

FLORIDA PUBLIC SERVICE COMMISSION  
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**M E M O R A N D U M**

MAY 21, 1997

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

FROM: DIVISION OF COMMUNICATIONS (GREER) *5/26*  
DIVISION OF LEGAL SERVICES (BARONE) *W. Barone*

RE: DOCKET NO. 961150-TP - PETITION BY SPRINT COMMUNICATIONS  
COMPANY LIMITED PARTNERSHIP D/B/A SPRINT FOR ARBITRATION  
WITH BELLSOUTH TELECOMMUNICATIONS, INC. CONCERNING  
INTERCONNECTION RATES, TERMS, AND CONDITIONS, PURSUANT TO  
THE FEDERAL TELECOMMUNICATIONS ACT OF 1996

AGENDA: MAY 28, 1997 - SPECIAL AGENDA - POST HEARING DECISION -  
APPROVAL OF ARBITRATED AGREEMENT - PARTICIPATION IS  
LIMITED TO COMMISSIONERS AND STAFF

CRITICAL DATES: MAY 30, 1997 - 30 DAY REVIEW PERIOD PURSUANT  
TO THE ACT ENDS

SPECIAL INSTRUCTIONS: S:\PSC\CMU\WP\961150TP.RCM

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**CASE BACKGROUND**

Part II of the Federal Telecommunications Act of 1996 (Act) sets forth provisions controlling the development of competitive markets in the telecommunications industry. Section 251 of the Act regards interconnection with the incumbent local exchange carrier and Section 252 sets forth the procedures for negotiation, arbitration, and approval of agreements.

Section 252(b) addresses agreements arrived at through compulsory arbitration. Specifically, Section 252(b) (1) states:

(1) Arbitration. - During the period from the 135th to 160th day (inclusive) after the date on which an incumbent local exchange carrier receives a request for negotiation under this section, the carrier or any other party to the negotiation may petition a State commission to arbitrate any open issues.

Section 252(b) (4) (C) states that the State commission shall resolve each issue set forth in the petition and response, if any, by

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imposing the appropriate conditions as required. This section requires this Commission to conclude the resolution of any unresolved issues not later than 9 months after the date on which the local exchange carrier received the request under this section.

On April 15, 1995, Sprint Communications Company, L.P. (Sprint), formally requested negotiations with BellSouth Telecommunications, Inc. (BellSouth), under Section 251 of the Act. On September 20, 1996, Sprint filed a Petition for Arbitration under the Telecommunications Act of 1996. Thereafter, the key procedural events were established by Order No. PSC-96-1282-PCO-TP issued October 15, 1996.

By the date of the hearing, December 3, 1996, Sprint and BellSouth had reached agreement resolving most of the issues in Sprint's arbitration petition. The main issues resolved dealt with pricing and some operational issues such as electronic interfaces. On February 3, 1997, the Commission issued Order No. PSC-97-0122-FOF-TP resolving the remaining issues in the proceeding.

On February 18, 1997, BellSouth requested reconsideration of the portion of Commission Order No. PSC-97-0122-FOF-TP that dealt with the Commission decision on access to customer service records under a blanket letter of authorization. Sprint filed a response to BellSouth's motion on February 26, 1997. In Order No. PSC-97-0509-FOF-TP the Commission denied BellSouth's motion for reconsideration.

On March 3, 1997, Sprint filed a motion seeking an extension of time to file a signed arbitrated agreement. The Commission granted Sprint's motion via issuance of Order No. PSC-97-0382-FOF-TP.

On April 29, 1997, Sprint filed its proposed language and rationale regarding the unresolved and disputed portions of the Sprint and BellSouth arbitrated agreement. On April 30, 1997, BellSouth officially filed the arbitration agreement with its proposed language and rationale regarding unresolved and disputed agreement provisions. This recommendation will address the agreement filed by BellSouth and the proposed language and comments by both parties.

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**DISCUSSION OF ISSUES**

**ISSUE 1:** Should the Commission approve the language agreed to by Sprint and BellSouth in their arbitrated agreement?

**RECOMMENDATION:** Yes. Except for the sections discussed in Issues 2-4, the Commission should approve the language agreed to by both parties in all sections of the arbitrated agreement. (GREER)

**STAFF ANALYSIS:** Except for the sections discussed in Issues 2-4, the parties have agreed to the language in all sections of the arbitrated agreement. Section 252(e)(2)(B) states that the Commission can only reject an arbitrated agreement if it finds that the agreement does not meet the requirements of Section 251, including the regulations prescribed by the FCC pursuant to section 251, or the standards set forth in subsection (d) of Section 251 of the Act. Staff has reviewed the agreed language for compliance with the Act and the FCC's rules and orders and believes the language to be compliant with these requirements. Therefore, staff recommends that the Commission approve the language contained in all sections of Sprint and BellSouth's arbitrated agreement except for the language contained in the sections discussed in Issues 2-4.

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**ISSUE 2:** Should the Commission incorporate language in the Sprint and BellSouth's arbitrated agreement for the disputed sections identified in Table A that were not considered in the arbitration proceeding?

**RECOMMENDATION:** No. The Commission should not incorporate language in the arbitrated agreement for disputed issues that were not part of the arbitration proceeding. These sections should be eliminated from the final agreement approved by the Commission.  
(GREER)

**STAFF ANALYSIS:** The parties to this proceeding have not agreed to language in the sections identified in Table A. Staff has reviewed the issues and the language in the sections identified in Table A. Since those issues were not matters that the Commission arbitrated, staff recommends that the Commission should not establish language for these sections. The sections should be eliminated from the final agreement approved by the Commission.

TABLE A

Part	Section	Description
General Terms and Conditions	12.4	Performance Measurement - Pricing for Higher Level Service Requested by Sprint
General Terms and Conditions	15	Dispute Resolution - Procedures for handling disputes
Part IV	36.1	Pricing - Unbundled Network Elements
Attachment 7	3.1	Usage Data Specifications
Attachment 7	6.4.2	Unbillable Compensation - Definition of Unbillable

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**ISSUE 3:** What language should the Commission include in Sprint and BellSouth's arbitrated agreement for Section 28.6.3 (Local Services Resale - Service Functions) that is in dispute and was included in the arbitration proceeding?

**RECOMMENDATION:** The Commission should direct the parties to include in the arbitrated agreement the language for Section 28.6.3 as identified in staff's analysis. (GREER)

**STAFF ANALYSIS:** The parties essentially agree to the language for this section except for the time frame to provide a Firm Order Confirmation.

**SPRINT'S PROPOSED LANGUAGE:**

BellSouth will provide Sprint with interactive direct order entry no later than March 31, 1997. Until this capability is available, BellSouth agrees to establish the Local Carrier Service Center ("LCSC") as the SPOC for order entry. Orders will be received at the LCSC via the EDI interface. BellSouth agrees to enter the Service Order promptly on receipt and provide Firm Order Confirmation ("FOC") within four (4) hours of receipt of a correct Local Service Request. For services requiring a manual FOC, BellSouth will provide the FOC within 24 hours of receipt of a correct LSR.

**SPRINT'S PROPOSED RATIONALE:**

Sprint believes that while 24 hours for completion of FOCs may be realistic in a manual environment, it is excessive in an electronic environment. BellSouth has agreed in Section 23.3 of the General Terms and Conditions to provide Sprint with at least the capability to provide a Sprint customer with the same quality as BellSouth provides its own customers in connection with all Local Services. Sprint believes that because BellSouth will not commit to a shorter FOC interval where electronic interfaces are utilized, Sprint will not be able to provide its end users with the same quality as BellSouth provides its own customers.

The technical capabilities of the EDI interface will likely provide intervals measured in seconds or minutes not in hours. Sprint believes BellSouth is attempting to establish an excessive time limit for FOC compliance in order to ensure that it will not receive complaints for lack of timely processing of FOCs.

Finally, Sprint believes that BellSouth's position is inconsistent on this issue. Attachment 12, Performance

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Measurements, Section 2, provisioning DMOQs, page 4, identifies the interval for Firm Order Confirmation with an electronic interface as 4 hours.

**BELLSOUTH'S PROPOSED LANGUAGE:**

BellSouth will provide Sprint with interactive direct order entry no later than March 31, 1997. Until this capability is available, BellSouth agrees to establish the Local Carrier Service Center ("LCSC") as the SPOC for order entry. Orders will be received at the LCSC via the EDI interface. BellSouth agrees to enter the Service Order promptly on receipt and provide Firm Order Confirmation ("FOC") within 24 hours of receipt of a correct Local Service Request. BellSouth agrees to make best efforts to reduce the FOC time interval during the term of this Agreement.

**BELLSOUTH'S RATIONALE:** As the Commission knows, BellSouth is in the process of deploying the newly developed ordering interfaces for new entrants such as Sprint. BellSouth is able to commit to providing a Firm Order Confirmation ("FOC") within 24 hours of receipt of a correct Local Service Request and to utilize best efforts to continually reduce the FOC time interval during the term of the Agreement. However, BellSouth cannot, at present, commit to a 4 hour FOC.

**STAFF'S PROPOSED LANGUAGE:** Staff believes the Commission should adopt Sprint's proposed language for this section.

**STAFF'S RATIONALE:** Staff believes this section is directly related to Issue 6, Performance Measures, arbitrated by the Commission. In that issue, the Commission did not specifically adopt any performance standards when it made its initial decision. Instead, the Commission adopted a policy requiring BellSouth to provide services for resale and access to unbundled network elements to Sprint, that are at least equal in quality to those which it provides to itself and/or its affiliates, subsidiaries, or any other party. The Commission ordered the parties to jointly develop and implement specific processes and standards that will ensure that Sprint receives services for resale, interconnection, and unbundled network elements that are equal in quality to those that BellSouth provides itself.

Staff believes Sprint has the right to request the performance measures it believes are necessary to compete with BellSouth. Staff agrees with Sprint that once electronic interfaces are

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introduced by BellSouth that it should be possible for BellSouth to provide a Firm Order Confirmation considerably sooner than 24 hours as proposed by BellSouth. As Sprint has pointed out, BellSouth has agreed to provide a FOC within 4 hours, 99% of the time, when using an electronic interface and within 24 hours, 99% of the time, when using manual entry. Therefore, staff believes the Commission should require the parties to include Sprint's language in the arbitrated agreement. Staff should point out that the issue arbitrated by the Commission did not establish pricing for the performance measures being requested. If the parties are unable to negotiate a price for the specific request, staff would expect the parties to file an arbitration request with the Commission on the pricing issue.

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**ISSUE 4:** What language should the Commission include in Sprint and BellSouth's arbitrated agreement for Attachment 7 - Section 2.4 (Provision of Customer Usage Data) that is in dispute and was included in the arbitration proceeding?

**RECOMMENDATION:** The Commission should direct the parties to include in the arbitrated agreement the language for Attachment 7 - Section 2.4 as identified in staff's analysis. (GREER)

**STAFF ANALYSIS:**

**SPRINT'S PROPOSED LANGUAGE:**

BellSouth shall transmit CDRs to Sprint within forty-eight hours of recording. If more than .01% of the calls are more than two days old, BellSouth shall pay to Sprint an amount equivalent to the interest on the value of the calls greater than two days old. Interest shall be calculated in accordance with Section 15 or Attachment 6 of this Agreement.

**SPRINT'S PROPOSED RATIONALE:** Sprint believes that BellSouth's proposed interval of five days for providing daily usage is excessive and in all likelihood not at parity with the internal processes BellSouth currently utilizes. Sprint believes that 48 hours should be sufficient in most instances with the possible exception of holidays that occur on a weekend (e.g., Mother's day), in which instances an interval of 72 hours is readily achievable.

There is an understanding within the telecommunications industry that the older the message being billed, the greater the likelihood there is for consumer dissatisfaction, as well as increased uncollectibles.

**BELLSOUTH'S PROPOSED LANGUAGE:**

BellSouth proposed to delete this section.

**BELLSOUTH'S RATIONALE:** This issue was not specifically addressed by Sprint in its arbitration petition nor in the arbitration proceeding itself. The AT&T agreement does not contain any similar provision. At this time in the proceeding, Sprint should not be allowed to bring new issues before the Commission for its consideration.

The customer data records at issue in this provision are those recordings that occur at the end office switch for all of the customers served by that switch. BellSouth must collect all of the



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records, sort the records, process the records and then send those records to the appropriate local exchange company for billing. The furnishing of such records to other companies is similar to the Centralized Message Distribution System (CMDS) utilized today by local exchange companies to exchange alternatively billed messages. The nationwide industry standard for the exchange of CMDS-type records is 95% of usage delivered within 6 days. The 48 hour time period proposed by Sprint is not reasonable.

**STAFF'S PROPOSED LANGUAGE:** Staff believes the Commission should implement the following language.

BellSouth shall transmit CDRs to Sprint within forty-eight hours of recording.

**STAFF'S RATIONALE:** Staff disagrees with BellSouth that the language contained in this section was not arbitrated by the Commission. On the contrary, staff believes the language proposed by Sprint was addressed in Issue 6 and Issue 7 of the Commission's original decision in this arbitration proceeding.

Staff believes the first sentence proposed by Sprint is addressed in Issue 6 of the Commission's original decision. As discussed in Issue 3 of this recommendation, the Commission's decision on Issue 6 was to allow the parties to work together to determine the appropriate performance standards. Staff believes Sprint has the right to request any performance measure it deems necessary to compete with BellSouth; and therefore, the Commission should include the first sentence of Sprint's proposed language in the arbitrated agreement. As it did in Issue 3 of this recommendation, staff should point out that the issue arbitrated by the Commission did not establish pricing for the performance measures being requested. If the parties are unable to negotiate a price for the specific request, staff would expect the parties to file an arbitration request with the Commission on the pricing issue.

As for the second and third sentences being proposed by Sprint, staff believes the Commission determined that it did not have authority to arbitrate provisions for breach of the standards (Order No. PSC-97-0122-FOF-TP); and thus, declined to arbitrate provisions for indemnification or liquidated damages in the agreement between Sprint and BellSouth. Therefore, staff recommends the Commission not include the second and third sentences proposed by Sprint in the arbitrated agreement between Sprint and BellSouth.

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**ISSUE 5:** Should this docket be closed?

**RECOMMENDATION:** No, this docket should remain open until the parties have filed their signed arbitration agreement. Sprint and BellSouth should be required to sign an agreement that incorporates the language the Commission has approved within 14 days of the issuance of the order from this recommendation. If the signed agreement is timely submitted and comports with our Orders in this docket, an administrative Order should be issued acknowledging that a signed agreement has been filed. Further, if the signed agreement comports with our Orders, the agreement should be deemed approved on the date the administrative Order is issued. If the signed agreement does not comport with our Orders, staff will file a subsequent recommendation. (GREER)