

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE INTERCONNECTION AGREEMENT)
NEGOTIATIONS BETWEEN AT&T)
COMMUNICATIONS OF THE SOUTH CENTRAL) CASE NO. 96-482
STATES, INC. AND BELL SOUTH)
TELECOMMUNICATIONS, INC. PURSUANT TO 47)
U.S.C.)

O R D E R

On January 29, 1997, the Commission issued its Order (the "January Order") deciding the major issues in the arbitration proceedings pursuant to the Telecommunications Act of 1996, Pub. L. 104-104, 110 Stat. 56 (the "Act") between AT&T Communications of the South Central States, Inc. ("AT&T") and BellSouth Telecommunications, Inc. ("BellSouth"). BellSouth filed a Motion for Reconsideration and/or Rehearing on March 7, 1997. On March 18, 1997, the Commission entered its Order denying rehearing but clarifying certain issues.

On March 10, 1997, AT&T and BellSouth filed a partial agreement and stated they continue to disagree on some issues. BellSouth filed a list of unresolved issues ("BellSouth List") on April 8, 1997, stating its position on each issue. AT&T filed its own list, with appropriate position statements, on March 10, 1997 ("AT&T List").¹ In addition, the parties have submitted for Commission decision their dispute as to whether the loop

¹ See Tab 15B, Attachment 15 to Partial Agreement, filed March 10, 1997.

rates established by the Commission in its January Order include the network interface device ("NID"). AT&T believes that it does, while BellSouth believes it does not.²

The Commission notes that it decides herein only those disputes that are within the parameters of the Commission's original decisions on these matters. The statutory deadline for proposing additional issues for Commission consideration has passed. See 47 U.S.C. 252(b)(4). In addition, the Commission has reviewed the portions of the parties' agreement regarding which there is no dispute and specifically approves those portions. Each disputed provision appropriately submitted to the Commission is decided herein.

DECISIONS ON ISSUES SUBMITTED BY THE PARTIES

Automatic Provision of BellSouth's Contract Service Arrangements ("CSAs") to AT&T

AT&T claims its ability to market competing contracts to BellSouth customers will be compromised unless it receives copies of all CSAs entered into by BellSouth. BellSouth states it has agreed to provide a copy of its CSA with any customer whom AT&T has specifically identified and that AT&T's demand is, in effect, a request for a marketing list. The Commission agrees that BellSouth should not be required to furnish the information requested to AT&T and, presumably, to its other competitors. Provision of CSAs pursuant to BellSouth's proffered terms appears reasonable.

Specific Performance Standards

The Commission has repeatedly denied requests to impose specific performance standards and measurements on any incumbent local exchange carrier ("ILEC"), as

² See Joint Letter of AT&T and BellSouth to Don Mills, dated April 7, 1997.

BellSouth points out. BellSouth's proposed Section 12.1 relating to service quality is in accordance with the Commission's Orders and should be incorporated into the parties' contract.

BellSouth's Financial Responsibility for Its Own Actions Resulting in AT&T Uncollectibles and Unbillables

BellSouth has agreed to reimburse AT&T for its net loss resulting from BellSouth errors. The Commission finds that BellSouth's proposal on this matter is reasonable and should be adopted.

Financial Responsibility for Loss of Otherwise Collectible Revenue Due to Network Errors Caused by Either Party

AT&T proposes that the erring party reimburse the other for uncollectible or unbillable "revenues" that result from network error. BellSouth proposes, once again, that the erring party reimburse the other for the "net loss" caused by network routing errors which produce unbillables or uncollectibles. Reimbursement of net loss is sufficient to make the harmed party whole. BellSouth's language on this issue should, therefore, be adopted.

Financial Responsibility for Loss of Revenue Resulting from Unauthorized Attachment to Loop Facilities, Such As "Clip-On" Fraud

AT&T believes BellSouth should take responsibility for these losses. BellSouth agrees to take responsibility for loss of revenue resulting from the illegal acts of third parties when it has committed gross negligence or a willful act or omission. The Commission agrees that BellSouth should not be required to assume responsibility for losses caused by criminal acts of third persons unless its negligence or willful acts or omissions have contributed to the loss. Accordingly, BellSouth's language on this issue

should be incorporated into the parties' contract, except that "negligence," rather than "gross negligence," shall be the operative standard.

Whether BellSouth Must Provide Branding for Operator Services When Providing Resold Services

AT&T correctly points out that the Commission held in its January Order that BellSouth is required to brand operator services when such branding is technically feasible and when it is required for parity of service. BellSouth does not argue that branding is not technically feasible. Accordingly, AT&T's proposed language should be incorporated into the parties' contract.

Mediation of AIN Services

AT&T disputes BellSouth's proposed language regarding provision of access through mediation with complete parity. As BellSouth explains, the Commission specifically found BellSouth's request for a mediation device reasonable, on a temporary basis, for purposes of preserving network security. Accordingly, there will be a slight delay when access through such mediation occurs. Such a delay prohibits absolute parity. For the time being, BellSouth's position is the correct one, and AT&T's proposed Section 12.2.10.1.1. should be deleted.

Appropriate Pricing of Unbundled Network Elements

A. Non-Recurring Charges for Connecting Network Elements

AT&T claims that it should not be required to pay non-recurring charges for connecting network elements to provide service to an AT&T customer when such network elements are already connected to provide BellSouth service to that customer. AT&T, in essence, argues that it should be permitted to buy unbundled elements at the

unbundled price and then receive the entire BellSouth service, without being responsible for the cost of combining elements to provide service. However, AT&T cannot have it both ways. If it wishes to purchase BellSouth service for resale, it should pay the resale rate. If, on the other hand, it wishes to construct service through the purchase of unbundled elements, it is responsible for all costs for provision of service through such means.

BellSouth filed on March 31, 1997, and June 30, 1997, respectively, two sets of non-recurring cost studies. Included in the March 31 filing were updated and new recurring cost studies for selected unbundled elements. The June 30 filing includes non-recurring TELRIC costs for supporting electronic interfaces. The Commission has followed its established procedure in setting the final prices to be incorporated into the contract. Appendix A hereto contains a comprehensive updated price list which includes costs for operational support system.

B. Routing Charges

The Commission finds that it is unclear whether recurring charges are applicable in the provision of selective routing. However, it is clear that BellSouth will incur set-up costs which it should be permitted to recover through non-recurring charges. The tariffed rates for these services are included in Appendix A as the prices to be charged pursuant to this contract pending BellSouth's submission of TELRIC studies. These studies should be submitted within 30 days of the date of this Order. Upon receipt of these studies, the Commission will prescribe any necessary modifications to the prices prescribed herein.

C. Local Switch Features, Functions, and Capabilities

BellSouth does not believe features, functions, and capabilities are included in the local switching rates approved by the Commission. However, as AT&T states, the Commission has concluded, based upon 47 U.S.C. Section 153, that the term "network element," which may be purchased at the unbundled network element price, includes features, functions, and capabilities provided by that element. The prices approved by the Commission compensate BellSouth for the cost plus a reasonable profit of each element. No additional payment is necessary.

D. Inclusion of the Network Interface Device in Unbundled Rates

BellSouth has provided updated loop cost studies which provide for an unbundled loop price that does not include the NID. BellSouth also has provided an unbundled NID TELRIC cost study. The price based on this study appears in Appendix A as a separate price. In determining that price, the Commission has followed its established procedures. As this Commission previously has held, the NID is to be unbundled from the loop. In addition, unbundled loops will be provided by BellSouth on both standard and customized bases.

Whether the Contract Should Bind BellSouth's Affiliates

BellSouth correctly contends that it, and not separate entities affiliated with it, is the appropriate party, under law, to this contract. It has bound its successors and assigns to the obligations of the agreement. Accordingly, AT&T's legitimate concerns have been addressed.

Whether BellSouth Should Report Consumer Credit Information

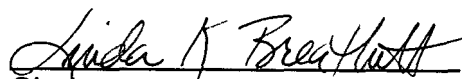
AT&T requests that BellSouth be required to report consumer credit information regarding current, as well as past, customers, arguing that periodic reporting of adverse credit information is a common commercial practice that helps to prevent fraud and to set limits on the amount of debt that can be incurred. AT&T argues that such reporting will help ensure parity. The Commission does not, however, believe it is necessary to require BellSouth to make any such reports. Information regarding delinquent accounts that are no longer active will soon be available to both AT&T and BellSouth through their membership in the National Consumer Telecommunications Data Exchange. Finally, as BellSouth notes, AT&T has not raised this issue previously and should not raise it now.

IT IS THEREFORE ORDERED that:

1. The decisions reached herein shall be incorporated into the parties' interconnection agreement.
2. The parties shall finalize their agreement and file it for Commission review no later than 30 days from the date of this Order.
3. BellSouth shall file with the Commission its TELRIC studies to support nonrecurring charges on selective routing no later than 30 days from the date of this Order.

Done at Frankfort, Kentucky, this 14th day of July, 1997.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC
SERVICE COMMISSION IN CASE NO. 96-482 DATED JULY 14, 1997

BELLSOUTH - AT&T LOCAL INTERCONNECTION AND NETWORK ELEMENT PRICES

NETWORK LOCAL INTERCONNECTION/ELEMENT	COMMISSION Decision
Unbundled Loops	
2-Wire Analog Voice Grade Loop, Per Month	
Standard - with Network Interface Device	\$20.00
Standard - without Network Interface Device	\$18.20
Nonrecurring, with or without NID - First	\$86.08
Nonrecurring, with or without NID - Additional	\$58.57
Customized - with Network Interface Device	\$23.35
Customized - without Network Interface Device	\$21.41
Nonrecurring, with or without NID - First	\$236.75
Nonrecurring, with or without NID - Additional	\$177.10
4-Wire Analog Voice Grade Loop, Per Month	
Standard - with Network Interface Device	\$28.28
Standard - without Network Interface Device	\$26.38
Nonrecurring, with or without NID - First	\$457.14
Nonrecurring, with or without NID - Additional	\$348.83
2-Wire ISDN Digital Grade Loop, Per Month	
Standard - with Network Interface Device	\$31.99
Standard - without Network Interface Device	\$29.65
Nonrecurring, with or without NID - First	\$541.28
Nonrecurring, with or without NID - Additional	\$431.61
2-Wire ADSL Loop, Per Month	
Standard - with Network Interface Device	\$11.89
Standard - without Network Interface Device	\$10.63
Nonrecurring, with or without NID - First	\$713.50
Nonrecurring, with or without NID - Additional	\$609.44
2-Wire HDSL Loop, Per Month	
Standard - with Network Interface Device	\$8.51
Standard - without Network Interface Device	\$7.40
Nonrecurring, with or without NID - First	\$713.50
Nonrecurring, with or without NID - Additional	\$609.44
4-wire HDSL Loop, Per Month	
Standard - with Network Interface Device	\$10.39
Standard - without Network Interface Device	\$9.70
Nonrecurring, with or without NID - First	\$748.93
Nonrecurring, with or without NID - Additional	\$646.17
4-Wire DS1 Digital Grade Loop, Per Month	
Nonrecurring - First	\$67.96
Nonrecurring - Additional	\$849.80
Nonrecurring - Additional	\$523.27

BELLSOUTH - AT&T LOCAL INTERCONNECTION AND NETWORK ELEMENT PRICES

NETWORK LOCAL INTERCONNECTION/ELEMENT	COMMISSION Decision
Network Interface Devices	
Network Interface Device	\$1.80
Sub-Loop 2 Wire Analog Loop (Distribution)	
2-Wire Analog Loop, Per Month	
Standard - with Network Interface Device	\$10.83
Standard - without Network Interface Device	\$9.95
Nonrecurring, with or without NID - First	\$459.85
Nonrecurring, with or without NID - Additional	\$352.89
Sub-Loop 2 Wire Analog Loop Concentration	
Channelization System (Outside CO), Per Month	\$263.06
Nonrecurring - First	\$1,508.41
Nonrecurring - Additional	\$596.11
Working Plug-in 2 Wire	\$1.80
Nonrecurring - First	\$23.30
Nonrecurring - Additional	\$23.25
Unbundled Exchange Access IOC	
0 - 8 Miles, Fixed Per Month	\$16.14
Per Mile, Per Month	\$0.0301
9 - 25 Miles, Fixed Per Month	\$17.18
Per Mile, Per Month	\$0.0726
Over 25 Miles, Fixed Per Month	\$18.41
Per Mile, Per Month	\$0.0831
Nonrecurring - First	\$181.93
Nonrecurring - Additional	\$75.56
Unbundled Local Switching	
Unbundled Exchange Ports	
2-wire Analog, Per Month	\$2.61
Nonrecurring, Residence - First	\$37.78
Nonrecurring, Residence - Additional	\$37.78
Nonrecurring, Business - First	\$37.55
Nonrecurring, Business - Additional	\$37.55
Nonrecurring, PBX - First	\$36.47
Nonrecurring, PBX - Additional	\$36.47
4-wire Analog (Coin), Per Month	\$3.04
Nonrecurring - First	\$40.71
Nonrecurring - Additional	\$40.71

BELLSOUTH - AT&T LOCAL INTERCONNECTION AND NETWORK ELEMENT PRICES

NETWORK LOCAL INTERCONNECTION/ELEMENT	COMMISSION Decision
Unbundled Exchange Ports (continued)	
4-wire ISDN DS1, Per Month	\$275.48
Nonrecurring - First	\$181.27
Nonrecurring - Additional	\$116.42
2-Wire ISDN Digital, Per Month	\$12.33
Nonrecurring - First	\$90.48
Nonrecurring - Additional	\$84.53
User Profile per B Channel - Nonrecurring	\$5.61
2-Wire Analog Hunting - per line - Per Month	\$0.29
Nonrecurring	\$2.14
Unbundled Local Usage (Restructured Switching)	
End Office Switching, Per MOU	\$0.002562
Tandem Switching, Per MOU	\$0.001096
Common Transport, Per Mile Per MOU	\$0.0000049
Common Transport - Facility Termination, Per MOU	\$0.000426
Local Interconnection *	
End Office Switching Per MOU	\$0.002562
Tandem Switching Per MOU	\$0.001096
Common Transport Per Mile/MOU	\$0.0000049
Common Transport - Facility Termination Per MOU	\$0.000426
Intermediary Tandem Per MOU**	\$0.001096
* Local Interconnection is defined as the transport and termination of local traffic between facility based carriers.	
** The tandem intermediary charge applies only to intermediary traffic and is applied in addition to applicable local interconnection charges.	
Dedicated Transport - DS1	
Per Mile Per Month	\$0.45
Facility Termination Per Month	\$55.05
Nonrecurring - First	\$298.18
Nonrecurring - Additional	\$231.23
Channelization System - For Unbundled Loops	
Unbundled Loop System (DS1 to VG) per sys/per mo.	\$429.33
Nonrecurring - First	\$664.06
Nonrecurring - Additional	\$166.55
Central Office Interface Per Circuit, Per Month	\$1.26
Nonrecurring - First	\$46.68
Nonrecurring - Additional	\$46.38

BELLSOUTH - AT&T LOCAL INTERCONNECTION AND NETWORK ELEMENT PRICES

NETWORK LOCAL INTERCONNECTION/ELEMENT	COMMISSION Decision
CCS7 Signaling Transport Service	
Signaling Connection Link, Per Month	\$16.31
Nonrecurring	\$354.95
Signaling Termination (Port), Per Month	\$174.08
Signaling Usage Surrogate, Per 56 Kbps Facility, Per Month	\$329.98
Signaling Usage, Per Call Setup Message	\$0.000037893
Signaling Usage, Per TCAP Message	\$0.000102042
800 Access Ten Digit Screening Service	
800/POTS Number Delivery, Per Query	\$0.0010
800/POTS Number Delivery with Optional Complex Features, Per Query	\$0.0011
800/800 Number Delivery, Per Query	\$0.0010
800/800 Number Delivery with Optional Complex Features, Per Query	\$0.0011
Nonrecurring:	
Per 800 Number Reserved - First	\$10.05
Per 800 Number Reserved - Additional	\$1.19
Per 800 Number Established with 800 Number Delivery - First	\$30.59
Per 800 Number Established with 800 Number Delivery - Additional	\$3.22
Per 800 Number Established with POTS Number Delivery - First	\$30.59
Per 800 Number Established with POTS Number Delivery - Additional	\$3.22
Customized Area of Service per 800 Number - First	\$6.97
Customized Area of Service per 800 Number - Additional	\$3.49
Multiple InterLATA Carrier Routing per Carrier/800 Number - First	\$8.16
Multiple InterLATA Carrier Routing per Carrier/800 Number - Additional	\$4.67
Change Charge per Request - First	\$11.24
Change Charge per Request - Additional	\$1.19
Call Handling and Destination Features per 800 Number	\$6.97
Line Information Database Access Service	
Common Transport, Per Query	\$0.00006
Validation, Per Query	\$0.00938
Nonrecurring - Establishment or Change	\$107.60
Operator Services	
Operator Call Processing Access Service	
Operator Provided, Per Minute	
Using BST LIDB	\$1.6016
Using Foreign LIDB	\$1.6249
Fully Automated, Per Attempt	
Using BST LIDB	\$0.0856
Using Foreign LIDB	\$0.1071

BELLSOUTH - AT&T LOCAL INTERCONNECTION AND NETWORK ELEMENT PRICES

NETWORK LOCAL INTERCONNECTION/ELEMENT	COMMISSION Decision
Operator Services (continued)	
Inward Operator Services Access Service	
Verification, Per Call	\$1.00
Emergency Interrupt, Per Call	\$1.111
Directory Assistance Access Service Calls	
Per Call	\$0.3136
Recording Cost Per Announcement	\$1,664.89
Loading Cost Per Audio Unit	\$244.04
Directory Assistance Database Service	
Use Fee, Per DADS Cust's EU Request/Listing	\$0.0193
Monthly Recurring	\$120.76
Direct Access to Directory Assistance Service (DADAS)	
Database Service Charge, Per Month	\$7,235.01
Database Query Charge, Per Query	\$0.0052
Nonrecurring - DADAS Service Establishment	\$1,186.94
DACC Access Service	
Per Call Attempt	\$0.058
Number Services Intercept Access Service	
Per Intercept Query	\$0.0086
Per Intercept Query Update	\$0.0055
Directory Transport	
Switched Common Transport per DA Service Call	\$0.000175
Switched Common Transport per DA Service Call Mile	\$0.000004
Access Tandem Switched per DA Service Call	\$0.000783
Switched Local Channel - DS 1 Level, Per Month	\$36.32
Nonrecurring - First	\$637.46
Nonrecurring - Additional	\$546.94
Switched Dedicated Transport - DS 1 level, Per Mile/Per Month	\$0.45
Facilities Termination, Per Month	\$55.05
Nonrecurring - First	\$298.18
Nonrecurring - Additional	\$231.18
Nonrecurring Installation per Trunk or Signaling Connection - First	\$501.98
Nonrecurring Installation per Trunk or Signaling Connection - Additional	\$13.32
Collocation	
Application per Arrangement / Per Location - Nonrecurring	\$9,926.72
Space Preparation Fee - Nonrecurring	ICB
Space Construction Fee:	
Nonrecurring per 100 Squire Feet	\$9,985.50
Nonrecurring per Each Additional 50 Squire Feet	\$1,092.21
Cable Installation - Per Entrance Cable	\$2,327.08

BELLSOUTH - AT&T LOCAL INTERCONNECTION AND NETWORK ELEMENT PRICES

NETWORK LOCAL INTERCONNECTION/ELEMENT	COMMISSION Decision
Collocation (continued)	
Floor Space Zone A, Per Square Foot, Per Month	\$5.00
Floor Space Zone B, Per Square Foot, Per Month	\$5.00
Power Per AMP, Per Month	\$7.68
Cable Support Structure, Per Entrance Cable	\$24.23
POT Bay (Optional Point of Termination Bay)	
Per 2-Wire Cross - Connect, Per Month	\$0.06
Per 4-Wire Cross - Connect, Per Month	\$0.15
Per DS1 Cross - Connect, Per Month	\$0.58
Per DS3 Cross - Connect, Per Month	\$4.51
Cross-Connects	
2-Wire Analog, Per Month	\$0.31
Nonrecurring - First	\$54.21
Nonrecurring - Additional	\$51.07
4-Wire Analog, Per Month	\$0.62
Nonrecurring - First	\$54.23
Nonrecurring - Additional	\$50.96
DS1, Per Month	\$1.92
Nonrecurring - First	\$99.23
Nonrecurring - Additional	\$69.15
DS3, Per Month	\$39.94
Nonrecurring - First	\$97.48
Nonrecurring - Additional	\$66.90
Security Escort	
Basic - 1st half hour	\$56.09
Overtime - 1st half hour	\$67.75
Premium - 1st half hour	\$79.41
Basic - additional	\$31.99
Overtime - additional	\$39.00
Premium - additional	\$46.01
Selective Routing	
Nonrecurring	\$10.00
Operational Support System	
OSS Electronic Interface, Per Order	\$10.89
OSS OLEC Daily Usage File	
Recording, Per Message	\$0.0008611
Message Distribution, Per Message	\$0.0032357
Message Distribution, Per Magnetic Tape Provisioned	\$55.68
Data Transmission (CONNECT:DIRECT), Per Message	\$0.0000365