04. This Agreement constitutes the entire agreement between 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. (5)

8.05. 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. (6)

8.06. 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.

8.07. 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.

8.08. The rights and obligations of either party may not be assigned or otherwise transferred without the prior written consent of the other party, which consent shall not be unreasonably withheld; provided, however, that BST may, without Local Exchange Company's consent, assign this Agreement to an entity owned in whole or in part by BST or by one or more of its direct or indirect subsidiaries, and may subcontract the performance of any of its obligations hereunder.

8.09. The section headings used herein are for convenience only, and shall not be deemed to constitute integral provisions of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized representatives in duplicate counterparts, each of which is deemed an original.

Local Exchange Company:

BST:

By:

By:

Name:

Name:

Title:

Title:

open

To: Andre Mule, Pam Nelson, Jay Bradbury, Gwen Davenport

Message from Keith Milner, May 29, 1996, 4:03pm

Hi Pam, good afternoon, this is Keith Milner with BellSouth, it's a few minutes before 4 on Wednesday afternoon, and I did get your message earlier today about our technical meetings. Apparently there's been some change in direction, I'm not sure that I understand all the details. I understand that there will be a discussion at the 5:00 meeting this afternoon and I presume that you'll be on that call with Scott Schaeffer and Jim Carroll and I'm gonna presume Ron Shurter. Anyway, the direction I've been given for now is that my team that had been looking at what I call unbundled routing is to suspend its work that it had only begun so I guess what I'm gonna do right now since I'm not sure of all the details is to at least postpone the meeting that we had talked about for tomorrow afternoon, that is Thursday, until I get direction from Scott or the outcome of that meeting this afternoon, whichever. I know this is a little vague but I'm telling you as much as I know right now. Scott gave Suzie a message to deliver to me and my team earlier today to that effect so I'm not quite sure what all the implications are. And if it's not made clear in the meeting or during the conference call then I will call you after that and we'll talk about that tomorrow. Pam, I apologize for any confusion that this may have caused or any disruption to the work that we thought was going to go forward. If you'd like to call me I'm on 529-5489. Thank you.

001225

cost/mule

Mule, Andre J

From: NEBROWN[SMTP:poscotch!NEBROWN@rondo]
Sent: Wednesday, May 29, 1996 3:36 PM
To: poscotch!CUMMINGS; poscotch!GUEDEL; poscotch!JAKING; poscotch!LEHNERTZ;
 poscotch!MHARPER; poscotch!WAKING; poscotch!wkendall
Cc: poscotch!DRIPLEY; poscotch!NEBROWN; poscotch!PANELSON; pochariot!bzachary;
 pochariot!rasul; attmail!crafton; attmail!gregan; attmail!lerma; attmail!lgamgw!ajmule;
 attmail!lgamgw!follensb; attmail!lgamgw!kmcneely; attmail!lgamgw!cecil; attmail!lgamgw!rbriney;
 attmail!lgamgw!sanderson; attmail!rhshurter; attmail!tye; csgat1!augier; csgat1!bjenkins;
 csgat1!dberger; csgat1!jcarroll; csgat1!mfawzi; csgat1!pfooster; csgat1!rcavallo;
 law1200a!gcoker; law1200a!winegard; lgamgw!wellison
Subject: Hatfield Model: Cost Basic Network



METHOD.PPT



METHOD2.PPT



TSLRICBS.XLS

Team:

I have built off of Brend Kahn's "Method" slides and edited them to suit my use. You may do the same.

Jeff and Karen, I would like to fill in the numbers for Slide 2 and create alternate slides for Sprint/United and GTE (at least for our Region, and preferably, for the country).

In addition, I would like to populate the TSLRIC BellSouth spreadsheet as soon as possible and let Jim share it with Scott Schaefer. Following that, I would like to populate TSLRIC for GTE, then Sprint/United to help support Rasul Damji and Bette Zachary.

Thanks.

Neil Brown

**AT&T UNBUNDLED NETWORK ELEMENTS
TSLRIC PRICE PROPOSAL**

17 UNEs	11 UNEs	AL	FL	GA	KY	LA	MS	NC	SC	TN
1. Loop Distribution	Loop Distribution									
2. Loop Combination										
3. Network Interface Device										
4. Loop Concentrator	Loop Concentrator									
+2 - Loop Combination										
5. Loop Feeder	Loop Feeder									
+2 - Loop Combination										
6. Local Switching	Local Switching									
7. Digital Cross Connect		Port *								
8. AIN		Usage								
9. Data Switching										
10. Local Operator Services	Operator Systems									
11. Local Directory Services										
12. Common Transport	Common Transport									
13. Dedicated Transport	Dedicated Transport									
14. Signaling Link Transport	Signaling Transport									
15. SS7 Msg. Transfer and Control	Signaling Transfer Points									
16. Signaling Control Point	Signaling Control Point									
17. Tandem Switching	Tandem Switching									

001997

Southern Region - BellSouth

■ Hatfield Model TSLRIC study of a basic network line

Alabama	\$	
Florida		\$
Georgia	\$	
Kentucky	\$	
Louisiana	\$	
Mississippi	\$	
No Carolina	\$	
So Carolina	\$	
Tennessee	\$	

Network Elements

- Loop

1. Distribution
2. Concentration
3. Feeder

- Switching

- Operator Systems

- Transport

6. Dedicated
7. Common
8. Tandem Switching

- Signaling

9. Link
10. Signal Transfer Point
11. Service Control Point

TSLRIC Model Methodology

- Model Estimates TSLRIC of eleven unbundled network functions
- Key assumptions:
 - Optimal network - forward looking
 - “scorched node” approach
 - estimates loop costs separately for six population density zones
 - standard Bellcore engineering practices to construct forward-looking network
 - where possible publicly available data is available
 - Sizes plant for full range of LEC services
 - Business and Residence
 - Local, toll and IXC access
- Adjusted to incorporate some assumptions made in Benchmark Cost Model (BCM)
 - Developed jointly by LECs and IXCs - US West, NYNEX, MCI and Sprint

TSLRIC Model Methodology - Data Sources

- 1994 Statistics of Common Carriers
 - Switched Traffic for all services
 - Switched and Special Access Lines
- 1990 Census Data
 - Population Density by Census Tract
 - Census Tract Land Area
- Benchmark Cost Model
 - loop plant placement and materials costs
- Local Exchange Routing Guide (LERG)

TSLRIC Model Methodology - Assumptions

BCM - Based

■ Loop

- Feeder is fiber and analog copper, digital loop carrier also used
- Distribution 100% copper

■ End Office Switching

- 100% digital switching,
- switch size varies by density range

Hatfield Extension

■ Transport

- 100% fiber
- all traffic is tandem-routed

TSLRIC Model Methodology - Expenses

■ Levelized Capital Costs

- 10.5% overall return
- state and federal taxes
- depreciation lives by plant category

■ Operating Expenses

- plant-specific operating expense based on relationship between SOCC expenses and investment
- 6% factor applied to represent variable corporate operations expense

)))

The Cost of Basic Network Elements: Theory, Modeling and Policy Implications

Neil E. Brown
(404) 810-7269
June, 1996

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of Implementation
of the Local Competition Provisions
of the Telecommunications Act of 1996

)
) CC Docket No. 96-98
)

AFFIDAVIT OF LEE L. SELWYN AND PATRICIA D. KRAVTIN

1. Our names are Lee L. Selwyn and Patricia D. Kravtin, President and Vice President—Senior Economist, respectively, at Economics and Technology, Inc. (ETI). Our Statements of Qualifications appear as Attachments A and B to this affidavit. We submit this affidavit in reply to the Comments presented in response to the Commission's April 19, 1996 *Notice of Proposed Rulemaking* (NPRM) in CC Docket 96-98, Implementation of the Local Competition Provisions in the Telecommunications Act of 1996 (the "Act").

2. This affidavit addresses in particular the claims made by Incumbent Local Exchange Companies (ILECs) regarding their entitlement to recovery of historical embedded costs in the rates charged competitors for interconnection and unbundled network elements. A number of ILECs describe (but do not quantify) differences between historical embedded "revenue requirement" costs and the forward-looking Total Service Long Run Incremental Cost (TSLRIC) of the services and facilities that the ILECs will be providing pursuant to Section 251 of the Act, and assert that the failure to recover historical embedded costs will have deleterious effects upon the ILECs.¹

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1. See, e.g., SBC Communications Comments at 89; Bell Atlantic Comments at 36; BellSouth Comments at 57; Ameritech Comments at 68-70; see also Affidavit of Prof. Jerry A. Hausman, attached to USTA Comments, para. 3-13.

Findings of the ETI Study

3. In response to these arguments from the ILECs and USTA expert Hausman, we present specific empirical evidence from an ETI Study entitled *Analysis of Incumbent LEC Embedded Investment: An Empirical Perspective on the "Gap" Between Historic Costs and Forward-looking TSLRIC* ("ETI Study"), which appears as Attachment C to this affidavit. In particular, the ETI Study examines critically the notion, implicit in the arguments raised by the ILECs, that their books reflect a relatively large base of old, obsolete plant, acquired under pre-competitive conditions at a high cost relative to current prices, which the ILECs assert explains the divergence between ILEC accounting books and TSLRIC.

4. Although ETI's empirical analysis was necessarily constrained by the limited availability of ILEC data, we nevertheless find that, as a general proposition and contrary to ILEC claims and other "conventional wisdom," the existence of a "gap" between historical embedded costs and TSLRIC results *cannot* be ascribed to the obsolescence or (relative to current prices) high cost of plant put in place to satisfy basic service demand as part of any explicit or implicit pre-competition regulatory bargain imposed upon the ILECs. Rather, a primary driver of ILEC plant additions and retirements over the past few years was related to and motivated by the ILECs' pursuit of other strategic business goals and positioning for entry into new lines of business.

5. As described further below, the analyses presented in the ETI Study provide specific empirical evidence demonstrating that:

- The majority of plant carried on the ILECs' books is relatively new, having been acquired during the 1990s – a time period in which fundamental regulatory changes, competitive inroads, and corresponding strategic responses were clearly being contemplated and addressed by the ILECs;

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- In the aggregate, newer vintage plant is replacing the older vintages at the steady pace of approximately 5%-10% per year, such that in the next several years, during the transition to a more competitive local exchange market environment, the ILECs will have replaced or retired virtually all categories of their pre-1990 embedded base of plant that has become economically and/or technologically obsolete;
- Of the plant acquired since January 1, 1990 that now constitutes the majority of the ILECs' net rate base, only a relatively small fraction of the gross additions in digital switching and outside plant distribution facilities can be shown to have been required to support growth in basic service demand over this period;
- A large portion of the older (i.e., pre-1990) vintage plant remaining on the ILECs' books consists of physical assets whose economic values may have actually appreciated, in that similar plant is still being acquired at reproduction costs (such as those reflected in TSLRIC studies) that in many cases are likely to be *greater* than the original (historic) acquisition cost.


6. In addition, the ETI Study also examines several case studies and other anecdotal evidence that further supports and expounds upon the conclusions of the quantitative empirical analyses. These include:

- ILEC involvement in the market for advanced Centrex-type services which, unlike POTS services, required the use of digital (as distinct from analog) central office switches, may have motivated the unnecessarily early replacement of analog central office switching plant and the massive overconstruction of outside plant;
- ILEC efforts to expand the market for additional residential lines and other discretionary services, required the ILECs to design and construct far more extensive feeder and distribution infrastructures (and expend far greater aggregate capital investments) than otherwise would have been required to provision basic local

exchange service, and appears to overwhelm simple growth in basic local exchange line demand as a principal capital investment driver; and

- ILEC strategic positioning in the market for advanced and broadband digital services, has resulted in the ILECs significantly increasing feeder facilities relative to those actually required to meet demand for basic local exchange lines and other POTS services, and provides a far better explanation for capacity expansion than simple POTS demand growth.

The foregoing statements are true and correct to the best of our knowledge, information and belief. Executed on May 29, 1996.


LEE L. SELWYN


PATRICIA D. KRAVTIN

Statement of Qualifications

DR. LEE L. SELWYN

Dr. Lee L. Selwyn has been actively involved in the telecommunications field for more than twenty-five years, and is an internationally recognized authority on telecommunications regulation, economics and public policy. Dr. Selwyn founded the firm of Economics and Technology, Inc. in 1972, and has served as its President since that date. He received his Ph.D. degree from the Alfred P. Sloan School of Management at the Massachusetts Institute of Technology. He also holds a Master of Science degree in Industrial Management from MIT and a Bachelor of Arts degree with honors in Economics from Queens College of the City University of New York.

Dr. Selwyn has testified as an expert on rate design, service cost analysis, form of regulation, and other telecommunications policy issues in telecommunications regulatory proceedings before some forty state commissions, the Federal Communications Commission and the Canadian Radio-television and Telecommunications Commission, among others. He has appeared as a witness on behalf of commercial organizations, non-profit institutions, as well as local, state and federal government authorities responsible for telecommunications regulation and consumer advocacy.

He has served or is now serving as a consultant to numerous state utilities commissions including those in Arizona, Minnesota, Kansas, Kentucky, the District of Columbia, Connecticut, California, Delaware, Maine, Massachusetts, New Hampshire, Vermont, New Mexico, Wisconsin and Washington State, the Office of Telecommunications Policy (Executive Office of the President), the National Telecommunications and Information Administration, the Federal Communications Commission, the Canadian Radio-television and Telecommunications Commission, the United Kingdom Office of Telecommunications, and the Secretaria de Comunicaciones y Transportes of the Republic of Mexico. He has also served as an advisor on telecommunications regulatory matters to the International Communications Association and the Ad Hoc Telecommunications Users Committee, as well as to a number of major corporate telecommunications users, information services providers, paging and cellular carriers, and specialized access services carriers.

Dr. Selwyn has presented testimony as an invited witness before the U.S. House of Representatives Subcommittee on Telecommunications, Consumer Protection and Finance and before the U.S. Senate Judiciary Committee, on subjects dealing with restructuring and deregulation of portions of the telecommunications industry.

In 1970, he was awarded a Post-Doctoral Research Grant in Public Utility Economics under a program sponsored by the American Telephone and Telegraph Company, to conduct research on the economic effects of telephone rate structures upon the computer time sharing industry. This work was conducted at Harvard University's Program on Technology and Society, where he was appointed as a Research Associate. Dr. Selwyn was also a member of the faculty at the College of Business Administration at Boston University from 1968 until 1973, where he

taught courses in economics, finance and management information systems.

Dr. Selwyn has published numerous papers and articles in professional and trade journals on the subject of telecommunications service regulation, cost methodology, rate design and pricing policy. These have included:

"Taxes, Corporate Financial Policy and Return to Investors"
National Tax Journal, Vol. XX, No.4, December 1967.

"Pricing Telephone Terminal Equipment Under Competition"
Public Utilities Fortnightly, December 8, 1977.

"Deregulation, Competition, and Regulatory Responsibility in the
Telecommunications Industry"
*Presented at the 1979 Rate Symposium on Problems of Regulated Industries -
Sponsored by: The American University, Foster Associates, Inc., Missouri
Public Service Commission, University of Missouri-Columbia, Kansas City,
MO, February 11 - 14, 1979.*

"Sifting Out the Economic Costs of Terminal Equipment Services"
Telephone Engineer and Management, October 15, 1979.

"Usage-Sensitive Pricing" (with G. F. Borton)
(a three part series)
Telephony, January 7, 28, February 11, 1980.

"Perspectives on Usage-Sensitive Pricing"
Public Utilities Fortnightly, May 7, 1981.

"Diversification, Deregulation, and Increased Uncertainty in the Public Utility
Industries"
*Comments Presented at the Thirteenth Annual Conference of the Institute of
Public Utilities, Williamsburg, VA - December 14 - 16, 1981.*

"Local Telephone Pricing: Is There a Better Way?; The Costs of LMS Exceed
its Benefits: a Report on Recent U.S. Experience."
*Proceedings of a conference held at Montreal, Quebec - Sponsored by
Canadian Radio-Television and Telecommunications Commission and The
Centre for the Study of Regulated Industries, McGill University, May 2 - 4,
1984.*

"Long-Run Regulation of AT&T: A Key Element of A Competitive
Telecommunications Policy"
Telematics, August 1984.

002010

"Is Equal Access an Adequate Justification for Removing Restrictions on BOC Diversification?"

Presented at the Institute of Public Utilities Eighteenth Annual Conference, Williamsburg, VA - December 8 - 10, 1986.

"Market Power and Competition Under an Equal Access Environment"

Presented at the Sixteenth Annual Conference, "Impact of Deregulation and Market Forces on Public Utilities: The Future Role of Regulation" Institute of Public Utilities, Michigan State University, Williamsburg, VA - December 3 - 5, 1987.

"Contestable Markets: Theory vs. Fact"

Presented at the Conference on Current Issues in Telephone Regulations: Dominance and Cost Allocation in Interexchange Markets - Center for Legal and Regulatory Studies Department of Management Science and Information Systems - Graduate School of Business, University of Texas at Austin, October 5, 1987.

"The Sources and Exercise of Market Power in the Market for Interexchange Telecommunications Services"

Presented at the Nineteenth Annual Conference - "Alternatives to Traditional Regulation: Options for Reform" - Institute of Public Utilities, Michigan State University, Williamsburg, VA, December, 1987.

"Assessing Market Power and Competition in The Telecommunications Industry: Toward an Empirical Foundation for Regulatory Reform"
Federal Communications Law Journal, Vol. 40 Num. 2, April 1988.

"A Perspective on Price Caps as a Substitute for Traditional Revenue Requirements Regulation"

Presented at the Twentieth Annual Conference - "New Regulatory Concepts, Issues and Controversies" - Institute of Public Utilities, Michigan State University, Williamsburg, VA, December, 1988.

"The Sustainability of Competition in Light of New Technologies" (with D. N. Townsend and P. D. Kravtin)

Presented at the Twentieth Annual Conference - Institute of Public Utilities Michigan State University, Williamsburg, VA, December, 1988.

"Adapting Telecom Regulation to Industry Change: Promoting Development Without Compromising Ratepayer Protection" (with S. C. Lundquist)
IEEE Communications Magazine, January, 1989.

002011

"The Role of Cost Based Pricing of Telecommunications Services in the Age of Technology and Competition"
Presented at National Regulatory Research Institute Conference, Seattle, July 20, 1990.

"A Public Good/Private Good Framework for Identifying POTS Objectives for the Public Switched Network" (with Patricia D. Kravtin and Paul S. Keller)
Columbus, Ohio: National Regulatory Research Institute, September 1991.

"Telecommunications Regulation and Infrastructure Development: Alternative Models for the Public/Private Partnership"
Prepared for the Economic Symposium of the International Telecommunications Union Europe Telecom '92 Conference, Budapest, Hungary, October 15, 1992.

"Efficient Infrastructure Development and the Local Telephone Company's Role in Competitive Industry Environment" *Presented at the Twenty-Fourth Annual Conference, Institute of Public Utilities, Graduate School of Business, Michigan State University, "Shifting Boundaries between Regulation and Competition in Telecommunications and Energy", Williamsburg, VA, December 1992.*

"Measurement of Telecommunications Productivity: Methods, Applications and Limitations" (with Françoise M. Clottes)
Presented at Organisation for Economic Cooperation and Development, Working Party on Telecommunication and Information Services Policies, '93 Conference "Defining Performance Indicators for Competitive Telecommunications Markets", Paris, France, February 8-9, 1993.

"Market Failure in "Open" Telecommunications Networks: Defining the New "Natural Monopoly"
Presented at the Tenth Michigan Conference on Public Utility Economics, Western Michigan University, Kalamazoo, Michigan, March 26, 1993.

"Telecommunications Investment and Economic Development: Achieving efficiency and balance among competing public policy and stakeholder interests"
Presented at the 105th Annual Convention and Regulatory Symposium, National Association of Regulatory Utility Commissioners, New York, November 18, 1993.

002012

"The Potential for Competition in the Market for Local Telephone Services" (with David N. Townsend and Paul S. Keller)
Presented at the Organization for Economic Cooperation and Development Workshop on Telecommunication Infrastructure Competition, December 6-7, 1993.

"Market Failure in Open Telecommunications Networks: Defining the new natural monopoly," *Utilities Policy*, Vol. 4, No. 1, January 1994.

"*The Enduring Local Bottleneck: Monopoly Power and the Local Exchange Carriers*," (with Susan M. Gately, et al) a report prepared by ETI and Hatfield Associates, Inc. for AT&T, MCI and CompTel, February 1994.

"*Commercially Feasible Resale of Local Telecommunications Services: An Essential Step in the Transition to Effective Local Competition*," (Susan M. Gately, et al) a report prepared by ETI for AT&T, July 1995.

"Efficient Public Investment in Telecommunications Infrastructure"
Land Economics, Vol 71, No.3, August 1995.

"Market Failure in Open Telecommunications Networks: Defining the new natural monopoly," in *Networks, Infrastructure, and the New Task for Regulation*, by Werner Sichel and Donal L. Alexander, eds., University of Michigan Press, 1996.

Dr. Selwyn has been an invited speaker at numerous seminars and conferences on telecommunications regulation and policy, including meetings and workshops sponsored by the National Telecommunications and Information Administration, the National Association of Regulatory Utility Commissioners, the U.S. General Services Administration, the Institute of Public Utilities at Michigan State University, the National Regulatory Research Institute at Ohio State University, the Harvard University Program on Information Resources Policy, the Columbia University Institute for Tele-Information, the International Communications Association, the Telecommunications Association, the Western Conference of Public Service Commissioners, at the New England, Mid-America, Southern and Western regional PUC/PSC conferences, as well as at numerous conferences and workshops sponsored by individual regulatory agencies.

002013

Statement of Qualifications

PATRICIA D. KRAVTIN

Patricia D. Kravtin is Vice President and Senior Economist at ETI. Ms. Kravtin did graduate study in the Ph.D. program in Economics at the Massachusetts Institute of Technology, where she was a National Science Foundation Fellow. Her fields of study have included Industrial Organization, Government Regulation of Industry, and Urban and Regional Economics. While at M.I.T., Ms. Kravtin performed research for the Sloan School of Management and the Joint Center for Urban Studies of M.I.T. and Harvard. Her own empirical work has centered on multiproduct industries and has included econometric estimation of multiproduct cost functions and measurement of product-specific economies of scale and economies of joint production.

While in Washington, D.C., Ms. Kravtin gained valuable insight into the regulatory process performing research and policy analysis at the United States Department of Commerce, the Securities and Exchange Commission, and the Private Radio Bureau of the Federal Communications Commission.

Since joining ETI in 1982, Ms. Kravtin has been actively involved in telecommunications regulatory proceedings in state jurisdictions throughout the country and has frequently testified as an expert witness before regulatory commissions. Ms. Kravtin has testified before the Rhode Island Public Utilities Commission, the Maine Public Utilities Commission, the Florida Public Service Commission, the New York Public Service Commission, the Louisiana Public Service Commission, the Minnesota Public Utilities Commission, the Mississippi Public Service Commission, the Arizona Corporation Commission, the Kentucky Public Service Commission, the Delaware Public Service Commission, the Georgia Public Service Commission, the Tennessee Public Service Commission, the New Hampshire Public Utility Commission, the New Jersey Board of Regulatory Commissioners, the Arkansas Public Service Commission, the Kansas Corporation Commission, and the California Public Utilities Commission. Ms. Kravtin has also testified as an expert witness in anti-trust litigation before the United States District Court for the Eastern District of Tennessee at Greeneville.

Ms. Kravtin's assignments have involved the analysis of both rate design and revenue requirements issues. She has performed analyses of various cost methodologies used by telephone companies to determine costs and set rates, and econometric demand models used to develop estimates of repression and stimulation of demand as a result of price changes. She has conducted numerous analyses of the costs and benefits of local measured service.

Ms. Kravtin has also been involved in the analysis of issues relating to telephone company modernization expenditures and plant utilization. Ms. Kravtin has presented testimony on the subject of infrastructure/plant modernization before the Ohio General Assembly senate select Committee on telecommunications Infrastructure and Technology and the New Jersey Senate Transportation and Public Utility Committee.

002024

More recently, Ms. Kravtin has gained extensive expertise in the area of video and multi-media information service markets. Ms. Kravtin has submitted numerous filings before the FCC concerning the economics of video dialtone investment and/or VDT tariffs proposed by New Jersey Bell, Pacific Bell, Ameritech, Southern New England Telephone, US West, GTE, Bell Atlantic, BellSouth, NYNEX, Puerto Rico Telephone Company and Carolina Telephone in over 25 Section 214 Application proceedings.

Ms. Kravtin has authored and co-authored numerous papers and reports pertaining to these issues. These include the following:

"The Economic Viability of Stentor's 'Beacon Initiative,' Exploring the extent of its financial dependency upon revenues from services in the Utility Segment," prepared for Unitel, submitted as evidence before the Canadian Radio-television and Telecommunications Commission, March 1995.

"A Public Good/Private Good Framework for Identifying POTS Objectives for the Public Switched Network" prepared for the National Regulatory Research Institute, October 1991;

"The U S Telecommunications Infrastructure and Economic Development," presented at the 18th Annual Telecommunications Policy Research Conference, Airlie, Virginia, October 1990;

"An Analysis of Outside Plant Provisioning and Utilization Practices of US West Communications in the State of Washington," prepared for the Washington Utilities and Transportation Commission, March 1990; and

"Telecommunications Modernization: Who Pays?," prepared for the National Regulatory Research Institute, September 1988.

Ms. Kravtin has also been actively involved in the analysis of issues relating specifically to industry structure, BOC market power and MFJ restrictions, regulatory reform, price caps regulation, access charges, and local and long-distance competition in the telecommunications industry at both the state and federal level. Ms. Kravtin has served as an expert witness in antitrust cases involving BOC monopolization. She has co-authored numerous papers and reports pertaining to these issues. These include the following:

"Reply to X-Factor Proposals for the FCC Long-Term LEC Price Cap Plan," prepared for the Ad Hoc Telecommunications User Committee, submitted in FCC CC Docket 94-1, March 1, 1996.

"Establishing the X-Factor for the FCC Long-Term LEC Price Cap Plan," prepared for the Ad Hoc Telecommunications User Committee, submitted in FCC CC Docket 94-1, December, 1995.

002015

"Fostering a Competitive Local Exchange Market in New Jersey: Blueprint for Development of a Fair Playing Field." prepared for the New Jersey Cable Television Association, January 1995.

"The Enduring Local Bottleneck: Monopoly Power and the Local Exchange Carriers." February 1994.

"A Note on Facilitating Local Exchange Competition," prepared for E.P.G., November 1991;

"Testing for Effective Competition in the Local Exchange," prepared for the E.P.G., October 1991;

"Report on the Status of Telecommunications Regulation, Legislation, and modernization in the states of Arkansas, Kansas, Missouri, Nebraska, Oklahoma and Texas," prepared for the Mid-America Cable-TV Association, December 13, 1990;

"Sustainability of Competition in Light of New Technologies," presented at the Twentieth Annual Williamsburg Conference of the Institute of Public Utilities, Williamsburg, Virginia, December 1988;

"Industry Structure and Competition in Telecommunications Markets: An Empirical Analysis," presented at the Seventh International Conference of the International Telecommunications Society at MIT, July 1988;

"Market Structure and Competition in the Michigan Telecommunications Industry," prepared for the Michigan Divestiture Research Fund Board, April 1988;

"Impact of Interstate Switched Access Charges on Information Service Providers - Analysis of Initial Comments," submitted in FCC CC Docket No. 87-215, October 26, 1987;

"An Economic Analysis of the Impact of Interstate Switched Access Charge Treatment on Information Service Providers," submitted in FCC CC Docket No. 87-215, September 24, 1987;

"Regulation and Technological Change: Assessment of the Nature and Extent of Competition From A Natural Industry Structure Perspective and Implications for Regulatory Policy Options," prepared for the State of New York in collaboration with the City of New York, February 1987;

"Long-Run Regulation of AT&T: A Key Element of a Competitive Telecommunications Policy," *Telematics*, August 1984;

002016

"BOC Market Power and MFJ Restrictions: A Critical Analysis of the 'Competitive Market' Assumption," submitted to the Department of Justice, July 1986; and

"Economic and Policy Considerations Supporting Continued Regulation of AT&T," submitted in FCC CC Docket No. 83-1147, June 1984.

Ms. Kravtin attended George Washington University on an Honor Scholarship where she received a B.A. with Distinction in Economics. She was elected to Phi Beta Kappa and Omicron Delta Epsilon in recognition of high scholastic achievement in the field of Economics. Ms. Kravtin is a member of the American Economic Association.

002827

ANALYSIS OF INCUMBENT LEC EMBEDDED INVESTMENT:

**An Empirical Perspective on the "Gap" between
Historic Costs and Forward-looking TSLRIC**

**Implementation of the Local Competition
Provisions in the Telecommunications Act of 1996**

CC Docket No. 96-98

**Lee L. Selwyn
Patricia D. Kravtin**

May 30, 1996

003018

 **ECONOMICS AND TECHNOLOGY, INC.**

ONE WASHINGTON MALL • BOSTON, MASSACHUSETTS 02108

Preface

ANALYSIS OF INCUMBENT LEC EMBEDDED INVESTMENT

In its *Notice of Proposed Rulemaking* (NPRM) adopted April 19, 1996 in CC Docket No. 96-98, the FCC's proceeding on implementation of the local competition provisions in the *Telecommunications Act of 1996* (the Act), the Commission sought comment, *inter alia*, on the empirical magnitude of the differences between historical costs incurred by incumbent LECs (ILECs) and the forward-looking long-run incremental costs (LRIC) of the services and facilities they will be providing pursuant to Section 251 of the Act.¹ The matter of such a differential was raised by the Commission in the context of rates that ILECs would set for interconnection, collocation, and unbundled network elements.² In comments submitted to the Commission, a number of ILECs (and/or their experts) assert that there is a significant "gap" between historical embedded "revenue requirement" costs and the forward-looking Total Service Long Run Incremental Cost (TSLRIC) of the services and facilities that the ILECs will be providing pursuant to Section 251, and that the failure to recover historic costs will have deleterious effects on the ILECs.

Economics and Technology, Inc. (ETI) was asked by AT&T to undertake an empirical analysis of the embedded investment of major ILECs to examine critically the notion being advanced by the ILECs that they carry on their books a large base of old, obsolete plant, acquired at a high cost relative to current prices. Furthermore, the ILECs claim that it is this old, obsolete plant that is responsible for creating a divergence between their embedded costs and TSLRIC. This report summarizes the results of ETI's analysis of ILEC embedded investment and the conclusions to be drawn therefrom. This project was conducted under the overall direction of Dr. Lee L. Selwyn and Patricia D. Kravtin, President and Vice President—Senior Economist, respectively, at ETI. Research and analytical support for this project was provided by Sonia N. Jorge, Michael J. DeWinter, Paul S. Keller, and Irena V. Tunkel, of ETI.

1. NPRM, para. 144.

2. *Id.*

003019

Analysis of LEC Embedded Investment

The time frame of the Commission's proceeding has necessarily limited the scope of the analysis we could reasonably perform in response to issues and questions as complex as those raised in the NPRM and in the Comments of the parties concerning the nature of ILEC investments and the "gap" between historical embedded costs and TSLRIC. Accordingly, we have concentrated our attention, at least initially, on the ILECs owned by the seven Regional Bell Holding Companies. Where data was available, we expanded the analysis to include larger independent telephone companies, such as Southern New England Telephone Company (SNET). In addition, as a result of recent work in several proceedings before the California Public Utilities Commission, we have benefitted from the availability of certain additional data and information regarding Pacific Bell's investment, plant replacement and depreciation practices, and have incorporated this knowledge, which we believe to be representative of ILECs in general, into these results. Although ETI's empirical analysis was necessarily constrained by the limited availability of ILEC data, we believe that the results we have obtained are representative across Tier 1 ILECs.

Economics and Technology, Inc.
Boston, Massachusetts

May 30, 1996

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1 | INTRODUCTION AND SUMMARY

Purpose of this Study

In the FCC's *Notice of Proposed Rulemaking* (NPRM) in CC Docket No. 96-98 regarding the *Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, adopted April 19, 1996, the Commission seeks comment, *inter alia*, on the empirical magnitude of the differences between the historical costs incurred by incumbent local exchange carriers (ILECs) (or historical revenue streams) and the forward-looking long-run incremental cost (LRIC)¹ of the services and facilities they will be providing pursuant to Section 251. The Commission further asks to what extent incumbent local exchange carriers can "reasonably claim an entitlement to recover a portion of such cost differences" in the rates set for interconnection, collocation, and unbundled network elements.²

In comments submitted to the Commission, the ILECs (and/or their experts) describe (but do not quantify) differences between historical embedded "revenue requirement" costs and the forward-looking Total Service Long Run Incremental Cost (TSLRIC) of the services and facilities that the ILECs will be providing pursuant to Section 251, and assert that the

1. The Commission uses the term Long Run Incremental Cost (LRIC) to refer generically to all types of forward-looking incremental costing methods. NPRM, para. 123. However, the Commission recognizes that some parties refer specifically to a "total service long-run incremental cost" approach. *Id.*, paras. 124-126. In this Report, we will hereinafter use the term TSLRIC, as the preferable type of long-run costing process that should be relied upon in the setting of interconnection and unbundled network element rates.

2. NPRM, para. 144.

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Introduction and Summary

failure to recover historic costs will have deleterious effects on the ILECs.³ USTA presents the affidavit of Prof. Jerry A. Hausman, who argues that the recovery of ILEC historical embedded costs is required on the basis of "[p]roductive efficiency," i.e., to incent ILECs to continue to make efficient investments in their networks.⁴ According to Prof. Hausman, TSLRIC does not permit the recovery of fixed and common costs, including "historical costs due to past network investments" in an "economically efficient manner."⁵

This Study responds to the points raised by the ILECS by examining both empirical and anecdotal evidence concerning the "gap" between historical embedded "revenue requirement" costs and bottoms-up aggregate TSLRIC results. In particular, this Study examines critically the notion, implicit in the arguments raised by the ILECs, that carried on their books is a relatively large base of old, obsolete, and relatively costly plant, responsible for creating a divergence from TSLRIC results that the ILECs are entitled to recover.

3. For example, SBC Communications (SBC) argues that "incremental costs fail to account for certain ILEC costs historically incurred..." SBC Comments, p.89. Bell Atlantic asserts that "basing rates on incremental costs would deny ILECs the ability to recoup any unrecovered historical investment." Bell Atlantic Comments, p. 36. BellSouth argues in its Comments that embedded costs "properly incurred pursuant to regulatory oversight" should be included in the measure of total costs that ILECs be permitted to recover in charges for interconnection and unbundled elements. BellSouth Comments, p. 57. Ameritech similarly argues that so-called "residual" costs, including costs associated with the "legacy of regulatory decisions" and with spare capacity, remain on the ILECs' books and cannot be ignored. According to Ameritech, these costs pertain to investments made to satisfy service obligations and which "encompass multiple generations of technology" such that "the resulting network will not be identical [i.e. will cost more relative] to the one that could be built today." Ameritech Comments, p. 68-70.

4. Affidavit of Jerry A. Hausman submitted with USTA Comments, para. 3.

5. *Id.*

Summary

On the basis of ETI's empirical analysis, we find that, as a general proposition, any "gap" between historical embedded costs and TSLRIC *cannot* be ascribed to either old/obsolete, or high cost plant, or to plant put in place to satisfy basic service demand as part of any explicit or implicit pre-competition regulatory condition imposed upon the ILECs.

In particular, what we see is that the majority of plant carried on the ILECs' books is relatively new, representing investments made by the ILECs during the 1990s – a time period in which fundamental regulatory changes, competitive inroads, and corresponding strategic responses, were clearly being contemplated and addressed by these companies. Moreover, of the plant acquired since January 1, 1990 that now constitutes the majority of most ILECs' net rate base, only a small fraction of the gross additions in digital switching and outside plant distribution facilities can be shown to have been required to support growth in basic service demand over this period. Furthermore, a large portion of the older (i.e., pre-1990) vintage plant remaining on the ILECs' books is associated with physical assets whose economic values may have actually appreciated, in that similar plant is still being acquired at reproduction costs (such as reflected in TSLRIC studies) that in many cases are likely to be *greater* than the original (historic) acquisition cost. Thus, rather than placing RBOCs at a competitive disadvantage relative to new entrants, the *composition* of the older plant remaining on the companies' books suggest that this older plant may actually represent "hidden" valuable assets for the ILECs.

The overall approach employed in this Study has as its foundation the following three basic premises:

- First, the potential entry of competition in the local exchange market has not (or should not have) taken the ILECs by surprise, but rather has been (or certainly should have been) contemplated by the ILECs in ongoing investment and construction planning over the past several years. Accordingly, for purposes of evaluating ILEC claims of entitlement to recover revenues based upon historic embedded costs, it is appropriate to distinguish between "historic" embedded costs incurred by the ILECs in recent years from the historic embedded costs associated with the earlier pre-local exchange competition era;
- Second, the only embedded costs for which the ILECs should be even remotely justified in making a claim for any sort of entitlement to recovery are those associated with the provision of basic telephony services that relate to a specific regulatory mandate under the traditional rate-of-return regulatory regime. Embedded costs associated with strategic ILEC investments in modernized facilities designed either to provide new non-basic services (e.g., advanced or

broadband digital) or to acquire excess capacity over and above that explained by demand growth for basic service are not relevant in the context of carrier-to-carrier interconnection rates; and

- Third, embedded costs associated with certain types of plant (e.g., copper cable, buildings) may actually represent "hidden" assets for the ILECs to the extent that the current reproduction costs of such plant (as would be reflected in TSLRIC studies) exceed the historic costs carried on the ILECs' books. That the ILECs in the current market environment prefer to deploy fiber cable to replace copper distribution cable, and digital switches to replace analog switches (creating an excess of building space, among other things) is similarly not germane, since those deployment choices can, as a general proposition, be linked to strategic positioning on the part of the ILEC to provide *non-basic* — and often *competitive* — services.

For these reasons, any attempt by ILECs to claim an entitlement to additional investment recovery over and beyond that supported by proper TSLRIC studies based upon the existence of a "gap" that can be attributed to newer, underutilized plant is not supportable on economic efficiency or public policy grounds. Indeed, the only purpose that would be served by granting ILECs additional revenue recovery based upon claims concerning any such "gap" would be to impose a significant competitive disadvantage upon new local exchange entrants.

To empirically test whether the conditions identified above regarding the vintage, composition, and utilization of plant are extant for the ILECs, several related empirical analyses were performed to examine trends in ILEC investment, depreciation, plant acquisition, retirement, and utilization, among other factors, for the period beginning January 1, 1990 to the present. As described in this Study, our empirical analyses demonstrate, with respect to the *vintage, composition, and utilization* of ILEC plant, that:

Vintage

- The overwhelming majority of ILEC plant is not particularly old or obsolete;
 - For the RBOCs, 60% of net Total Plant in Service (TPIS) as of the end of 1995 was acquired on or after January 1, 1990;
 - In the aggregate, newer vintage plant is replacing the older vintages at the steady pace of approximately 5%-10% per year (as a result of additions, retirements, and ongoing depreciation charges taken against existing plant), such that in the next several years, during the transition to a more competitive local exchange environment, the ILECs will have replaced or retired virtually

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all categories of their pre-1990 embedded base of plant that has become economically and/or technologically obsolete;

- As early as the end of 1997, for example, for most RBOCs, only about 30% of net TPIS will be associated with older vintage plant.

Composition

- The composition of plant accounts — in terms of the proportion of surviving plant associated with older vs. newer vintages — varies with the type of plant and has significant implications with respect to the relative economic value of older versus newer vintage plant;
 - In particular, for plant accounts such as metallic (i.e., copper) cable, buildings, poles and conduit, for which current reproduction costs are higher than historic costs, there is a greater proportion (in the range of 70%) of pre-1990 vintage plant surviving in net TPIS;
 - In sharp contrast, for plant accounts such as non-metallic (i.e., fiber) cable, for which current costs are lower than historic, a markedly lower proportion of the plant (roughly half of that existing for metallic) is associated with older (i.e., pre-1990) vintages;
 - For a large portion of pre-1990 plant investment remaining on the RBOCs' books, historic embedded costs may be *lower* relative to current reproduction cost results.

Utilization

- ILEC additions to central office (CO) digital switching and outside plant facilities over the period January 1, 1990 through December 31, 1995 cannot be explained by basic service demand growth;
 - For the RBOCs, only between 12% to 37% of digital CO switching capacity that was added over the period January 1, 1990 through the end of 1995 can be characterized as demand driven, i.e., explained by growth in the demand for basic services;

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- While there is a broader range of results across RBOCs, for some companies, the percentage of outside plant distribution facilities added between January 1, 1990 and the end of 1995 that can be explained by growth in demand for basic service ranges as low as -15.8% to 9%, where the "negative" utilization result indicates additional outside plant facilities were deployed despite experiencing an overall decline (i.e., negative growth) in basic service demand over the period;
- Even for companies at the "high" end, demand-driven outside plant utilization figures in the range of 66% to 82% suggest a substantial amount of historic investment that cannot be attributed to meeting basic service demand. For example, for BellSouth, an estimated loop plant utilization factor of 71% in conjunction with an estimated digital CO plant utilization factor of 34%, results in an estimated \$2.9-billion in excess net plant relative to that required to satisfy growth in basic service demand over the 1990 to 1995 period;
- Of all the RBOCs, SBC Communications exhibits the highest (82%) outside plant utilization relative to that required to meet basic service demand growth, consistent with the generally unfavorable competitive climate for new entrants in its region, and its aggressive investments in cellular and other acquisitions. Conversely, companies exhibiting the lowest outside plant utilization, (Ameritech, NYNEX, and Bell Atlantic) operate in areas where regulatory and market conditions are relatively conducive to local competition;
- For RBOCs nationwide, we estimate in the order of magnitude of as much as \$25-billion of historic net TPIS (as of the end of the 1995) that cannot be explained by basic service demand growth over the 1990 to 1995 period.

The time frame of the NPRM precludes the completion of a large number of data-intensive empirical analyses. However, this Study also examines several specific examples and other anecdotal evidence that further supports and expounds upon the conclusions of the quantitative empirical analyses. These include:

- ILEC involvement in the market for advanced Centrex-type services, which unlike POTS services, required the use of digital (as distinct from analog) central office switches, may have motivated the early replacement of analog central office switching plant, as well as the deployment of excess outside plant facilities;

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Introduction and Summary

- ILEC efforts to expand the market for additional residential lines and other discretionary services, required the ILEC to design and construct far more extensive feeder and distribution infrastructures (and expend far greater aggregate capital investments) than otherwise required to provision basic local exchange service, and appears to overwhelm simple growth in basic local exchange line demand as a principal capital investment driver; and
- ILEC strategic positioning in the market for advanced and broadband digital services has resulted in the ILECs significantly increasing feeder facilities relative to those actually required to meet demand for basic local exchange lines and other POTS services, and provides a far better explanation for capacity expansion than simple POTS demand growth.

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STUDY APPROACH AND METHODOLOGY

General Study Approach

The overall approach utilized in this Study for purposes of evaluating ILEC claims of entitlement based upon historic embedded costs has as its foundation three basic premises:

- (1) That the potential entry of competition in the local exchange market has not taken the ILECs by surprise, but rather has been (or certainly should have been) contemplated by the ILECs in ongoing investment and construction planning over these past several years;
- (2) That the costs at issue are those incident to the provision of basic telephony services, and not those attributable to modernized facilities designed to support the offering of new non-basic and competitive services or to build in excess capacity over and above that required to serve basic service demand in anticipation of an expansion of business; and
- (3) That embedded costs associated with certain types plant (e.g., copper cable, buildings) may actually represent "hidden" assets to the extent that the current reproduction costs of such plant (as would be reflected in TSLRIC studies) exceed the historic costs carried on the ILECs' books.

On this basis, the general approach adopted in this Study is to examine trends in ILEC investment, depreciation, plant acquisition, retirement and utilization, among other factors, based upon a distinction between "historic" embedded costs incurred by the ILECs in more recent years from the historic embedded costs associated with the pre-local exchange competition era.

For purposes of this Study, we have selected January 1, 1990 as the cutover point between "historic" and "current" ILEC operating environments. While there cannot be a bright line separating these two "eras," January, 1990 is a reasonable break-point for several

reasons. During the period 1990 to the present (if not before), the ILECs have argued for price cap regulation for interstate services and in a majority of intrastate jurisdictions largely on the premise that they needed increased pricing flexibility and earnings growth in order to respond successfully to increasing competition in all aspects of their business. The ILECs have been successful in their efforts during this period to get out from under rate of return regulation with its emphasis on historical embedded costs and to enjoy the increased freedom under price cap regulation to make market-driven decisions.⁶ During this period, local competition and related issues have been addressed extensively in the federal jurisdiction and in a large number of state jurisdictions.

To empirically test whether the conditions identified above regarding the vintage, composition, and utilization of plant are extant for the ILECs, several related empirical analyses were performed to examine trends in ILEC investment, depreciation, plant acquisition, retirement, and utilization, among other factors, for the period beginning January 1, 1990 to the present. We rely upon the latest data available from ARMIS, supplemented with data from various state commission and FCC decisions, depreciation studies, and monitoring reports, as supported by our general industry knowledge.

Vintage Analysis

The ultimate goal of the vintage analysis is to demonstrate how much of the net investment was acquired by the ILECs during the period beginning on and after January 1, 1990. Accordingly, we develop a methodology that allows for the attribution or breakdown of each of these categories as between the pre-January 1, 1990 and post-January 1, 1990 periods: In other words, for each year, starting in 1990, we distinguish how much of the TPIS can be characterized as pre-1990 vis-a-vis post-1990 plant.

The vintage analysis tracks several specific categories of data with respect to Total Plant In Service (TPIS) for each RBOC starting with the year 1990:

- **Beginning TPIS balance;**
- **Annual changes (additions, retirements, other adjustments);**
- **Ending TPIS balance;**
- **Beginning accumulated depreciation, accruals, ending accumulated depreciation;**

6. Over 70% of current ILEC revenue streams are regulated on the basis of "pure price caps" regulation. Merrill Lynch Report. "Telecom Services - Local," 23 April 1996.

- Composite depreciation rate; and
- Net TPIS.

The data used in the analysis was compiled or derived from various public sources: ARMIS Reports 4302 (Tables B1 and B5) were the source for all TPIS data including values for annual additions, retirements, other adjustments and accruals; various relevant state commissions and FCC decisions were the sources for depreciation rates; and generation arrangement tables provided by the ILECs to the FCC as part of their triennial depreciation filings were the source for survivorship percentages by plant vintage.

The methodology utilized in the vintage analysis can be summarized as follows: net pre-1990 TPIS consists of: all plant acquired before 1990, the portion of retirements related to pre-1990 plant vintages, depreciation accruals related to pre-1990 plant, other adjustments related to pre-1990 plant, and accumulated depreciation related to pre-1990 plant — derived on the basis of year-to-year tracking for each vintage plant. Correspondingly, net post-1990 TPIS consists of all plant acquired during and after 1990, offset by that portion of total retirements related to post-1990 plant vintages, depreciation accruals related to post-1990 plant, other adjustments related to post-1990 plant, and accumulated depreciation related to post-1990 plant. The pre-1990 TPIS amounts are typically derived as a residual, by subtracting the derived post-1990 amounts from the total TPIS amounts reported in ARMIS. Detailed spreadsheets following this methodology are presented in Appendix A to the Study.

The specific methodology used to assign categories to the pre- and post-1990 periods is described as follows:

Additions

The analysis assigns plant additions entirely to the post-1990 period, since assets added in each of the years beginning with 1990 through to the present are, by definition, post-1990 plant.

Retirements

Retirements apply to plant acquired before 1990 as well as to plant acquired after 1990, and accordingly, are attributed to both the pre-1990 and post-1990 periods. It is possible to estimate the portion of the total retirements charge attributable to each vintage of plant additions based upon generation arrangements data provided for each category of plant. In our analysis, retirements are attributed between the two periods based upon a weighted average survival curve derived from the survivorship data identified in the generation

arrangement tables described above. The weighted average curve considers the survival factors assigned to each plant account, properly weighted by each account's share of total investment. For simplification purposes, we selected seventeen TPIS categories of accounts to be included in our analysis.⁷ These categories collectively account for over 90% of 1995 TPIS. The analysis resulted in a weighted average survival curve (yearly survival factors), which was then used to estimate the portion of retirements that relates to each vintage during the post-1990 period. For each year's retirement charge, we estimated the portion relating to the post-1990 period (using the survival curve to calculate each vintage's retirement expense) and subtracted that amount from the total retirement charge reported in ARMIS to derive the amount related to pre-1990 plant.

Accruals

The allocation of depreciation accruals to the pre- and post-1990 periods followed a similar method as that used for retirements. We derive a composite depreciation rate for each year in the post-1990 period using state- and FCC-prescribed rates. For example, for Pacific Bell, the California Public Utilities Commission (CPUC) allows depreciation rates to be adjusted on an annual basis, so the composite depreciation rates were generated for each year based upon annual CPUC-prescribed depreciation rates. In contrast, the Bell Atlantic companies only file depreciation rates on a triennial basis, with the state commissions generally adopting the depreciation rates approved by the FCC. For all companies, the composite rate was derived using a weighted average of the rates prescribed for each TPIS account, weighted according to the level of investment in each account. Composite depreciation rates were then estimated at the RBOC level for each year in the post-1990 period, by weighting the relevant state-level composite depreciation rates according to relative access line counts. For each RBOC, we utilized data that was readily available, and in all cases incorporated data for the largest state operations. The composite RBOC depreciation rate was then applied to the annual additions and to the net TPIS balance corresponding to the post-1990 period. The difference between the post-1990 accrual expense and the ARMIS reported depreciation expense determined the pre-1990 plant accrual expense. As with the retirement calculations, all balances were carried to the next year and considered in the following year's expense calculation.

7. These categories include Buildings, General Purpose Computers, Analog Electronic Switches, Digital Electronic Switches, Digital Electronic Switches, Digital Circuit, Analog Circuit, Poles, Aerial Cable Metallic Exchange, Aerial Cable Metallic Interoffice, Aerial Cable Non-metallic Exchange, Underground Cable Metallic Exchange, Underground Cable Metallic Interoffice, Underground Cable Non-metallic Interoffice, Buried Cable Metallic Exchange, Buried Cable Metallic Interoffice, and Buried Cable Non-metallic Interoffice, and Conduit.

Other Adjustments

The category "Other Adjustments" in the Depreciation section (ARMIS Form 43-02, Table B-5) includes Salvage, Other Credits, Cost of Removal, Other Charges and any discrepancy in Retirements. These amounts generally related to retirements and accordingly were allocated as between pre-1990 and post-1990 periods in proportion to retirements. Similarly, where there existed non-zero entries in the "Transfers/Adjustments" column in the calculation of the ending TPIS balance (ARMIS Form 43-02 Table B-1), that amount was also allocated in proportion to retirements.

The vintage analysis worksheets are reproduced in Appendix A to this Study.

Composition Analysis

While the vintage analysis described above examines ILEC embedded investment at the aggregate TPIS level, the composition analysis uses the *plant-specific data* provided in the generation arrangement tables (submitted by the ILECs to the FCC as part of their depreciation filings⁸) in order to answer the question of how the composition of plant accounts — in terms of the proportion of surviving plant associated with older vs. newer vintages — varies with the type of plant, and to examine the implications of any observed variation in terms of its impact upon the "gap" between historic embedded costs and TSLRIC results.

To the extent it can be shown that for copper plant accounts there is a greater proportion of older vintage plant surviving vis-a-vis the results for net TPIS, this effectively rebuts the notion that older vintage ILEC plant is comprised of more costly plant relative to that which would be costed out under TSLRIC. As another example, building space freed up by the lower space requirements of digital switching equipment vis-a-vis the analog equipment it replaces has significant revenue generating potential for the ILECs, particularly in the context of the demand for collocation. Thus, similar to the case of copper plant, building plant accounts would provide another prime example of valuable older vintage assets.

For this study, we have examined generation arrangement data for the principal plant accounts for one representative state operating area (the largest based upon number of access lines) per RBOC. Based upon our examination of the generation arrangement data,

8. As noted above, the data provided in the generation arrangements information was also used in the vintage analysis as the source of plant survivorship curves from which pre- and post- 1990 retirements were estimated.

we observe a consistent trend across ILECs with respect to survivorship percentages for various plant categories.

The composition analysis is performed directly from the information provided by ILEC generation arrangement tables. The generation arrangement table identifies for each plant account the proportion of plant surviving for each year, as well as the total amount surviving for that particular plant account. In general terms, we estimate the amount of post-1990 plant surviving on the ILEC's books by simply adding together the respective amounts of surviving plant identified in the generation arrangement table for each of the years 1990 through 1995. An estimate of the pre-1990 plant is derived by subtracting the post-1990 estimate from the total amount surviving. The analysis is performed on plant account categories that together comprise generally over 90% of RBOC TPIS.⁹

Before doing these calculations, however, two intermediate steps are required. In order to minimize data requirements, we first combine the various disaggregated plant account categories into a single composite category. For example, the various cable (e.g., aerial, buried, and underground) accounts are combined into a composite cable category. Second, for most companies, the latest data available is for the year 1994. To estimate the post-1990 surviving plant through the end of 1995, consistent with the study period covered by our analysis, we estimate surviving amounts for 1995 (and in the case of Pacific Bell for 1994 as well) by applying the average annual growth rate for the most recent three year period.

The composition analysis worksheets are reproduced in Appendix B to this Study.

Utilization Analysis

The purpose of the utilization analysis is to further examine the post-1990 investment in order to determine what portion of aggregate RBOC investment could actually be attributed to meeting growth in demand for basic service. To the extent that a large portion of investments in central office and/or outside plant can be shown to be underutilized relative to that required to meet POTS (for Plain Old Telephone Service) access line growth demand, it would suggest that such investments may have been motivated by strategic considerations rather than growth-driven requirements associated with the provision of basic services (and hence not appropriately recovered in the rates for carrier-to-carrier interconnection and unbundled elements).

9. These categories are the same ones used in the development of survival curves in the vintage analysis and are identified in footnote 7, *supra*.

Methodology

The utilization analysis is based upon a combination of data from ARMIS and from deployment and utilization submitted to the FCC and to state PUCs. The analysis consists of three

- First, we derive estimates of digital CO and loop plant additions, respectively, that can be explained by demand growth;
- Second, the "utilization" estimates from the preceding step are applied to annual plant additions (net of retirements) for the post-1990 period to derive an estimate of plant additions in the 1990 to 1995 period that are "demand-driven," i.e., explained by demand growth for basic service; and
- Third, those revised plant retirements are run through the vintage model to produce a revised result as of the end of 1995, the objective of which is to more closely approximate what ILEC net TPIS would have been had ILEC plant acquisition been driven by basic service demand growth.

Determination of utilization of digital CO and loop plant

We first determine the percentage of CO capacity and loop plant that can be explained by demand growth for basic service. Data available from ARMIS Form 43-07 on "Total Number of Access Lines" adjusted to remove all but the PBX trunk-equivalent measure of non-basic lines is used as the measure of basic demand growth relating to digital CO capacity. "Working Channels" data, similarly adjusted to remove non-basic Centrex lines, is used as the measure of basic demand growth relating

10. As described in ARMIS Report Definition - Total Number of Access Lines In Service - is equal to the sum of rows 140 E/M Lines Served (lines served by Electro-Mechanical switches), 160 ASPC Lines Served (the number of lines served by Program Controlled switches), and 180 DSPC Lines Served (the number of lines served by Program Controlled switches), rounded to the nearest thousand. Total Access lines in Service indications of local telephone service including, but not limited to, individual lines, party line access, Centrex access, Coin access, Foreign Exchange access and WATS access. FCC ARMIS Infrastructure Report Definitions, Row Instructions, August 1993.

11. Data on Centrex extensions was taken Report 4308 (Operating Data) for the years 1991-1994. Data on Centrex lines for 1990 was not available. The average growth rate for the period 1991-1994 to the 1991 amount to derive an estimate of the equivalent number of Centrex lines. An average trunk equivalency ratio of 8:1 was applied to the number of Centrex extensions to arrive at the equivalent number of Centrex lines.

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to loop plant capacity.¹² Centrex lines in excess of their PBX trunk equivalents are appropriately removed from the analysis because they represent competitive (non-basic) service lines that are used for intercommunication purposes that would not exist under the (basic service) PBX trunk alternative.

In estimating available capacity for the RBOCs, "DSPC Lines Served"¹³ and "Total Equipped Channels"¹⁴ were selected as the measures of digital CO switching and loop plant capacity, respectively. These estimates of digital CO and loop capacity taken from ARMIS, however, are not true measures of capacity, but rather reflect lines (or channels) ready to serve. Dark fiber and excess digital switch processor capacity,¹⁵ for example, would not be included in such measures. Accordingly, in order to approximate a more accurate (and realistic) measure of capacity for digital CO plant and loop plant, we develop a separate capacity adjustment factor for each plant group to apply to the raw line and channel counts taken from ARMIS. A conservative adjustment for digital CO capacity was developed based upon the most recent actual reported capacity data provided by Pacific Bell to the California Public Utilities Commission.¹⁶ A similarly conservative adjustment for outside plant was developed based upon information available from the latest FCC Fiber

12. As described in ARMIS Report Definitions, Row 370 - *Total Working Channels* - are counted on a 4 kHz bandwidth (single voice channel) basis. Working channels originating from a remote switch are treated the same as if the channels originated in the host central office. "Total Working Channels" are equal to the sum of rows 380 *Total Copper* (the number of copper working channels), 390 *Fiber Digital CXR* (the number of fiber digital CXR [carrier] working channels, converted to voice frequency equivalents) and 410 *Other* (other working channels). Whereas the "Total Number of Access Lines in Service" measure includes only switched lines, the "Total Working Channel" counts include non-switched loop plant in addition to switched. FCC ARMIS Infrastructure Report 43-07, Report Definitions, Row Instructions, August 1993.

13. As described in ARMIS Report Definitions, Row 180 *DSPC Lines Served* is defined as the number of lines served by Digital Stored Program Controlled switches, rounded to the nearest thousand. *Id.*

14. As described in ARMIS Report Definitions, Row 420 - *Total Equipped Channels* - are counted on a 4 kHz bandwidth (single voice channel) basis. Equipped channels originating from a remote switch are treated the same as if the channels originated in the host central office. "Total Equipped Channels" are equal to the sum of rows 430 *Copper* (the number of copper equipped channels), 440 *Fiber Digital CXR* (the number of fiber digital CXR equipped channels) and 460 *Other* (other equipped channels). *Id.*

15. A digital CO switch central processor may have a capacity of up to 100,000 lines, but the machine may only be "equipped" for a far smaller number, for example, 40,000 lines. ARMIS capacity data will reflect only the smaller (i.e., most limiting) of these two capacities.

16. Pacific Bell Monitoring Report, P.E—01—00 for digital CO capacity. We applied a capacity adjustment factor of 7.5 percent, i.e., we grossed up DPSC Lines in Service data from ARMIS by 7.5%. Note that the Pacific Bell report is also based upon "most limiting capacity" and hence does not report excess capacity in other switch components, such as the central processor.

Deployment Update and from general industry knowledge.¹⁷ Applying these adjustment factors yields a second set of digital CO growth and loop growth figures that are more appropriately analyzed in relationship to the corresponding growth in access lines and working channels.

The respective growth levels for each of these measures is calculated by subtracting the 1990 reported figures from the corresponding 1994 data. Once the growth levels are obtained, we develop plant addition utilization factors (i.e., the percentages of digital CO capacity and loop growth, respectively, that can be explained by growth in demand) by dividing access line growth by the growth in DSPC lines served (to derive the percentage of added digital CO capacity that is demand driven), and by dividing working channel growth by the growth in equipped channels (to derive the percentage of loop growth that is demand driven).

Application of utilization data to investment figures

The utilization percentages estimated in the preceding step are now applied to the actual 1990-1994 plant additions to derive the amount of plant additions that appear to have been driven by growth in basic service demand. Investment data is taken from ARMIS Form 43-02 reports for Account 2212 Digital Electronic Switch (for digital CO plant) and Account 2410 Cable & Wire (for loop plant). Estimates of demand-driven plant additions are calculated by multiplying the dollar amounts of the plant additions by the percentage of capacity that is driven by demand, as determined in the preceding step. Since revisions to plant additions will also impact the levels of retirement of plant, we also calculate revised retirement amounts that correspond to the revised new plant additions. The method employed maintains the same proportion of retirements to additions in any given year.

In a few instances, utilization percentages estimated for outside plant facilities were negative, indicating that additional outside plant facilities were deployed despite the fact that the RBOC experienced an overall decline (i.e., negative growth) in basic service demand over the period. In such cases, to be conservative and because some portion of the additions our methodology would treat as excess capacity may be necessary to support basic service demand even in an overall negative growth environment (e.g., plant replacements caused by normal wear and tear of plant used to serve basic demand, and/or the non-fungibility of plant due to geographic shifts in demand), we set a floor below which we do not reduce additions. Specifically, in no case do we reduce plant additions by more than

17. See, Kraushaar, Jonathan M., *Fiber Deployments Update: End of Year 1994*, Industry Analysis Division, Common Carrier Bureau, F.C.C., July 1995. For Loop growth, we used a capacity adjustment factor of 25%, i.e., we grossed up the Total Equipped Channel data available from ARMIS by 25%.

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90%, i.e., we assume ILECs could justify a base level of additions of 10% of their actual levels as being required to support the existing base of basic service demand even under zero- or negative-growth conditions.

Calculation of revised net TPIS results for the post-1990 period

The revised additions and revisions data are then input into our vintage analysis model, which is then used to calculate revised net TPIS amounts for the 1990 to 1995 period. Based upon these revised net TPIS amounts, we can then estimate the amount by which TPIS for any given ILEC is overstated as a result of investments made for purposes other than the satisfaction of basic demand growth.

The utilization analysis worksheets are reproduced in Appendix C to this Study.

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RESULTS OF THE EMPIRICAL ANALYSIS

Vintage Analysis

The vintage analysis determines the relative age of ILEC net book investment in order to test the validity of ILEC claims that large amounts of obsolete plant — acquired at a high cost relative to today's prices — remain in the ILECs' embedded rate base.

As shown in Table 1 on the following page, the results of the vintage analysis confirm that the majority of current ILEC net plant in service is relatively new, representing investments that were made by the ILECs during the post-1990 period. As of the end of 1995, in a pattern quite consistent across the RBOCs as well as SNET, 60% of the net TPIS can be attributed to plant vintages of 1990 or later. This finding specifically refutes the notion implicit in arguments advanced by the ILECs that a large embedded base of old and obsolete plant is responsible for creating a divergence from TSLRIC results.

As Table 1 demonstrates, the amount of net TPIS falling in the category of post-1990 vintage plant is substantial. As of the end of 1995, of total RBOC net TPIS of \$119.5-billion, approximately \$71.4-billion relates to plant deployed in 1990 or later, while only \$48.1-billion relates to plant deployed prior to January 1, 1990. At the beginning of 1990, net TPIS for the RBOCs stood at \$117.4-billion,¹⁸ such that by the end of 1995, the amount of older (i.e., pre-January 1, 1990) net plant remaining on the RBOCs' books had fallen by some \$69.3-billion — roughly equivalent to the amount RBOCs had added to net plant in the post-1990 period.

18. Derived in ETI Vintage Analysis (Appendix A), using FCC ARMIS (USOA) Report 43-02, Table B1.

Table 1

The majority of current ILEC
net plant in service is relatively new.

Investment and Percentage of Net TPIS Attributed to Pre- and Post-
January 1, 1990 Periods, as of the end of 1995

<u>RBOCs</u>	<u>Net TPIS Year-End 1995 (\$000)</u>	<u>Net TPIS Attributed to Pre 1-1-90 Vintages</u>		<u>Net TPIS Attributed to Post 1-1-90 Vintages</u>	
		<u>(\$000)</u>	<u>Percent</u>	<u>(\$000)</u>	<u>Percent</u>
Ameritech	\$14,874,907	\$6,694,965	45.0%	\$8,179,942	55.0%
Bell Atlantic	\$18,126,694	\$7,503,364	41.4%	\$10,623,330	58.6%
BellSouth	\$22,990,452	\$8,437,811	36.7%	\$14,552,641	63.3%
Nynex	\$16,800,636	\$6,296,223	37.5%	\$10,504,413	62.5%
Pacific Telesis	\$14,629,943	\$6,235,511	42.6%	\$8,467,997	57.9%
SBC Communications	\$15,116,818	\$6,763,120	44.7%	\$8,353,698	55.3%
US West	\$16,935,629	\$6,173,582	36.5%	\$10,762,047	63.5%
TOTAL RBOC	\$119,475,079	\$48,104,576	40.3%	\$71,444,068	59.8%
 SNET	 \$2,146,681	 \$872,912	 40.7%	 \$1,273,769	 59.3%

Source: ETI Vintage Analysis, Appendix A; Data from ARMIS Report 43-02.

Moreover, as shown in Table 2 on the following page, the results of the vintage analysis further demonstrate that in the aggregate, newer vintage plant is replacing the older vintages at the steady pace of approximately 5%-10% per year. Thus, in the next several years, during the transition to a more competitive local exchange environment, the ILECs will have replaced or retired a substantial portion of their older vintage plant. Projecting out only a few more years, the percentage of pre-1990 plant is likely to fall in the range of only 25% to 30%. Further, as discussed below in the context of the composition analysis we performed, those categories of older vintage plant remaining on the companies' books consist disproportionately of plant that is neither economically nor technologically obsolete. While the specific percentages vary, the results across companies are quite similar.

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Table 2

Over the next few years, the H.E.Cs will have replaced most of their embedded base consisting of older vintage plant.

Yearly Change in Percentage of TPIS Attributed to Pre- and Post-January 1, 1990*

	Ameritech	Bell Atlantic	BellSouth	NYNEX	Pacific	SBC	US West	SNET
Year End	Pre/Post	Pre/Post	Pre/Post	Pre/Post	Pre/Post	Pre/Post	Pre/Post	Pre/Post
1989	100%/0%	100%/0%	100%/0%	100%/0%	100%/0%	100%/0%	100%/0%	100%/0%
1990	88.6%/11.4%	86.7%/13.3%	86.8%/13.2%	87.1%/12.9%	88.9%/11.1%	92.0%/8.0%	88.3%/11.7%	84.5%/15.5%
1991	77.8%/22.2%	75.6%/24.4%	75.0%/25.0%	76.5%/23.5%	78.4%/21.6%	83.6%/16.4%	76.2%/23.8%	73.5%/26.5%
1992	68.6%/31.4%	66.6%/33.4%	65.3%/34.7%	65.9%/34.1%	69.0%/31.0%	74.4%/25.6%	64.5%/35.5%	63.7%/36.3%
1993	59.9%/40.1%	58.0%/42.0%	55.2%/44.8%	56.1%/43.9%	60.0%/40.5%	65.9%/34.1%	54.8%/45.2%	55.7%/44.3%
1994	52.5%/47.5%	49.9%/50.1%	45.7%/54.3%	46.4%/53.6%	51.5%/49.0%	57.7%/42.3%	45.5%/54.5%	48.2%/51.8%
1995	45.0%/55.0%	41.4%/58.6%	36.7%/63.3%	37.5%/62.5%	42.6%/57.9%	49.6%/50.4%	36.5%/63.5%	40.7%/59.3%
1996 est.	39.4%/60.6%	35.7%/64.3%	31.1%/68.9%	31.9%/68.1%	37.0%/63.5%	44.1%/55.9%	30.9%/69.1%	35.0%/65.0%
1997 est.	34.5%/65.5%	30.9%/69.1%	26.3%/73.7%	27.1%/72.9%	32.1%/68.4%	39.3%/60.7%	26.1%/73.9%	30.2%/69.8%

* Net TPIS values for Pacific Telesis in years 1993-1997 slightly exceed 100% due to data discrepancy in ARMIS.
Source: ETI Vintage Analysis, Appendix A.

The vintage analysis thus provides clear empirical evidence that, contrary to ILEC claims and other "conventional wisdom," the existence of a "gap" between historical embedded costs and LRIC results *cannot* be ascribed to the obsolescence of plant put in place to satisfy growth in basic service demand. Rather what we see is that the majority of plant carried on the ILECs books was deployed during the 1990s — a time period in which fundamental regulatory changes, competitive inroads, and corresponding strategic responses, were clearly being contemplated and addressed by the ILECs.

Composition Analysis

From the composition analysis, which examines data at the plant account level, we glean important information concerning the composition of the ILEC installed base as between older and newer vintage plant. Specifically, we look for patterns with respect to the relative economic value of older versus newer vintage plant, and in particular, for the types of older plant surviving on the ILECs' books, whether similar plant is being acquired today, and if so, how current reproduction costs (such as reflected in TSLRIC results) compare to original historic acquisition costs.

The results of the composition analysis confirm that for plant accounts such as metallic (i.e. copper) cable, building, conduit, and poles, for which, as discussed further

below, current reproduction costs may be higher than historical embedded costs, there is a markedly greater proportion (in most cases, roughly double) of older vintage plant surviving as compared with the aggregate vintage results.

As shown in Table 3, the percent of pre-1990 plant surviving for metallic cable and building plant accounts ranges from 60% up to 80%. Similarly, for poles and conduit, a relatively large proportion of plant surviving, in the range of 70% to 80%, is associated with older vintage plant. For RBOC net TPIS overall, the comparable proportion of older

Table 3

A much greater proportion of older vintage plant is surviving for plant categories for which current costs may be higher than historical embedded costs.

Range across RBOCs of Percentage of Plant Surviving (as of the end of 1995) for Largest State Operating Area

	<u>Pre 1-1-90</u>	<u>Post 1-1-90</u>
Cable-Metallic	64.5%-80.5%	19.5%-35.5%
Buildings	69.2%-84.4%	15.6%-30.8%
Conduit	69.8%-83.2%	16.8%-30.2%
Poles	70.1%-83.5%	16.5%-29.9%
Total RBOC Net TPIS from Table 1	40.3%	59.8%

Sources: Generation Arrangements of Ameritech-IL, Bell Atlantic-PA, BellSouth-FL, NYNEX-NY, Pacific Bell-CA, Southwestern Bell-TX, and US West-CO.

vintage plant surviving is only 40% (as found in ETI's vintage analysis).

As shown in Table 4, the four types of plant highlighted in Table 3 represent roughly half of total RBOC net TPIS as of the end of 1995. However, because they consist disproportionately of older vintage plant, these plant categories will dominate the pre-1990 investment derived in the vintage analysis and shown in Table 1.

Thus, while the results of the vintage analysis demonstrate that the majority of the plant carried on the books of the ILECs is not in fact old, the composition analysis tells us that the types of plant comprising the older plant vintages have relatively high value to the ILECS, either because to acquire such plant may cost more today as compared with the time they were added, or because of their revenue-generating potential (as is the case with excess building space). It is well established that for certain technology-impacted ILEC capital inputs, such as digital switching systems and fiber optic cable, prices have been declining over time. However, for other inputs, such as copper cable, buildings, poles, and conduit, this is not the case. Current prices for these accounts generally exceed historic costs due to increases in both labor and material inputs.¹⁹

Table 4	
Four types of plant for which current costs may exceed historical embedded costs are a significant component of net TPIS.	
Net Investment of Plant in Service (as of the end of 1995)	
Cable-Metallic	\$34,566,728
Buildings	\$13,295,385
Conduit Systems	\$9,675,255
Poles	<u>\$1,464,195</u>
Subtotal	\$59,001,563
Total RBOC Net TPIS	\$119,475,079
Sources: F.C.C. ARMIS Report 43-02; ETI Composition Analysis, Appendix B.	

19. In the Commission's Price Cap Review proceeding, CC Docket 94-1, several parties including USTA, AT&T, and Ad Hoc Telecommunications Users Committee, relied upon various price indices to deflate capital asset categories of ILEC investment from annual current dollar expenditures into constant dollars. USTA originally relied upon Telephone Plant Indices (TPIs) developed by the ILECs, but subsequently switched to the asset price deflators developed by the Bureau of Economic Analysis (BEA) and Bureau of Labor Statistics (BLS) in response to Commission concerns regarding the proprietary nature of ILEC TPI data. The BEA/BLS indices were also relied upon in the AT&T and Ad Hoc analyses presented in Docket 94-1. Both the TPI and BEA/BLS data reveal that, relative to the prices paid by the ILECs for other kinds of telecommunications plant, the prices paid for plant in the categories encompassing metallic cable, buildings, poles, and conduit, increased significantly over the period 1984 to 1994. By contrast, the prices paid by the ILECs for plant in the categories encompassing general support, central office, transmission, and information origination/termination, either decreased or exhibited a slower rate of increase depending on the price index used. Moreover, both the TPI and BEA/BLS data grossly overstate the rate of price growth for these latter categories of plant because of their failure to adjust for changes in quality and/or capacity (so-called "hedonic" adjustments). Hedonic adjustments are particularly relevant for the high-technology capital inputs such as digital switching, digital electronics, and fiber optic transmission plant, whose characteristics have (continued...)

Taken together, the vintage and composition results strongly suggest that in the next several years, during the transition to a more competitive local exchange environment, the ILECs will have replaced or retired virtually all categories of their pre-1990 embedded base of plant that has become economically and/or technologically obsolete.

Utilization Analysis

The two preceding analyses focused upon the vintage, or relative age, of ILEC embedded investment, at the aggregate and plant-account levels respectively, distinguishing between investment incurred in the pre- and post-1990 periods. In the utilization analysis, we further examine the post-1990 investment for the purpose of determining the portion of that aggregate investment that can be attributed to supporting growth in demand for basic service.

As shown in Table 5, our utilization analysis demonstrates that, on balance, growth in demand for basic service is likely to explain only a relatively small fraction of ILEC central office and outside plant investment over the 1990-1995 period. As Table 5 indicates, there is a relatively consistent pattern across all RBOCs, with only in the range of 12% to 37% of digital central office capacity added over the period

Table 5

Demand growth for basic service explains a relatively small fraction of recent ILEC central office and outside plant investment.

Percentage of Digital CO and Loop Capacity Additions Explained by Basic Service Demand Growth, 1990-1995

	<u>Digital CO</u>	<u>Loop</u>
Ameritech	12.3%	-15.8%
Bell Atlantic	18.7%	9.0%
BellSouth	33.8%	71.2%
NYNEX	15.3%	4.9%
Pacific Telesis	22.3%	33.2%
Southwestern Bell	34.8%	82.2%
US West	37.1%	66.0%
TOTAL RBOC	23.7%	24.6%

Sources: F.C.C. ARMIS Reports 43-07 and 43-08, 1990-1994; ETI Utilization Analysis, Appendix B.

19. (...continued)

evolved rapidly over time and reflect substantial technology-driven capacity and capability improvements. Hedonic adjustments do not apply to plant categories such as metallic cable, buildings, pole, and conduit, for which the nature of the input has been relatively stable. See Lee L. Selwyn, and Patricia D. Kravtin, *Establishing the X-Factor for the FCC Long-Term LEC Price Cap Plan*, CC Docket 94-1, prepared for the Ad Hoc Telecommunications Users Committee, December 1995, pp. 36-42; also Appendix B, Comparison of TPIs used in the Christensen Study with BEA/BLS Asset Deflators.

January 1, 1990 through the end of 1995, that may be explained by growth in the demand for basic services.

There is a much broader range of results across RBOCs with respect to their utilization of gross added outside plant capacity. As shown in Table 5, utilization results range from as low as *negative* 16% (for Ameritech) to as high as 82% (for SBC Communications). Bell Atlantic and NYNEX utilized only about 5% to 10% of their added outside plant, while BellSouth and US West exhibit high utilization rates in the vicinity of 70%. Finally, Pacific Telesis used about 34% of the outside plant it added since January, 1990.

Several interesting observations can be made concerning these seemingly disparate results for utilization of the recently-acquired outside plant. First, for Ameritech, the negative utilization result indicates that this particular RBOC deployed additional outside plant facilities despite experiencing an overall decline (i.e., negative growth) in basic service demand over the period. While the ARMIS data for Ameritech show a relatively small, but positive, increase over the study period in the number of total working channels (the data used in the utilization analysis to measure basic service demand), this increase includes growth in *non-basic* Centrex lines. As discussed in Section 2 of this Study, the growth in non-basic Centrex lines is not appropriately treated as basic service demand growth, and must be excluded from the total working channel counts provided in ARMIS. Correspondingly, any increased outside plant additions motivated by the RBOCs' desire to compete in the PBX/Centrex market is appropriately recovered from Centrex services and not in the rates charged competitors for interconnection and unbundled network elements.

Second, companies exhibiting the lowest outside plant utilization, namely, Ameritech, NYNEX, and Bell Atlantic, operate in areas where regulatory and market conditions have historically been relatively conducive to competition. This is not generally the case for companies at the "high end" of outside plant utilization results. For example, SBC, the company exhibiting the highest outside plant utilization, is generally perceived to be operating in states that have, up to now, been more amenable to protecting ILEC markets and revenues from competition than have regulators in many other jurisdictions.²⁰ Moreover, SBC is known to be an aggressive investor in cellular and other out-of-region acquisitions. Accordingly, SBC's motivation for constructing excess outside plant capacity as part of a competitive response strategy may be less intense than for other, more competitively-impacted RBOCs. Similarly, the other two RBOCs experiencing relatively high utilization of their recently-acquired outside plant, BellSouth and US West, are also generally perceived to be operating in regions where regulatory and/or market conditions

20. See Lesley Cauley, Steven Lipin, "Pacific Telesis, SBC Are Holding Talks For What Would Be First Merger of Bells," *The Wall Street Journal*, April 1, 1996, at A3-A4; also Albert R. Karr, "Texas defies Washington in Phone Deregulation. Protecting Its Local Bell Against Giant Rivals," *The Wall Street Journal*, May 2, 1996, at A16.

Table 6

A substantial amount of net investment cannot be explained by basic service demand growth.

(\$000 as of the end of 1995)

<u>RBOCs</u>	<u>Actual Net TPIS Year End 1995</u>	<u>ETI Revised Net TPIS Year End 1995</u>	<u>Excess Net TPIS</u>
Ameritech	\$14,874,907	\$10,514,608	\$4,360,299
Bell Atlantic	\$18,126,694	\$13,522,224	\$4,604,470
BellSouth	\$22,990,452	\$20,046,537	\$2,943,915
Nynex	\$16,800,636	\$11,018,323	\$5,782,313
Pacific Telesis	\$14,629,943	\$11,364,364	\$3,265,579
Southwestern Bell	\$15,116,818	\$13,679,177	\$1,437,641
US West	\$16,935,629	\$14,037,081	\$2,898,548
Total RBOC	\$119,475,079	\$94,182,314	\$25,292,765

Sources: F.C.C. ARMIS Report 43-02; ETI Utilization Analysis Results, Appendix C.

have (at least in the past) been less conducive to local competition. Moreover, US West, like SBC, has been aggressive in its pursuit of non-telephony business operations. In particular, US West has made relatively large financial commitments to out-of-region cable operations.

Third, even for these companies at the "high" end of the "demand-driven" outside plant utilization (i.e., estimates in the range of 66% to 82%) together with digital CO plant utilization estimates (averaging 24% for the RBOCs), suggest a substantial amount of historic investment that cannot be explained by basic service demand growth. On the basis of the utilization estimates shown in Table 5, we estimate for each of the RBOCs (and for the RBOCs overall) net TPIS (as of the end of 1995) that cannot be explained by growth in basic service demand. These results are presented in Table 6. For example, for BellSouth, an estimated loop plant utilization factor of 71% in conjunction with an estimated digital CO plant utilization factor of 34%, results in an estimated \$2.9-billion in excess net plant relative to that required to satisfy growth in basic service demand over the 1990 to 1995 period.

As shown in Table 6, for RBOCs nationwide, we estimate in the order of magnitude of as much as \$25-billion of net TPIS (as of the end of 1995) that cannot be explained by

basic service demand growth. The results of this analysis suggest that a substantial amount of ILEC net plant placed in service during this period appears to have been motivated by other strategic goals and purposes.

We have considered other possible explanations of a portion of the excess investment identified in our utilization analysis. Specifically, the replacement of older plant, e.g., analog switching, with newer vintage plant (e.g., digital technology) could be economically justified for reasons other than meeting demand growth, either because of (1) operational cost savings that accompany the replacement, and/or (2) increased revenues associated with the offering of new services made possible by the replacement. With respect to the first potential explanation, we examined maintenance data for analog and digital switching plant over the period 1990 to 1995, but we find no evidence to date of operational cost savings in the form of reduced maintenance expense per unit. It is possible that it simply may be too soon for operational cost savings to manifest themselves, and that in the future as the changeover to digital plant is completed, such results could be observed. The emergence of such *future potential* operational cost savings, however, is simply not relevant for purposes of this analysis, since those future gains will flow to the RBOCs. Similarly, to the extent that the justification of plant deployment is attributed to the generation of new service revenues, the cost of that plant is properly attributable to the new services that motivated the deployment in the first place, and must not be recovered through rates charged to competitors for interconnection and unbundled network elements.

4 | OTHER EXPLANATIONS AND SOURCES OF THE "GAP"

In addition to the quantitative evidence that we have presented here, there is strong anecdotal evidence of ILEC behavior that corroborates and underscores our analytical findings. In this Study, we address ILEC strategic positioning (1) in the market for Centrex-type services with advanced features, (2) in the market for additional residential lines and other discretionary services, and (3) in the market for advanced and broadband digital services.

ILEC pursuit of the market for advanced Centrex-type services may have motivated the unnecessarily early replacement of analog central office switches and the excessive deployment of subscriber outside plant.

Centrex is an ILEC service offering that competes directly with customer premises PBX telephone systems that are offered by independent telecommunications equipment vendors. With Centrex, the switching functions are supported by a Class 5 central office switch located on the telephone company premises. As such, each individual Centrex station line requires a dedicated subscriber loop between the customer's premises and the CO for both interconnection and public network traffic. With a PBX, where the switching functions take place at the *customer's* site, the CO is involved only in public network traffic, which can be easily concentrated on a far smaller number of PBX trunks. Typically, a Centrex may require anywhere from 8 to 15 times as many loops as a comparably-sized PBX configuration.

To be competitive in this market, Centrex must provide advanced digital features comparable to those that are customarily offered in modern digital PBX switches and must be available for delivery/installation in approximately the same time frame as PBX vendors routinely offer to their customers. Participation in the Centrex/PBX (or more generally the "business telephone systems") market thus requires:

- that ILECs deploy advanced digital central office switches in sufficient quantity and with sufficient geographic diversity to respond to diverse customer demand in a timely manner; and

Other Explanations and Sources of the "Gap"

- that ILECs deploy and maintain sufficient excess outside plant capacity to accommodate in a timely manner the potential demand for the additional central office loops that are required to serve a Centrex customer over those that would be required where the customer subscribes for PBX trunks only.

The same digital central office switch that is required to support advanced Centrex features may also be used to provide "Plain Old Telephone Service" ("POTS") to core basic services customers. Thus, while an ILEC may be motivated to replace an older analog electronic central office switch with a digital machine primarily so that it can compete with digital PBX suppliers in the business telephone systems market, it can easily shift POTS customers from older machines to the new switch and thereby rationalize the investment for (and assign the majority of its costs to) POTS.

Also, in order for ILECs to be competitive in the Centrex/PBX market, they must have in place sufficient outside plant to support Centrex-level demand in whatever locations it may arise. Not surprisingly, ILEC outside plant construction guidelines typically require such intensity in commercial office buildings and similar locations. In other words, if the size of a building is capable of housing, for example, 5,000 employees, the ILEC will typically deploy 5,000 pairs of loop plant (plus additional spare capacity) to serve that building *whether or not the customer(s) in that building actually order Centrex*. Evidence submitted in CC Docket No. 96-98 by GTE indicates that Centrex has maintained a consistent market share (of the combined Centrex/PBX market) in the range of about 23% since 1992, with no diminution projected through 1997.²¹ Thus, on average, in excess of four loops (plus even more for spare) will have been constructed and deployed for every *one* Centrex line that is actually placed in service. This conclusion is, of course, fully consistent with our own findings that a significant percentage of outside plant capacity additions made since January 1, 1990 was not required to support POTS growth.

The opportunity and potential for this type of misallocation portends to be substantially greater as ILECs initiate programs aimed at deploying broadband distribution infrastructures providing "fiber to the home" or "fiber in the loop" capacities, and pursue large-scale interactive information services ventures requiring greatly expanded network "intelligence." Here, the motivation behind such potentially massive investment programs is clearly entry into "new" broadband service markets and adjacent interactive information services and video entertainment fields. Yet if these broadband and intelligent network facilities are also *utilized* (whether or not actually *required*) to support conventional voice telephone services, an ILEC may be able to improperly assign a large share of the costs of its broadband plant

21. Doane, Michael J., J. Gregory Sidak and Daniel F. Spulber. *An Empirical Analysis of Pricing under Section 251 and 252 of the Telecommunications Act of 1996*. Attachment 4 to Comments of GTE Corporation. CC Docket No. 96-98, May 16, 1996, at II-16.

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to, and recover those costs from, prices for its core local exchange telephone services and unbundled network elements.

This would not by any means be the first time that ILECs have constructed outside plant distribution networks with strategic, competitive goals in mind. In 1983, the California PUC found that Pacific Bell's plant utilization was inappropriately low, and imposed an explicit "underutilization penalty" on the Company that would remain in effect until the problem was corrected.²² This phenomenon of underutilization also occurred throughout the Bell system. In the mid-1970s, the average loop plant utilization for the Bell System companies was reported to be in the range of 70%.²³ However, by the mid-1980s, subscriber outside plant (OSP) occupancy for the BOCs had noticeably declined. For example, the loop plant utilization reported by Pacific Northwest Bell - Washington (now US West Communications, Inc.) declined from 69.9% in 1975 to only 60.8% in 1988.²⁴ Several years later, in a study undertaken by Economics and Technology, Inc. for the Washington Utilities and Transportation Commission,²⁵ ETI found that the low plant utilization rates present in Washington State could be explained by the precipitous drop in the demand for Centrex service that began shortly after 1980.

ETI noted that OSP utilization levels would have remained essentially constant had the demand for Centrex (relative to PBX trunks) remained at pre-1980 levels. Unlike PBX systems that require a relatively small complement of loop pairs (PBX trunks) to serve a much larger number of individual PBX station lines (for a station:trunk ratio that is typically in the range of 8:1 to 12:1, depending upon overall system size and traffic patterns), Centrex service requires one loop pair for *each* station line since the switching function takes place at the telephone company central office. ETI speculated that Pacific Northwest Bell - Washington (PNB-WA, now US West Communications, Inc.) had continued to construct subscriber outside plant assuming that the same loop demand density would persist. Thus, PNB-WA continued to deploy plant to serve new commercial development *on the basis that at some point a customer at that business location would want to order Centrex*. This policy, of course, resulted in large quantities of unused ("spare") outside plant, whose costs would have to be spread to other services.²⁶

22. California Public Utilities Commission, D.83-12-025, 13 CPUC 2d, at 479.

23. See Lee L. Selwyn, Patricia D. Kravtin, and Paul S. Keller. *An Analysis of Outside Plant Provisioning and Utilization Practices of US West Communications in the State of Washington*, prepared for the Washington Utilities and Transportation Board, March, 1990, Attachment 8.

24. *Id.*

25. *Id.* at 9.

26. *Id.* at 22.

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Thus, the excess loop capacity over and above basic demand growth attributable to Centrex, as described in the examples above, will create embedded costs that will not be accounted for in TSLRIC studies. ETI believes a significant portion of the "gap" may be explained by the amount of excess outside plant put in place for Centrex.

ILEC efforts to expand the market for additional residential lines and other discretionary services required the ILECs to design and construct far more extensive feeder and distribution infrastructures (and expend far greater aggregate capital investments) than otherwise would have been required to provision basic local exchange service.

Centrex is by no means the only loop-using service that imposes disproportionately high outside plant excess capacity requirements on ILEC plant. In fact, the outside plant capacity that would have been needed to support a "one line per household" feeder/distribution network is substantially smaller than that required when the ILEC offers to supply *additional* residential access lines on demand.

Consider the following example. Suppose that on a given street there are a total of 80 dwelling units, and that there is one and only one residential access line connected to each of these units. The street is fully developed and there is no possibility that anyone will create any additional dwelling units. If the only service that the ILEC is to provide consists of these 80 residential access lines, then the size of the distribution cable for this street would be the next highest capacity above the 80 working lines plus approximately 5% (i.e., 4 pair) for maintenance spare. If the next largest cable is 100 pair, then that would be more than sufficient, and overall utilization of the distribution plant (defined as the ratio of working lines to total lines) would be 80%. If the plant were only used to support first line demand, the fill at relief should be even greater. Accounting only for breakage and maintenance spare, the objective fill for a one-loop per dwelling unit distribution network would be 95%. Obviously, the requirements would have differed if the ILEC had not been interested in expanding the market for additional line and other discretionary services.

Using the above example, suppose that on average 20% of residential customers order a second line; the LEC assumes that it cannot know, *a priori*, precisely which ones of the 80 primary-line customers will request an additional line, or how many such lines any given customer will order.²⁷ The LEC decides that, in configuring its distribution plant, it will provide an average of *two pairs* per dwelling unit to accommodate the core demand for the

27. In fact, the LEC can use market and demographic data to more accurately target capacity deployment to likely additional line demand, thereby reducing by a considerable amount that actual number of spare pairs that will be needed to support additional lines in any given distribution route.

primary access line as well as the discretionary demand for additional lines.²⁸ On this basis, it will require a minimum of 160 pairs (80 x 2) plus 8 (5% of 160) for maintenance/administrative spare, or 168 in all. The next largest cable size is 200 pair, so that is what will be deployed. However, since the average demand for additional lines is 20%, only 96 out of the 200 available pairs will be in service (i.e., 80 first lines plus 16 additional lines), creating an overall utilization rate of 48% (96/200). Put another way, the inclusion of capacity capable of supporting additional residential access lines caused the overall size of the cable to increase and resulted in a drop in utilization from 80% to 48% overall.

The nature of the demand for primary and additional lines thus affects the outside plant capacity that is required to support the needs of each of these services. Only about 12.3% of residential telecommunications customers take additional access lines,²⁹ and there is a strong relationship between household income and the demand for this service.³⁰ The demand for additional lines is thus highly variable both with respect to the aggregate number of units as well as the specific locations where service will be requested. In order to accommodate this highly volatile and uncertain demand, ILECs have deployed far more capacity than would have been required to meet existing basic service demand.

From the foregoing discussion, it is apparent that the aggregate quantity of distribution plant would have been less, and its costs would have been lower, if it had been designed solely to support current levels of basic service demand. There is no argument, however, that the distribution infrastructure should be built to accommodate more than this core level of demand, because there is demand for additional services and because, due to the presence of economies of scale and scope in the provision of primary and additional residential access lines, the incremental costs of providing additional units of capacity *at the time of initial construction* are less than the cost per unit of additional line capacity that would be required were the feeder and distribution plant designed solely for the baseline basic service demand. In identifying that portion of outside plant additions needed to serve demand for basic network elements, it is necessary to identify and to exclude those costs associated with excessive amounts of embedded outside plant, motivated by an ILEC's competitive and strategic interests.

28. Pacific Bell has indicated that this is the standard practice that it applies for buried distribution cable. Calif. PUC I.95-01-021, Deposition of W. Vowel, March 11, 1996, at 120-123. The Pacific Bell Cost Proxy Model (CPM) assumes distribution plant is engineered at a ratio of 2 lines per household for buried plant and 1.5 lines per household for aerial plant. Pacific Bell CPM Documentation at 9.

29. *Percentage Additional Residential Lines for Households with Telephone Service*, FCC Industry Analysis Division, March 11, 1996.

30. See, Deposition of William L. Vowel, CPUC I.95-01-021, May 11, 1996, at Tr. 143-44.

ILEC strategic positioning in the market for other advanced and broadband digital services has resulted in the ILECs significantly increasing feeder facilities relative to those actually required to efficiently meet demand for basic services.

One explanation for the observed expansion of outside plant investment, as mentioned earlier, has been the growing interest among ILECs to acquire a broadband- and video-capable infrastructure. Historically, an ILEC's local exchange network was designed to supply primarily POTS-type services. Over time, an ILEC would have deployed an extensive embedded base of copper feeder and distribution plant that was presumably optimized for that purpose. Evidence adduced in the California PUC's Universal Service proceeding³¹ indicates that, over the past seven years, Pacific Bell has made a number of significant revisions to its Company-wide guidelines governing the planning and provisioning of feeder facilities to support its efforts to provide advanced digital and broadband services. The use of these revised guidelines by Pacific's loop facilities planners has led to a significant overbuilding of feeder facilities relative to those actually required to efficiently meet demand for POTS services.

At the same time, however, the Company's local exchange network has become far less efficient and more costly than would have been expected for a forward-looking full service network integrating POTS and advanced digital services (as reflected in utilization factors for feeder plant), since the Company's loop planning guidelines and actual practices were constrained by its embedded copper network. Consequently, *Pacific's embedded local exchange network is not representative of a least-cost network for either POTS services alone, or for POTS with a broad range of other services on the network.*

Further evidence of ILECs' past investment practices is revealed in their depreciation studies, which aim at obtaining economic lives and depreciation rates for plant accounts, directly influenced by the accelerated pace of plant acquisitions and replacements. ILECs have argued that increased depreciation rates were necessary to support the replacement of older equipment (that had become technologically obsolete) with new, modern plant. However, much of that investment seems to be focused on services other than basic telephone service, such as advanced and broadband digital services. Current trends demonstrate that ILECs' strategic positioning in the market for advanced and broadband

31. California PUC, R.95-01-020/I.95-01-021, *Rulemaking and Investigation on the Commission's Own Motion into Universal Service and to Comply with the Mandates of Assembly Bill 3643.*

digital services has required the ILECs to significantly increase feeder facilities relative to those actually required to efficiently meet demand for POTS services.³²

In fact, Pacific Bell's triennial Depreciation Studies submitted in 1985, 1988, and 1991 indicated the Company's intention to use the higher annual charges to support extensive modernization of its network. Each of the Depreciation Studies submitted by the Company in the time period spanning 1985 through 1991 includes numerous assertions that Pacific Bell must increase its depreciation rates in order to respond to technological advances and competitive pressures. Pacific also expressed a direct linkage between accelerated plant replacement and the introduction of new services.

Pacific Bell's 1985 depreciation filing, which also resulted in increases in Pacific Bell's depreciation rates, posits specific relationships between the rate increases and the rate of plant replacement. As is the case with the 1988 and 1991 filings, Pacific Bell attempted to justify its 1985 filing based on the prospect of "accelerated advances in technology."³³ The company argued that, *as a provider of a full range of telecommunications services*, it needed to invest in new technologies.³⁴

The LECs should not be allowed to pass on such costs through additional charges for unbundled network elements required by potential interconnecting competitive service providers.

32. This analysis confirms the results of a previous report produced by ETI, which concluded that many of the RBOCs were in fact disinvesting in plant in service. The report argued that the RBOCs were not adequately investing in basic service infrastructure. Lee L. Selwyn, Sonia N. Jorge, and Irena V. Tunkel, *Patterns of Investment by the Regional Bell Holding Companies: An Examination of the Sources of Financing and the Relative Performance of the Bell Operating Company and the non-BOC RBHC businesses*, ETI Research Report, January 1996. Our current analysis takes a further step and demonstrates that of those investments taking place, many are not for basic telephone service, but rather are for a network capable of providing a vast array of new telecommunications services.

33. Pacific Bell 1985 Depreciation Rate Study, October, 1984, Section I, p. 33.

34. *Id.* at 34.

5 | CONCLUSION

This Study demonstrates that, contrary to the ILECs' efforts to portray their installed base of plant as consisting of technologically and economically obsolete equipment and facilities, the majority of the net rate base on ILEC books as of the end of 1995 was acquired on or after January 1, 1990. Moreover, our study demonstrates that a substantial portion of those post-1990 ILEC plant additions and retirements were attributed to the ILECs' pursuit of other strategic business goals and positioning for entry into new lines of competitive and often nonregulated businesses.

ETI's findings are consistent with several other recent studies of ILEC behavior and operations. For example, a recent study on depreciation policy by Baseman and Giesen demonstrated that the RBOCs' claims of a large depreciation problem appears to be motivated largely by their desire to enter non-telephony services.³⁵ In addition, the study found that the existing plant need not be replaced for efficient provision of basic local telephone service and that the RBOCs' proposals for accelerated depreciation would require users of basic telephone services to subsidize new services that many customers may not want.³⁶ Baseman and Giesen further demonstrated that the depreciation reserve deficiency, often argued by ILECs as a major burden on their ability to effectively compete, is in fact minimal and has decreased due to changes in FCC depreciation practices.

Another study, one conducted by Hatfield Associates, also reached conclusions similar to those of this analysis.³⁷ The Hatfield study found that the "gap" between the 'bottoms-up' economic costs and the 'tops-down' revenue requirement consists of a number of elements, including expenses associated with providing services to end-users, a small

35. Baseman, Kenneth C. and Harold Van Gieson. "Depreciation Policy in the Telecommunications Industry: Implications for Cost Recovery by the Local Exchange Carriers," MiCRA, prepared on behalf of MCI Telecommunications Corp., December 1995, at 3.

36. *Id.*

37. Hatfield Associates, Inc., "The Cost of Basic Network Elements: Theory, Modelling and Policy Implications," prepared for MCI Telecommunications Corporation, March 29, 1996.

Conclusion

amount of economic overhead, and large amounts of overbuilt plant and excess overhead.”³⁸ Specifically, the study identified five distinct revenue requirement components of the “gap”: overbuilt plant, customer operations, corporate operations, inefficiencies, and underdepreciation. Consistent with our analysis, the Hatfield study concluded that overcapacity was the largest component of the “gap”. Indeed, the study identified that excess ILEC plant capacity was due to investments in broadband services, interLATA official service networks, and loops.

Our findings in this study are robust and consistent with these other studies made using different methodologies. With this evidence, it is critical that the Commission make clear that the costs that are relevant in the determination of the Total Service Long Run Incremental Costs for unbundled network functions must exclude all historic and strategic components that are not relevant in the determination of forward-looking incremental costs. Costs associated with premature retirement of the installed base, with the acquisition of high-function assets for use in developing new strategic lines of business, and with corporate activities that are unrelated to the provision of essential basic network elements must not be imposed upon new local exchange service providers through the pricing of these elements. Similarly, ILEC strategic investments in facilities specifically designed to provide other services such as advanced broadband, or excess facilities targeted at future demand, must also be excluded. While the ILECs are free to make such strategic investments or to acquire capacities and capabilities that will support their long term business goals, these costs are not relevant to and should not be considered when determining interconnection or unbundled network elements rates.

38. *Id.* at 35.

Appendix A

VINTAGE ANALYSIS WORKSHEETS

Table A1	Ameritech
Table A2	Bell Atlantic
Table A3	BellSouth
Table A4	NYNEX
Table A5	Pacific Telesis
Table A6	SBC Communications
Table A7	US West
Table A8	SNET
Table A9	Development of Survivorship Curve

APPENDIX A WILL BE PROVIDED UPON REQUEST

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Appendix B

COMPOSITION ANALYSIS WORKSHEETS

Table B1	Ameritech
Table B2	Bell Atlantic
Table B3	BellSouth
Table B4	NYNEX
Table B5	Pacific Telesis
Table B6	SBC Communications
Table B7	US West

APPENDIX B WILL BE PROVIDED UPON REQUEST

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Appendix C

UTILIZATION ANALYSIS WORKSHEETS

Table C1	Ameritech
Table C2	Bell Atlantic
Table C3	BellSouth
Table C4	NYNEX
Table C5	Pacific Telesis
Table C6	SBC Communications
Table C7	US West

APPENDIX C WILL BE PROVIDED UPON REQUEST

002001

C/Fon File GNW

May 30, 1996

Loretta Cecil
Ray Crafton
Preston Foster

Attached is the Florida Special Promotions Tariff BellSouth provided at the 5/29/96 Executive Meeting.


Pam Nelson

Attachment

002062

BELLSOUTH
TELECOMMUNICATIONS, INC.
FLORIDA
ISSUED: September 11, 1995
BY: Joseph P. Lacher, President - FL
Miami, Florida

GENERAL SUBSCRIBER SERVICE TARIFF

Sixth Revised Page 21
Cancels Fifth Revised Page 21

EFFECTIVE: September 29, 1995

A2. GENERAL REGULATIONS

A2.10 Special Promotions (Cont'd)

A2.10.2 Descriptions

A. The following promotions are approved by the Commissions:

Area of Promotion	Service	Charges Waived	Period	Authority
1. Southern Bell's Service Territory -From Central Offices where Native Mode LAN Interconnection (NMLI) Service is available	Native Mode LAN Interconnection (NMLI) Service	Nonrecurring or one month's recurring charges (at customer's option)	10/01/95 to 01/31/96	
2. Southern Bell's ¹ Service Territory -From Central Offices where Designer Listings is available	Designer Listings	Nonrecurring	10/01/95 to 11/30/95	(N)
3. Southern Bell's ¹ Service Territory -From Central Offices where Message Waiting Indication is available	Message Waiting Indication	Nonrecurring	10/01/95 to 11/30/95	(N)
4. Southern Bell's ¹ Service Territory -From Central Offices where Prestige [®] Communications Service is available	Prestige [®] Communications Service	Nonrecurring	10/01/95 to 11/30/95	(N)
5. Southern Bell's ¹ Service Territory -From Central Offices where Custom Calling Service is available	Custom Calling Service	Nonrecurring	10/01/95 to 11/30/95	(N)
6. Southern Bell's ¹ Service Territory -From Central Offices where TouchStar [®] Service is available	TouchStar [®] Service	Nonrecurring	10/01/95 to 11/30/95	(N)

Note 1: Customer can elect to participate only once during each promotion period. (N)

000003

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*Received from BellSouth
11/1/95*

BELLSOUTH
TELECOMMUNICATIONS, INC.
FLORIDA
ISSUED: October 27, 1995
BY: Joseph P. Lacher, President - FL
Miami, Florida

GENERAL SUBSCRIBER SERVICE TARIFF

Seventh Revised Page 22
Cancels Sixth Revised Page 22

EFFECTIVE: November 10, 1995

A2. GENERAL REGULATIONS

A2.10 Special Promotions (Cont'd)

A2.10.2 Descriptions (Cont'd)

A. The following promotions are approved by the Commission: (Cont'd)

Area of Promotion	Service	Charges Waived	Period	Authority	
7. Southern Bell's ¹ Service Territory -From Central Offices where RingMaster [®] Service is available	RingMaster [®] Service	Nonrecurring	10/01/95 to 11/30/95		
8. Southern Bell's ^{1,2} Service Territory	Residence Additional Lines	\$18.00 Credit on Nonrecurring Charges or Select Telephone Equipment	11/01/95 to 12/31/95		
9. Southern Bell's Service Territory Adversely Impacted by Hurricane Opal ³	Call Forward- Variable, Call Forward-Busy Line, Call Forward- Don't Answer, Message Waiting Indication, Remote Access to Call Forwarding	One month's Recurring Charges, Secondary Service Charge	10/10/95 to 12/08/95	Docket No. 951197-TL	(N)
10. Southern Bell's Service Territory Adversely Impacted by Hurricane Opal ³	All	Late Payment Charges	10/10/95 to 12/08/95	Docket No. 951197-TL	(N)
11. Southern Bell's Service Territory Adversely Impacted by Hurricane Opal ³	Public Telephone Service	Local Message Charge	10/10/95 to 11/08/95	Docket No. 951197-TL	(N)
12. Southern Bell's Service Territory Adversely Impacted by Hurricane Opal served from Central Offices 939 and 936	Public Telephone Service	Local Message Charge	10/10/95 to 12/08/95	Docket No. 951197-TL	(N)

Note 1: Customer can elect to participate only once during each promotion period.

Note 2: If this promotion occurs during any other scheduled promotion the customer may choose only one of the available promotions in which to participate.

Note 3: These waivers are applicable in the following NXX's in the 904 Area Code: 230, 233, 234, 235, 747, 763, 769, 784, 785, 872, 913, 265, 271, 722, 871, 874, 932 and 934.

BELLSOUTH
 TELECOMMUNICATIONS, INC.
 FLORIDA
 ISSUED: January 15, 1996
 BY: Joseph P. Lacher, President -FL
 Miami, Florida

GENERAL SUBSCRIBER SERVICE TARIFF

Seventh Revised Page 23
 Cancels Sixth Revised Page 23
 EFFECTIVE: February 1, 1996

A2. GENERAL REGULATIONS

A2.10 Special Promotions (Cont'd)

A2.10.2 Descriptions (Cont'd)

A. The following promotions are approved by the Commission: (Cont'd)

Area of Promotion	Service	Charges Waived	Period	Authority
13. Southern Bell's Service Territory ¹ - From Central Offices where CrisisLink [®] Service is Available	CrisisLink [®] Service (36 month plan)	January - Three Months' Recurring Charges February - Two Months' Recurring Charges March - One Month's Recurring Charges	01/01/96 to 03/31/96	(T)
14. Southern Bell's Service Territory ¹ -From Central Offices where Business Additional Lines are available	Additional Lines	\$25.00 credit	02/01/96 to 03/31/96	(T)
15. Southern Bell's Service Territory ¹ -From Central Offices where Custom Calling is available	Custom Calling Service - Residence	Nonrecurring	02/01/96 to 03/31/96	(N)
16. Southern Bells' Service Territory ¹ -From Central Offices where RingMaster [®] Service is available	RingMaster [®] Service - Residence	Nonrecurring	02/01/96 to 03/31/96	(N)
17. Southern Bell's Service Territory ¹ -From Central Offices where TouchStar [®] is available	TouchStar [®] Service - Residence	Nonrecurring	02/01/96 to 03/31/96	(N)

Note 1: Customer may elect to participate only once during each promotion period.

007885

BELLSOUTH
 TELECOMMUNICATIONS, INC.
 FLORIDA
 ISSUED: March 18, 1996
 BY: Joseph P. Lacher, President -FL
 Miami, Florida

GENERAL SUBSCRIBER SERVICE TARIFF

Seventh Revised Page 24
 Cancels Sixth Revised Page 24

EFFECTIVE: April 2, 1996

A2. GENERAL REGULATIONS

A2.10 Special Promotions (Cont'd)

A2.10.2 Descriptions (Cont'd)

A. The following promotions are approved by the Commission: (Cont'd)

Area of Promotion	Service	Charges Waived	Period	Authority
18. Southern Bell's Service Territory ¹ -From Central Offices where Prestige® Communications Service is available	Prestige® Communications Service - Residence	Nonrecurring	02/01/96 to 03/31/96	
19. Southern Bell's Service Territory ¹ -From Central Offices where Message Waiting Indication is Available	Message Waiting Indication - Residence	Nonrecurring	02/01/96 to 03/31/96	
20. Southern Bell's Service Territory ¹ -From Central Offices where Designer Listings are available	Designer Listings - Residence	Nonrecurring	02/01/96 to 03/31/96	
21. Southern Bell's Service Territory ¹	Residence Additional Lines	\$18.00 Credit on Nonrecurring Charges or Select Telephone Equipment	04/02/96 to 05/31/96	(N)
22. Southern Bell's Service Territory ¹ -From Central Offices where Message Waiting Indication is available	Message Waiting Indication - Residence	One month's Recurring	04/02/96 to 05/31/96	(N)
23. Southern Bell's Service Territory ¹ -From Central Offices where Call Return is available	Call Return-Residence	One month's Recurring	04/02/96 to 05/31/96	(N)

Note 1: Customer may elect to participate only once during each promotion.

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BELLSOUTH
 TELECOMMUNICATIONS, INC.
 FLORIDA
 ISSUED: March 18, 1996
 BY: Joseph P. Lacher, President -FL
 Miami, Florida

GENERAL SUBSCRIBER SERVICE TARIFF

Fifth Revised Page 25
 Cancels Fourth Revised Page 25

EFFECTIVE: April 2, 1996

A2. GENERAL REGULATIONS

A2.10 Special Promotions (Cont'd)

A2.10.2 Descriptions (Cont'd)

A. The following promotions are approved by the Commission: (Cont'd)

Area of Promotion	Service	Charges Waived	Period	Authority
24. Southern Bell's Service Territory' -From Central Offices where Custom Calling Services are available	Three-Way Calling Call Forwarding-Busy Line Call Forwarding-Don't Answer Call Waiting Call Waiting-Deluxe (Residence only)	One month's Recurring	04/02/96 to 05/31/96	(N)
25. Reserved for Future Use				(T)
26. Reserved for Future Use				(T)
27. Reserved for Future Use				(T)

002087

BELLSOUTH
 TELECOMMUNICATIONS, INC.*
 FLORIDA
 ISSUED: May 15, 1995
 BY: Joseph P. Lacher, President - FL
 Miami, Florida

GENERAL SUBSCRIBER SERVICE TARIFF

Second Revised Page 58.21
 Cancels First Revised Page 58.21

EFFECTIVE: June 1, 1995

A2. GENERAL REGULATIONS

A2.10 Special Promotions (Cont'd)

A2.10.2 Descriptions (Cont'd)

A. The following promotions are approved by the Commission: (Cont'd)

Area of Promotion	Service	Charges Waived	Period	Authority
296. Southern Bell's ¹ Service Territory -From Central Offices where RingMaster [®] Service is available	RingMaster [®] Service	Nonrecurring	02/01/95 to 03/31/95	
297. Southern Bell's ¹ Service Territory -From Central Offices where TouchStar [®] Service is available	TouchStar [®] Service	Nonrecurring	02/01/95 to 03/31/95	
298. Southern Bell's ¹ Service Territory -From Central Offices where Prestige [®] Communications Service is available	Prestige [®] Communications Service is available	Nonrecurring	02/01/95 to 03/31/95	
299. Southern Bell's ¹ Service Territory -From Central Offices where Message Waiting Indication is available	Message Waiting Indication	Nonrecurring	02/01/95 to 03/31/95	

Note 1: Customer can elect to participate only once during each promotion period.

(M)

002083

Material previously appearing on this page now appears on page(s) 58.22 of this section

[®]Registered Service Mark of BellSouth Corporation

* d/b/a SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY

BELLSOUTH
TELECOMMUNICATIONS, INC.*
FLORIDA
ISSUED: May 15, 1995
BY: Joseph P. Lacher, President - FL
Miami, Florida

GENERAL SUBSCRIBER SERVICE TARIFF

Original Page 58.22

EFFECTIVE: June 1, 1995

A2. GENERAL REGULATIONS

A2.10 Special Promotions (Cont'd)

A2.10.2 Descriptions (Cont'd)

A. The following promotions are approved by the Commission: (Cont'd)

Area of Promotion	Service	Charges Waived	Period	Authority	
300. Southern Bell's ^{1,2} Service Territory	Residence Additional Lines	\$18.00 Credit on Nonrecurring Charges or Select Telephone Equipment	04/01/95 to 05/31/95	Docket No. 940128-TL Order No. T-94-036	(M)
301. Southern Bell's ^{1,2} Service Territory - From Central Offices where Prestige® Communi- cations Service is available.	Open 800 Option 800	Nonrecurring	06/01/95 to 07/31/95	Authority No. T-91-399 Docket No. 910978-TL	(N)
302. Southern Bell's ¹ Service Territory -From Central Offices where Custom Calling Service is available	Custom Calling Service	Nonrecurring	06/01/95 to 07/31/95		(N)
303. Southern Bell's ¹ Service Territory -From Central Offices where RingMaster® Service is available	RingMaster® Service	Nonrecurring	06/01/95 to 07/31/95		(N)
304. Southern Bell's ¹ Service Territory -From Central Offices where TouchStar® Service is available	TouchStar® Service	Nonrecurring	06/01/95 to 07/31/95		(N)

Note 1: Customer can elect to participate only once during each promotion period.

Note 2: If this promotion occurs during any other scheduled promotion, the customer may choose only one of the available promotions in which to participate.

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Material appearing on this page previously appeared on page(s) 58.21 of this section

®Registered Service Mark of BellSouth Corporation

* d/b/a SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY

BELLSOUTH
TELECOMMUNICATIONS, INC.
FLORIDA
ISSUED: January 5, 1996
BY: Joseph P. Lacher, President -FL
Miami, Florida

GENERAL SUBSCRIBER SERVICES TARIFF

Second Revised Page 58.23
Cancels First Revised Page 58.23
EFFECTIVE: January 20, 1996

A2. GENERAL REGULATIONS

A2.10 Special Promotions (Cont'd)

A2.10.2 Descriptions (Cont'd)

A. The following promotions are approved by the Commission: (Cont'd)

Area of Promotion	Service	Charges Waived	Period	Authority
305. Southern Bell's ¹ Service Territory -From Central Offices where Prestige® Communications Service is available	Prestige® Communications Service	Nonrecurring	06/01/95 to 07/31/95	
306. Southern Bell's ¹ Service Territory -From Central Offices where Message Waiting Indication is available	Message Waiting Indication	Nonrecurring	06/01/95 to 07/31/95	
307. Southern Bell's ¹ Service Territory	Designer Listings	Nonrecurring	06/01/95 to 07/31/95	
308. Southern Bell's ¹ Service Territory	Message Waiting Indication	Two month's Recurring	06/01/95 to 07/31/95	Docket No. 911233-TL Order No. 25676
309. Southern Bell's ^{1,2} Service Territory -From Central Offices where Custom Calling Service is available.	Call Forwarding Busy Line and Call Forwarding Don't Answer	Two Month's Recurring	06/01/95 to 07/31/95	Docket No. 911233-TL Order No. 25676

(M)

Note 1: Customer can elect to participate only once during each promotion period.

Note 2: If this promotion occurs during any other scheduled promotion, the customer may choose only one of the available promotions in which to participate

000070

Material previously appearing on this page now appears on page(s) 58.24 of this section.

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**BELLSOUTH
 TELECOMMUNICATIONS, INC.
 FLORIDA**
 ISSUED: January 5, 1996
 BY: Joseph P. Lacher, President -FL
 Miami, Florida

EFFECTIVE: January 20, 1996

A2. GENERAL REGULATIONS

A2.10 Special Promotions (Cont'd)

A2.10.2 Descriptions (Cont'd)

A. The following promotions are approved by the Commission (Cont'd)

Area of Promotion	Service	Charges Waived	Period	Authority
310. Southern Bell's ^{1,2} Service Territory -From Central Offices where Caller ID - Basic and/or Caller ID - Deluxe are available	Caller ID Get Acquainted Offer	One Month's Recurring	10/01/95 to 11/30/95	(M) (M)
311. Southern Bell's Service Territory where available	ISDN Business Service ISDN Residence Service Waiver only applies to ISDN purchased under Packages 1, 1A, 2, 2A	All nonrecurring	02/01/96 to 06/30/96	(N)
	Package 1 - DSL, 2 B-channel CSV/CSD, 2 ADDI Call Appearances, 1 Conf, Drop, Hold & Trans 1 Call Fwd Variable - Button			(N)
	Package 1 A - Same as Pkg 1 PLUS 1 Visual Message Waiting 1 Call Fwd Busy Line 1 Call Fwd Don't Answer			(N)
	Package 2 - Same as Pkg 1 PLUS 2 Secondary Directory Numbers			(N)
	Package 2 A - Same as Pkg 1A PLUS 2 Secondary Directory Numbers			(N)

Note 1: Customer can elect to participate only once during each promotion period.

Note 2: If this promotion occurs during any other scheduled promotion, the customer may choose only one of the available promotions in which to participate.

000071

Material appearing on this page previously appeared on page(s) 58.23 of this section.

® Registered Service Mark of BellSouth Corporation

BellSouth Telecommunications, Inc.

May 30, 1996

Neil Brown
AT&T
Room 6142, Promenade 1
1200 Peachtree Street
Atlanta, Georgia 30309

Dear Neil,

We have carefully reviewed your intrastate USF Reform Settlement and are prepared to respond to your counter proposal. Initially, BellSouth entered into discussions with AT&T in hopes of developing a compromise approach for dealing with local loop recovery in switched access. We invested significant time and energy this year to gain internal support for a modified recovery mechanism which included an increased SLC, something BellSouth had previously been silent on for rebalancing switched access. Naturally, we were very disappointed when AT&T reversed itself on the SLC in its reply comments with the FCC. We are also in total disagreement with the concept of TSLRIC as an appropriate basis for assessing USF needs.

Given our apparent differences in position at the FCC, your intrastate proposal only magnifies the difficulty of trying to reach a compromise position on USF. Based on our analysis, in order to meet your price targets, we would need to lower intrastate access prices \$351M in year one and \$433M over the following 3 years. This level of reduction is clearly beyond the limits of our financial planning view.

As we agreed in our initial discussions, we each owed our companies a good faith effort to explore an alternative to an elongated regulatory struggle if possible. To that end, we have been successful. We have both tried to understand each others' position and think creatively of a compromise. We have both presented a plan which we believed our companies would support. I am satisfied that our investment in time was worthwhile but do not see additional value in continuing discussions unless major change in positions occurs. Therefore, I am recommending that we discontinue our weekly discussions until October, 1996, to test our positions again as the Joint Board considers alternatives to USF.

Sincerely,



Marc Cathey, Senior Director
Product Management BellSouth InterConnection Services

Attachment

cc: Scott Schaefer
Quinton Sanders
Jim Brinkley

000072

Analysis of AT&T USF Proposal

	YEAR				Action
	1	2	3	4	
Total Intrastate Switched Access	\$748.86 M				
Mandated Reductions					
"Buy-in" Reduction	(\$149.60)M				
Rate Rebalancing/Local SLC in States	(\$149.80)M				
Total Reduction	(\$299.40)M				
Net Remaining	\$397.81 M				
To USF (reduces 30% per year for 3 years)	(\$360.89)M	(\$252.62)M	(\$144.36)M	(\$38.09)M	
Remaining Switched Access Revenues	\$36.92 M	\$36.92 M	\$36.92 M	\$36.92 M	
BELLSOUTH Revenues					
	\$397.81 M	\$289.54 M	\$181.28 M	\$73.01 M	USF+Switched Access Revenues

Assumptions:

1. Loss to competition is balanced by stimulation/net MOU is 0
2. USF revenues are actually received by BELLSOUTH

002053

05/23/96 11:05:18 AM AT&T.WK4

May 30, 1996

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

Dear Jim,

This letter is in response to your letters to Charlie Coe and Duane Ackerman of May 21, 1996. BellSouth is in the process of reviewing and responding to your letter to me of May 21, 1996. Due to the nature of AT&T's requests in that letter and the work involved in gathering the materials to be provided in the response, BellSouth will reply to it separately.

May 21 letter to Charlie Coe:

Regarding the provision of BellSouth cost studies, these studies including loop, port, and usage were provided several weeks ago. The majority of the other requested Unbundled Network Element (UNE) cost studies were provided to Neil Brown on Tuesday, May 22. The only outstanding cost study request is the "Loop Concentration Multiplexer" study which we are targeting to provide by May 30.

AT&T's letter includes considerable detail regarding the scheduling of and lack of participation by BellSouth in the 5/21 Cost/Price meeting. It should be noted that this is the first Cost/Price meeting in which BellSouth's key personnel were not present. BellSouth has dedicated a significant number of resources to meet and negotiate with AT&T and to respond to AT&T requests in a timely manner. The agenda attached to AT&T's letter acknowledges that Bob Scheye and Suzie Lavett had notified AT&T that they would be unable to attend the meeting. Ample notice was provided to allow rescheduling of the meeting if it was deemed necessary. Further, a more lengthy document attached to the agenda provided by Neil Brown indicated that all UNE components were to be discussed. This document prompted BellSouth's May 20, 1996, subsequent proposal to focus the discussions on developing a mutually acceptable set of unbundled features to form the basis for further negotiations.

It is appropriate to note that BellSouth personnel have attended several meetings in which AT&T representatives were not appropriately equipped or not prepared to discuss the subject matter contained in the proposed agenda. For example, five BellSouth employees attended a meeting on Wednesday, May 22, in which AT&T was to clarify UNE ordering and provisioning requirements. A document summarizing these requirements, apparently provided by AT&T headquarters, could not be explained by AT&T representatives attending the meeting. The group subsequently agreed to focus on BellSouth's unbundled loop and port offerings. However, UNE service configurations presented as necessary requirements by AT&T could not be explained by the AT&T representatives present. The configurations presented did not make sense, and the remainder of the meeting was spent having the BellSouth experts advise AT&T of BellSouth's view of possible UNE configurations.

002074

Rec'd fax - AM 5/31

Rec'd 5/31/96 - Hand De

BellSouth has informed AT&T both verbally and in prior correspondence of similar circumstances which have occurred in the process of our negotiations. Notwithstanding these points, I assure you that BellSouth is ready and willing to engage in meaningful dialog to progress these negotiations in the areas of Resale and Unbundled Network Elements.

May 21 letter to Dnane Ackerman regarding operational interfaces:

Your letter asserts that "BellSouth has delayed committing to provide the electronic interfaces that are necessary". Any delays that have occurred are attributable, at least in part, to AT&T. In order for BellSouth to commit to the formidable task and investment of developing electronic operational interfaces, it is necessary to understand the volume of transactions that are estimated to occur. The first forecasts of projected AT&T volume were provided to BellSouth in April of 1996. In addition, these forecasts were "rough estimates" and addressed only the resale portion of AT&T's local service plans. Although the forecast provided by Preston Foster in his letter of May 22 indicates that unbundled loops and ports are included, no forecasts for specific order volumes for unbundled services have been provided to date. In addition, the most recent forecast data shows an extremely wide range of values between the low and high estimates (the high estimate is approximately four times the low estimate).

The "fax interface" solution which you referenced in your letter has been proposed as a method to allow AT&T to immediately begin processing orders, and is a sufficient solution to handle the initial volumes of orders projected by AT&T. It should be noted that "fax" only refers to the transfer of order images, and does not mandate a manual fax transmission process. Nothing would preclude AT&T from using a computer based fax solution for service order placement and confirmation. AT&T has recently acknowledged that it will begin local service on a trial basis and will gradually increase its volume of local service orders. The "fax interface" is capable of accommodating AT&T's initial entry into the local service market. BellSouth has always maintained that implementation of mechanized interface solutions would be driven by transaction volumes, business needs, and relevant timing.

BellSouth is currently processing local service orders for several competitors using the fax method. Those competitors find the terms of this procedure to be acceptable. Only recently have other resellers or local exchange carriers begun to request electronic operational interfaces in the course of our negotiations with them. AT&T remains unique, however, in the extent of on-line and real time access requested.

In a letter sent to AT&T on May 16, BellSouth reviewed the steps it has taken or is in the process of undertaking to address AT&T's requirements for pre-ordering electronic interfaces and EDI (service requests and order confirmation). In addition to these steps, and as previously discussed with AT&T, BellSouth has developed or is developing interfaces for daily usage information, electronic trouble reporting, and serving central office and feature availability. BellSouth's current view of the costs of providing these electronic operational interface solutions are as follows:

Pre-Ordering: Estimated at \$7,000,000. However, the final figure cannot be determined until the completion of a design phase estimated to require approximately four months and \$500,000. As mentioned above, BellSouth has developed an interim process to provide feature availability information at no charge.

Service Request Transmission and Order Confirmation (EDI): \$200,000.

Direct Order Entry: Costs for this item have not been determined.

Directory Listing and Line Information Database: No Charge provided that the service order populates these databases. However, should BellSouth develop direct electronic interfaces for local service providers to enter data directly into these systems, additional costs would be incurred. No cost estimates for this functionality have been developed.

002075

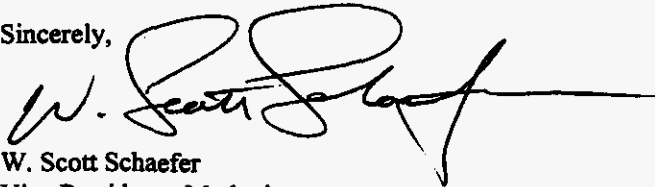
Trouble Reporting: Initially no cost to resellers in that the EC application for EXCs is being extended to other local exchange carriers. However, capacity upgrades required as a function of OLEC transaction volume will result in additional costs. In addition, enhancements to the EC platform needed to enable the system to more effectively manage POTS troubles are estimated to cost \$3,000,000.

Daily Usage: Initial development costs of \$125,000. Additionally, BellSouth will charge \$0.005 per message to offset the cost of ongoing usage file production.

BellSouth is proceeding as outlined on the electronic interfaces requested by AT&T notwithstanding that in doing so BellSouth is going above and beyond its obligations under the Act. BellSouth's proposals regarding the preordering, ordering and provisioning of services to be resold by AT&T are not unreasonable or discriminatory conditions or limitations under the Act. BellSouth has committed to treating AT&T as it does its own retail customers. Such commitment meets the requirements of the Act.

As proposed in a letter to you of May 16, BellSouth has two mechanisms for recovering these costs. BellSouth will continue to work with AT&T to develop an acceptable cost recovery mechanism based on an embedded cost approach and welcomes any proposals from AT&T in this regard.

Sincerely,



W. Scott Schaefer
Vice President - Marketing
InterConnection Services

002076

Audix message from Keith Milner, May 30, 1996, 10:05 am

Pam, good morning it's Keith Milner at BellSouth and it's 10 on Thursday. Thank you for the voice mail that you left me this evening. I understand you're in a meeting right now. Pam, I would like, if you don't mind, to reschedule our meeting that we had planned for 3:30 this afternoon. Unfortunately, in a little bit of confusion that as to whether or not we keep this team going or not I'm not sure if I can recollect all the folks that really need to be on the call this afternoon or not. What I'd propose as an alternative, Friday I'm going to be out of town but if you will check your calendar for any time on Monday, my calendar is free right now. Tuesday I'll be in Birmingham again of next week. Let me give you a couple more dates, Wednesday afternoon the 5th could work for me, the 6th is gone but then we're already in the later part of next week. So if any time of Monday would work for you I'll make those arrangements or Wednesday afternoon. If you will check and see if any of those could work I think we'll have a much more productive meeting if I give my team a little time to recollect their thoughts and get refocused. I am pleased that we are going to go forward with the team I think there are some things we can resolve apart from whatever policy issues there might have been or continue to be we can at least agree to agree to disagree on what the technical merits are so Pam I will be out of the office in the middle of the day I'll be back here about 1:30 at the latest 2:00 and I have 15 seconds so here goes, if you'll call me I'd appreciate it at 529-5489.

003077

May 30, 1996

Memo To File:

Voice mail message from Scott Schaefer at 9:28 a.m.:

Jim this is Scott I hope this is recording it just beeped I want to propose something to you I think the meeting on the 7th after reviewing our discussion from last night and looking at some counter proposals that we'd like to make to you I think we'd probably be most effective if we did not have the meeting next week but use that week to put together our counter proposal and what I'd like to also propose to you is that you and I have a informal dialogue Tuesday at 5:00 p.m. we can do that in your office I got it on your calendar I'd like to do that just one-on-one with you and I and the goal of that session would be to see if we now sense we've been debating issue by issue if we could now take a step back and look at how far we could go toward closing out an agreement that would include everything we would agree upon for a Total Resale solution I'm sure there are a couple of things we probably will not agree on example is Avoided Cost Discount levels is probably something we will not be able to agree on but I'd like to formulate and put forward to you in an informal one-on-one only session some puts and takes that you know maybe agreeable in total to AT&T and to BellSouth If that sounds like something good to do give me a voice mail back I think you know my schedule today is going to be real crazy but I'll try and check my voice mail as I get a minute or two during the day then we can solidify on this Tuesday meeting at 5:00 p.m. and we'd also keep our meeting on 6/13 from 1:00 - 4:00 p.m. all right let me know I'm at 330-0180 - thanks

This message is taken verbatim from Scott Schaefer's voice mail.

002073

Ed

May 30, 1996

Memo To File:

Regarding: Voice mail received from Scott Schaefer a.m. May 30, 1996

Attached in my voice mail response to Scott Schaefer as follows:

I called Scott at approximately 9:45 a.m. today, 5/30, and left him the following voice mail.

Scott, 1) give me a call back on 404-810-7262 or beep me on 800-258-0000 pin 288570 and I will step out immediately and call you back.

In regard to the schedule, I am amenable to meeting with you for an hour one-on-one on 6/11 at 5:00 p.m. as you request and also maintaining the 6/13 meeting. I propose we go ahead with the meeting on 6/7. We would not discuss TSR and would leave that to the 6/11 and 6/13 sessions as required. Other than I would like to have a status report on where we are working the technical issue around Operator Services and Directory Assistance etc., routing to our platform. In short, continuing the work that we agreed to last night. Additionally on 6/7 we would principally then focus on Unbundled Network Elements given our work last week and the work we would be doing in the interim. As per my earlier voice mail, I would prefer to shift that to 6/6 if Allen Price's schedule can be accommodated, if not we will maintain 6/7.

002879

DAPC 0

Post-it® Fax Note	7671	Date	5-31-96	# of pages	5
To	KATHY TABER	From	R BARRETTO		
Co./Dept	AT&T	Co.	BBDO		
Phone #		Phone #	404 960-7105		
Fax #	404 910-3131	Fax #			

May 31, 1996

Kathy Taber
AT&T

Attached please find copy of the modified contract based on the result of our last joint meeting. I trust that you will share this with the appropriate parties including Norman Rosner.

R Barretto

Attachment

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DRAFT 5/20/96 5/31/96

AGREEMENT

In consideration of the mutual promises contained herein, BellSouth Advertising & Publishing Corporation, a Georgia corporation ("BAPCO") and AT&T Corp., 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~~ use by BAPCO or its affiliates 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:

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(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 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 without designation as to the subscriber's exchange carrier.

(b) Provided CARRIER establishes appropriate resale arrangements with BellSouth Telecommunications, Inc. ("BellSouth").

~~(b)~~ BAPCO shall publish additional listings, foreign listings and all other alphabetical Directory listings of offered by BellSouth, for 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 or within a reasonable time thereafter 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.

(g) BAPCO shall not provide listing information relating to CARRIER subscribers to other local exchange service providers without CARRIER approval, except as may be required in relation to this Agreement.

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.

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 of 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 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 J. Rosner
Senior Attorney
1200 Peachtree St., 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 representatives in one or more counterparts, each of which shall constitute an original, on the dates set forth below.

BELLSOUTH ADVERTISING &
PUBLISHING CORPORATION

CARRIER AT&T CORP.

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

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EXHIBIT A

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

FAX

BellSouth
4422 BSC
875 W. Peachtree St. N.E.
Atlanta, GA 30375

Date 05/31/96

Number of pages including cover sheet 4

To:-

William J. Carroll 404-810-7840

From:

Scott Schaefer

Phone (404) 330-0180

Fax Phone _____

REMARKS:

- Urgent For your review Reply ASAP Please comment

000000

*Received by Mail 6/5
Let previously received by
facsimile*

WJc

May 30, 1996

Mr. William J. Carroll
Room 4170
1200 Peachtree St., NE
Atlanta, Ga. 30309

Dear Jim:

As discussed in our May 21, 1996, Executive Team meeting, BellSouth believes that "total services resale" encompasses the resale of services as they are offered to BellSouth end users. AT&T contends that some alterations to existing services are appropriate in a resale environment. In spite of our disagreement in this area, BellSouth agreed to revisit technical concerns associated with the development of local services that allow the routing of Operator, Directory Assistance and Repair calls to AT&T in a Total Service Resale environment. In addition, BellSouth felt it prudent to reexamine its policy regarding AT&T's request at this time. BellSouth has concluded that our policy is sound.

BellSouth has further concluded that even absent the policy difference, it is not technically able to provide the services to AT&T in the manner requested. Therefore, BellSouth will no longer pursue technical alternatives regarding the routing of directory assistance, operator and repair service calls in a "total services resale" environment beyond following through to closure our current discussions.

Section 251(c)(4) of the Telecommunications Act of 1996 required a LEC to offer for resale "any telecommunications service that the carrier provides at retail to subscribers who are not telecommunications carriers". Operator Services, Directory Assistance, and Repair Service are not offered to end users. Rather, they are part of some other service, such as a residential line or business line. Therefore, the matters under discussion are not available in a "resale" environment.

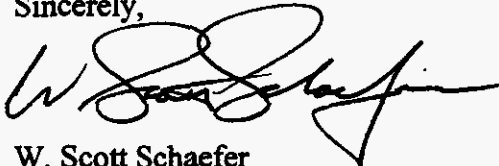
Neither are they matters that are required to be unbundled. 251(c)(3) required unbundling only of "network elements". The definition of "network element" clearly does not encompass such matters as those under discussion. In any event, even if BST wished to make those matters available for unbundling, as BST has previously explained to AT&T, it would not be technically possible to do so.

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BellSouth has made available to local exchange companies its directory assistance services to allow other companies' customers to obtain telephone numbers and its operator call completion services for use by other companies' customers for completing operator assisted calls. While these services do not constitute network elements under 251(c)(3) of the Act, BellSouth is happy to discuss AT&T's use of these services as a facilities based local exchange carrier.

BellSouth proposes that we agree to disagree on this AT&T requirement and move forward to finalize our Total Services Resale agreement. I look forward to the successful conclusion of our negotiations.

Sincerely,

A handwritten signature in black ink, appearing to read "W. Scott Schaefer", written in a cursive style.

W. Scott Schaefer
Vice President - Marketing
InterConnection Services

000000

WCC



BellSouth Telecommunications, Inc. Fax 404 524-1937
Suite 4514 404 529-8113
675 West Peachtree Street, N.E.
Atlanta, Georgia 30375

Charles B. Coe
Group President - Customer Operations

May 31, 1996

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

Dear Jim,

I am writing to you in response to your letter of May 20, 1996 regarding AT&T's submission of resale orders in Tennessee and Scott Schaefer's letter to you of May 16, 1996.

Your letter references an amendment to the Tennessee Code to allow telecommunications competition in Tennessee and rules adopted by the Tennessee Public Service Commission to "set forth the Commission's policy for implementing the new law". Specifically, the letter references Rule 1220-4-8-.11 and suggests that BellSouth is required to make all service offerings available for resale at an interim discount of 25%. BellSouth understands that these rules are not yet in effect, but are awaiting approval by the Tennessee Attorney General. Following approval by the Attorney General, the rules must be forwarded to the Tennessee Secretary of State, and a further seventy five days must elapse before the rules become law.

In the absence of a negotiated agreement for interconnection, unbundling, and resale, or an effective Tennessee regulation, BellSouth has suggested that AT&T enter into a resale only agreement. A copy of the proposed agreement was attached to Scott Schaefer's May 16th letter. The letter also presents two options regarding the scope and term of the agreement. The agreement can form the basis of a permanent resale arrangement between BellSouth and AT&T. Alternatively, the agreement can be implemented so as to apply only to those customers taking part in the AT&T trial and to expire at the end of the trial on September 15, 1996. In the spirit of good faith negotiations, BellSouth is also willing to allow the avoided cost discount determined by the Tennessee Commission to be effective retroactive to the date of execution of the contract. Accordingly, BellSouth would adjust its billing, if any adjustment is necessary, and remit to AT&T the resulting difference.

Upon receiving a copy of an executed resale agreement, BellSouth will proceed in processing the orders submitted by AT&T. As mentioned in Scott's letter, BellSouth has already taken actions in advance of the receipt of a signed agreement, such as the establishment of a master account, in order to be prepared to process orders once the agreement is signed.

BellSouth is willing and able to provide services under the terms of an agreement as detailed in this letter. I look forward to a successful and mutually acceptable resolution to this matter.

Sincerely,

Charlie

000001

*Received via US Mail
→ Envelope stamped 6/10 6/12/96*

May 31, 1996

Memo To File:

RE: Telephone conversation with Scott Schaefer on May 30, 1996 and with Hank Anthony on May 31, 1996.

On May 30, 1996, I called Scott and left this voice mail message. Scott, it's my understanding that approximately a week or two weeks ago Mary Jo Peed and Sylvia Anderson agreed that we had satisfied BellSouth's concerns in connection with data request #1 associated with the Tennessee Mediation. However, Mary Jo was concerned that future requests of highly sensitive information would encounter similar problems and was looking to resolve these future problems. Scott, if this is true it seems you should go ahead and release the data since your concerns in connection with the data would have been met. Please check this and give me a call.

Later in the day, Scott called and I asked him if he'd gotten my voice mail message in connection with the Tennessee Cost Mediation issue. I reiterated my voice mail to make sure he understood, he said he did. He stated that he had not been able to reach Mary Jo Peed yet and he would get back to me.

At approximately 9:00 a.m. today, I received a call from Hank Anthony. Hank stated that he was returning my call to Scott Schaefer on Scott's behalf. He stated that it was his understanding as related from Scott, that I was looking for a response in connection with the data request associated with the Tennessee Mediation. He went on to say that it was BellSouth's preference that we resolve potential future issues such that these type of delays do not occur. He went on to say that BellSouth had notified us of these possibilities in writing. I stopped him at that point and told him it was unnecessary for us to reiterate the record. I told him the record was fairly clear in the multiple letters written between AT&T and BellSouth and without going over these again, we did not feel that our position caused any delay at all.

I told Hank that to make sure we were understanding each other that I wanted to reiterate my request to Scott. I did so as outlined in the first paragraph above. I then asked Hank whether or not they believed that we satisfied their concerns in connection with protecting the cost data request #1 and if they were willing to release the cost data. He stated again it was BellSouth's preference to resolve the future issues. I asked again, since it is my understanding that we have resolved your concerns around protecting the information in the cost data request #1 in Tennessee, is your answer to releasing still no. He said yes, however it is our preference to resolve the problem for potential future information. I told him I would have Loretta Cecil and/or Sylvia Anderson give him a call.

Jim Carroll

000002

T S J-



Mike Duke
Regulatory/Legislative
Business Analyst

May 31, 1996

P. Foster

Re: BellSouth List of Obsolete and Grandfathered Services

Preston:

The state summaries of Obsolete and Grandfathered Services provided by BellSouth are of very little value as they are simply a listing of the obsolete tariff sections which, I assume, contain grandfathered services.

In order for AT&T to evaluate the size of the local exchange market which would not be available for resale under BellSouth's current exclusion of grandfathered services, AT&T needs to have the current number of customers and/or the revenue from each of the grandfathered services in each state, not just a list of the tariff sections which contain grandfathered services. The attached represents the level of detail necessary. I manually compiled this data from the Market Basket Summaries and GSSTs for Florida and North Carolina. A cursory review of these Market Basket Summaries provided to the Florida, Georgia and North Carolina Commissions suggests that BellSouth could easily provide the information requested.

cc: ~~Andre Mule~~

attachments

Local Services Organization
Room 10146, Prom 1
1200 Peachtree St., N.E.
Atlanta, GA 30309
PHONE (404) 810-7715
FAX (404) 810-8477
E-MAIL cogatt1@duke

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BELLSOUTH
Florida GSST Obsolete Services

Tariff Section	Services Name/Description	Date Obsolete	Current Revenue
A103	Basic Local Exchange Service Local Exception - Res Unlimited - Unmeasured Option	01/23/95	
A105	Charges Applicable Under Special Conditions Restoration Priority Charge	04/08/91	0
A107	Coin Telephone Service Booths & Special Mounting Arrangements Semipublic Extension Stations Single Slot Panel Coin Telephone	08/15/77 01/01/83 08/15/77	\$396 \$5,613 \$6,009
A108	Telephone Answer Service Facilities Concentrator - Identifier Unit AUTOAS Answering System Concentrator	06/06/63 09/28/82	0 0
A109	Foreign Exchange Service Intercept Arrangement	06/15/80	0
A112	Central Office Non-Transport Service Offerings Centrex Service to U.S. Military Bases Centrex - CO Service ESSX-1 Service Attendant Service (50A Consoles) Automatic Call Distribution - ESS Systems Electronic Tandem Switching Features ESSX-1 Service Electronic Tandem Switching Features Misc Service Arrangements by No. 1 ESS ESSX S, M and L Service; Customer Mgmt Features ESSX S, M and L Service - 85 Digital ESSX Service - 85 Electronic Tandem Switching Features ESSX Service S, M and L Service - 88 Digital ESSX Service - 88 Prestige Communications Package (PCP) Prestige Single Line Service (PSLS) Digital Electronic Business Set Service II ESSX Service Vintage 2 Feature - SMDI Prestige Deluxe Service ESSX Service Optional Features - SMDR - Premises Digital ESSX Service Optional Features - SMDR - Premises Customized Dialing Package (CDP) ESSX Service - Multi-Line - Caller ID Digital ESSX Service - Multi-Line - Caller ID	04/17/73 09/29/76 10/05/81 12/30/80 06/28/89 07/01/85 07/01/85 07/01/85 02/09/87 11/22/88 11/22/88 11/22/88 04/01/89 04/01/89 01/15/90 01/15/90 10/05/92 10/05/92 10/05/92 10/02/92 10/02/92 06/22/93 06/05/95 06/05/95	0 \$148,565 \$6,516 0 \$1,217 \$215,189 0 0 0 \$3,218 \$1,749,320 \$421,801 0 0 0 \$481,590 \$354,239 \$4,049 \$9,840 \$86,155 \$53,464 \$11,096 \$92,481 0 0
A113	Miscellaneous Service Arrangements Group Emergency Alerting & Dispatching System Municipal & Industrial Emergency Reporting Svc Multistation One-Way Circuit Arrangements Arrangements for Night, Sunday and Holiday Svc Extension and Tie Line Services	05/01/87 06/06/80 01/27/65 12/12/80 01/16/91	\$9,976 \$187 0 \$5,706 \$483,729

Tariff Section	Services Name/Description	Date Obsoleted	Current Revenue
A113	Miscellaneous Service Arrangements (con't) Custom Calling Services Network Facilities for use with Public Announcement Services Central Office Local Area Network Service Network Facilities for Use with 976 Service TicketTaker Service TouchStar Service - Multi-Line Caller ID	06/16/86 04/05/93 06/29/93 02/15/94 07/31/94 06/05/95	\$606 \$28,099 \$33,649 \$3,000 \$68,373
A114	Auxiliary Equipment Special Line Filter Private Line Sampling Arrangement ESSX-1 Customer Premises Attendant Services	06/06/80 12/12/80 10/05/81	\$608 0 0
A115	Connection of Terminal Equipment and Communications Systems Recorder Coupler Equipment Telephotograph Equipment Data Transmitting/Receiving Terminal Equipment Voice Transmitting/Receiving Terminal Equipment Alarm Detection and Reporting Equipment Dictation Recording Equipment Connecting Arrangements - Voice Manual Connecting Arrangements - Voice Automatic Public Address and Loudspeaker or Radio Paging Systems	12/10/70 01/06/81 01/06/81 01/06/81 01/06/81 01/06/81 01/06/81 01/06/81	\$10,760 \$34 \$61,038 0 \$24,575 \$374 0 \$34,829 0
A117	Mobile Telephone Service Airtime Dispatching Service Signaling Service	08/14/92 08/14/92 08/14/92	0 0 0
A118	Long Distance Message Telecommunication Service Enterprise Service VALU-PAK Service Saver Service	06/15/87 09/09/95 08/02/95	\$1,601
A119	Wide Area Telecommunications Service Access Line Charges - 800 Service 800 Number Service Termination	01/22/94 06/03/95	\$1,002,203
A122	Customer Payment Plans ESSX Term Payment Plans	01/08/91	
A124	Emergency Reporting Services E911 PSAP Equipment Enhanced Universal Emergency Number Service - E911 E911 Service Features and PSAP Equipment	11/29/85 09/19/86 06/15/92	\$713,969 \$4,438,185 \$1,037,334
A129	Data Transport Service Dial Backup Service FLEXSERVE Service - Digital Access Cross Connect	09/30/94 02/05/93	\$2,640 \$805,002
A130	Equipment for Disabled Customers Outright Sale/Month-to-Month Option	10/16/95	\$7,101

000005

BELLSOUTH
North Carolina GSST Obsoleted Services

Tariff Section	Services Name/Description	Date Obsoleted	Current Revenue
A103	Basic Local Exchange Service Joint User Service Thrifty Caller Service Message Rate Service Outgoing Only Service	03/26/85 *09/13/92 12/09/95 12/09/95	
A107	Coin Telephone Service Booths & Special Mounting Arrangements	10/15/80	\$3,616
A108	Telephone Answer Service Facilities Concentrator - Identifier Unit AUTOTAS Answering System Concentrator	04/17/81 09/01/82	\$456 \$15,834
A112	Central Office Non-Transport Service Offerings ESSX Service - SMDR Centrex - CO Service ESSX-1 Service Automatic Call Distribution - ESS DID to Customer - Premises Secretarial Service In-Dialing Arrangements ESSX - 1 Service Electronic Tandem Switching Miscellaneous ESS Features ESSX S, M & L Custom Management Features ESSX S, M & L - 85 Digital ESSX Service - 85 Electronic Tandem Switching Prestige Communications Package Prestige Single Line Service Prestige Deluxe Service Digital ESSX Service - SMDI Customized Dialing Packages ESSX ISDN Service	02/03/93 03/02/77 12/19/79 12/08/82 12/08/82 08/28/85 08/28/85 08/28/85 01/28/87 12/30/88 12/30/88 12/30/88 07/25/90 07/25/90 08/05/92 04/28/93 09/28/94	0 0 \$164 0 \$159,263 \$2,885 0 \$3,953 0 \$2,400 \$234,801 \$19,321,945 0 \$257,448 \$120,900 \$5,417 \$32,509 \$337 \$9,851
A113	Miscellaneous Service Arrangements Group Emergency Alerting & Dispatching System Municipal Emergency Reporting Service Arrangements for Night, Sunday and Holiday Service Custom Calling Services Central Office Local Area Network Service Key Telephone System	06/30/70 01/01/80 12/24/80 06/23/86 06/23/93	0 \$13 \$2,798 \$2,325 \$1,008 \$7,434

Tariff Section	Services Name/Description	Date Obsolete	Current Revenue
A114	Auxiliary Equipment Private Line Sampling Arrangement ESSX-1 Customer Premises Attendant Services	03/03/82 09/02/81	\$116 0
A115	Connections of Terminal Equipment and Communications Systems Recorder Coupler Equipment Telephotograph Equipment Voice Connectivity Arrangement Alarm Detection Equipment Dictation Recording Connectivity Arrangements - Voice Public Address/Loudspeaker	03/29/72 12/31/80 12/31/80 12/31/80 12/31/80 12/31/80 12/31/80	\$1,642 \$6,126 \$6,380 \$7,474 0 \$5,897 0
A118	Long Distance MTS Enterprise Service	06/27/87	\$1,897
A119	Wide Area Telecommunications Service WATS Extension Stations Combined 800 Service**	06/20/68 01/01/94	
A120	Extended Community Calling Metro Connection Plan	12/09/95	
A122	Customer Payment Plans ESSX Term Payment Plan	11/28/90	
A123	Sharing and Resale ELS Sharing/Resale Thrifty Caller Service		
A124	Emergency Reporting Services		
	911 Non-Unique Equipment E911 PSAP Equipment E911 Service Features E911 Service Features and PSAP Equipment E911 Number Services	01/01/84 11/16/85 09/04/86 07/03/90 10/20/93	\$9,500 \$133,866 \$1,238,678 \$524,626 \$585,600
A129	Data Transport Service FLEXSERV - Digital Access Cross-Connect	05/05/93	\$487,189
A130	Equipment for Disabled Customers Outright Sale/Month-to-Month Option		\$1,675

* Revisions as recently as 12/09/95.

** Rates lowered in pending tariff filing, to be effective 06/01/96.

002827



Sylvia E. Anderson
Chief Commercial Counsel
Southern Region

Promenade I
1200 Peachtree Street, N.E.
Atlanta, GA 30309
404 810-8070
FAX: 404 810-8629

June 3, 1996

**VIA FAX
ORIGINAL U.S. MAIL**

Mary Jo Peed, Esq.
BellSouth Telecommunications, Inc.
Legal Department, Suite 4300
675 West Peachtree Street
Atlanta, GA 30375-0001

Re: Tennessee Mediation Petition

Dear Mary Jo:

This confirms our conversation of Friday, May 31, 1996 concerning the Confidentiality Agreement BellSouth and AT&T entered into relative to negotiations under the Telecommunications Act of 1996, AT&T's demand of April 4, 1996 for cost data including service specific cost data and AT&T's subsequent request of May 8, 1996, for mediation of BellSouth's refusal to provide the service specific cost data.

As we discussed, I agree that the Confidentiality Agreement requires the disclosing party to provide reasonable advance notice to the other party before the disclosing party may disclose the other party's confidential information in a "Related Proceeding" (as that term is defined in our Confidentiality Agreement). Logically, under the terms of the Confidentiality Agreement, such advance notice must be provided by the disclosing party in order for the other party to "agree to execute a protection order (or similar order) providing for the confidentiality of the Confidential Information disclosed under [the] Agreement".

I also agree that the parties must comply with the rules or procedures established by the competent commission or court in a Related Proceeding, including rules that pertain to the disclosure of confidential information. Again, each party's obligations in this regard have been quite obvious from the date of execution of the Confidentiality Agreement based on the four corners of the Confidentiality Agreement itself.

Additionally, as we discussed, the Confidentiality Agreement does not preclude the disclosing party from requesting that certain "highly competitive-

002088

sensitive confidential information" be disclosed only to individuals approved by the disclosing party who have a "need to know." Of course, the party seeking to obtain this information may contest the characterization of the information as "highly sensitive competitive information" and the disclosing party may disagree with the list of individuals having a "need to know" as proposed by the requesting party. As we agreed, such dispute would be subject to mediation, arbitration or litigation as the case may be.

Upon receipt of this letter, please confirm that (1) you now intend to release data that is responsive to Data Request Number 1 (both Item 1 and Item 3 which were requested by AT&T in its letter of April 4, 1996); (2) the date AT&T can expect to receive the data, and (3) the data you provide will cover all the states where negotiations have commenced (GA, FL, AL, TN, KY, LA and NC).

Upon receipt of both your confirmation (as requested above) and delivery of the above-described data, AT&T will withdraw its request for mediation.

May Jo, I must say that I and others at AT&T are extremely disappointed that it took BellSouth over four (4) weeks to finally appreciate that our existing Confidentiality Agreement covered all the issues outlined above. In the future, we would appreciate a more focused and timely response on issues such as these.

Yours very truly,



Sylvia E. Anderson, Esq.
General Attorney

SEA:wdm

cc: AT&T Leadership Team
AT&T Core Team

002059

TOTAL
WIRE



Cindy Clark
Local Services Negotiator

Room 12W45
Promenade II
1200 Peachtree St., NE
Atlanta, GA 30309
404-810-3119

June 3, 1996

Suzie Lavett
BellSouth
Room E5G
3535 Colonnade Parkway
Birmingham, AL 35243

FAX Delivery

Dear Suzie,

This letter is a follow up to the Total Services Resale Maintenance meeting held 5/20/96 with Bob Anderson of BellSouth. We discussed the interim process for residence and small business repair.

Bob presented a preview of the TAFI scripts being prepared for our understanding and concurrence on the methodology. Based on the scripts he presented, the methodology is clear and the information will meet our needs. Bob also delivered a document that AT&T can use to identify and resolve "feature use" related troubles. These two pieces of information will help AT&T present trouble reports to BellSouth in an expedient manner.

In your letter of May 15, you had some comments on my updates to the tracking document that I provided. I understand your comments and I have attached updated input forms for your review.

Also in your May 15 letter, BellSouth requested to fold unbundled port and unbundled port/loop combination maintenance discussions into the existing residence and business TSR maintenance teams. In our preliminary meeting on 4/22, BellSouth indicated that repair for the unbundled port and unbundled port/loop combination elements would be handled in the ACAC. However, if the Business Repair Center and Residence Repair Center will be our interfaces for these elements, AT&T is certainly agreeable to folding the discussions together.

The next TSR maintenance meeting is scheduled for June 14 at 8:30, at 1200 Peachtree Street, Atlanta. I will be on vacation next week, but will get an agenda out early in the week of the 10th. I think there are some areas where we have reached agreement and we can work from the requirements tracking document to close some things out.

Please feel free to call me if you have questions or comments.

Sincerely,


Cindy Clark

002100



Cindy Clark
Local Services Negotiator

Room 12W45
Promenade II
1200 Peachtree St.,NE
Atlanta, GA 30309
404-810-3119

June 3, 1996

Suzie Lavett
BellSouth
Room E5G
3535 Colonnade Parkway
Birmingham, AL 35243

FAX Delivery

Dear Suzie,

This letter is a follow up the my 5/17/96 meeting with Lisa Griffin. We discussed the BellSouth business repair process and further defined our interim maintenance interface. This was a productive meeting and I believe we are close to closure many items!

The action items are outlined below:

1. At our 5/2/96 meeting, Bob Anderson took the action item to provide AT&T scripts of the residence maintenance customer interface for trouble reporting. At this meeting, Lisa and I had the same discussion regarding our need for the same type of information for business trouble reporting. Lisa and I agreed that it would make sense to use Bob's work as the basis for developing the scripts. Bob committed to share the scripts with Lisa as they are developed. Since this item may be largely based on the production of the TAFI scripts, I anticipate that this action item will develop just a bit behind the time line for their development.
2. Lisa to provide the conditions where a dispatch could result in a service charge to AT&T.
3. Lisa to provide BST guidelines for repair status to business customers.
4. Lisa to provide the % of "dispatched out" of BRC orders.

Items 2, 3 and 4 will be discussed at our next meeting. Lisa and I have scheduled our next session for June 14. Please call me if you have any questions or require clarification.

Thanks,


Cindy Clark

002101

FAX

Date 6/3/96

Number of pages including cover sheet 1

TO: Robert Oakes

Phone 404 810-8286

Fax Phone 404 810-3131

TO: Iris Regas

Phone 404 330-0019

Fax Phone 404 223-6782

TO: Vic Atherton

Phone 205 977-5041

Fax Phone 205 977-7222

FROM: Suzie Lavett

Phone 404 529-7496. or

205 977-0104

Fax Phone 404 420-0031, or

205 977-8241

CC: Jerry Latham

REMARKS: X Urgent For your review Reply ASAP Please Comment

Following is BST's status for AIN on the UNE summary:

Pursuant to BellSouth filings associated with FCC Docket No. 91-346, BellSouth believes that open access to its AIN in three phases is technically feasible. Phase I allows third party access to BellSouth's service creation platform. Phase II provides SS7 interconnection of third party providers service platforms to BellSouth's network via a "gateway". Phase III provides for direct ISDN connection of third party providers' service nodes to BellSouth's AIN.

Please call me at my Atlanta number if you have questions.

002102



1200 Peachtree St., NE
Atlanta, GA 30309

June 3, 1996

Mr. Carl Braun
Room N408B
1876 Data Drive
Birmingham, AL 35244

Dear Carl,

The following two AT&T Action Items are now closed:

OCN Populated in Positions 26-29 in Header/Trailer

AT&T will accept BellSouth's proposal to populate the OCN in positions 26-29 in the Header and Trailer records. However, we will not be processing the information since we will not utilize it.

Detailed Record Edits

Attached is a copy of AT&T's detailed record edits. These Error Conditions are considered "critical errors" which will be returned to the sending LEC.

If you have any questions, please contact me on 404/810-3123.

Sincerely,

A handwritten signature in cursive script that reads "Sue Ray".

Sue Ray

Attachment

cc: Shirley Wilcox
Craig Steele
Suzie Lavett
Pam Nelson
Jay Bradbury

000103

RETURN

CODE ERROR DESCRIPTION

03 9031 LEC Post Bill Adjustment Return

4 9011 To Number = From Number
9023 Invalid Rate Class/Message Type Combination
9058 Invalid Credit Code
9059 Non-Numeric Data in Numeric Field

32 9110 Invalid Appended Module

40 9001 Invalid Record Category
9002 Invalid Record Group
9003 Invalid Record Type

41 9006 Invalid Record Date

42 9009 Invalid From Number

44 9012 Invalid To Number

45 9077 Invalid LEC Owned CIID From/To State Charge

46 9018 Invalid State or Local Tax

52 9014 Invalid Billable Time
9021

53 9024 Invalid Method of Recording

9016 Invalid Rate Class

59 9010 Invalid Message Type For Tennessee Prison
9017 Invalid Message Type

52 9045 Invalid Ind19 and Ind23 Values
9075 Invalid Ind19 Value for CIID Record
9078 Invalid Rounding Ind, Billable Minutes = 0

53 9065 Invalid Unrated Conference Call Serial Number

55 9005 Cannot Derive Valid Bill NPA-NXX
9019 Invalid Billing Number

1 9076 Invalid LEC Owned CIID Settlement Code

002104

Atlanta, Georgia
June 4, 1996

To: Kathy Taber, AT&T Products & Services Manager
From: Pam Sims, Project Manager - Local InterConnection Negotiations
Subject: Independent Payphone Providers/Semi-Public Documentation

As agreed upon during the May 30, 1996 conference call, attached is a matrix of the resale services available in Georgia for Independent Payphone Providers. We will be ready to discuss the unbundled services on the conference call at 2:00pm, today. Additionally, we are providing a list of Semi-Public services/features available for resale and unbundling in Georgia.

If you have any questions prior to the call you may contact me on 404-529-6516.

Pam Sims

Attachments

cc: Suzie Lavett
Kathy Blake
Sandy Sanders
Dorothy Farmer
Bob Flood

002105

Georgia IPP Services

Service	SmartLine®	IPP Access Line (coin)	Coinless IPP Access Line	
Specific Functions	BellSouth rate tables for local and intraLATA calls carried, processed and completed by BST	Originating line screening	Originating line screening	
	Access to all CO intelligence required to perform answer detection, coin collection, coin return and disconnect.	Billed Number Screening	Billed Number Screening	
	Billed Number Screening			
	Answer detection			
	Option to block all 1+ calls to international destinations	Blocking for 1+ intl, 10XXX1+ intl, 101XXX1+intl,1+900, N11, 976	Blocking for 1+ intl, 10XXX1+ intl, 101XXXX1+intl,1+900, N11, 976, 7 digit local,1+DDD	
	IntraLATA call timing			
	Ability to "freeze" PIC selection	Ability to "freeze" PIC selection	Ability to "freeze" PIC selection	
	Option of one way or two way service on line	Two way service option only	Two way service option only	
	Flat rate service only	Flat rate service only based on rate groups	Flat rate service only based on rate groups	
	One bill per line	One bill per line	One bill per line	
	Point of demarcation at the Network Interface location	Point of demarcation at the Network Interface location	Point of demarcation at the Network Interface location	
	Detailed billing showing all 1+ traffic in paper, diskette or electronic format	Detailed billing showing all 1+ traffic in paper, diskette or electronic format	Detailed billing showing all 1+ traffic in paper, diskette or electronic format	
	Wire maintenance option	Wire maintenance option	Wire maintenance option	
	Touchtone service	Touchtone service	Touchtone service	
	Option for listed or non-listed numbers	Option for listed or non-listed numbers	Option for listed or non-listed numbers	
	Access to 911 service	Access to 911 service	Access to 911 service	
	Originating line screening			
	1 directory per line	1 directory per line	1 directory per line	

6/4/96

002106

07/17/80

SEMIPUBLIC TELEPHONE SERVICE

<u>Associated Features</u>	<u>Available for Resale</u>	<u>Unbundled</u>
AT&T rate tables for local and intraLATA svc.	Not from the Set	No
Access to all CO intelligence required to perform answer supervision, collect refund, etc.	Yes	No
Far end disconnect recognition.	Yes	No
Option to block all 1+ calls to international destinations.	No	No
Call timing.	Yes	No
PIC protection for all 1+ local, inter, intra traffic.	Yes	No
Option of one way or two way service.	No	No
Same call restrictions as available on LEC phones for inter, intl, intra and local calling.	Yes	No
Blocking of inbound international calls to the dumb station.	No	No
One bill per line.	Yes	No
Point of demarcation at the set location (at least for all outdoor sets).	No	No
Detailed billing showing all 1+ traffic in paper or electronic format.	Yes	No
DMOQ's for service restoration.	Need Clarification	Need Clarification
Wire maintenance option (even though it may be an unregulated service).	No	No

008107

<u>Associated Features</u>	<u>Available for Resale</u>	<u>Unbundled</u>
Svc outage transfers to AT&T help center.	Only on a contract basis	No
Wish to keep existing serving tel #s if cutover to AT&T resale line.	Yes	N/A
Touchtone Service.	Yes	Yes
Block any 1+ service that cannot be rated by the coin circuits/TSPS/osps.	No	No
Special screen codes unique to AT&T and/or its customers.	No	No
Service outage call transfers.	Only on a contract basis	No
Single point of contact for bills and orders dedicated to public.	Negotiated	No
Access to AT&T DA.	No	No
Option for listed, nonlisted, or non published #s.	Yes	Yes
Protect against clip on fraud if available.	No	No
Option to negotiate addl features in future.	Yes	Yes
Access to AT&T's NAI.	Need clarification	Need clarification
Provision 911 service.	Yes	No
Access to ANI information.	Need clarification	Need clarification
Use AT&T branded invoice.	No	No
Option to have LEC techs collect, count and deposit vault contents on behalf of AT&T.	Only on a contract basis	No

008103

<u>Associated Features</u>	<u>Available for Resale</u>	<u>Unbundled</u>
Monitor vault contents for slugs and spurious non US currency or theft and notify AT&T of discrepancies (recorded vs. actual) in collections and set location.	No	No
Option to have enclosure installed with set.	Yes	No
Provide all information requested to ensure AT&T can bill for access line.	No	No
Provide all information requested to ensure AT&T can bill for usage on the line.	No	No
Except where designated, all calls originating from stations serviced by these lines should be routed to AT&T TSR lines.	Need clarification	No
Station or enclosure equipment should only bear the name/brand designated by AT&T on the order form.	No	No
Provide the same monitoring and diagnostic routines on the line and stations as vendor would on own facilities.	No	No
1 directory/line install.	Yes	No
Provide installation intervals per DMOQs.	?	?
Protect against red box fraud.	No	No
Protect against blue box fraud.	No	No
Install the station to at least LEC standards (e.g., ADA, etc.)	Yes	No

007103

Associated Features

Available for Resale

Unbundled

Perform repairs for DMOQs.

Need clarification

Need clarification

Provide option for use of
"bright station" technology
including debit cards.

No

No

Provide revenue, maintenance,
collection reports etc. as
specified by AT&T on order
form on a periodic basis in
in paper or electronic format.

No

No

TSM

Atlanta, Georgia
June 4, 1996

To: Kathy Taber, AT&T Products & Services Manager
From: Pam Sims, Project Manager - Local InterConnection Negotiations
Subject: Custom Calling Services - Resale

As requested in your memo dated May 23, 1996, please find enclosed documentation (i.e. service descriptions and activation procedures) on the following Custom Calling Services:

- Call Forwarding Busy Line
- Call Forwarding Don't Answer
- Remote Access - Call Forwarding Variable
- Customer Control of Call Forwarding Busy Line
- Customer Control of Call Forwarding Don't Answer
- Flexible Call Forwarding
- Call Waiting Deluxe

Since this information was not readily available in the format you requested, I was unable to meet your May 31, 1996 due date. If you have questions, please contact me on 404-529-6516.

Pam Sims

Enclosures

cc: Suzie Lavett
Kathy Massey
Beth Craig
Joy Lofton

000111

OLEC TO BELLSOUTH ORDERING GUIDELINES

RESALE

CALL FORWARDING BUSY LINE

CUSTOMER CONTROL OF CALL FORWARDING BUSY LINE

Call Forwarding Busy Line automatically routes incoming calls to another predetermined telephone number when the user's line is busy. The forward-to number is determined when the feature is ordered. This feature is used most often for forwarding calls to a voice messaging service such as MemoryCall® service.

Variations

Customer Control of Call Forwarding Busy Line (5ESS Only) allows the customer to turn the feature on and off. However, it does not the user change the forward-to number. A service order is required to forward calls to a new telephone number.

To Use:

Basic Call Forwarding Busy Line:

No operation is required on the part of the customer to turn on or off Call Forwarding Busy Line. The feature is active when the customer's service order completes. A service order is also required to deactivate the feature or change the forward-to number.

Customer Control of Call Forwarding Busy Line:

To Turn On Busy Line Forwarding:

1. Lift the handset and listen for dial tone.
2. Dial 82# - Busy Line Forwarding activation code.
3. Listen for confirmation tone (beeps) followed by dial tone.

To Activate the Feature While On a Call (must have Three Way Calling):

1. Depress and release switchhook.
2. Listen for dial tone (current call placed on hold).
3. Dial 82# Busy Line Forwarding activation code.
4. Listen for confirmation tone (beeps) followed by dial tone.
5. Depress and release switchhook to return to original caller.

To Turn Off Busy Line Forwarding:

1. Lift the handset and listen for dial tone.
2. Dial 83# - Busy Line Forwarding deactivation code.
3. Listen for confirmation tone (beeps) followed by dial tone.

OLEC TO BELL SOUTH ORDERING GUIDELINES

RESALE

CALL FORWARDING DON'T ANSWER

CUSTOMER CONTROL OF CALL FORWARDING DON'T ANSWER

Call Forwarding Don't Answer automatically routes incoming callers to another preassigned number whenever the user is unable to answer an incoming call. The number to which calls are forwarded is specified at the time Call Forwarding Don't Answer is ordered. This is also the time when the user specifies the number of times his/her telephone will ring before a call forwards. This feature is used most often for forwarding calls to a voice messaging service such as MemoryCall® service.

Variations

Customer Control of Call Forwarding Don't Answer (5ESS Only) allows the customer to turn the feature on and off. However, it does not let the user change the forward-to number or the number of ring cycles. A service order is required to change either of these feature parameters.

To Use:

Basic Call Forwarding Don't Answer:

No operation is required on the part of the customer to turn on or off Call Forwarding Don't Answer. The feature is active when the customer's service order completes. A service order is required to deactivate the feature, change the forward-to number, or change the number of ring cycles before forwarding.

Customer Control of Call Forwarding Don't Answer:

To Turn On Don't Answer Forwarding:

1. Lift the handset and listen for dial tone.
2. Dial 77# - Don't Answer Forwarding activation code.
3. Listen for confirmation tone (beeps) followed by dial tone.

To Turn Off Don't Answer Forwarding:

1. Lift the handset and listen for dial tone.
2. Dial 78# - Don't Answer Forwarding deactivation code.
3. Listen for confirmation tone (beeps) followed by dial tone.

OLEC TO BELLSOUTH ORDERING GUIDELINES

RESALE

REMOTE ACCESS TO CALL FORWARDING VARIABLE (1AESS, 5ESS)

Remote Access to Call Forwarding Variable provides the customer with the ability to remotely activate or deactivate Call Forwarding Variable from any telephone capable of touch-tone signaling. Remote Access to Call Forwarding Variable may be used when the customer is either at their home or office or at another location. This feature is especially beneficial because the customer does not have to wait for an answer when they activate Remote Access To Call Forwarding Variable from their home or office. Using Remote Access To Call Forwarding Variable is easy by listening to the prompts (instructions) after dialing the Special Access Number.

How To Use Remote Access To Call Forwarding Variable

1. Dial the Special Access Number.
2. Dial the 7 digit home or office telephone number that has Remote Access To Call Forwarding Variable. The dialed telephone number will be repeated to allow for correct if dialed incorrectly.
3. Dial the Personal Identification Number and # (see note 1).
4. Dial the Call Forwarding Variable 72#.
5. Dial the number to which you want your calls forwarded and #.
If you must dial a 1 or area code to reach this number from your home or office, then do so. The forwarded to telephone number dialed will be repeated to allow for correction if dialed incorrectly (see note 2).

How To Deactivate Remote Access To Call Forwarding Variable

1. Dial the Special Access Number.
2. Dial the 7 digit home or office telephone number that has Remote Access To Call Forwarding Variable. The dialed telephone number will be repeated to allow for correction if dialed incorrectly.
3. Dial the Personal Identification Number and # (see note 1).
4. Dial the Call Forwarding Variable deactivation code 73#. Dial 1 to confirm deactivation.

How To Use Remote Access To Call Forwarding Variable (FROM YOUR TELEPHONE)

1. Listen for a dial tone.
2. Dial 72# with Touch-Tone service telephone (72 with rotary or dial pulse telephones).
3. Listen for a second dial tone, and dial the number you want your calls forwarded to.
4. Listen for ringing. Inform the party who answers that you are forwarding your calls. If you get a busy signal or no answer, Call Forwarding Variable can still be established by repeating steps 1-4, and no answer is necessary. (After you repeat Steps 1-4, you will hear short tones followed by steady dial tone).

How To Deactivate Remote Access To Call Forwarding Variable (FROM YOUR TELEPHONE)

1. Dial 73# with Touch-Tone service telephones (73 with rotary or dial pulse telephones).
2. Listen for short tones followed by a steady dial tone.

Note 1: You have three chances to enter the correct telephone number that has Remote Access To Call Forwarding Variable and your Personal Identification Number. After three attempts, you will be disconnected. You must hang up and try again.

Note 2: If you forward calls to any number outside your local calling area, you will be charged for any calls forwarded from your number to the distant number.

OLEC TO BELLSOUTH ORDERING GUIDELINES

RESALE

REMOTE ACCESS TO CALL FORWARDING VARIABLE (DMS-100)

Remote Access to Call Forwarding Variable provides the customer with the ability to remotely activate or deactivate Call Forwarding Variable from any telephone capable of Touch-Tone signaling. Remote Access to Call Forwarding Variable may be used when the customer is either at their home or office or at another location. This feature is especially beneficial because the customer does not have to wait for an answer when they activate Remote Access To Call Forwarding Variable from their home or office. Using Remote Access To Call Forwarding Variable is easy by listening to the prompts (instructions) after dialing the Special Access Number.

How To Use Remote Access To Call Forwarding Variable

1. Dial the Special Access Number.
2. Dial the 7 digit home or office telephone number that has Remote Access To Call Forwarding Variable, followed by the Personal Identification Number and # (see note 1).
3. Dial the Call Forwarding Variable Code 72#.
4. Dial the number to which you want your calls forwarded and #.
If you must dial a 1 or area code to reach this number from your home or office, then do so (see note 2).
5. The forwarded to telephone number dialed will be repeated to allow for correction if dialed incorrectly. Dial 1 to confirm—two short tones will confirm your request. Dial 2 to change.

How To Deactivate Remote Access To Call Forwarding Variable

1. Dial the Special Access Number.
2. Dial the 7 digit home or office telephone number that has Remote Access To Call Forwarding Variable followed by the Personal Identification Number and # (see note 1).
3. Dial the Call Forwarding Variable deactivation code 73#. Two short tones will confirm your request.

How To Use Remote Access To Call Forwarding Variable (FROM YOUR TELEPHONE)

1. Listen for a dial tone.
2. Dial 72# with Touch-Tone service telephone (72 with rotary or dial pulse telephones).
3. Listen for three short tones followed by a steady dial tone, and dial the number you want your calls forwarded to.
4. Listen for ringing. Inform the party who answers that you are forwarding your calls. If you get a busy signal or no answer, Call Forwarding Variable can still be established by repeating steps 1-4, and no answer is necessary. (After you repeat Steps 1-4, you will hear short tones with no dial tone).

How To Deactivate Remote Access To Call Forwarding Variable (FROM YOUR TELEPHONE)

1. Dial 73# with Touch-Tone service telephones (73 with rotary or dial pulse telephones).
2. Listen for two short tones.

Note 1: You have three chances to enter the correct telephone number that has Remote Access To Call Forwarding Variable and your Personal Identification Number. After three attempts, you will be disconnected. You must hang up and try again.

Note 2: If you forward calls to any number outside your local calling area, you will be charged for any calls forwarded from your number to the distant number.

OLEC TO BELLSOUTH ORDERING GUIDELINES

RESALE

REMOTE ACCESS TO CALL FORWARDING VARIABLE (EWSD)

Remote Access to Call Forwarding Variable provides the customer with the ability to remotely activate or deactivate Call Forwarding Variable from any telephone capable of Touch-Tone signaling. Remote Access to Call Forwarding Variable may be used when the customer is either at their home or office or at another location. This feature is especially beneficial because the customer does not have to wait for an answer when they activate Remote Access To Call Forwarding Variable from their home or office. Using Remote Access To Call Forwarding Variable is easy by listening to the prompts (instructions) after dialing the Special Access Number.

How To Use Remote Access To Call Forwarding Variable

1. Dial the Special Access Number.
2. Dial the 7 digit home or office telephone number that has Remote Access To Call Forwarding Variable, followed by the Personal Identification Number and # (see note 1).
3. Dial the Call Forwarding Variable Code 72#. Listen for two short tones followed by dial tone.
4. Dial the number to which you want your calls forwarded. If you must dial a 1 or area code to reach this number from your home or office then do so (see note 2). If you get a busy signal or no answer, Remote Access to Call Forwarding Variable can still be established by repeating steps 1-4, and no answer is necessary. (After you repeat steps 1-4, you will hear only two short tones followed by a dial tone).

How To Deactivate Remote Access To Call Forwarding Variable

1. Dial the Special Access Number.
2. Dial the 7 digit home or office telephone number that has Remote Access To Call Forwarding Variable followed by the Personal Identification Number and # (see note 1).
3. Dial the Call Forwarding Variable deactivation code 73#. Two short tones will confirm your request.

How To Use Remote Access To Call Forwarding Variable (FROM YOUR TELEPHONE)

1. Listen for a dial tone.
2. Dial 72# with Touch-Tone service telephone (72 with rotary or dial pulse telephones).
3. Listen for second dial tone, and dial the number you want your calls forwarded to.
4. Listen for ringing. Inform the party who answers that you are forwarding your calls. If you get a busy signal or no answer, Call Forwarding Variable can still be established by repeating steps 1-4, and no answer is necessary. (After you repeat Steps 1-4, you will hear short tones followed by dial tone).

How To Deactivate Remote Access To Call Forwarding Variable (FROM YOUR TELEPHONE)

1. Dial 73# with Touch-Tone service telephones (73 with rotary or dial pulse telephones).
2. Listen for two short tones, followed by dial tone.

Note 1: You have only one chance to enter the correct telephone number that has Remote Access To Call Forwarding Variable and your Personal Identification Number. If either number is entered incorrectly, you will be disconnected. You must hang up and try again.

Note 2: If you forward calls to any number outside your local calling area, you will be charged for any calls forwarded from your number to the distant number.

OLEC TO BELLSOUTH ORDERING GUIDELINES

RESALE

FLEXIBLE CALL FORWARDING

Flexible Call Forwarding (FCF) is designed for customers who travel or wish to forward calls to a number of different locations throughout the day. The feature forwards all calls placed to the user's line to a remote number. At the remote number, the user can either answer the call or send the call to voice messaging or some other number.

User's control and program Flexible Call Forwarding by dialing into the FCF access number. **Capabilities available to the user are:**

Forwarding - Allows the customer to specify a telephone number to which incoming calls will be forwarded. The customer may use a "Forward There" option to enter the designated telephone number. A "Forward Here" feature can be utilized under certain conditions to tell FCF to forward calls to the line from which the customer is calling into the FCF access number.

Speed Forwarding - Allows the customer to set up codes (#1-8) for abbreviated dialing of the telephone numbers most often used as the forward-to-telephone numbers. A #9 speed forwarding code is preset to immediately forward all calls to the customer's Call Rescue Location without ringing at the base station.

Call Rescue - Allows the customer to specify subsequent routing of an incoming call when the call is not handled at the initial forwarded-to location. The Call Rescue number can be to a secretary, a telephone answering service, as well as a cellular phone, a pager, an answering machine, or a voice mailbox. If a Call Rescue location is not specified, a caller may encounter a "no answer" condition.

Ring Control - Allows the subscriber to vary the number of rings (1-6) that will be heard at the forwarded-to location before the incoming call is routed to the Call Rescue location. The number of rings that the calling party hears may be higher if ACN is turned on.

Priority Screening - (Customer must select Call Rescue option also) Allows the customer to receive forwarded calls from selected callers, while routing all other calls to Call Rescue. The customer activates this feature, selects and sets up a three-digit code. When activated, callers will be greeted by a message, at which point the caller must input the customer-selected three digit code. The call will then ring the forwarded-to telephone number. The customer is responsible for providing the selected callers with the appropriate code. Priority Screening is available to residential customers only.

Audio Calling Name (ACN) - ACN is an optional feature available with FCD and FCF-PLUS which provides an audio message of the calling party's name. If the call is long distance, depending on available call data, the customer may hear the calling party's name, or city and state, or telephone number. The calling party will hear ringing until the customer chooses to answer the call or forward it to Call Rescue. There is an additional charge for this feature. Compatibility of Audio Calling Name with answering machines is not guaranteed.

Administrative Capabilities - From the voice menu, the customer may also change the recorded announcement, the password used for access, and ring cycles.

Timed Forwarding - Allows the subscriber to forward calls until a specified time within the next twenty-four hours, after which time calls will no longer be forwarded until the customer activates subsequent forwarding instructions via the FCF menu.

VARIATIONS

Two main versions of the feature are available:

Basic Flexible Call Forwarding - Includes all of the capabilities listed above. Audio Calling Name is offered as an optional capability.

Flexible Call Forwarding Plus - Same capabilities as Basic FCF. However, the customer is also provided a "dial around number" which allows callers to reach the user's home or office when FCF is active. This dial around number has all of the same characteristics as ringmaster® I service. FCF Plus users may also subscribe to the optional Audio Calling Name capability.

How To Activate Flexible Call Forwarding:

Step 1: Dial the Flexible Call Forwarding service Access Number. After hearing your name announced, press 1. You will then hear the welcome announcement for first time users.

Note: This first call must be made from your home telephone number or the number which has Flexible Call Forwarding assigned as a feature.

Step 2: Enter a 4 to 7 digit number that you will use as your password.

Note: If you lose or forget your password, call the Access Number from your home telephone and change the password to a new number.

Step 3: At the sound of the tone, record (say) your first and last name and then press 1.

The following menu will be heard each time you call the service:

MAIN MENU	
1 Stop Forwarding	5 Priority Screening
2 Forward Here	8 Help Desk
3 Forward There	9 Administrative Options
4 Audio Calling Name	• Exit

OLEC TO BELLSOUTH ORDERING GUIDELINES

RESALE

CALL WAITING DELUXE

Call Waiting Deluxe (CWD) offers various options for handling a waiting call. CWD **MUST** be sold with a Caller ID feature. With CWD the customer will hear an audible tone and see a visual display of the name and/or number of the calling party (depending upon the form of Caller ID the customer has subscribed to) while the customer is on an existing call.

Control/Cancel Call Waiting (CCW) is included when a customer subscribes to Call Waiting Deluxe. This feature enables a customer to cancel the operation of Call Waiting Deluxe for one call and may be activated prior to originating a call. To activate while on an existing call, the customer **MUST** subscribe to Three Way Calling.

The customer has several options for handling the incoming/waiting call:

- Answering the waiting call, disconnecting the first call
- Answering the waiting call, placing the first call on hold
- Directing the waiting caller to a hold announcement which says, **"The party you are trying to reach is finishing another call and knows you are calling. They ask that you stay on the line and your call will be answered shortly."**
- Forwarding the waiting call to another number such as a voice mailbox or telephone answering service. (Customer must subscribe to Call Forward Don't Answer to use this option.)
- Adding the second incoming caller to the in progress call, making it a three way call, and subsequently dropping either the first or second caller from the call. This is the Conferencing option, not Three Way Calling. (note: The Conferencing option is currently available in 1A/5ESS switch types and will become available in the DMS100 switches during 1996.)

•Call Waiting Deluxe customers who have a combination of a Screen Phone and Caller ID adjuncts will receive the name and/or number information of the waiting call only on their Screen Phone, not on the adjuncts.

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BellSouth Telecommunications, Inc.

June 5, 1996

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

Dear Jim,

I am writing to you in response to your letter of May 21, 1996, requesting detailed information regarding those services which BellSouth proposes to restrict from resale and those services which will be made available for resale. Before I address the specific concerns and requirements in your letter, I feel that it is appropriate to convey several general observations.

Your letter states that "BellSouth has repeatedly changed its position on which services are excluded from resale". I would maintain that BellSouth has not changed its position, but continues to refine its view on the applicability of various services for resale as our understanding and interpretation of the Federal Legislation develops. In addition, as with any negotiation process, the opinions of all parties will contribute to the course and outcome of the discussions. The negotiations with AT&T and other potential local service providers continue to influence BellSouth's views.

Your reference to Section 251(c)(4)(A) of the Telecommunications Act of 1996 suggests that all BellSouth services be made available for resale. In addition, your reference to Section 251(c)(4)(B) suggests that BellSouth is imposing "unreasonable or discriminatory conditions or limitations" upon "the resale of such telecommunications services". Section 251(c)(4)(B) of the Act does authorize the adoption of reasonable conditions and limitations on the resale of telecommunications services. The conditions and limitations regarding BellSouth's resale offer are reasonable and non-discriminatory.

In regard to more specific references in your letter to a series of examples and meetings from April 12, 1996, to May 14, 1996, in which AT&T requested and BellSouth provided information regarding services available for resale, I offer the following responses:

- The reference to the March 28th Core Team meeting in which BellSouth provided wholesale discount percentages for the state of Georgia seems to suggest that AT&T believes that this action indicates that BellSouth was unwilling to explain which services were restricted from resale. In fact, as agreed, the detailed discussion of these resale issues was deferred to the next Cost/Price meeting scheduled for April 4th.
- Example number three asserts that BellSouth did not fulfill an AT&T request for a "list of services excluded from resale". In fact, BellSouth provided documentation in the April 3rd Core Team meeting which identified the company's most current position on services restricted from resale. This documentation was continually revised and expanded. Updated versions were delivered in subsequent

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Received via US Mail 6/13/96

Core Team Meetings. Your example also makes reference to the fact that BellSouth offered the Louisiana tariff as a substitute for a list of services excluded from resale. The tariff, provided in the April 17th meeting, is a more complete representation of BellSouth's resale plans, and contains more useful information than a simple list of services.

- Your reference to a 4/18 memo from BellSouth to Preston Foster regarding the exclusion of Special Assemblies from resale and the absence of the exclusion from the Louisiana tariff is representative of my prior statement regarding the refinement of BellSouth's views on items to be included in the group of services available for resale. Internal discussions on this particular service offering determined that it was appropriate to include Special Assemblies as a resale item.
- In reference to your example number five, BellSouth has made available to AT&T a summary sheet showing services excluded from resale. A document summarizing BellSouth's rationale for excluding those services has also been provided. BellSouth and AT&T have devoted a significant amount of our discussions to this issue. However, BellSouth will continue to provide needed clarification.

Your letter requests detailed and specific information for the following:

- 1) Listings of all services available (and excluded) from resale for the states in which negotiations have commenced, and
- 2) Detailed customer, revenue, and other information for services excluded from resale.

With regard to item (1), Attachment 1 shows a list of services which are to be excluded from resale by state. Further detail for Grandfathered and Obsolete services was provided in our May 29, 1996 meeting. Lists for Georgia and Kentucky were not provided as part of that material. These lists are enclosed as Attachment 2. Lists of services available for resale can be found in the applicable state tariffs.

It is appropriate to note that this information is a current view of services to be excluded from resale. The determination as to which services are excluded is a function of BellSouth's interpretation of the federal legislation, legal requirements imposed on BellSouth by federal and state/local governments, and BellSouth's own business analysis. Therefore, these lists will be subject to future revision.

It is also appropriate for me to reiterate BellSouth's position with respect to Grandfathered and Obsolete services. BellSouth's product line evolves and changes in response to market needs and the service requirements of BellSouth customers. It is BellSouth's intention to migrate customers from Grandfathered and Obsolete services to the company's currently available service offerings. In some cases, BellSouth is required to make exceptions to this policy to allow customers to retain their existing services for a period of time. In the case of BellSouth's ESSX service, for example, the Louisiana Public Services Commission required existing ESSX customers to be provided with an option to continue their current service for a period of up to 36 months rather than converting to MultiServ service. In general, however, if a customer desires to change the terms of a contract for a service, that customer would be required to upgrade to the currently available service.

With regard to item (2) above, BellSouth considers this information to be proprietary and is under no obligation to provide this information for services which are not eligible for resale. However, in the interest of progressing negotiations in good faith, some general information can be provided in response to your request as follows:

Centrex: BellSouth's currently available Centrex offerings, ESSX or MultiServ depending upon location, are available for resale. Your statement that "certain restrictions/prohibitions do exist in some retail tariffs which limit or prevent resale by resellers" will require further discussion and clarification prior to a response.

Lifeline: BellSouth's Lifeline Assistance Program provides for qualifying customers in Alabama, Florida, Georgia, North Carolina, and Tennessee, a federal credit equal to 100% of the Interstate

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Subscriber Line Charge plus an equivalent BellSouth funded amount. The amount of the interstate credit (\$3.50) is reimbursed to BellSouth by NECA. For the states included in the BellSouth/AT&T negotiations, BellSouth averages about 200,000 Lifeline customers per month. Eligibility for this program varies by state, but may be based on eligibility in other low-income or assistance programs such as Medicaid, Food Stamps, AFDC or SSI.

Link-Up: This service is available in all nine states in BellSouth's service area. Link-Up provides a credit for qualifying customers of 50% of the non-recurring charges associated with installing service, with a maximum credit of \$30.00. This credit is reimbursed by NECA. Link-Up customers in Georgia receive an additional credit from BellSouth for the balance of the charge. For the states included in the BellSouth/AT&T negotiations, BellSouth averages about 3,000 customers per month. Eligibility for this program is similar to Lifeline above.

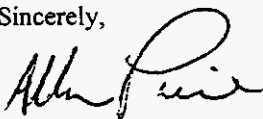
N11: This service is offered in Alabama, Florida, Georgia, Louisiana, and Tennessee. BellSouth has approximately 25 total customers for this service. BellSouth has no plans to offer N11 in Mississippi, Kentucky, North Carolina, or South Carolina, or to actively market this service in the states where it is currently offered.

At the time that this letter was drafted, information could not be provided for Contract Service Arrangements, Special Billing Arrangements, Educational Discount Program, and Installment Billing.

In regard to your reference to BellSouth's proposal to provide no discount for non-recurring charges, pass-through charges, and taxes, let me re-state BellSouth's position. The pass through charges and taxes are billed on behalf of third parties other than BellSouth. These items are not BellSouth products or services. BellSouth simply collects these fees and forwards these amounts to the appropriate party. Consequently, these items are not subject to the discount percentages. With respect to non-recurring charges, BellSouth maintains that there is no avoided cost. The work and costs associated with these charges are merely transferred from one BellSouth organization to another. In fact, BellSouth suggests that there may be additional costs involved in the establishment of a resold service which are not present for the establishment of a new service. I agree that further discussions in the Cost/Price Team meetings are an appropriate method for resolving these issues.

Finally, I acknowledge and understand the importance of resale opportunities to AT&T, as well as AT&T's desire to use resale as a means to establish a presence in the local services market. I hope that the information contained in this letter can move us another step toward a mutually acceptable agreement for total services resale. I look forward to further discussions in this regard.

Sincerely,



W. Scott Schaefer
Vice President - Marketing
InterConnection Services

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SUMMARY - SERVICES TO BE EXCLUDED FROM RESALE

<u>Services Excluded From Resale</u>	<u>Tariff Section</u>	<u>AL</u>	<u>FL</u>	<u>GA</u>	<u>KY</u>	<u>LA</u>	<u>MS</u>	<u>NC</u>	<u>SC</u>	<u>TN</u>
<u>Company Wide Services</u>										
Grandfathered/Obsoleted	All	Exclude	Exclude	Exclude	Exclude	Filed	Exclude	Exclude	Exclude	Exclude
Promotional Rates	All	Exclude	Exclude	Exclude	Exclude	Filed	Exclude	Exclude	Exclude	Exclude
Contract Service Arrangements	All	Exclude	Exclude	Exclude	Exclude	Filed	Exclude	Exclude	Exclude	Exclude
Installment Billing Option	A2 (AL); A4	Exclude	Exclude	Exclude	Exclude	Filed	N/A	Exclude	Exclude	Exclude
Lifeline Assistance	A4	Exclude	Exclude	Exclude	N/A	N/A	Exclude	Exclude	Exclude	Exclude
Link-Up	A4	Exclude	Exclude	Exclude	Exclude	Filed	Exclude	Exclude	Exclude	Exclude
911 Service	A13	Exclude	Exclude	Exclude	Exclude	Filed	Exclude	Exclude	Exclude	Exclude
E911 Service	A13	Exclude	Exclude	Exclude	Exclude	Filed	Exclude	Exclude	Exclude	Exclude
Mobile Interconnection Service	A35	Exclude	Exclude	Exclude	Exclude	Filed	Exclude	Exclude	Exclude	Exclude
N11 Service	A39	Exclude	Exclude	Exclude	N/A	Filed	N/A	N/A	N/A	Exclude
<u>State Specific Services</u>										
Classroom Communications Service (AL)	A3.32	Exclude								
Special Billing Arrangements (LA)	A5.8					Filed				
Education Discount Program (LA)	A5.14					Filed				
In-Classroom Computer Access (TN)	A3									Exclude
Distance Learning Video Transport (TN)	B7									Exclude
Other State Specific Offerings	TBD	TBD	TBD	TBD	TBD	N/A	TBD	TBD	TBD	TBD
<u>Resale Allowed Without Discount:</u>										
Non-Recurring Charges		Exclude	Exclude	Exclude	Exclude	Filed	Exclude	Exclude	Exclude	Exclude
State/Federal Subscriber Line Charges		Exclude	Exclude	Exclude	Exclude	Filed	Exclude	Exclude	Exclude	Exclude
IW Maintenance Plan Charges		Exclude	Exclude	Exclude	Exclude	Filed	Exclude	Exclude	Exclude	Exclude
Pass-Through Charges (E.G. 911, TDS)		Exclude	Exclude	Exclude	Exclude	Filed	Exclude	Exclude	Exclude	Exclude
Taxes		Exclude	Exclude	Exclude	Exclude	Filed	Exclude	Exclude	Exclude	Exclude

Legend:

Exclude Planned for Exclusion (Either Existing Service or New Service To Be Filed)
 Filed Resale Tariff Filed with Exclusion
 N/A Service Not Available
 Offer Service Will Be Offered for Resale
 TBD To Be Determined

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STATE : KENTUCKY
 TARIFF SECTION SUMMARY

TARIFF SECTION FILE	TARIFF SECTION AND SERVICE DESCRIPTION
(1)	(2)
A10300	A103 OBSOLETE-BASIC LOCAL EXCHANGE SVC
A10400	A104 OBS-SERVICE CHARGES
A10700	A107 OBSOLETE-COIN TELEPHONE SERVICE
A10800	A108 OBS-TELEPHONE ANSWERING FACILITIES
A10900	A109 OBS-FOREIGN EXCH AND CENTRAL OFFICE SVC
A11100	A111 OBSOLETE-ESSX-1 SERVICE
A11201	A112.01 OBSOLETE-ESSX SERVICE - ANALOG
A11213	A112.13 OBSOLETE-ESSX SERVICE - DIGITAL
A11226	A112.26 OBSOLETE-ESSX SERVICE - VINTAGE II - ANA
A11227	A112.27 OBSOLETE-ELECTRONIC TANDEM SWITCHING-ANA
A11228	A112.28 OBSOLETE-ESSX SERVICE - VINTAGE II - DIG
A11229	A112.29 OBSOLETE-ESSX MULTI ACCOUNT SERVICE
A11230	A112.30 OBSOLETE-DIGITAL ELECTRONIC TANDEM SWITC
A11231	A112.31 OBSOLETE-ESSX ISDN SERVICE
A11232	A112.32 OBSOLETE-ESSX SERVICE - VINTAGE I - ANAL
A11234	A112.34 OBSOLETE-ESSX SERVICE - VINTAGE I - DIGI
A11300	A113 OBSOLETE MISCELLANEOUS SVC ARRG
A11400	A114 OBSOLETE-AUXILIARY EQUIPMENT
A11700	A117 OBSOLETE-MOBILE TELEPHONE SVC
A11900	A119 OBS-WIDE AREA TELE SERVICE
A12000	A120 OBSOLETE-OPTIONAL CALLING PLANS
A12300	A123 OBSOLETE-ESS CO FEATURES (ESSX-1)
A12500	A125 OBSOLETE-LIGHTGATE DIGITAL SVC
A12900	A129 OBSOLETE-DATA TRANSPORT SERVICE
A13100	A131 (OBS) MULTI-LOCATION BUSINESS SERVICE
B10300	B103 OBSOLETE-CHANNELS
B10400	B104 OBSOLETE-EQUIPMENT

TOTAL

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 STATE : Georgia
 Obsolete Service Offerings

TARIFF SECTION FILE	TARIFF SECTION AND SERVICE DESCRIPTION
(1)	(2)
A10700	A107.00 OBS. SERV. OFF.-COIN TELEPHONE SERV.
A10800	A108.00 OBS. TAS FACILITIES
A10900	A109.00 OBS. FOREIGN EXCHANGE
A11203	A112.03 OBS. ESSX-1 ATTENDANT SERVICE
A11207	A112.07 OBS. AUX STATION LINE SERVICE
A11208	A112.08 OBS. ESSX - 1 SERVICE
A11209	A112.09 OBS. ELEC. TANDEM SWITCHING
A11211	A112.11 OBS. ESSX S,M,L;CENTREX,ESSX-1 CUST MGT
A11212	A112.12 OBS. ESSX S,M,L 85
A11213	A112.13 OBS. DIGITAL ESSX - 85
A11214	A112.14 OBS. ETS FEATURES - 85
A11217	A112.17 OBS. PRESTIGE COMM PACKAGE
A11218	A112.18 OBS. PRESTIGE SINGLE LINE SERVICE
A11220	A112.20 OBS. PRESTIGE DELUXE
A11221	A112.21 OBS. ESSX SVC VINTAGE 2
A11222	A112.22 OBS. CUSTOMIZED DIALING PKG
A11223	A112.23 OBS. ANALOG ESSX SERVICE
A11224	A112.24 OBS. DIGITAL ESSX SERVICE
A11225	A112.25 OBS. DIGITAL ISDN SERV FEAT/CHD, ALL
A11226	A112.26 OBS. ESSX ANALOG
A11227	A112.27 OBS. ANALOG ETS
A11228	A112.28 OBS. ESSX DIGITAL
A11298	A112.28 OBS. ESSX DIGITAL
A11229	A112.29 OBS. ESSX MULTI ACCOUNT SERVICE
A11230	A112.30 OBS. DIGITAL ETS
A11231	A112.31 OBS. ESSX ISDN
A11300	A113.00 OBS. MISCELLANEOUS SERV
A11400	A114.00 OBS. AUXILIARY EQUIPMENT
A11500	A115.00 OBS. TERMINAL EQUIP AND SYSTEMS
A11600	A116.00 OBS. CALLING PLANS
A11800	A118.00 OBS. MTS

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STATE : Georgia
Obsolete Service Offerings

TARIFF SECTION FILE	TARIFF SECTION AND SERVICE DESCRIPTION
----- (1)	----- (2)
A11900	A119.00 OBS. WATS SERVICE
A12400	A124.00 OBS. EMERGENCY REPORT SERVICES
A12900	A129.00 OBS. DATA TRANSPORT SERVICE
A13000	A130.00 OBS. EQUIP. FOR DISABLED CUSTOMERS
A13100	A131.00 MULTI-LOCATION BUSINESS SERV.
A14000	A140.00 OBS FAST PACKET TRANSPORT SERVICES
B10200	B102.00 OBS. REGULATIONS
B10300	B103.00 OBSOLETE SERVICE OFFERINGS - CHANN
B10400	B104.00 OBSOLETE SERVICE OFFERINGS - EQP
B10600	B106.00 OBS. DATAPHONE DIGITAL SERVICE
	TOTAL

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