BELLSOUTH TELECOMMUNICATIONS, INC.

REBUTTAL TESTIMONY OF ROBERT C. SCHEYE

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 950985C-TP

(MCImetro PETITION)

DECEMBER 11, 1995

Q. Please state your name, address and position with BellSouth Telecommunications, Inc. ("BellSouth" or "Company").

A. My name is Robert C. Scheye and I am employed by BellSouth Telecommunications, Inc., as a Senior Director in Strategic Management. My address is 675 West Peachtree Street, Atlanta, Georgia 30375.

Q. Please give a brief description of your background and experience.

A. I began my telecommunications company career in 1967 with the Chesapeake and Potomac Telephone Company (C&P) after graduating from Loyola College with a Bachelor of Science in Economics. After several regulatory positions in C&P, I went to AT&T

in 1979, where I was responsible for the FCC Docket dealing with competition in the long distance market. In 1982, with divestiture, this organization became responsible for implementing the Modification of Final Judgment (MFJ) requirements related to nondiscriminatory access charges. In 1984, this organization became part of the divested regional companies' staff organization known as Bell Communications Research, Inc. (Bellcore). I joined BellSouth in 1988 as a Division Manager responsible for jurisdictional separations and other FCC related matters. In 1993, I moved to the BellSouth Strategic Management organization, where I have been responsible for various issues, including local exchange interconnection, unbundling and resale.

Q. What is the purpose of your rebuttal testimony?

A. There are several issues that still seem to be misunderstood by the parties. The purpose of my rebuttal testimony is to address those misunderstandings in addition to responding to a new issue raised in the direct testimony filed by Mr. Mike Guedel on behalf of AT&T in this docket.

In an effort to be brief, I will not repeat the responses I made to several of these issues in earlier testimony. Instead, I would like to adopt by reference my Direct Testimony filed November 13, 1995 and Rebuttal Testimony filed November 27, 1995 in Florida Docket No. 950985A-TP and my Direct Testimony filed on December 4, 1995 in Florida Docket No. 950985D-TP. I will then provide clarifying remarks which hopefully will correct some of the misunderstandings the other parties still have with regard to BellSouth's position on these issues.

In addition, I want to bring the Commission up to date on the settlement discussions.

Q. Can you first bring us up to date on the negotiations between BellSouth and the other parties to this proceeding?

A. Yes. As I informed the Commission in earlier testimony, we have continued to negotiate with anyone willing to talk to us even though these and other proceedings were pending. As a result, BellSouth has reached agreement with a number of other parties to this and other proceedings. While not all of the signatures are indicated, Attachment A (RCS-7), which follows my exhibits, is a copy of the most recent agreement that we have reached. As can be seen, this agreement resolves all of the outstanding issues between the parties to the agreement involving universal access funding, number portability, resale, unbundling and interconnection, among other things. As I have indicated before, we desire to resolve all such matters through negotiation and accommodation, rather than taking this Commission's time and resources to adjudicate these matters.

Q. Turning to the other matters you want to discuss, why do you say that there are issues that appear to be misunderstood by several parties?

A. The fact that ALECs continue to support bill and keep as an appropriate interconnection arrangement in spite of the inherent problems associated with that arrangement clearly indicates that the parties supporting that arrangement must not fully understand its problems.

Q. You mentioned the inherent problems associated with bill and keep in your previous response. Could you please elaborate on these problems?

A. Yes. The most fundamental problem with the bill and keep arrangement, which is still not acknowledged by the parties, is that there is no mechanism for recovery of the costs associated with the termination of local calls. For example, if it costs BellSouth five cents a minute to terminate a local call and it costs an ALEC three cents a minute to terminate a local call, the bill and keep arrangement will not allow either party to recover its costs. At best, in the situation I illustrated, if the traffic were perfectly balanced, the carrier with the lower cost might be able to conclude that it somehow is okay because the payments it avoided making to the other carrier exceeded its own costs. However, and using the numbers I gave above, BellSouth would be unable to recover the net difference of two cents per minute under any theory. If the traffic is unbalanced, the situation could be worse or better, depending on the direction of the imbalance. The point remains, however, that unless both parties' costs are identical and the traffic is perfectly balanced, this interconnection arrangement does not provide, even in theory, a mechanism for BellSouth as well as other parties to recover the costs incurred. Of course, this problem is exacerbated if BellSouth provides additional functionalities as part of the interconnection arrangement because BellSouth's costs will increase even more. Because of this, there must be a financial component in the approved local interconnection plan. The fact that bill and keep, by definition, lacks this financial component and would not permit cost recovery, constitutes a fatal flaw in that proposed interconnection arrangement.

Q. Are there other cost recovery problems associated with the bill and keep arrangement?

A. Yes. While I am not a lawyer, based on my understanding of Florida law, BellSouth is required to recover its costs in the provision of its services. Chapter 364.162(3) of the Florida statues provides that the rates for interconnection shall not be below cost. To preclude BellSouth from cost recovery, as would occur with the proposed bill and keep arrangement, appears to be a violation of Florida law.

Q. Are there compensation problems associated with the bill and keep arrangements?

A. Yes, BellSouth owns a ubiquitous network that is valuable. Indeed, its value has been recognized by ALECs, such as MFS and Continental Cablevision. AT&T has acknowledged that the LECs have spent hundreds of millions of dollars in constructing their networks. The bill and keep proposal prevents BellSouth from being compensated for access to and the use of its valuable, ubiquitous network. To preclude BellSouth from receiving compensation for the ALECs' use of BellSouth's network is clearly unfair, inappropriate and personally speaking, if not illegal, it should be.

Q. What other issues should be considered when evaluating the proposed bill and keep arrangement?

A. First, let me differentiate between the definition of interconnection and the definition of unbundling. Interconnection is defined as connecting one carrier's network to another carrier's network. Unbundling is defined as providing a specific piece of the network, on a stand alone basis, without any requirement that the purchaser also take or purchase any other service element. The unbundled piece of BellSouth's network would then be coupled with the ALEC's own facilities in order to provide service to the ALEC's end user. An example of an unbundled network element would be the local loop which the ALEC could purchase from the LEC in order to connect the ALEC's customer to the ALEC's switch.

On the other hand, the access tandem switching function is a component of local interconnection, in that it provides a transiting function to the ALEC which allows for the completion of the ALEC's calls. In many instances it might be an ALEC customer completing a call to a BellSouth customer. However, the tandem could also be involved in a call between two ALEC end users, where no BellSouth customer is involved. This latter case involves the intermediary function that BellSouth has under further study, as previously described. In either case, BellSouth would incur switching costs which it must be allowed to recover.

Bill and keep, of course, provides no cost recovery mechanism for BellSouth and, therefore, no way for BellSouth to recover the costs of acting as intermediary in this transfer of traffic. Moreover, as I noted earlier, it is my understanding that BellSouth has no obligation and is indeed prohibited from providing a function free of charge when that function has costs associated with it. Nevertheless, this is what bill and keep would require.

Q. Are there other consequences if bill and keep is adopted?

A. Yes. There is a problem with tandem interconnection. Under BellSouth's proposal, ALECs may conclude that it is less costly and therefore more efficient to interconnect with BellSouth at a tandem. If an ALEC chooses to interconnect at BellSouth's tandem office, BellSouth would assess the ALEC a switching charge and the ALEC would avoid the construction costs of building a network to every end office for interconnection. Alternatively, if an ALEC chooses to connect at the end office, then it avoids the proposed BellSouth tandem switching charges, but incurs the additional construction costs involved with direct end office interconnection. It is clear that either of these options would be equitable and fair for both the ALEC and BellSouth. What the ALECs want, and what bill and keep would provide, is a situation where the ALECs avoid paying the tandem switching charge and, at the same time, avoid incurring the construction costs. With bill and keep they would simply connect at the tandem, avoid the switching costs, and have access to every end office subtending the tandem. This demonstrates the clear inequities inherent in the bill and keep arrangement, and once again demonstrates how BellSouth's property would be used without providing compensation to the Company.

Q. Why is BellSouth's usage sensitive structure a superior approach for local interconnection arrangements?

A. The usage sensitive structure proposed by BellSouth does not contain the inherent flaws associated with the bill and keep arrangement proposed by other parties. AT&T's witness, Mr. Guedel, acknowledges this on page 18 of his direct testimony where he states:

> Pricing these services at equal levels would greatly simplify the measuring, reporting and billing processes. Further, from an economic standpoint, recognizing that the cost of providing these respective services is essentially the same, it would make sense to price them the same.

I should note, however, that characterizations by Mr. Guedel of the current rate levels as overly inflated, are nothing more than an attempt to use this forum, albeit a totally inappropriate one, to lobby for further reductions in switched access rates.

The usage sensitive local interconnection structure proposed by BellSouth is appropriate for both the short term and the long term. It encourages BellSouth to provide the interconnection arrangements desired by ALECs because it provides a mechanism that permits cost recovery. Furthermore, no party is harmed under this arrangement since all parties will be given the same opportunity for cost recovery, since the interconnection charges will be mutual.

Q. Under BellSouth's proposal, there appears to be some confusion as to the billing systems required if the BellSouth usage sensitive plan is adopted. Can you address this?

A. BellSouth intends to adapt its current switched access system for use with local exchange traffic. Therefore, no new billing systems are required for BellSouth. ALECs must also put similar systems in place to bill and measure their switched access charges for toll calls. Such a system can be adapted for the local interconnection usage sensitive charges. This is supported by Mr. Devine's testimony on behalf of MFS. Mr. Devine states that all ALECs will employ advanced switching equipment. In light of this, measuring and billing cannot be a problem for ALECs. Moreover, such billing systems will also be required for the jurisdictions that have adopted a usage sensitive structure for local interconnection (for example, New York and Maryland).

Q. The testimony filed in this proceeding indicates that ALECs appear to want the same financial arrangement as those in place for traditional independent local exchange companies. Are there implications associated with providing ALECs arrangements similar to those provided for independent companies?

A. Yes. The ALECs use BellSouth's relationship with traditional independent local exchange companies to support their arguments that bill and keep is appropriate for local interconnection. However, they ignore all of the other aspects of those arrangements.

The historical independent local exchange company arrangements were put into place during a period when rate of return regulation was prevalent. Under this form of regulation, if BellSouth's or the independent's costs for terminating a call for one another were not explicitly recovered, the ratepayers of each company would reimburse their company for these costs. For BellSouth, the regulatory framework is now changing to one of price regulation. In the future, this Commission will not be able simply to direct that BellSouth's subscribers reimburse BellSouth for these costs. BellSouth will have to recover these costs from the entity that caused them. This means that historical independent local exchange company arrangements must also evolve to a different structure. Because of this, it makes no sense to adopt a local interconnection plan that is predicated on a relationship that must change.

Q. Are there other problems with bill and keep?

A. Yes. Bill and keep assumes that local and toll distinctions can be maintained. If this assumption is in error, and BellSouth believes it is, it is imperative that the plan adopted for local interconnection accommodate the evolution of local and toll to the point where no distinctions are possible. To adopt any plan at this time that does not recognize or allow for the possibility that the local and toll distinction cannot be maintained, will simply lead to a more complex and time consuming transition in the future. Examples that represent today's possible interconnection arrangements demonstrate how the local-toll distinction can evaporate. RCS-4 illustrates the manner in which BellSouth uses NXX codes today in order to distinguish between local and toll calls. In this illustration BellSouth's Exchanges X, Y and Z have distinct NXX codes, i.e., 220, 330 and 440, respectively. The arrangement portrayed permits end users in Exchange X and Y to call each other on a local basis, while calls from either of these exchanges to Exchange Z are toll calls dialed as 1+ or 0+ and are either carried by BellSouth or handed off to an interexchange carrier.

Q. How could an ALEC use its NXX codes to serve these three areas?

A. ALECs may use their NXX codes in the same geographic areas as used by BellSouth. This is depicted in RCS-5. This is possible, even though, as in my example, the ALEC may use one switch to serve these different exchanges. It is only necessary that each exchange have distinctive NXX codes. If the ALEC distributed its NXX codes in this manner, BellSouth would have no problem distinguishing between toll and local calls. For instance, a BellSouth customer in Exchange X with a 220 number could dial either an ALEC customer with a 777 number or an ALEC customer with an 888 number and BellSouth would know that these were local calls. Similarly, if the same customer called an ALEC customer in Exchange Z with a 999 number, BellSouth would know that this was a toll call and the customer would have dialed 1+ or 0+ to reach the ALEC customer. Therefore, BellSouth experiences no difficulty in identifying the calls as local or toll under this scenario.

Q. Can ALECs use the NXX codes in a manner that would blur this local and toll distinction?

A. Yes, this would occur if ALECs use their NXX codes in a manner such as that depicted by RCS-6. In this illustration, the ALEC has assigned its numbers from a single NXX to both toll and local calling areas. In this situation, when a BellSouth 220 customer calls an ALEC customer with an 888 number, the call can terminate in Exchange X, Y or

Z. BellSouth does not know in this situation whether the call is being completed to a local calling area or to a toll calling area. In this circumstance, BellSouth hands the call to the ALEC and the ALEC uses its switch and facilities to deliver the call to the customer with the number dialed. BellSouth has no knowledge of where the called party is located. Because of this, the ALEC's use of the NXX code prevents BellSouth from knowing whether to charge the ALEC originating access or to pay the ALEC for terminating a local call. This is compounded by the fact that if it had been clear that the call in question was a toll call, the call would have been (1) handed off to the calling customer's chosen IXC and BellSouth would have charged that IXC for originating access or (2) BellSouth would have handled the call and charged the calling party a toll rate.

This graphically illustrates BellSouth's position as to why the industry must move to a common interconnection structure and why bill and keep cannot serve that function. This example should also make it clear that the adoption of bill and keep will undermine long distance competition as well as local competition.

Q. Is it your opinion that what you just explained is fully understood by the participants in this proceeding?

A. The explanation above is obviously not understood by some of the parties involved in this proceeding. This is evidenced by the testimony filed by Dr. Nina Cornell on behalf of MCImetro.

Dr. Cornell discusses using V&H coordinates to distinguish a call as local or toll. This is clearly not feasible, as shown by RCS-6. In that example, the 888 NXX code would have one set of V&H coordinates, presumably in Exchange Y. Having that information in no way assists in determining whether originating or terminating calls are local or toll, given the previous discussion of RCS-6.

Q. Does Mr. Devine, appearing on behalf of MFS, have a similar misunderstanding?

A. Yes. Like Dr. Cornell, Mr. Devine apparently believes that the identification problem only exists with terminating calls. He suggests that a percent local usage (PLU) factor be applied to distinguish the local and toll traffic. As explained in my discussion of RCS-6, the problem exists for originating traffic and, unlike the terminating traffic, the PLU can not be used to differentiate between local and toll calls.

Q. A number of the parties continue to discuss collocation. Can you address this?

A. Yes. Collocation for local exchange companies presents unique problems. I should note, since the ALECs have alluded to the situation with independent companies in support of their bill and keep proposal, that LECs do not collocate with each other. Furthermore, adoption of bill and keep could also make collocation problematic, because of the cost recovery problems I discussed earlier.

Q. Are there any other issues you would like to address?

A. Yes. I would like to respond to a new issue raised by AT&T's witness, Mr. Guedel. Mr. Guedel takes the position that the Residual Interconnection Charge (RIC) has been disassociated with the local transport function and BellSouth should not collect a RIC charge when it acts as an intermediary between an IXC and an ALEC. BellSouth disagrees with this contention.

The RIC recovers a portion of a LEC's transport and tandem revenue requirements, and was established as part of the FCC's local transport restructure decision. When local transport was restructured, the RIC was established to recover the shortfall between the overall local transport revenue requirement and the revenues generated by the new and lower transport and tandem switching charges. By way of example, and speaking at a fairly high level, if a LEC had collected $10 by providing transport and switching before the restructure, and only received $5 from transport and switching under the new rates, the per minute RIC charge was established to recover the equivalent of the missing $5. The method selected to collect the RIC was to simply apply the charge to terminating access minutes measured at the end office where the call was terminated. Obviously this would not normally present a problem, because the same LEC transporting and switching the call would also be terminating it at one of its end offices, and thus would receive both the transport and switching revenues and the RIC revenues.

Sometimes, of course, things do no work precisely that way. Occasionally one LEC will transport and switch the call while another LEC terminates the call at its end office. Currently this happens most often when a call involves BellSouth and an independent telephone company. In this case the LEC providing transport and switching collects its charges and the LEC terminating the call collects the RIC. This the most practical way to handle this situation and has an element of fairness. While it is not perfect, on balance both the independent company and BellSouth have revenue requirements associated with the RIC, and collecting the RIC in this circumstance helps the collecting LEC meet its revenue requirements associated with transport and switching, even if the collecting LEC was not directly involved in transporting or switching the particular call involved.

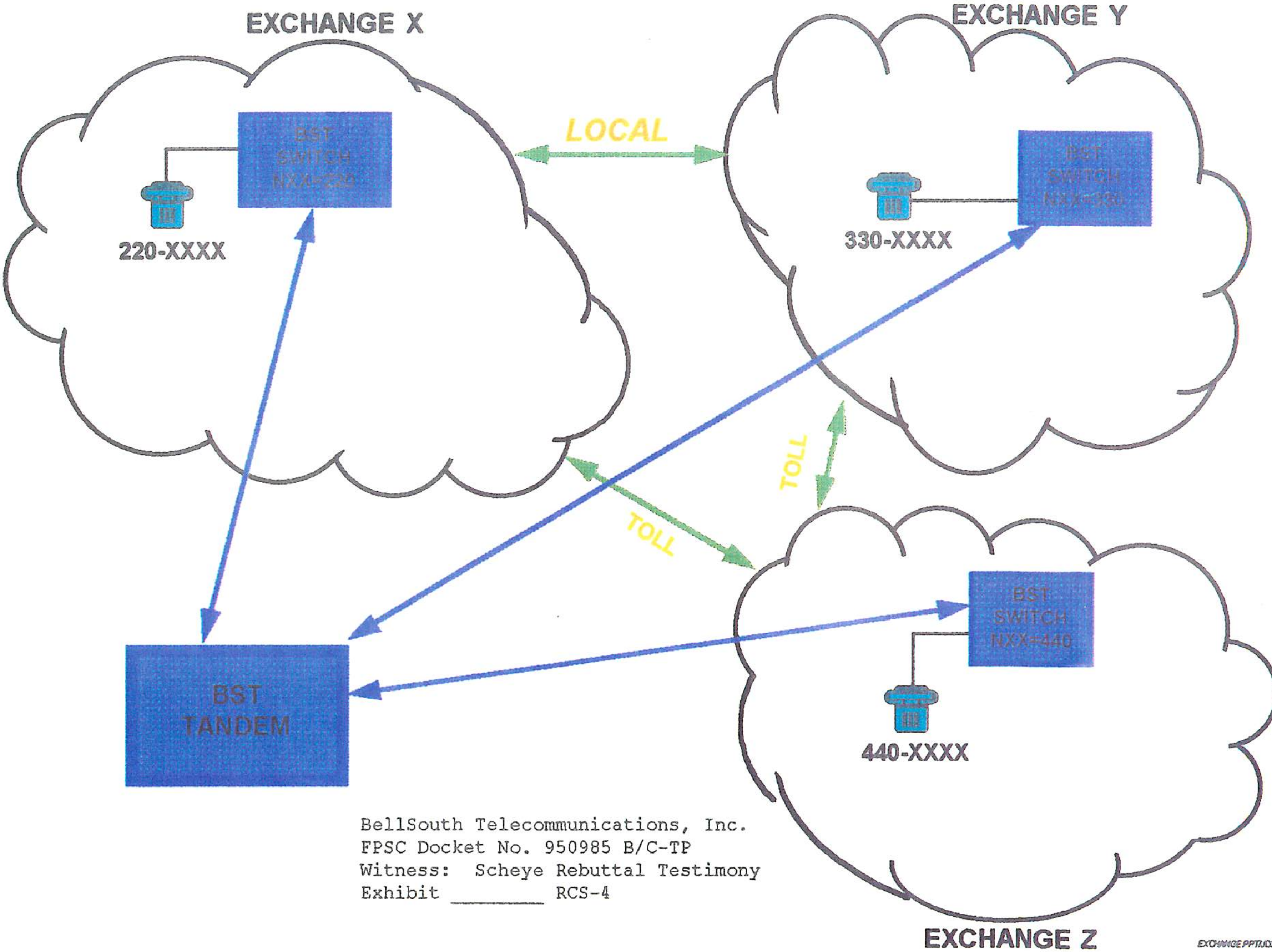
On the other hand, the ALECs will not have a revenue requirement associated with a RIC charge. The RIC arose from a situation involving existing transport and switching charges levied by LECs. Therefore, where an ALEC end office subtends an LEC tandem, calls terminated to that end office would not have a RIC charge associated with the call. Since the ALEC will not have a RIC cost, there would be simply no legitimate reason to allow the ALEC to collect the RIC. On the other hand, the LEC transporting and switching the call will still have such a revenue requirement. Depriving that LEC of the right to collect a RIC will simply benefit the IXC at the expense of the LEC.

Presumably, since AT&T is an IXC in Florida and not an ALEC, this is the reason that Mr. Guedel has raised this issue. AT&T has simply found another way to feather its nest at the expense of BellSouth and the other LECs in Florida. He has not claimed that the revenue requirement that lead to the establishment of the RIC has gone away. He has simply found a way that AT&T and the other IXCs can avoid their obligation to make these payments. His ploy should be recognized for what it is and his position regarding the RIC should be rejected.

Q. Does this conclude your testimony?

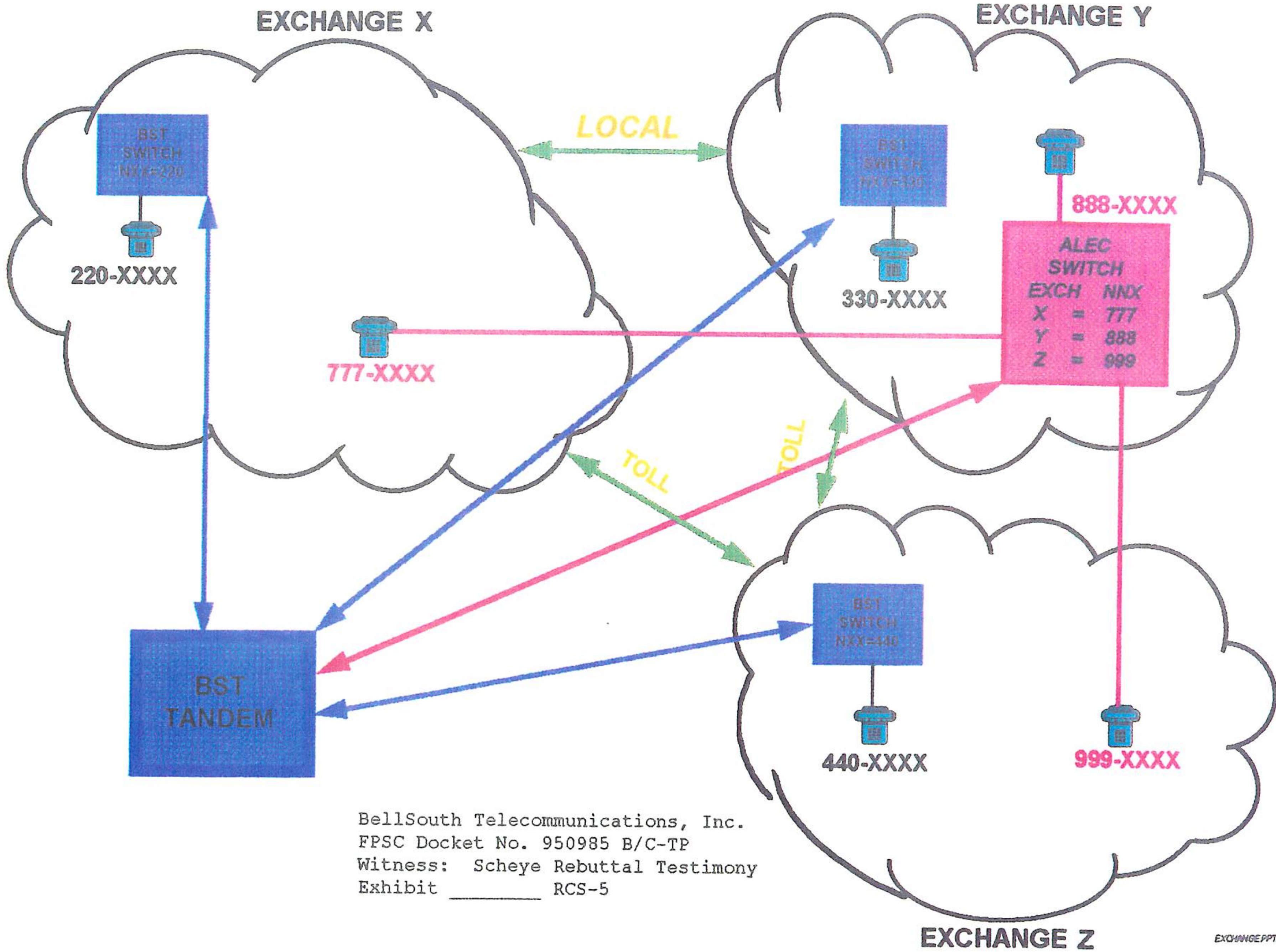
A. Yes.

CURRENT BELLSOUTH USE OF NXX CODES



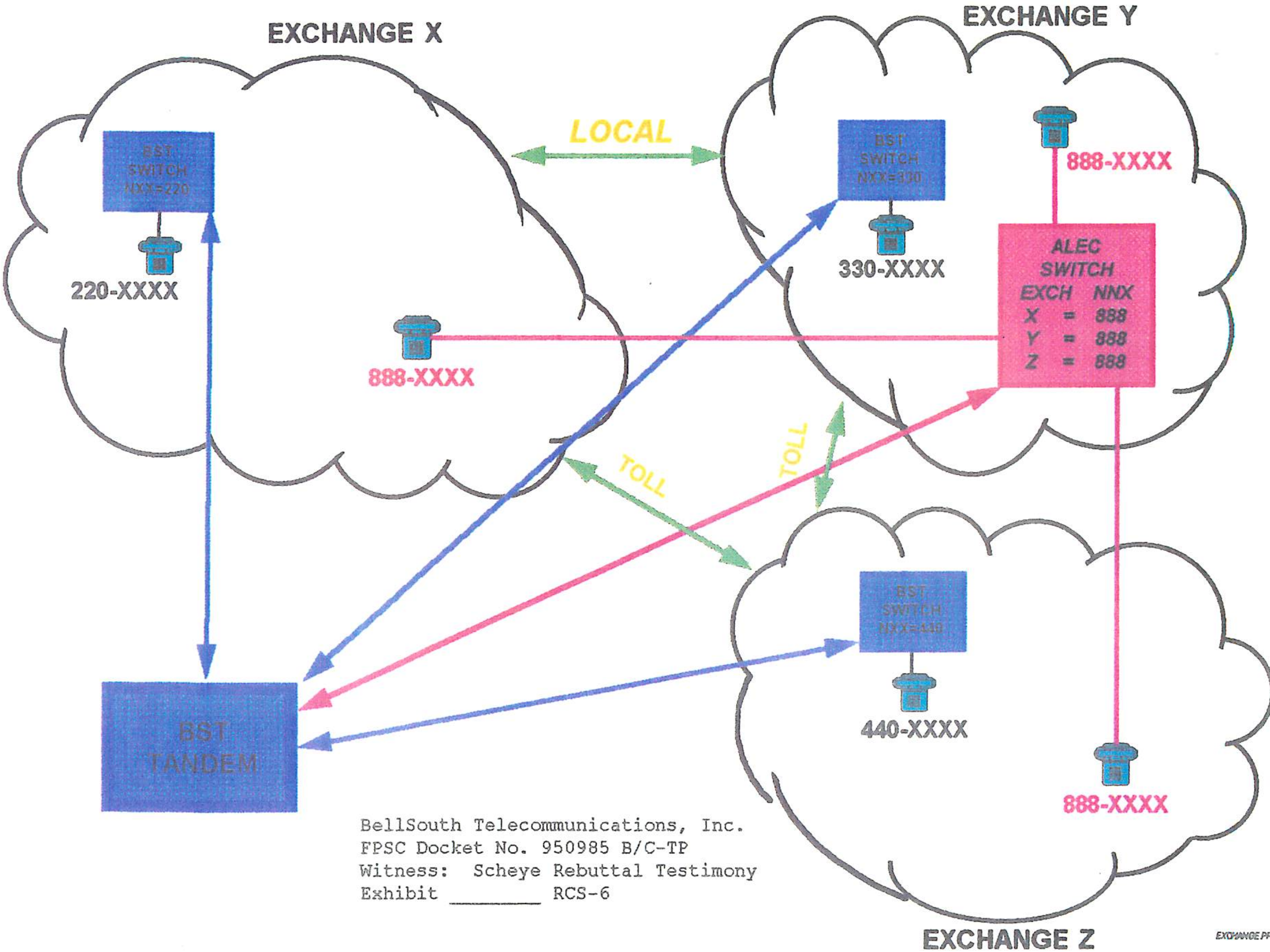
BellSouth Telecommunications, Inc.
FPSC Docket No. 950985 B/C-TP
Witness: Scheye Rebuttal Testimony
Exhibit ________ RCS-4

EXAMPLE 1 OF ALEC'S POTENTIAL USE OF NXX CODES



BellSouth Telecommunications, Inc.
FPSC Docket No. 950985 B/C-TP
Witness: Scheye Rebuttal Testimony
Exhibit ________ RCS-5

EXAMPLE 2 OF ALEC'S POTENTIAL USE OF NXX CODES



BellSouth Telecommunications, Inc.
FPSC Docket No. 950985 B/C-TP
Witness: Scheye Rebuttal Testimony
Exhibit ________ RCS-6

Stipulation and Agreement

This Stipulation and Agreement is entered into by and between the undersigned parties to Docket No. 950985-TP, 950985A-TP and 950985D-TP addressing the establishment, on an interim basis, of nondiscriminatory rates, terms and conditions for local interconnection pursuant to Section 364.162, Florida Statutes; Docket No. 950696-TP, addressing the establishment of an interim universal service/carrier of last resort recovery mechanism pursuant to Section 364.025, Florida Statutes; Docket No. 950737-TP, addressing a temporary telephone number portability solution, e.g., Remote Call Forwarding pursuant to Section 364.16(4), Florida Statutes; and Docket No. 950984-TP, addressing unbundling and resale of local exchange telecommunications company network features, functions and capabilities pursuant to Section 364.161, Florida Statutes, to the extent identified herein.

The undersigned parties are entering into this comprehensive Stipulation and Agreement for the purpose of facilitating the introduction of local exchange competition on an expedited basis and avoiding the uncertainty and expense of litigation. It is the intention of the undersigned parties that this comprehensive Stipulation and Agreement remain in effect for two years beginning January 1, 1996. The undersigned parties understand that as experience is gained in the marketplace it may become apparent that prices, terms and conditions other than those set forth in this agreement for purposes of introducing competition may be more appropriate to support the continued development of competition upon the expiration of this agreement. The parties intend for this Stipulation and Agreement to establish the interim prices, terms, conditions and mechanisms necessary to facilitate the introduction of local exchange competition, as required by the above-referenced sections of

Florida Chapter Law 95-403. This Stipulation and Agreement will dispose of all known outstanding issues in the aforementioned dockets. Thereafter, to the extent permitted by law, the parties intend to renegotiate these provisions based upon experience gained in the marketplace.

The undersigned parties agree that the issues addressed in the aforementioned proceedings, which have been framed in response to the requirements of the above-referenced sections of Florida Chapter Law 95-403, shall be resolved during the two year term of this agreement as follows:

A. Local Interconnection - Docket No. 950985-TP

Section 364.16, Florida Statutes, requires, among other things, that each incumbent local exchange telecommunications company (LEC) provide access to and interconnection with its telecommunications facilities to any other provider of local exchange telecommunications services requesting such access and interconnection at non-discriminatory prices, rates, terms, and conditions established by the procedures set forth in Section 364.162, Florida Statutes. Section 364.162, Florida Statutes, provides that an alternative local exchange telecommunications company (ALEC) shall have until August 31, 1995, or sixty (60) days, to negotiate with the LEC mutually acceptable prices, terms and conditions of interconnection and for the resale of LEC services and facilities. The statute also provides that if the parties are not able to negotiate a price by August 31, 1995, or within sixty days, either party may petition the Commission to establish non-discriminatory rates, terms and conditions of interconnection and for the resale of LEC services and facilities. Whether set by negotiation or by the Commission, interconnection and resale prices, rates, terms and conditions shall be filed with the Commission before their effective date.

The parties were unable to negotiate mutually acceptable prices, terms and conditions of interconnection by August 31, 1995, or within sixty days. After further negotiations, however, the undersigned parties now agree to the following interim prices, terms and conditions for interconnection and the exchange of traffic with BellSouth through December 31, 1997:

1. "Local interconnection" is defined as including the delivery of local traffic to be terminated on each company's local network, the LEC unbundled network features, functions and capabilities contained in Attachment D , and temporary telephone number portability to be implemented pursuant to Section 364.16(4), Florida Statutes. While the parties have endeavored in good faith to resolve the issues relating to local interconnection, the parties recognize that they are unable to foresee and account for every issue that may arise as this Stipulation and Agreement is implemented. Thus, to the extent that the prices, terms and conditions for local interconnection are not specifically established herein, the additional prices, terms and conditions shall be established pursuant to negotiation or set by the Commission, upon request, as required by to Section 364.161(6), Florida Statutes. If the Commission does not render its vote within 120 days, then the parties agree that the Commission's decision will be retroactive to the 120th day after a petition is filed.

2. The delivery of local traffic between each undersigned ALEC and BellSouth shall be reciprocal and compensation will be mutual. The parties will pay each other BellSouth's terminating switched access rate, exclusive of the Residual Interconnection Charge and Common Carrier Line elements of the switched access rate, on a per minute of use basis for terminating local traffic on each other's network. The parties shall not route local traffic through the tandem switch unnecessarily to generate revenues. Examples of these rate elements and prices are identified on Attachment A which is incorporated herein by reference. If it is mutually agreed that the administrative costs associated with the exchange of local traffic are greater that the net monies exchanged, the parties will exchange local traffic on an in-kind basis; foregoing compensation in the form of cash or cash equivalent.

3. In order to mitigate the potential adverse impact on a local exchange provider which might occur because of an imbalance of terminating local traffic between the local exchange providers, and to reflect the fact that terminating costs are associated with peak period demand, a local exchange provider shall not be required to compensate another local exchange provider for more than up to one-hundred-five percent (105%) of the total minutes of use of the local exchange provider with the lower minutes of use in the same month. This cap shall apply to the total local minutes of use calculated on a company-wide basis in the State of Florida. For example, if in a given month BellSouth has 10,000 minutes of local traffic terminated on an ALEC's local exchange

network and the ALEC has 15,000 minutes of local traffic terminated on BellSouth's local exchange network, the ALEC would be required to compensate BellSouth for local interconnection on the basis of 10,500 terminating minutes (10,000 mins. X 105% = 10,500 mins.) and BellSouth would compensate the ALEC for 10,000 terminating minutes. Seven additional examples are contained on Attachment B which is incorporated herein by reference. In order to determine the amount of local traffic terminated on each local provider's network, each local provider will report to the other provider the amount of local traffic terminated. Reciprocal connectivity shall be established at each and every point where the facilities of BellSouth and the ALEC perform the physical function of delivering local traffic to be terminated in the other company's network. Such interconnecting facilities shall conform, at the minimum, to the telecommunications industry standard of DS1 (Bellcore Standard No. TR-NWT-00499). In order to engineer for optimal network capabilities, trunk groups shall be established from these facilities such that BellSouth shall provide a reciprocal of each trunk group established by the ALEC and vice versa. Neither party shall construct facilities in order to necessitate the other party building unnecessary facilities. STP (signal transfer point) SS7 Signalling System 7) connectivity is also required.

The parties recognize that various aspects of the interconnection process (including physical interconnection arrangements (i.e., colocation, midspan meet) technical requirements, trouble reporting and resolution, billing processes, resolution of operating issues, provisioning, ordering, deadlines, performance standards, recording of traffic, including start and stop time, reporting and payment, dispute resolutions, rounding measurements, financial penalties for late payments, and the provision of inter-carrier clearinghouse functions are not resolved in this document, and the parties agree to cooperatively work toward resolution of these issues no later than January 31, 1996, and that either party may petition the PSC for resolution should unresolved issues remain on January 31, 1996. If the Commission does not render its vote within 120 days of the petition, then the parties agree that the Commission's decision will be retroactive to the 120th day after a petition is filed. The parties agree that resolution of these issues will ultimately result in additional written documents with which the parties will comply.

4. The parties stipulate and agree that the exchange of traffic on BellSouth's Extended Area Service, Extended Calling Service and other local calling routes shall be considered local traffic. The parties will therefore compensate each other for such traffic pursuant to paragraphs 2 and 3 above.

5. BellSouth shall ensure that the ALECs have a sufficient quantity of numbering resources so that BellSouth can tell whether a call from a BellSouth customer to an ALEC's customer is local or toll. Whenever BellSouth delivers traffic to

an ALEC for termination on the ALEC's network, if BellSouth cannot determine whether the traffic will be local or toll because of the manner in which the ALEC uses NXX codes, BellSouth will not compensate the ALEC for local interconnection but will, instead, charge the ALEC originating intrastate network access service charges unless the ALEC can provide BellSouth with sufficient information to make a determination as to whether the traffic is local or toll. To the extent BellSouth controls numbering resources and if BellSouth does not ensure ALEC access to a sufficient quantity of numbering resources so that BellSouth can tell if the call is local or toll, then the call is considered local. In the event that the ALEC cannot determine whether traffic delivered to BellSouth is local or toll, then the same provision shall apply.

6. Either BellSouth or an ALEC will provide intermediary tandem switching and transport to connect the end user of a local exchange provider to the end user of another ALEC, a LEC other than BellSouth, another telecommunications company (e.g., pay telephone provider, operator services provider) or a wireless telecommunications service provider for the purpose of making a local call. The local exchange provider performing this intermediary function. will bill a \$.002 per minute charge over and above its appropriate local interconnection rate elements as shown on Attachment A.

7. When BellSouth or an ALEC provides intermediary functions for network access, i.e., between an IXC and an ALEC, the ALEC and BellSouth will each provide their own network access service elements on a meet-point basis.

Each carrier will bill its own network access service rate elements to the IXC. BellSouth or the ALEC may bill the residual interconnection charge ("RIC") to the IXC when either provides the intermediary tandem function.

8. The delivery of intrastate toll traffic between each undersigned ALEC and BellSouth shall also be reciprocal and compensation will be mutual. Each undersigned ALEC and BellSouth shall pay each other identical rates for terminating the same type of traffic on each other's network. The parties will pay each other BellSouth's intrastate switched network access service rate elements on a per minute of use basis for originating and terminating intrastate toll traffic as appropriate. For example, when an ALEC customer places a toll call to a BellSouth customer and the ALEC serves as the toll carrier, BellSouth will charge the ALEC terminating network access charges, the price of which will vary depending upon whether the call goes through a BellSouth tandem or is directly routed to the BellSouth end office. If the ALEC is serving as the BellSouth customer's presubscribed IXC, or the BellSouth customer uses the ALEC on a 10XXX basis, then BellSouth will charge the ALEC the appropriate originating network access charges. Likewise, if BellSouth is serving as the ALEC customer's presubscribed IXC, or the ALEC customer uses BellSouth on a 10XXX basis, the ALEC will bill BellSouth the appropriate originating network access charges. Examples of these network access rate elements and prices are identified on Attachment C which is incorporated herein by reference.

9. If this Stipulation and Agreement is not adopted by the Commission in its entirety, the parties will negotiate different interconnection arrangements as expeditiously as possible. These negotiations should include some interim arrangements that could become effective on January 1, 1996, while further negotiations or Commission proceedings, if necessary, continue. The parties stipulate and agree that the terms, conditions and prices ultimately ordered by the Commission, or negotiated by the parties, will be effective retroactive to January 1, 1996.

Because the undersigned parties lack sufficient data with respect to the volumes of local terminating traffic being delivered to each LEC and ALEC, the prices, terms and conditions of local interconnection agreed to herein are deemed transitional in nature. The parties deem them acceptable only in the interests of compromise to enable the introduction of local exchange competition to Florida's consumers beginning January 1, 1996.

The undersigned parties stipulate and agree that because the local interconnection and traffic arrangements agreed to herein are considered transitional, the agreements shall be renegotiated with the new provisions becoming effective after two years. Accordingly, by no later than June 1, 1997, the undersigned parties shall commence negotiations with regard to the terms, conditions and prices of interconnection arrangements to be effective beginning January 1, 1998. If the parties are unable to satisfactorily negotiate new interconnection terms, conditions and prices within 90 days of commencing negotiations, any party may petition the Commission to establish appropriate interconnection arrangements. The parties will encourage the Commission to issue its order by no later than December 31, 1997. In the event the Commission does not issue its order prior to January 1, 1998, or if the parties continue to negotiate the interconnection arrangements beyond January 1, 1998, the parties stipulate and agree that the terms, conditions and prices ultimately ordered by the Commission, or negotiated by the parties, will be effective retroactive to January 1, 1998. Until the revised interconnection arrangements become effective, the parties shall continue to exchange traffic on a reciprocal basis pursuant to the terms of this Stipulation and Agreement.

B. Unbundling and Resale of Local Exchange Telecommunications Company Network Features, Functions and Capabilities - Docket No. 950984-TP

Section 364.161, Florida Statutes, requires each LEC, upon request, to unbundle each of its network features, functions and capabilities, including access to signaling data-bases, systems and routing process, and offer them to any other telecommunications provider requesting such features, functions or capabilities for resale to the extent technically and economically feasible and at prices that are not below cost. The statute also requires that the parties first negotiate the terms, conditions and prices of any feasible unbundling request. If the parties cannot reach a satisfactory resolution within 60 days, either party may petition the Commission to arbitrate the dispute and the Commission shall make a determination within 120 days.

The undersigned parties have now satisfactorily resolved the terms, conditions and prices of those network features, functions and capabilities that are technically and economically feasible of unbundling as set forth in Attachment D which is incorporated herein by reference. It is understood by the parties that the list of network features, functions and capabilities is not exhaustive and the parties commit to cooperate in the negotiation of additional network features, functions and capabilities as the parties' future needs require.

The parties acknowledge that the provisions of Chapter 364, Florida Statutes, relating to the unbundling and resale of facilities and services, reflect a thoughtfully crafted and well-balanced approach to the introduction of local exchange competition, and the parties therefore commit that these provisions will be fairly and equitably implemented and adhered to in order to effectuate and remain consistent with legislative intent. The parties recognize that the application of current tariffed prices for resale purposes will not be inconsistent with this commitment. The parties agree that the issue of imputation of LEC unbundled service prices into its retail rates is not addressed by this Stipulation and Agreement, and that the ALECs reserve their right to further address imputation for these services, including unbundled local loops.

C. Universal Service/Carrier of Last Resort - Docket No. 950696-TP

The parties agree that Section 364.025, Florida Statutes, contains a Legislative finding that each telecommunications company should contribute its fair share to the support of the local exchange telecommunications company's universal service/carrier of last resort ("US/COLR") obligations. For a transitional period, the Commission is required to establish an interim US/COLR mechanism for maintaining universal service and funding carrier of last resort obligations, pending the implementation of a permanent mechanism. This interim mechanism is to be implemented by January 1, 1996 and applied in a manner that ensures that each alternative local exchange company contributes its fair share to the support of the local exchange telecommunications company's US/COLR obligations. The interim mechanism shall reflect a fair share of the LEC's recovery of investment made in fulfilling its COLR obligations and the maintenance of universal service objectives. The statute further provides that the Commission shall ensure that the interim mechanism, which is to remain in effect, if necessary, until the implementation of a permanent mechanism, but not later than January 1, 2000, ensures the maintenance of universal service through a carrier of last resort, but does not impede the development of residential consumer choice or create an unreasonable barrier to competition.

The parties stipulate and agree to the following interim mechanism to assure the provision of universal service through a carrier-of-last-resort. The undersigned parties stipulate and agree that BellSouth will guarantee the provision of universal service as the carrier-of-last-resort throughout its territory until January 1, 1998 without ALEC contributions. Consequently, the undersigned parties agree to jointly request the Commission to accept the agreements contained herein in satisfaction of the issues in Docket No. 950696-TP as they relate to BellSouth and to jointly request the Commission to refrain from rendering any decision in that Docket as it applies to BellSouth.

Notwithstanding the foregoing, if BellSouth subsequently believes that competition is in any way undermining its ability to provide universal service during the duration of this agreement it may petition the Commission to commence a proceeding to quantify the amount of support, if any, needed to maintain universal service. The amount of support needed, if any, and related issues are matters of proof on a case-by-case basis. Moreover, the parties in no way waive their right to petition the Commission pursuant to Section 364.025(3), Florida Statutes.

The parties urge the Commission to open a separate docket to investigate and recommend to the Legislature what the Commission determines to be a fair and reasonable resolution of the issues surrounding a permanent universal service mechanism pursuant to s. 364.025(4), Florida Statutes. The undersigned parties also agree to use their best efforts to persuade the Commission and the Legislature to resolve the issues surrounding the establishment of a permanent US/COLR recovery mechanism at the earliest possible date; provided, however, that such efforts shall not be construed or used as an admission by the undersigned parties concerning the existence of or need for a subsidy, the necessity for a permanent US/COLR recovery mechanism, or the appropriate methodology for determining a provider's fair share of contribution, if any, under a permanent mechanism.

D. Temporary Telephone Number Portability - Docket No. 950737-TP

At the Commission's regular agenda conference held on September 12, 1995, the Commission approved the Stipulation and Agreement of the parties to Docket No. 950737-TP, which addressed every issue relating to the implementation of a temporary telephone number portability solution, except the price to be charged for the temporary telephone number portability solution, the advantages and disadvantages of Remote Call Forwarding, and the treatment of terminating access charges on a ported call. The undersigned parties agrée that the Commission-approved Stipulation and Agreement shall be incorporated herein by reference and be attached to this Stipulation and Agreement as Attachment E .

With regard to the price to be paid for remote call forwarding between carriers, which is the temporary telephone number portability solution to be implemented January 1, 1996, the undersigned parties agree to pay a recurring charge as follows: $1.25 per line per month per residential customer for one path and $1.50 per line per month per business customer for one path. For additional paths, the undersigned parties agree to pay $.50 per month, per additional path per residential customer and $.50 per month, per additional path per business customer, with no additional non-recurring charge if the additional path is ordered at the same time as the first path. The undersigned parties further agree to pay a non-recurring charge of no more than $25.00 per order for multiple residential or business lines placed on the same order in a single exchange.

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

For that terminating toll traffic ported to the ALEC which requires use of the BellSouth tandem switching, BellSouth will bill the IXC tandem switching, the residual interconnection charge and a portion of the transport, and the ALEC will bill the IXC local switching, the carrier common line and a portion of the transport. If BellSouth is unable to provide the necessary access records to permit the ALECs to bill the IXCs directly for terminating access to ported numbers, then the parties agree to work cooperatively to develop a surrogate method to approximate the access minutes, and a settlement process with BellSouth to recover those access revenues due it as a co-provider of access services to

IXCs. During the interim, while the surrogate is being developed, BellSouth will bill the IXC full terminating switched access charges, keep the residual interconnection charge, tandem switching and a portion of transport, and remit the local switching, a portion of transport and CCL revenues to the ALEC. If a BellSouth intraLATA call is delivered to the ALEC, BellSouth will pay the ALEC terminating access rates.

In the event that an ALEC and the interexchange carriers have direct connections (i.e., no BellSouth tandem is involved) for all traffic except for terminating traffic through remote call forwarding (necessitating the inclusion of a BellSouth tandem), then all access revenues associated with these calls will be due to the ALEC. The company switching a call on a ported number agrees to pass through all terminating intrastate toll switched access revenues associated with those calls to the company to which the number is ported. This includes intraLATA toll calls from a BellSouth customer to a ported BellSouth number that terminates to an ALEC.

E. Resolution of Disputes

The undersigned parties agree that if any dispute arises as to the interpretation of any provision of this Stipulation and Agreement or as to the proper implementation of any of the matters agreed to in this Stipulation and Agreement the parties will petition the Commission for a resolution of the dispute. However, each undersigned party reserves any rights it may have to seek judicial review of any ruling made by the Commission concerning this Stipulation and Agreement.

F. Duration

This Stipulation and Agreement takes effect on January 1, 1996, and remains in effect until each of the matters and issues addressed herein has been implemented or resolved as contemplated by the undersigned parties or as modified by mutual consent of the parties.

G. Representations

Each person signing this Stipulation and Agreement represents that he or she has the requisite authority to bind the party on whose behalf the person is signing. By signing this Stipulation and Agreement, each undersigned party represents that it agrees to each of the stipulations and agreements set forth herein. In the event there are parties to the aforementioned dockets that do not sign this Stipulation and Agreement, the comprehensive resolution of the issues set forth in this Stipulation and Agreement shall, nonetheless, be binding upon the undersigned parties. Each undersigned party commits to use its best efforts to persuade the Commission, prior to and during the hearings scheduled in the aforementioned dockets, to accept the stipulations agreed to by the undersigned parties. The undersigned parties further agree that, in the event the Commission does not adopt this Stipulation and Agreement in its entirety, the Stipulation and Agreement shall not be binding upon the parties. The undersigned parties further agree to request the Commission to keep open Docket No. 950696-TP solely for the purpose of implementing the proposed interim US/COLR mechanism contained in this Stipulation and Agreement. The parties further request the opening of a separate docket in the Commission's effort to satisfy the Legislature's mandate to research the issue of a permanent US/COLR mechanism and recommend what the Commission determines to be a reasonable and fair mechanism for providing to the greatest number of customers basic local exchange telecommunications service at an affordable price.

H. Limitation of Use

The undersigned parties understand and agree that this Stipulation and Agreement was entered into to resolve issues and matters which are unique to the State of Florida because of regulatory precedent and legislative requirements. The undersigned parties therefore agree that none of the agreements and stipulations contained herein shall be proffered by an undersigned party in another jurisdiction as evidence of any concession or as a waiver of any position taken by another undersigned party in that jurisdiction or for any other purpose.

I. Waivers

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

J. Governing Law

This Stipulation and Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Florida, without regard to its conflict of laws principles.

K. Purposes

The undersigned parties acknowledge that this Stipulation and Agreement is being entered into for the purposes of facilitating the introduction of local exchange competition; complying with the requirements of Florida Chapter Law 95-403 with respect to negotiating the matters at issue in Docket Nos. 950737-TP, 950985A-TP, and 950985D-TP; and in order to avoid the expense and uncertainty inherent in resolving the matters at issue in Docket No. 950696-TP. Neither this Stipulation and Agreement nor any action taken to reach, effectuate or further this Stipulation and Agreement may be construed as, or may be used as an admission by or against any party. Entering into or carrying out this Stipulation and Agreement or any negotiations or proceedings related thereto, shall not in any event be construed as, or deemed to be evidence of, an admission or concession by any of the undersigned parties, or to be a waiver of any applicable claim or defense, otherwise available, nor does it indicate that any party other than BellSouth believes that a universal service "subsidy" exists or is necessary.

M. Arm's Length Negotiations

This Stipulation and Agreement was executed after arm's length negotiations between the undersigned parties and reflects the conclusion of the undersigned that this Stipulation and Agreement is in the best interests of all the undersigned parties.

N. Joint Drafting

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

O. Single Instrument

This Stipulation and Agreement may be executed in several counterparts, each of which, when executed, shall constitute an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, this Stipulation and Agreement has been executed as of the 7th day of December, 1995, by the undersigned representatives for the parties hereto.

Florida Cable Telecommunications Association, Inc.

By: ______________________
Authorized Representative

BellSouth Telecommunications, Inc.

By: ______________________
Authorized Representative

Continental Cablevision, Inc.

By: ______________________
Authorized Representative

Time Warner AXS/Digital Media Partners

By: ______________________
Authorized Representative

Teleport Communications Group, Inc.

By: ______________________
Authorized Representative

IN WITNESS WHEREOF, this Stipulation and Agreement has been executed as of the ___ day of _________, 1995, by the undersigned representatives for the parties hereto.

Florida Cable Telecommunications Association, Inc.

By:____________________________
Authorized Representative

BellSouth Telecommunications, Inc.

By:____________________________
Authorized Representative

Continental Cablevision, Inc.

By:____________________________
Authorized Representative

Time Warner AXS/Digital Media Partners

By:____________________________
Authorized Representative

Teleport Communications Group, Inc.

By:____________________________
Authorized Representative

ATTACHMENT A

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

Rate Elements	Rate Levels as of January 1, 1996
Transport[1]	
DS1 Local Channel - Entrance Facility	\$0.00062
Switched Common Transport per minute of use per mile	\$0.00004
Facilities Termination per MOU	\$0.00036
Access Tandem Switching	\$0.00074
Local Switching	\$0.00876
	\$0.01052

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

ATTACHMENT B

EXAMPLE OF "5% CAP"

Case 1:

BellSouth terminates 10,000 min. to ALEC X	ALEC X bills BellSouth for 10,000 min.
ALEC X terminates 15,000 min. to BellSouth	BellSouth bills ALEC X for 10,500 min. (10,000 + 5%)

Case 2:

BellSouth terminates 15,000 min. to ALEC X	ALEC X bills BellSouth for 10,500 min. (10,000 + 5%)
ALEC X terminates 10,000 min. to BellSouth	BellSouth bills ALEC X for 10,000 min.

Case 3:

BellSouth terminates zero min. to ALEC X	ALEC X bills BellSouth zero
ALEC X terminates 10,000 min. to BellSouth	BellSouth bills ALEC X zero

Case 4:

BellSouth terminates 10,000 min. to ALEC X	ALEC X bills BellSouth zero
ALEC X terminates zero min. to BellSouth	BellSouth bills ALEC X zero

Case 5:

BellSouth terminates 10,000 min. to ALEC X	ALEC X bills BellSouth for 10,000 min.
ALEC X terminates 10,200 min. to BellSouth	BellSouth bills ALEC X for 10,200 min. (difference is less than cap)

Case 6:

BellSouth terminates 10,200 min. to ALEC X	ALEC X bills BellSouth for 10,200 min. (difference is less than cap)
ALEC X terminates 10,000 min. to BellSouth	BellSouth bills ALEC X for 10,000 min.

Case 7:

BellSouth and ALEC X both terminate 10,000 min. to each other	ALEC X and BellSouth both bill each other 10,000 min.

ATTACHMENT C

BELLSOUTH FLORIDA - INTRASTATE SWITCHED ACCESS

Rate Elements	Rates as of January 1, 1996
Carrier Common Line	
Originating	$0.01061
Terminating	$0.02927
Transport[1]	
DS1 Local Channel - Entrance Facility	$0.00062
Residual Interconnection	$0.005159
Switched Common Transport per minute of use per mile	$0.00004
Facilities Termination per MOU	$0.00036
Access Tandem Switching	$0.00074
Local Switching 2	$0.00876

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

ATTACHMENT D

UNBUNDLED NETWORK FEATURES, FUNCTIONS AND CAPABILITIES

The parties to the Stipulation and Agreement have negotiated the following additional terms, conditions and prices relating to unbundled network features, functions and capabilities :

(1) Access to 911/E911 Emergency Network.

For basic 911 service, BellSouth will provide a list consisting of each municipality in Florida that subscribes to Basic 911 service. The list will also provide the E911 conversion date and for network routing purposes a ten-digit directory number representing the appropriate emergency answering position for each municipality subscribing to 911 service. Each ALEC will arrange to accept 911 calls from its customers in municipalities that subscribe to Basic 911 service and translate the 911 call to the appropriate 10-digit directory number as stated on the list provided by BellSouth and route that call to BellSouth at the appropriate tandem or end office. When a municipality converts to E911 service, the ALEC shall discontinue the Basic 911 procedures and begin the E911 procedures.

For E911 service, the ALEC will connect the necessary trunks to the appropriate E911 tandem, including the designated secondary tandem. If a municipality has converted to E911 service, the ALEC 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, the ALEC will alternate route the call to the designated secondary E911 tandem. If the secondary tandem trunks are not available, the ALEC will alternate route the call to the appropriate Traffic Operator Position System (TOPS) tandem.

In order to ensure the proper working of the system, along with accurate customer data, the ALEC will provide daily updates to the E911 data-base. BellSouth will work cooperatively with the ALEC to define record layouts, media requirements, and procedures for this process.

In some instances BellSouth is responsible for maintenance of the E911 data-base and is compensated for performing these functions by either the municipality or the ALEC - for maintaining the ALEC's information. In no event, however, shall BellSouth be entitled to compensation from both parties for the same function.

(2) **Directory Listings and Directory Distribution.**

BellSouth will include ALEC's customers' primary listings in the white page (residence and business listings) and yellow page (business listings) directories.

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

(3) **IntraLATA 800 Traffic.**

BellSouth will compensate ALECs for the origination of 800 traffic terminated to BellSouth pursuant to the ALEC's originating switched access charges, including the data-base query. The ALEC will provide to BellSouth the appropriate records necessary for BellSouth to bill its customers. The records will be provided in a standard ASR/EMR format for a fee of $0.015 per record. At such time as an ALEC elects to provide 800 services, the ALEC will reciprocate this arrangement. Should BellSouth be permitted to provide interLATA 800 services prior to the expiration of this Stipulation and Agreement, BellSouth will be responsible for compensating the ALEC for the origination of such traffic as well on the same terms and conditions as described above.

(4) Number Resource Administration.

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

(5) Busy Line Verification/Emergency Interrupt Services.

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

(6) Network Design and Management.

BellSouth and the ALECs will work cooperatively to install and maintain reliable interconnected telecommunications networks. A cooperative effort will include, but not be limited to, the exchange of appropriate information concerning network changes that impact services to the local service provider, maintenance contact numbers and escalation procedures. The interconnection of all networks will be based upon accepted industry/national guidelines for transmission standards and traffic blocking criteria. BellSouth and the ALECs will work cooperatively to apply sound network management principles by invoking appropriate network management controls, i.e., call gapping, to alleviate or prevent network congestion. It is BellSouth's intention not to charge rearrangement, reconfiguration, disconnect, or other non-recurring fees associated with the initial reconfiguration of each carrier's interconnection arrangements. However, each ALEC's interconnection reconfigurations will have to be considered individually as to the application of a charge.

(7) **CLASS Interoperability.**

BellSouth and the ALECs will provide LEC-to-LEC Common Channel Signalling (CCS) to one another, where available, in conjunction with all traffic in order to enable full interoperability of CLASS features and functions. All CCS signalling parameters will be provided including automatic number identification (ANI), originating line information (OLI) calling party category, charge number, etc. All privacy indicators will be honored, and BellSouth and the ALECs will cooperate on the exchange of Transactional Capabilities Application Part (TCAP) messages to facilitate full inter-operability of CCS-based features between their respective networks.

(8) **Network Expansion.**

For network expansion, BellSouth and the ALECs will review engineering requirements on a quarterly basis and establish forecasts for trunk utilization. New trunk groups will be implemented as dictated by engineering requirements for both BellSouth and the ALEC. BellSouth and the ALEC are required to provide each other the proper call information (i.e., originated call party number and destination call party number, CIC, OZZ, etc.) to enable each company to bill accordingly.

(9) **Signaling.**

In addition to CLASS interoperability, as discussed above, BellSouth will offer use of its signaling network on an unbundled basis at tariffed rates. Signaling functionality will be available with both A-link and B-link connectivity.

(10) **Local Loop.**

The price of a BellSouth unbundled local loop will be the price set forth in BellSouth's Special Access Tariff.

ATTACHMENT E

STIPULATION AND AGREEMENT

Chapter 364.16(4), Florida Statutes, requires the Florida Public Service Commission to have a temporary service provider number portability mechanism in place on January 1, 1996. The statute further requires industry participants to form a number portability standards group by September 1, 1995 for the purpose of developing the appropriate costs, parameters, and standards for number portability. Negotiating the temporary number portability solution is one task that the group is to perform. This standards group was formed on July 26, 1995, and consists of the members listed on Attachment A to this agreement. If parties are unable to come to agreement on the temporary solution, the Florida Public Service Commission has reserved dates for an evidentiary proceeding under Chapter 120.57, Florida Statutes.

As a result of workshops held by the members of the standards group, an agreement has been reached as to the methods of providing temporary number portability. This Stipulation is entered into by and between the undersigned parties to Docket No. 950737-TP, Investigation into a Temporary Local Telephone Number Portability Solution to Implement Competition in Local Exchange Markets.

The parties agree that Chapter 364.16(4), Florida Statutes, requires a service provider temporary number portability solution. Service provider number portability allows an end user at a given location to change service from a local exchange company (LEC) to an alternative local exchange company (ALEC) or vice versa, or between two ALECs, without changing local telephone numbers.

The parties further agree that a temporary service provider number portability mechanism that can be implemented in most LEC central offices at the present time is Remote Call Forwarding. With Remote Call Forwarding, a call to the old telephone number is first sent to the switch of the former local service provider, and then forwarded (ported) to the switch of the new local service provider. This is a temporary mechanism that can be implemented using existing switch and network technology. While remote call forwarding is not an appropriate solution to the issue of permanent number portability, the parties agree that it can be used as a temporary number portability mechanism.

The parties therefore agree that the LECs shall offer Remote Call Forwarding to certificated ALECs as a temporary number portability mechanism, effective January 1, 1996. Likewise, the parties agree that ALECs shall offer Remote Call Forwarding to LECs as a temporary number portability mechanism, effective on the date they begin to provide local exchange telephone service. All parties agree that the provision of reliable end user access to emergency services such as 911/E911 is necessary to protect the public health, safety and welfare. This stipulation is entered into with the understanding that Remote Call Forwarding does not provide technical impediments to the availability and reliable transfer of relevant information to 911/E911 systems.

All parties shall work together and with the 911 coordinators to successfully integrate the relevant ALEC information into the existing 911/E911 systems. The recurring price for Remote Call Forwarding will be on a per-line per-month basis and will be uniform throughout an individual LEC's existing service territory. The price charged by an individual LEC for Remote Call Forwarding shall not be below the costs of that LEC to provide Remote Call Forwarding for purposes of providing temporary number portability. The price charged for Remote Call Forwarding offered by an ALEC will mirror the price charged by the LEC.

The parties recognize that there are other related compensation issues that are not addressed in this agreement, including compensation for termination of ported calls and the entitlement to terminating network access charges on ported calls. These items will be negotiated by the parties, or resolved by the Commission, as local interconnection issues under Chapter 364.162.

The parties further agree that Flexible Direct Inward Dialing is an alternative temporary number portability mechanism. With Flexible Direct Inward Dialing, the number is routed to the switch of the former local service provider, which translates it to look like a direct inward dialed call terminating in the switch of the new local exchange provider. The parties recognize that Flexible Direct Inward Dialing involves certain technical and administrative issues that have not yet been fully addressed.

The parties agree that the LECs will continue to negotiate with the ALECs who desire to utilize Flexible Direct Inward Dialing as a method of providing temporary number portability to resolve any technical and administrative issues and to establish the prices, terms and conditions upon which Flexible Direct Inward Dialing will be offered. In the event the parties are unable to satisfactorily negotiate the price, terms and conditions, either party may petition the Commission which shall, within 120 days after receipt of the petition and after opportunity for a hearing, determine whether Flexible Direct Inward Dialing is technically and economically feasible and, if so, set nondiscriminatory rates, terms and conditions for Flexible Direct Inward Dialing. The prices and rates shall not be below cost.

Nothing in this Stipulation shall preclude the use of other feasible options for temporary number portability that may be developed in the future.

The parties further agree that the work of the number portability standards group will continue, under Chapter 364.16(4), Florida Statutes, to investigate and develop a permanent number portability solution.

(SIGNATURES BEGIN ON FOLLOWING PAGE)

IN WITNESS WHEREOF, the parties have executed this Stipulation and Agreement as of the 30th day of August, 1995.

BELLSOUTH TELECOMMUNICATIONS, INC.
D/B/A SOUTHERN BELL TELEPHONE AND
TELEGRAPH COMPANY

By: Nancy H. Sims

GENERAL TELEPHONE COMPANY OF FLORIDA, INC.

By: ______________________________

SPRINT/UNITED TELEPHONE COMPANY OF FLORIDA

By: ______________________________

SPRINT/CENTRAL TELEPHONE COMPANY OF FLORIDA

By: ______________________________

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC.

By: ______________________________

MCI METRO ACCESS TRANSMISSION SERVICES, INC.

By: Rico D. [illegible]

IN WITNESS WHEREOF, the parties have executed this Stipulation and Agreement as of the 30th day of August, 1995.

BELLSOUTH TELECOMMUNICATIONS, INC.
D/B/A SOUTHERN BELL TELEPHONE AND
TELEGRAPH COMPANY

By: ______________________________

GENERAL TELEPHONE COMPANY OF FLORIDA,
INC.

By: ______________________________

SPRINT/UNITED TELEPHONE COMPANY OF
FLORIDA

By: ______________________________

SPRINT/CENTRAL TELEPHONE COMPANY OF
FLORIDA

By: ______________________________

METROPOLITAN FIBER SYSTEMS OF FLORIDA,
INC.

By: ______________________________

MCI METRO ACCESS TRANSMISSION SERVICES,
INC.

By: ______________________________

IN WITNESS WHEREOF, the parties have executed this Stipulation and Agreement as of the 30th day of August, 1995.

BELLSOUTH TELECOMMUNICATIONS, INC.
D/B/A SOUTHERN BELL TELEPHONE AND
TELEGRAPH COMPANY

By: ______________________

GENERAL TELEPHONE COMPANY OF FLORIDA,
INC.

By: ______________________

SPRINT/UNITED TELEPHONE COMPANY OF
FLORIDA

By: F. B. Poag

SPRINT/CENTRAL TELEPHONE COMPANY OF
FLORIDA

By: F. B. Poag

METROPOLITAN FIBER SYSTEMS OF FLORIDA,
INC.

By: ______________________

MCI METRO ACCESS TRANSMISSION SERVICES,
INC.

By: ______________________

IN WITNESS WHEREOF, the parties have executed this Stipulation and Agreement as of the 30th day of August, 1995.

BELLSOUTH TELECOMMUNICATIONS, INC.
D/B/A SOUTHERN BELL TELEPHONE AND
TELEGRAPH COMPANY

By: ______________________________

GENERAL TELEPHONE COMPANY OF FLORIDA,
INC.

By: ______________________________

SPRINT/UNITED TELEPHONE COMPANY OF
FLORIDA

By: ______________________________

SPRINT/CENTRAL TELEPHONE COMPANY OF
FLORIDA

By: ______________________________

METROPOLITAN FIBER SYSTEMS OF FLORIDA,
INC.

By: ______________________________

MCI METRO ACCESS TRANSMISSION SERVICES,
INC.

By: ______________________________

TIME WARNER AxS

By: ______________________

DIGITAL MEDIA PARTNERS

By: ______________________

FLORIDA CABLE TELECOMMUNICATIONS ASSOCIATION, INC.

By: ______________________

AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC.

By: ______________________

FLORIDA PUBLIC TELECOMMUNICATIONS ASSOCIATION

By: ______________________

INTERMEDIA COMMUNICATIONS OF FLORIDA, INC.

By: ______________________

SPRINT COMMUNICATIONS COMPANY, LIMITED PARTNERSHIP

By: ______________________

TIME WARNER AxS

By: ________________________________

DIGITAL MEDIA PARTNERS

By: ________________________________

FLORIDA CABLE TELECOMMUNICATIONS ASSOCIATION, INC.

By: ________________________________

AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC.

By: ________________________________

FLORIDA PUBLIC TELECOMMUNICATIONS ASSOCIATION

By: ________________________________

INTERMEDIA COMMUNICATIONS OF FLORIDA, INC.

By: Patricia A. Kurlin

SPRINT COMMUNICATIONS COMPANY, LIMITED PARTNERSHIP

By: ________________________________

TIME WARNER AxS

By: ______________________________

DIGITAL MEDIA PARTNERS

By: ______________________________

FLORIDA CABLE TELECOMMUNICATIONS
ASSOCIATION, INC.

By: ______________________________

AT&T COMMUNICATIONS OF THE SOUTHERN
STATES, INC.

By: ______________________________

FLORIDA PUBLIC TELECOMMUNICATIONS
ASSOCIATION

By: ______________________________

INTERMEDIA COMMUNICATIONS OF FLORIDA,
INC.

By: ______________________________

SPRINT COMMUNICATIONS COMPANY,
LIMITED PARTNERSHIP

By: Tony H. Key

MCCAW COMMUNICATIONS OF FLORIDA, INC.

By: ______________________________