

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION BY MCI FOR ARBITRATION)
OF CERTAIN TERMS AND)
CONDITIONS OF A PROPOSED)
AGREEMENT WITH BELLSOUTH)CASE NO. 96-431
TELECOMMUNICATIONS, INC.)
CONCERNING INTERCONNECTION)
AND RESALE UNDER THE)
TELECOMMUNICATIONS ACT OF 1996)

O R D E R

On August 13, 1997, BellSouth Telecommunications, Inc. ("BellSouth") and MCI Telecommunications Corporation, Southeast Division ("MCI") filed their executed interconnection agreement. The agreement was arbitrated pursuant to the Telecommunications Act of 1996 ("1996 Act"), 47 U.S.C. §§251 and 252. Section 252(e) of the 1996 Act requires the parties to an interconnection agreement adopted by arbitration to submit the agreement for approval to the Commission.

The Commission has reviewed the agreement and finds that the terms and conditions of the Agreement meet the requirements of §251 and that rates for interconnection, services, and network elements meet the applicable pricing standards contained in §252(d). The Commission also finds that the implementation of this agreement is consistent with the public interest, convenience, and necessity.

By negotiation, parties may alter any terms and submit them for Commission approval. The parties have agreed to a three year term of contract, though two years had originally been proposed. However, by the terms of the agreement all rates are to

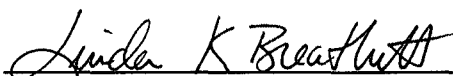
remain in effect for two years. The Commission approves the extended length of the contract and all other negotiated changes contained therein. The Commission has held that its prices are cost based and that they are the appropriate prices to be charged. Nevertheless, the parties have designated the prices as "interim" in nature. The parties may renegotiate prices prior to the end of the contract, but the Commission will not arbitrate these prices during the specified term of their duration without a material change in circumstance.


The Commission, having been otherwise sufficiently advised, HEREBY ORDERS that:

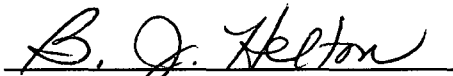
1. The arbitrated agreement between BellSouth and MCI is approved.
2. MCI shall file a tariff for local service prior to providing local service giving 30 days' notice to the Commission and shall comply with all Commission regulations and Orders as directed.

Done at Frankfort, Kentucky, this 21st day of August, 1997.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director