

FLORIDA PUBLIC SERVICE COMMISSION
Capital Circle Office Center • 2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

M E M O R A N D U M

August 1, 1996

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF COMMUNICATIONS (CHASE, REITH) *le m*
DIVISION OF LEGAL SERVICES (BROWN) *MCB* *PA*

RE: DOCKET NO. 950985-TP - RESOLUTION OF PETITION(S) TO
ESTABLISH NONDISCRIMINATORY RATES, TERMS, AND CONDITIONS
FOR INTERCONNECTION INVOLVING LOCAL EXCHANGE COMPANIES
AND ALTERNATIVE LOCAL EXCHANGE COMPANIES PURSUANT TO
SECTION 364.162, FLORIDA STATUTES

AGENDA: AUGUST 13, 1996 - REGULAR AGENDA - PARTIES MAY
PARTICIPATE

CRITICAL DATES: COMMISSION MUST APPROVE OR DENY BY 8/14/96 PER
TELECOMMUNICATIONS ACT OF 1996

SPECIAL INSTRUCTIONS: S:\PSC\CMU\WP\950985TP.RCM

CASE BACKGROUND

On May 16, 1996 BellSouth Telecommunications, Inc. (BellSouth) and MCI Metro Transmission Services, Inc. (MCImetro) filed a petition for approval of an interconnection agreement. The agreement was executed on May 15, 1996, and the parties are seeking approval of the agreement under Section 252 of the Telecommunications Act of 1996. The following recommendation addresses the petition.

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DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve the proposed agreement between BellSouth and MCImetro?

RECOMMENDATION: Yes. The Commission should approve the proposed agreement between BellSouth and MCImetro that resolves the issues between the parties regarding local interconnection, unbundling, intermediary traffic, and temporary number portability. The Commission should require BellSouth and MCImetro to file supplements or modifications to their agreement for Commission review under the provisions of Section 252(e) of the Federal Telecommunications Act of 1996.

STAFF ANALYSIS: As stated in the Case Background, BellSouth and MCImetro are seeking approval of their interconnection agreement under the federal Telecommunications Act of 1996 (the Act). The two-year agreement governs the relationship between the companies regarding interconnection, reciprocal compensation, interim number portability, access to 911/E911 services, directory listings and directory distribution, interchange of local 800 traffic, use of BellSouth's line information database, and access to BellSouth's SS7 database in all nine states in which BellSouth operates (See Attachment I).

The agreement also states that certain items were not resolved and are subject to further negotiation. These items include the resale of local exchange service, the provision of unbundled loops, the provision of unbundled transport services, and the provision of unbundled switching services.

Both the Act and the recently revised Chapter 364, Florida Statutes, encourage parties to enter into negotiated agreements to bring about local exchange competition as quickly as possible. If the parties reach a negotiated agreement, under Section 252(e) of the Act it is to be filed with the state commission for approval. In addition, Section 252(a)(1) of the 1996 Act requires that "the agreement shall include a detailed schedule of itemized charges for interconnection and each service or network element included in the agreement." Under Section 252(e)(4), the state commission must approve or reject the agreement within 90 days after submission or the agreement shall be deemed approved.

Staff has reviewed the BellSouth and MCImetro proposed agreement for compliance with both the Florida Statutes and the

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1996 Act. The agreement contains sections on local interconnection, unbundled elements, intermediary traffic, and temporary number portability.

Local Interconnection

Under the proposed agreement, the exchange of local traffic will be reciprocal, and compensation will be a flat per minute mutual rate based on BellSouth's local switching rates with averaged transport distances. The mutual rate will not include the carrier common line and residual interconnection charge. The negotiated rate is \$0.011 per minute, and no additional charges for collocation, entrance facilities, or additional transport services will apply unless mutually agreed. However, there is a clause in the agreement that allows MCImetro to take interconnection arrangements via tariff or another BellSouth agreement. Therefore, when BellSouth files its interconnection tariff pursuant to Order No. PSC-96-0444-FOF-TP, MCImetro may choose to take interconnection from that tariff, which would be mutual traffic exchange.

Intermediary Traffic

The agreement also contains provisions for the intermediary handling of transiting traffic with other ALECs, independent LECs, wireless providers, and IXCs. If either party provides intermediary tandem switching and transport services for the other party's connection of its end user to a local end user of: (1) an ALEC other than MCImetro; (2) an incumbent independent LEC; or (3) a wireless service provider, the party performing the intermediary function will charge \$.005 per minute instead of the local interconnection charge. If BellSouth provides the intermediary functions between MCImetro and an IXC, each party will provide its own network access services to the IXC on a meet-point basis.

Unbundling

Several network elements are proposed to be unbundled and made available to MCImetro under the agreement:

- (1) Access to 911/E911 Emergency Network
- (2) Directory Listings and Directory Distribution
- (3) 800 Traffic
- (4) Operator Services and Signaling

Some of the unbundling sections of the agreement lacked the detail required by Section 252(a)(1) of the Act. Staff contacted MCImetro and BellSouth about the lack of detail, and

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BellSouth and MCImetro submitted supplements to the agreement which contained the necessary detailed information (See Attachment II).

Temporary Number Portability

The proposed agreement differs from the Commission's decision on temporary number portability in Order No. PSC-95-1604-FOF-TP, issued 12/28/95, in Docket No. 950737-TP in two respects. First, the recurring monthly rates in the proposed agreement for ported numbers are higher than the rates adopted by the Commission. The recurring charge in the agreement is \$1.25 per line per month for residential and \$1.50 per line per month for business lines. The Commission ordered \$1.00 per line per month for residential or business lines. The Commission did allow parties to negotiate different rates as part of a larger package. Second, while the Commission adopted a nonrecurring establishment charge of \$10.00 per order per customer account, the proposed agreement provides for a charge of \$25.00 per order.

Conclusion

Table 1-1 compares the major elements of the BellSouth/MCImetro agreement with Commission ordered interconnection arrangements and Commission approved negotiated interconnection agreements.

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Table 1-1

	BellSouth/MCImetro Negotiated Agreement	GTEFL/Intermedia Negotiated Agreement	BellSouth/FCTA Negotiated Agreement	BellSouth/ MCImetro and MFS-FL Commission Ordered Arrangement
Local Interconnection	\$0.011/Minute ##	\$.011136/Minute 105% Cap **	\$.01052/Minute 105% Cap **	Mutual Traffic Exchange
Unbundled Loops	Not a part of Agreement	\$23.00 per month	\$21.15 per month	\$17.00 per month
Temporary Number Portability				
Recurring-	\$1.25 per line per month res. and \$1.50 per line per month bus.	\$1.25 per line per month res. or bus.	\$1.25 per line per month res. and \$1.50 per line per month bus.	\$1.00 per line per month res. or bus.
Add'l Path-	\$.50 per path	\$.50 per path	\$.50 per path	\$.50 per path
Nonrecurring-	\$25.00 per order	\$5.00 per order	\$25.00 per order	\$10.00 per order per customer account

Agreement allows MCImetro to take interconnection or temporary number portability via a Commission ordered tariff or another agreement.

** Mutual Traffic Exchange will be used if both parties agree administrative costs of billing and auditing are too high.

The agreement, with supplements, complies with both the Act and Section 364, Florida Statutes. Therefore, staff believes that the Commission should approve the proposed interconnection agreement between BellSouth and MCImetro that resolves issues involving these parties as they relate to temporary number portability, unbundling, and local interconnection. Staff believes that the Commission should support negotiations between parties in order to help competition in the local exchange market develop more rapidly. However, some of the language in the agreement between MCImetro and BellSouth states that the parties may change the arrangement if the parties mutually agree. For example, in the section concerning local interconnection, the agreement states that no additional charges for collocation, entrance facilities or additional transport will apply unless mutually agreed. Staff recommends that BellSouth and MCImetro be required to file supplements to their agreement for Commission approval under

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Section 252(e) of the Act if they mutually agree to change or add to any portion of the agreement.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: No. This docket should remain open to address the cost studies submitted by BellSouth.

STAFF ANALYSIS: This docket should remain open to address the cost studies submitted by BellSouth. This order should be issued as a final order pursuant to the Act. Staff notes that the first two orders approving negotiated agreements under the Act were issued as proposed agency action; but further review of the provisions and the intent of the Act has convinced staff that approval of negotiated agreements is more appropriately issued as a final order.

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EXECUTION COUNTERPART

AGREEMENT

THIS AGREEMENT is made by and between BellSouth Telecommunications, Inc., ("BellSouth"), a Georgia corporation, and MCImetro Access Transmission Services, Inc. ("MCI"), a Delaware corporation, and shall be deemed effective as of May 15, 1996. This agreement may refer to either BellSouth or MCI or both as a "party" or "parties."

WITNESSETH

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

WHEREAS, MCI is a local exchange telecommunications company authorized to provide telecommunications services in the states of Florida, Georgia, North Carolina and Tennessee with applications pending or expected to be filed in the remaining BellSouth states; and

WHEREAS, while BellSouth and MCI have differing positions on important business and policy issues regarding the appropriate terms and conditions of interconnection of their respective facilities, they each nevertheless believe that it is to their mutual benefit to reach an expeditious short term agreement on terms and conditions for interconnection so that their respective customers may communicate with each other; and

WHEREAS, the parties began negotiating prior to the effective date of the Telecommunications Act of 1996 ("Act") and have reached agreement to govern their relationship for the two year period commencing with the effective date of this Agreement on a number of items, such as interconnection, reciprocal compensation, interim number portability, access to 911/E911 services, matters relating to directory listings and directory distribution, interchange of local 800 traffic, use of BellSouth's line information database ("LIDB"), and access to BellSouth's 557 database, to the extent contained in this Agreement; and

WHEREAS, the parties acknowledge that the following items shall not be deemed to be included in this Agreement (either by themselves or to the extent such items are an element of the items referred to in the preceding sentence) and are therefore subject to further negotiation: resale of local exchange service, provision of unbundled loops, provision of unbundled transport services, provision of unbundled switching services, and any other item that either party may consider to be required by the Act; and

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WHEREAS, the parties agree that this Agreement shall be filed with the appropriate state commissions in compliance with Section 252 of the Act; and

WHEREAS, the parties recognize that negotiations will be required to reach a comprehensive agreement that satisfies the terms of Sections 251 and 252(d) of the Act and have commenced good faith negotiations toward such a comprehensive agreement; and

WHEREAS, to the extent that renegotiation of the items contained herein is necessary to bring about a comprehensive agreement the parties may modify the terms reflected in this Agreement; and

WHEREAS, once the parties have reached such a comprehensive agreement the parties will file the agreement with the appropriate state commissions under Section 252 of the Act; and

WHEREAS, the parties agree that further guidelines from the Federal Communications Commission as a result of CC Docket 86-88 on the items contained in this Agreement may require the parties to further negotiate said items;

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

I. Term of the Agreement; Regulatory Changes; Adjustments

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

B. The parties agree that (1) if the Federal Communications Commission ("FCC") or a state public utilities commission or other state or local body having jurisdiction over the subject matter of this Agreement ("State Authority") finds that the terms of this Agreement are inconsistent in one or more material respects with any of its or their respective decisions, rules or regulations promulgated, or (2) if the FCC or a State Authority preempts the effect of this Agreement, then in the event of the occurrence of (1) or (2), which occurrence is final and no longer subject to administrative or judicial review, the parties shall immediately commence good faith negotiations to conform this Agreement with any such decision, rule, regulation or preemption. The revised agreement shall have an effective date that coincides with the effective date of the original FCC or State Authority's action giving rise to such negotiations. The parties agree that the rates, terms and conditions of any new agreement shall not be applied retroactively to any period prior to such effective date.

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C. In the event that BellSouth provides interconnection and/or temporary number portability arrangements via tariff or has or enters into an interconnection and/or temporary number portability agreement with another entity, BellSouth will permit MCI an opportunity to inspect such tariff or agreement and upon MCI request BellSouth will immediately offer MCI an agreement on the same material terms with effect from the date BellSouth first made such tariff effective or entered into such arrangement and for the remainder of the term of this Agreement. The other items covered by this Agreement and not covered by such tariff or agreement shall remain unaffected and as to such items this Agreement shall remain in effect.

D. In the event that BellSouth is required by an FCC or a State Authority decision or order to provide any one or more terms of interconnection or other matters covered by this Agreement that individually differ from any one or more corresponding terms of this Agreement, MCI may elect to amend this Agreement to reflect all of such differing terms (but not less than all) contained in such decision or order, with effect from the date MCI makes such election. The other items covered by this Agreement and not covered by such decision or order shall remain unaffected and as to such items this Agreement shall remain in effect.

II. Scope of the Agreement

A. This Agreement will govern the interconnection arrangements between the parties to facilitate the interconnection of their facilities and the connection of local and interexchange traffic initially in the states of Florida, Georgia, Tennessee, Alabama, and North Carolina. The parties agree that additional states may be added to the Agreement on the same terms contained herein upon mutual agreement, which agreement will not unreasonably be withheld. The term of this Agreement shall remain 2 years from the date set forth in Section I.A. above even for any such additional states.

B. Upon the execution of this Agreement by both parties, MCI agree that during the period that this Agreement is in effect MCI shall not argue for different treatment of interconnection and temporary local number portability (and if necessary will modify existing positions) before the state commissions in the states covered by this Agreement; provided, that MCI shall not be precluded from maintaining any positions in Florida and Tennessee nor from maintaining in any forum that the appropriate pricing standard for transport, collocation and other network elements that may be included in this Agreement shall be according the standards set out in Section 252 of the Telecommunications Act of 1996. Subject to the foregoing, the parties agree that nothing in this Agreement shall have the effect of preventing MCI from actively participating in any regulatory proceeding.

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III. Local Interconnection

A. The parties agree for the purpose of this Agreement only that local interconnection is defined as the delivery of local traffic to be terminated on each party'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 parties further agree that the exchange of traffic on BellSouth's Extended Area Service, Extended Calling Service, and other toll substitute calling routes shall be considered local traffic. The delivery of local traffic shall be reciprocal, and compensation shall be a flat per minute uniform and mutual rate based on BellSouth's local switching rates with averaged transport distances. The mutual rate shall not include the Carrier Common Line and Interconnection charges, which charges will not be assessed by either party. The state specific local interconnection rates are as delineated on Attachment "A" incorporated herein by this reference.

B. The parties acknowledge that the quality, elements, and costs of local interconnection can vary, but that, for the purposes of this Agreement only, the parties will average the rates for both tandem and end office switching configurations and for transport distances in the development of the mutual and reciprocal rate described in subsection (A), above.

C. In order to mitigate the potential adverse impact on either party which might occur as a result of an imbalance of terminating local traffic between the parties, neither party shall be required to compensate the other for more than up to 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 for each state having an explicit traffic exchange rate covered by this Agreement.

D. Establishing POIs

(1) The parties shall designate points of interconnection ("POIs") on each other's networks. MCI shall at a minimum designate a POI at each BellSouth access tandem serving the local calling area of the exchanges being served by MCI. MCI may designate additional POIs within a BellSouth local calling area and BellSouth will not unreasonably refuse to interconnect at each such designated POI. BellSouth may designate a POI at one or more of MCI's local switching centers within each LATA in which MCI is providing local service. If no MCI local switching center is located within such LATA, the parties will arrange a POI at a

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mutually agreed point within such LATA. MCI will not unreasonably refuse to interconnect at a POI designated by BellSouth.

(2) Each party shall be responsible for routing calls to the POI for termination via the other's facilities. Each party shall bear its own costs related to installation at the POI. MCI may establish POIs on the BellSouth network via a negotiated expanded interconnection arrangement or via leased transport between the MCI network and the BellSouth access tandem. BellSouth may establish POIs on the MCI network via an expanded interconnection arrangement at an MCI local switching center or via leased transport between an MCI expanded interconnect arrangement and an MCI local switching center. The parties may charge their tariffed or other generally available rates for the expanded interconnection arrangements and leased transport they may acquire from one another in order to establish the POI.

(3) MCI will compensate BellSouth for terminating local traffic which is delivered at the POI for termination on BellSouth's network or other subtending networks in accordance with Sections III.A., III.B. and III.C., above. BellSouth will compensate MCI for terminating local traffic which is delivered at the POI for termination on MCI's network in accordance with Sections III.A., III.B. and III.C., above. Except as provided in Section IV, no rate elements other than those specified in Sections III.A., III.B. and III.C shall apply to terminating local traffic. Neither carrier shall impose any charge for delivery of originating traffic to the POI (except that the parties will compensate each other for IntraLATA 800 service and similar called-party-pays services at their intrastate switched access rates).

(4) Either party may use the POI for the interconnection of other types of services, such as toll services, subject to the applicable rates for such interconnection.

E. Trunking and signaling

(1) (a) The party receiving traffic for termination can elect to receive the traffic in one of two ways: (a) separate trunks for local and non-local; or (b) on combined trunks; provided that separate trunk groups shall be utilized where the delivering party is unable to furnish an auditable percent local usage ("PLU") factor to the party receiving the traffic on a quarterly basis.

(b) If direct end office trunking with combined trunks is used (see III.E.(3) below), the parties will cooperatively develop a procedure for

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accurately determining the amount of interLATA access traffic for proper application of switched access charges.

(2) The parties may use either one way or two way trunking or a combination, as mutually agreed.

(3) Trunking can be established to tandems or end offices or a combination as mutually agreed. Normally, trunking will be at the DS-1 level. On a trunk group specific basis, the parties may agree to establish trunking at higher (e.g., DS-3) levels. Initial trunking will be established between the MCI local switching centers and the Bell South access tandems. The parties will utilize direct end office trunking under the following conditions:

(a) BellSouth tandem exhaust - If a BellSouth access tandem to which MCI is interconnected is unable to, or is forecasted to be unable to, support additional traffic loads for any period of time, the parties will mutually agree on an end office trunking plan that will alleviate the tandem capacity shortage and ensure completion of traffic between MCI and BST subscribers.

(b) Traffic volume - The parties shall install and retain direct end office trunking sufficient to handle actual or reasonably forecast traffic volumes, whichever is greater, between an MCI local switching center and a BellSouth end office where traffic between such points exceeds or is forecast to exceed 125,000 minutes of local traffic per month. The parties will install additional capacity between such points when overflow traffic between the MCI switching center and BellSouth access tandem exceeds or is forecast to exceed 125,000 minutes of local traffic per month.

(c) Mutual agreement - The parties may install direct end office trunking upon the mutual agreement in the absence of conditions (a) or (b) above and agreement will not unreasonably be withheld.

(4) There will be no charges for the trunking to either the tandem or end office other than those established in Section III D.(2).

(5) The parties will provide common channel signaling ("CCS") to one another, at no charge, in conjunction with all local and transit trunk groups. The parties will cooperate in the exchange of TCAP messages to facilitate full interoperability of CCS-based features between their respective networks, including

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all CLASS features and functions, to the extent each carrier offers such features and functions to its own end users.

(6) The parties will cooperate to jointly plan for the deployment of intercompany 64 Kbps per second clear channel capability.

F. Trunk forecasting

The parties shall periodically exchange technical descriptions and forecasts of their interconnection and traffic requirements in sufficient detail to assure traffic completion to and from all customers within the appropriate calling areas.

G. Network Management

(1) The parties agree to work cooperatively to install and maintain reliable interconnected telecommunications networks, including but not limited to, the exchange of appropriate information concerning network changes that affect services to the other party, maintenance contact numbers and escalation procedures.

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

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

(4) Except as provided for in Section III. D.(2) neither party will charge the other reconfiguration charges for new installations at existing POIs.

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

(6) The parties will cooperate to determine the performance of their respective networks and will implement joint management controls to further overall service integrity.

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H. MCI will assign telephone numbers to its customers using at least one NXX per BellSouth tariffed exchange; provided, that sufficient quantities of numbering resources are made available to MCI.

IV. Transit Traffic with Local Exchange Companies other than BellSouth ("OLECs"), Independent Companies and Wireless Providers

If either party provides intermediary tandem switching and transport services for the other party's connection of its end user to a local end user of: (1) an OLEC other than MCI; (2) an incumbent independent local exchange telecommunications company ("ICO"); or (3) a wireless telecommunications service provider, the party performing the intermediary function will bill a per minute charge of \$.005 in Florida and \$.002 in all other states; in either case in lieu of the local interconnection rates set out in section III(A) of this Agreement; provided, that the exchange carrier from which the call originated and the exchange carrier to which the call is to be terminated are interconnected at the same transit point.

V. Transit Traffic with IXCs

A. If BellSouth provides intermediary functions for network access service connection between an IXC and MCI for the purpose of completing IntraLATA and InterLATA toll calls, each party will provide their own network access services to the IXC on a meet-point basis. The meet-point billing arrangement will be Multiple Bill/Single Tariff option as defined by MECAB. BellSouth may charge the IXC for use of the entrance facility, the tandem switching and a mutually agreed portion of non-interconnection transport charge. BellSouth will not include an element for the Residual Interconnection Charge ("RIC") and MCI will be entitled to bill and collect the appropriate RIC and/or any other applicable rate elements.

B. Each party will provide to the other access records sufficient to enable billing to the IXCs. Records shall be provided in the Exchange Message Record format, BellCore Standard BR 010-200-010, as amended.

C. (1) BellSouth shall provide to MCI, on a daily basis, Switched Access Detail Usage data (EMR Category 1101XX records) for calls from IXCs that have transited BellSouth's tandems and terminated to MCI's switching centers.

(2) MCI shall provide to BellSouth, on a monthly basis, Switched Access Summary Usage Data (EMR Category 1150XX records) for calls to IXCs which originate at MCI's switching centers.

(3) The parties will mail necessary billing information on magnetic tape or tape cartridge using EMR format to:

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If to MCI:

If to BellSouth:

CSI/NIS

**Attention: David Carr
1315 Stadium Drive
Mankato, Minnesota 56001**

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

(4) The parties will exchange test files to support the initial implementation of the processes defined in Section V of this Agreement. Exchange of test data will commence one week after AMA certification begins. Test data shall be actual recorded usage records.

(5) The parties shall coordinate and exchange the billing account reference (BAR as defined by MECAB) and bill account cross reference (BACR as defined by MECAB) numbers for most point billing service. Each party shall notify the other if the level of billing or other BAC/BACR elements change, resulting in a new BAR/BACR number.

(6) The parties shall negotiate the BIP percent for each tandem.

VI. Interim Local Number Portability

A. BellSouth will make Remote Call Forwarding ("RCF") available as a means to implement interim local number portability. The parties agree to pay \$1.50 per business line (one path) per month, and \$1.25 per residential line (one path) per month for each line equipped with remote call forwarding. In addition, there will be a charge of \$.50 for each additional path per month. The nonrecurring charge for the establishment of RCF will be \$25.00 per order for multiple residential or business lines for one or more end user customers placed on the same order within an NPA or the area included within an NPA.

B. No later than March 31, 1997 BellSouth will make a revised cost study for RCF available for review by MCI under an appropriate confidentiality agreement. BellSouth will negotiate price reductions for RCF based on the results of such cost study, if any such reduction is appropriate, which shall be effective thirty (30) days after the date of such cost study.

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C. In those instances where toll traffic is terminated to a number ported to MCIm using RCF, then BellSouth will bill access to the IXC under the meet point arrangements agreed to in Section V hereof. Notwithstanding the foregoing, if MCIm is directly interconnected to MCI Telecommunications Corporation and to AT&T Corporation for traffic other than that which involves a remote call forwarded call, then BellSouth will remit to MCIm all access revenues that it is entitled to charge any IXC. Although this provision will provide access revenues to MCIm for traffic involving IXCs with which it is not directly interconnected, the parties have reached this agreement because it is administratively efficient and convenient for BellSouth.

VII. Certain Other Services

Certain other BellSouth services shall be provided as set forth in Appendix B.

VIII. Unbundled Network Elements, Local Resale, and Permanent Local Number Portability

Except as otherwise provided herein, the parties have not come to agreement on the issues of unbundled network elements, local resale and permanent local number portability and, as such, these issues will remain outside the scope of this Agreement. Both parties agree to continue to negotiate in good faith on these issues. The provisions in VII above will not prejudice positions the parties may take in such negotiations or in regulatory proceedings where terms and conditions governing the purchase of such services from BellSouth are at issue.

IX. Liability and Indemnification

A. Liability Cap.

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

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one or more of the material provisions of this Agreement shall not be subject to such limitation of liability.

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

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

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

D. Notwithstanding subsection A., the party providing services under this Agreement, its affiliates and its parent company shall be indemnified, defended and held harmless by the party receiving such services against any claim, loss or damage arising from the receiving party's use of the services provided under this Agreement, involving: 1) claims for libel, slander, invasion of privacy or copyright infringement arising from the content of the receiving party's own communications; 2) any claim, loss, or damage claimed by the receiving party's customer(s) arising from such customer's use of any service, including 911/E911, that the customer has obtained from the receiving party and that the receiving party has obtained from the supplying party under this Agreement; or 3) all other claims arising out of an act or omission of the receiving party in the course of using services provided pursuant to this Agreement. Notwithstanding the foregoing, to the extent that a claim, loss or damage is caused by the gross negligence or willful misconduct of a

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supplying party the receiving party shall have no obligation to indemnify, defend and hold harmless the supplying party hereunder.

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

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

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

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

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

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

X. Treatment of Proprietary and Confidential Information

A. Both parties agree that it may be necessary to provide each other during the term of this Agreement with certain confidential information, including but not limited to trade secrets, 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"). "Information" may be disclosed in written or other tangible form (including on magnetic media) or by oral, visual or other means. Regardless of the means of disclosure, information shall be protected by the receiving party pursuant to the terms of this Article X provided that such information should reasonably have been understood by the receiving party, because of legends or other markings, the circumstances of disclosure or the nature of the information itself, to be proprietary and confidential to the disclosing party. Each party agrees that the information it receives shall not be copied or reproduced in any form except to the extent reasonably necessary to such party's exercise of its rights or performance of its obligations pursuant to this Agreement. Each party agrees to protect the information received from distribution, disclosure or dissemination to anyone except its employees with a need to know such information. Each party will use the same standard of care to protect information received as it would use to protect its own confidential and proprietary information.

B. Notwithstanding the foregoing, both parties agree that there will be no obligation to protect any portion of 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; 3) previously known to the receiving party without an obligation to keep it confidential; or 4) independently developed by the receiving party without use of the information received.

C. Disclosure of information received shall not be prohibited to the extent such disclosure is compelled by a court or administrative agency having jurisdiction over the receiving party or is otherwise required by law. In such event, however, the receiving party shall use reasonable efforts to notify the other party prior to making such disclosure and shall cooperate in the other party's efforts to object to

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such disclosure or to obtain confidential treatment of the information to be disclosed.

D. This Article X shall survive the termination or expiration of this Agreement with respect to any information disclosed by one party to the other while this Agreement was in effect. All information shall be returned to the disclosing party within a reasonable time following the disclosing party's request or the termination or expiration of this Agreement, whichever is earliest.

XI. Resolution of Disputes:

On a non-exclusive basis, the parties agree that any dispute that arises as to the interpretation of any provision of this Agreement or as to the proper implementation of this Agreement may be brought before the appropriate State Commission or Commissions for a resolution of the dispute. However, each party reserves any rights it may have to seek judicial review of any ruling made by a Commission concerning this Agreement or to seek resolution of a dispute before any other federal or state body or tribunal.

XII. Limitation of Use

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

XIII. Waivers

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

XIV. 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, and the federal Communications Act of 1934, as amended by the Telecommunications Act of 1996.

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XV. Publicity

The parties intend to issue a joint press release announcing this Agreement upon its execution. Neither party will issue any other public announcement or otherwise publicize the existence or terms of this Agreement without the consent of the other; provided, that nothing shall prevent the parties from communicating the terms of this Agreement to any local, state or federal entity having jurisdiction over or an interest in its subject matter, notwithstanding Section XII above.

XVI. Notices

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

BellSouth Telecommunications, Inc.

MCimetro Access Transmission Services, Inc.

8521 Leesburg Pike

Vienna, VA 22182

with a copy to:

MCI Communications Corporation
1801 Pennsylvania Ave., N.W.
Washington, DC 20006
Attention: General Counsel

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

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

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XVII. Entire Agreement

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

XVIII. Counterparts

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

BellSouth Telecommunications, Inc.

BY: *Rick A. Anderson*
Signature

Name: Rick A. Anderson
Printed Name

TITLE: President - BBS

MCImetro Access Transmission Services, Inc.

BY: *Nate Davis*
Signature

Name: Nate Davis
Printed Name

TITLE: Chief Operating Officer

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ATTACHMENT A

The state specific local interconnection rates are as follows:

STATE	RATE
Florida	\$0.011
Georgia	0.01
Tennessee*	0.019
Alabama	0.01
North Carolina	0.013

No additional charges for collocation, entrance facilities or additional transport services will apply unless mutually agreed.

* If during the term of this Agreement the intrastate local switching rate is reduced in Tennessee from \$0.0175 the interconnection rate for Tennessee will be reduced by the same dollar amount.

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ATTACHMENT B

The parties agree to the following terms and conditions delineated below regarding the following features, functions and capabilities:

I. Access to 911/E911 Emergency Network

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

B. For E911 service, MCI shall install a minimum of two dedicated trunks originating from MCI's serving wire center and terminating to the appropriate E911 tandem. The dedicated trunks shall be, at minimum, DBO level trunks configured either as a 2 wire analog interface or as part of a digital (1.544 Mb/s) interface. Either configuration shall use CAMA type signaling with multifrequency (MF) pulsing that will deliver automatic number identification (ANI) with the voice portion of the call. If the user interface is digital, MF pulses, as well as other AC signals, shall be encoded per the u-255 Law convention. MCI will provide BellSouth updates to the E911 database in a timely manner.

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

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D. BellSouth and MCI agree that the practices and procedures contained in the E911 Local Exchange Carrier Guide For Facility-Based Providers ("LEC Carrier Guide"), as it is amended from time to time during the term of this Agreement by BellSouth with the agreement of MCI, shall determine the appropriate procedures and practices of the parties as to the provision of 911/E911 Access. The LEC Guide shall at a minimum include, or BellSouth shall separately provide, ALL database update procedures, 911 trunk restoration procedures, and special handling procedures for operator assisted emergency calls.

E. If MCI requires transport to the BellSouth 911 tandem, MCI may, at MCI's option, purchase such transport from BellSouth at rates set forth in either BellSouth's intrastate switched access services tariff or intrastate special access services tariff.

F. BellSouth obtain for MCI access to and copies of applicable Master Street Address Guides (MSAGs) and obtain updates for MCI.

G. Where BellSouth is responsible for maintenance of the E911 database and can be compensated for maintaining MCI's information by the municipality BellSouth shall seek such compensation. BellSouth may seek compensation for its costs from MCI only if and to the extent BellSouth is unable to obtain such compensation from the municipality. Within 30 days of the date of this Agreement BellSouth shall identify for MCI those municipalities for which BellSouth will seek compensation from MCI and the amount of such compensation.

II. Directory Listings and Directory Distribution

A. BellSouth will arrange to include the primary listing of each MCI customer in the residential or business white pages directories, as appropriate, as well as the directory assistance database, as long as MCI provides information to BellSouth in a manner compatible with BellSouth's operational systems. A primary listing is defined as either the MCI assigned number for a customer or the customer's number for which Service Provider Number Portability service is provided, but not both numbers.

B. BellSouth will not charge MCI to: 1) print MCI's customers' primary listings in the white pages directories as appropriate; 2) distribute directory books annually to MCI's customers; 3) recycle MCI's customers' directory books; and 4) maintain the Directory Assistance database. The parties agree to cooperate with each other in formulating appropriate procedures regarding lead time, timeliness, format and content of listing information.

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

III. 800 Traffic

A. BellSouth agrees to compensate MCIm, pursuant to MCIm's published originating switched access charges, including the database query charge, for the origination of 800 traffic terminated to BellSouth.

B. MCIm will provide to BellSouth the appropriate records necessary for BellSouth to bill BellSouth's IntraLATA 800 customers. The records provided by MCIm will be in a standard EMR format for a fee, paid by BellSouth to MCIm, of \$0.03 per record.

C. If MCIm provides 800 services to its end users during the term of this Agreement, it agrees to compensate BellSouth, pursuant to BellSouth's originating switched access charges, including the database query charge, for the origination of 800 traffic terminate to MCIm. BellSouth agrees to provide MCIm the appropriate records for MCIm to bill its 800 customers. The records provided will be in a standard EMR format for a fee, paid by MCIm to BellSouth, of \$0.015 per record.

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

E. If MCIm utilizes BellSouth's 800 database for query purposes only, the rates and charges shall be as set forth in BellSouth's IntraState Access Services Tariff, as said tariff is amended from time to time during the term of this Agreement.

F. Should MCIm require 800 Access Ten Digit Screening Service from BellSouth, it shall have signaling transfer points connecting directly to BellSouth's local or regional signaling transfer point for service control point database query information. MCIm shall utilize SS7 Signaling links, ports and usage from BellSouth's IntraState Access Services Tariff. MCIm will not utilize switched access FGD service. 800 Access Ten Digit Screening Service is an originating service that is provided via 800 Switched Access Service-trunk groups from BellSouth's BSP equipped end office or access tandem providing an IXC

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identification function and delivery of call to the IXC based on the dialed ten digit number. The rates and charges for said service shall be as set forth in BellSouth's Intrastate Access Services Tariff as said tariff is amended from time to time during the term of this Agreement.

IV. Operator Services and Signaling

A. The parties agree to mutually provide busy line verification and emergency interrupt services pursuant to each party's published Tariffs as the Tariffs are amended from time to time during the term of this Agreement. The parties agree to cooperate with each other in formulating appropriate engineering solutions for this service.

B. BellSouth will also offer to MCI, 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. The offering of Directory Assistance Call Completion Access Service and number Services Intercept Access Services is subject to state commission approval.

C. BellSouth will enter MCI line information into its Line Information Database ("LIDB") pursuant to the terms and conditions to be contained in an agreement to be negotiated, which agreement shall be incorporated herein and made a part hereof by reference. MCI's presence in BellSouth's LIDB will enable MCI's end users to participate or not participate in alternate billing arrangements such as collect or third number billed calls.

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Attachment II

**Interconnection Agreement Between BellSouth & MCImetro
Florida Tariff References**

The purpose of this document is to provide more specific tariff references and to clarify the issue of compensation for maintenance of the E911 database as requested.

In Attachment B - Access to 911/E911 Emergency Network, paragraph E, the Agreement refers to transport from BellSouth at rates set forth in either BellSouth's Intrastate Switched Access Services Tariff or Intrastate Special Access Services Tariff. The rates can be found in Sections E6 and E7, respectively.

In Attachment B - Access to 911/E911 Emergency Network, paragraph G, the Agreement states that BellSouth, within 30 days of the date of this Agreement, shall identify for MCI those municipalities for which BellSouth will seek compensation from MCI and the amount of such compensation for the maintenance of the E911 database. BellSouth did not identify any municipalities for which it will seek compensation from MCI.

In Attachment B - Directory Listings and Directory Distribution, paragraph C, the Agreement refers to additional listings and optional listings provided by BellSouth at the rates set forth in the General Subscriber Services Tariff. The rates can be found in Section A6.

In Attachment B - 800 Traffic, paragraph C, the Agreement refers to BellSouth's originating switched access charges, including the database query charge. These charges can be found in Section E6 of the Intrastate Switched Access Tariff.

In Attachment B - 800 Traffic, paragraph E, the Agreement refers to BellSouth's 800 database for query. The charge for this service can be found in Section E6 of the Intrastate Switched Access Service Tariff.

In Attachment B - 800 Traffic, paragraph F, the Agreement refers to SS7 Signaling, ports and usage from BellSouth's Intrastate Switched Access Services Tariff. It also refers to 800 Access Ten Digit Screening Service in BellSouth's Intrastate Switched Access Services Tariff. The charges for these services can be found in Section E6.

In Attachment B - Operator Services and Signaling, paragraph A, the Agreement refers to busy line verification and emergency interrupt services. The charges for these services can be found in Section E18 of BellSouth's Intrastate Switched Access Services Tariff.

In Attachment B - Operator Services and Signaling, paragraph B, the Agreement refers to Directory Assistance Access Service, Directory Assistance Call Completion Access Service and Number Services Intercept Access Services. The charges for these services can be found in Section E9 of BellSouth's Intrastate Switched Access Services Tariff.