FILED[4]

JUN 0 3 2005

Missouri Public Service Commission

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
JEFFERSON CITY

DECEMBER 11, 1996

CASE NO: TO-97-40; TO-97-67

Paul G. Lane, Diana J. Harter, Leo J. Bub, Southwestern Bell Telephone Company, 100 N. Tucker Blvd., Room 630, St. Louis, MO 63101
N.M. Norton, J. Mark Davis, Wright, Lindsey & Jennings, 200 W. Capitol Ave., Suite 2200, Little Rock, AR 72201-3699
Paul S. DeFord, Charles W. McKee, Lathrop & Gage, 2345 Grand Blvd., Suite 2500, Kansas City, MO 64108
Thomas C. Pelto, Attorney at Law, 8911 Capitol of Texas Highway, Suite 1300, Austin, TX 78559
Sandra W. Smith, Attorney at Law, AT&T Comm. Of the Southwest, Inc., 5501 LBJ Freeway, Suite 200, Dallas, TX 75240
Carl J. Lumley, Leland B. Curtis, Curtis, Oetting, Heinz, Garrett & Soule, P.C., 130 S. Bemiston, Suite 200, St. Louis, MO 63105
Stephen Morris, MCI Telecommunications Corporation, 701 Brazos, Suite 600, Austin, Texas 78701
Michael F. Dandino, Senior Public Counsel, Office of the Public Counsel, P.O. Box 7800, Jefferson City, MO 65102

Enclosed find certified copy of ORDER in the above-numbered case(s).

Sincerely,

Cecil I. Wright

Cecil I. Wright
Executive Secretary

Uncertified Copy:

W.R. England, III, Brydon, Swearengen & England, 312 E. Capitol Ave., P.O. Box 456, Jefferson City, MO 65102-0456

Exhibit No. 201
Case No(s). TO-2005-0336
Date 5-23-05 Rptr MC

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of AT&T Communications of the Southwest, Inc.'s Petition for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 to Establish an Interconnection Agreement with Southwestern Bell Telephone Company.	)	Case No. TO-97-40
In the Matter of the Petition of MCI Telecommunications Corporation and Its Affiliates, Including MCImetro Access Transmission Services, Inc., for Arbitration and Mediation Under the Federal Telecommunications Act of 1996 of Unresolved Interconnection Issues With Southwestern Bell Telephone Company.	)	Case No. TO-97-67

ARBITRATION ORDER

Issue Date: December 11, 1996

Effective Date: December 11, 1996

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of AT&T Communications of the Southwest, Inc.'s Petition for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 to Establish an Interconnection Agreement with Southwestern Bell Telephone Company.	)	Case No. TO-97-40
In the Matter of the Petition of MCI Telecommunications Corporation and Its Affiliates, Including MCImetro Access Transmission Services, Inc., for Arbitration and Mediation Under the Federal Telecommunications Act of 1996 of Unresolved Interconnection Issues With Southwestern Bell Telephone Company.	)	Case No. TO-97-67

APPEARANCES

Paul S. DeFord, and Charles W. McKee, Lathrop & Gage, L.C., 2345 Grand Boulevard, Kansas City, Missouri 64108.

and

N.M. Norton, Jr. and J. Mark Davis, Wright, Lindsey & Jennings, 2200 Worthen Bank Building, 200 West Capitol Avenue, Little Rock, Arkansas 72201-3699.

and

Gloria Salinas, Attorney, AT&T Communications of the Southwest, Inc., 907 South Congress, Austin, Texas 78704, for AT&T Communications of the Southwest, Inc.

Diana J. Harter, Attorney, Michael Cavell, Attorney, Leo J. Bub, Attorney, and Paul G. Lane, General Attorney (Missouri), Southwestern Bell Telephone Company, 100 North Tucker Boulevard, Room 630, St. Louis, Missouri 63101-1976, for Southwestern Bell Telephone Company.

Carl J. Lumley and Leland B. Curtis, Curtis, Oetting, Heinz, Garrett & Soule, P.C., 130 South Bemiston, Suite 200, Clayton, Missouri 63105,

and

Stephen F. Morris, Attorney, MCI Telecommunications Corporation, 701 Brazos, Suite 600, Austin, Texas 78701, for MCI Telecommunications Corporation and its affiliates.

Michael F. Dandino, Senior Public Counsel, Office of the Public Counsel, Post Office Box 7800, Jefferson City, Missouri 65102, for the Office of the Public Counsel and the public.

ADMINISTRATIVE LAW JUDGE: Dale Hardy Roberts, Chief.

ARBITRATION ORDER

TABLE OF CONTENTS:

(Table of Contents, cont'd)

(Table of Contents, cont'd)

I. Procedural History

This case represents the consolidation of two separate cases in which the applicants filed Petitions For Arbitration pursuant to Section 252(b) of the Telecommunications Act of 1996 (the Act) to establish an interconnection agreement with Southwestern Bell Telephone Company (SWBT). The lead case, Case No. TO-97-40, was filed by AT&T Communications of the Southwest, Inc. (AT&T) on July 29, 1996. The companion case, Case No. TO-97-67, was filed on August 16 by MCI Telecommunications Corporation (MCI). On that same date MCI and AT&T filed a joint motion in Case No. TO-97-67 and Case No. TO-97-40, respectively, to consolidate these two cases. As a result, on September 17 the Commission issued an order granting consolidation and adjusting the procedural schedule, and at that time the Commission designated Case No. TO-97-40 as the lead case.

SWBT filed its response to the Petition For Arbitration in Case No. TO-97-40 on August 23, and in Case No. TO-97-67 on September 10. Pursuant to § 386.710, R.S.Mo. (1995), and the Arbitration procedures established by the Commission, the Office of the Public Counsel (OPC) may represent the interests of the public in any proceeding before the Commission. On some issues OPC's position may not be listed as it chose not to take a specific position on numerous issues herein. An Issues

Memorandum was ordered to be filed with all parties participating in the preparation of that document. On October 4, an Issues Memorandum was filed on behalf of SWBT and on October 7, a revised Issues Memorandum was filed on behalf of OPC, MCI, AT&T and SWBT. The Issues Memorandum was subsequently updated by substitution of a more complete Issues Memorandum on the first day of the hearing.

On October 8, 1996, the Commission convened the formal arbitration proceedings in this matter, and these proceedings continued through October 17, 1996. Thereafter, initial briefs were filed by all parties on November 8, 1996, and reply briefs were filed by all parties on November 15, 1996. In addition, numerous late-filed exhibits were filed by various parties. The Commission had already made clear on the record that those exhibits which were ordered, during the arbitration, to be late-filed should be provided by copy to all parties to this hearing. The parties were advised that if no objection was raised to the late-filed exhibits, they would be admitted. The contested issues presented for arbitration were too numerous to be set out here, but may be ascertained by their designation through the Table Of Contents to this Arbitration Order.

II. Findings of Fact

The Missouri Public Service Commission, having considered all of the competent and substantial evidence upon the whole record, makes the following findings of fact.

1. Appropriate Costing Model

Which costing model presented should the Commission use to develop prices? Neither the SWBT purported Total Element Long Run Incrmental Cost

(TELRIC) cost studies nor the Hatfield Model as supported by AT&T and MCI is adequate for establishing permanent prices.

The Hatfield Cost Model is extremely new. The version at issue was first introduced in 1996. This cost model, like other proxy models, is a work in progress, and has not been thoroughly tested in the market. In this proceeding the Commission finds that the Hatfield Model cannot be used to set rates for all unbundled elements.

The Hatfield Model requires at least two major revisions to be capable of being used in a TELRIC study with confidence. First, it must be reconfigured to cost at the exchange level instead of at the wire center level. Second, it must be upgraded to include non-recurring charges. Considered as a whole and pending at least these two modifications, the Hatfield Model has not yet reached a stage of development to be sufficiently accurate and reliable. SWBT presented many studies of what it characterized as TELRIC costs. However, there were a number of problems noted. These included costs which seemed to be based on SWBT actual costs rather than 'efficient' firm costs, and inconsistent fill factors when compared to depreciation rates.

The Commission finds that neither the Hatfield Model as supported by AT&T and MCI nor the SWBT purported TELRIC studies are adequate to set permanent prices. As an interim measure, the Commission will direct the use of the SWBT studies adjusted for certain identifiable factors. By means of this process the Commission will establish interim rates.

2. Capital Costs

What cost of capital should be included in cost studies? SWBT proposes that the cost of capital be calculated as in past Missouri PSC proceedings. This weighted average cost of capital (WACC) proposal would

result in a calculated rate of 10.69 percent. As an alternative, SWBT proposed the FCC higher default be adopted to reflect the future unknowns of equity financing (risk premium). The default FCC rate would be 11.25 percent.

AT&T proposed a range from 9.10 percent to 10.31 percent, with a midpoint of 9.71 percent recommended as most appropriate to use. In the combined AT&T and MCI Initial Brief 10.01 percent is advocated and this is the number used by AT&T and MCI in their Hatfield Model.

The Commission finds the debt to equity ratio SWBT uses does not reflect the most appropriate debt to equity ratio for purposes of this case. Actual Southwestern Bell Corporation (SBC) (SWBT's parent corporation) percentage of debt has not been as low as 42 percent since 1989. Maintaining the same return for both equity and debt as proposed by SWBT, the following calculation of cost of capital using SBC's 1995 SEC Report 10K will be used.

SWBT Corrected Cost of Capital Calculation

	Percent	x	Return	=	Weighted Cost
% Equity	45.97%	x	13.0%	=	5.98%
% Debt	54.03%	x	7.5%	=	4.05%
					10.03%

3. Unbundled Network Elements

What unbundled network element(s) (UNE) should SWBT be required to make available? The FCC has ordered incumbent local exchange companies (ILECs) to provide, at a minimum, the following UNEs: (1) local loops; (2) access to the network interface device (NID); (3) local and tandem switching capability; (4) interoffice transmission facilities; (5) signaling and call-related databases; (6) operations support systems

functions; and (7) operator services and directory assistance facilities. SWBT's proposed list of UNEs meets the FCC's minimum list. Additionally, SWBT has proposed to offer the loop cross-connect as a separate UNE. The issue in dispute appears to be (1) AT&T and MCI's request for sub-loop unbundling, direct access to the NID and access to fiber which has no electronic devices attached (dark fiber) as a UNE, all of which SWBT is not proposing to offer, and (2) MCI and AT&T's objection to SWBT's proposal that the loop cross-connect be a separate UNE.

MCI and AT&T support SWBT's proposed list of UNEs, with the exception of the cross-connect being a separate UNE. Further, AT&T and MCI contend that SWBT should offer dark fiber, direct access to the NID and sub-loop unbundling.

The Commission finds that SWBT should make available the following UNEs without restriction: (1) local loops; (2) loop cross-connect; (3) access to the NID; (4) local and tandem switching capability; (5) interoffice transmission facilities; (6) signaling and call related databases; (7) operations support systems functions; and (8) operator services and directory assistance facilities. With regard to Local Service Provider (LSP) testing and monitoring of unbundled elements, there may be disputes which arise concerning test report time lines, procedures, etc.

Therefore, it is appropriate in instances where an LSP uses its own testing and monitoring services to direct SWBT to treat the LSP test reports as its own for purposes of procedures and the time intervals for clearing trouble reports. To fulfill the non-discriminatory principle of the Act, SWBT shall not treat external trouble reports any differently than it treats its own internal trouble reports.

4. Cross-Connect

The two issues which must be resolved are: (1) whether there should be a separate UNE for the cross-connect and (2) whether SWBT's proposed cross-connect design should include testing equipment. SWBT contends a separate cross-connect element is required. Absent a separate cross-connect element, SWBT maintains that the LSPs would have no way of connecting the LSP facilities with SWBT's switch. MCI and AT&T acknowledge there are different types of cross-connects with different costs, however they maintain the costs should be recovered on an average basis as part of the unbundled element being provided, and not as a separate unbundled element.

The Commission finds that SWBT should offer the cross-connect as a separate unbundled element, available with and without testing equipment. The Commission will follow its decision in ***In re MPJ Arbitration Petition with SWBT***, Case No. TO-97-23, which established different prices for different types of cross-connects, thus effectively designating the cross-connect as a UNE.

5. Sub-Loop Unbundling

Should SWBT be required to offer sub-loop unbundling? The availability of an unbundled sub-loop element to LSPs produces economical options for the LSP.

The Commission finds SWBT should provide access to the following sub-loop elements: (1) loop distribution plant; (2) loop concentrator/multiplexer; and (3) loop feeder. Rates for the aforesaid sub-loop elements should be developed based on the TELRIC costing principles which are standard in this proceeding, and submitted to the Commission for approval. Because no interim rates exist for sub-loop

unbundling and an interim rate of zero would not be appropriate since there are significant costs involved SWBT should submit cost studies to the Commission within 45 days of the issue date of this order.

6. Dark Fiber

Should SWBT be required to offer dark fiber at this time?

SWBT states it should not be required to give up fiber optic cable it forecasts it will need within a five year period, and a directive to relinquish all dark fibers may result in the need for SWBT to construct new facilities. However, an increase in the traffic carried by an LSP would most probably mean a decrease in the amount of traffic carried by SWBT. Moreover, ongoing improvements to the electronics attached to fiber are increasing the capacity of that fiber.

The Commission finds that SWBT should offer dark fiber in the dedicated interoffice transport segment of the network as an unbundled element under the following conditions: SWBT must offer its dark fiber to LSPs who have collocation space in a SWBT tandem or end office, but may offer it pursuant to agreements that would permit revocation of an LSP's right to use the dark fiber upon twelve months' notice by SWBT. To exercise its right of revocation, SWBT must demonstrate that the subject dark fiber is needed to meet SWBT's bandwidth requirements, or the bandwidth requirement of another LSP. An LSP may not, in a twenty-four month period, lease more than 25 percent of SWBT's excess dark fiber capacity in a particular dedicated interoffice transport segment.

SWBT shall not be required to make available for lease more than 25 percent of its dark fiber capacity in a particular feeder segment. The feeder available for lease must be allocated among the requesting CLECs on a first-come, first-served, basis, and distributed in a competitively

neutral manner. If SWBT can demonstrate within a twelve month period after the date of a dark fiber lease that the LSP is using the leased dark fiber capacity at a level of transmission less than the optical carrier OC-12 (622.08 million bits per second), SWBT may revoke the lease agreement with the LSP and provide the LSP a reasonable and sufficient alternative means of transporting the traffic.

SWBT shall not be required to make available for lease more than 25 percent of its dark fiber capacity in a particular dedicated interoffice transport segment. The fiber available for lease must be allocated among the requesting CLECs on a first-come, first-served, basis, and distributed in a competitively neutral manner. If SWBT can demonstrate within a twelve month period after the date of a dark fiber lease that the LSP is using the leased dark fiber capacity at a level of transmission less than the optical carrier OC-12 (622.08 million bits per second), SWBT may revoke the lease agreement with the LSP and provide the LSP a reasonable and sufficient alternative means of transporting the traffic.

The parties shall also submit for approval a procedure for exchanging information on the availability of dark fiber for lease, and on the usage of leased dark fiber.

The Commission will direct SWBT to unbundle dark fiber in the feeder segment of its loops as unbundled network elements under the following conditions: SWBT must offer its dark fiber to LSPs, but may offer it pursuant to agreements that would permit revocation of an LSPs right to use the dark fiber upon twelve months' notice by SWBT. To exercise its right of revocation, SWBT must demonstrate that the subject dark fiber is needed to meet SWBT's bandwidth requirements or the bandwidth requirements of another LSP. An LSP may not, in a twenty-four month period, lease more

than 25 percent of SWBT's excess dark fiber capacity in a particular feeder segment. If SWBT can demonstrate within a twelve month period after the date of a dark fiber lease that the LSP is using the leased dark fiber capacity at a level of transmission at a level less than OC-12 (622.08 Mbps), SWBT may revoke the agreement with an LSP and provide the LSP with a reasonable and sufficient alternative means of transporting traffic.

Interim Rates for unbundled dark fiber are included in the rate sheet which is attached to this order.

7. Network Interface Device

Should the NID be unbundled beyond what the FCC required?

Direct NID connection where spare capacity exists is an economic alternative to an LSP installing an additional NID on the customer's premises. Issues regarding aesthetics are also resolved as multiple NIDs would be attached only when necessary.

The Commission finds that it should direct the following NID interconnection: (1) for single-unit and small business locations, LSPs should be allowed direct connections to SWBT's NID where spare slots are available; (2) where spare slots are not available on single-unit and small business location SWBT NIDs, MCI and AT&T propose to make a NID to NID interconnection as permitted by the FCC and offered by SWBT; (3) for large businesses and apartment buildings where the customer's inside wiring is easily accessible outside SWBT's NID, AT&T and MCI should provide their own NID and connect directly to the customer's inside wiring; and (4) for businesses and apartment locations where the customer's wiring is not accessible outside of the SWBT NID, SWBT should rearrange its NID to allow LSP access to the inside wiring.

Rates for all types of NID interconnection should be based on TELRIC costing principles standard in this proceeding. SWBT shall submit cost studies to the Commission within 45 days.

8. Restrictions on LSP Use of Unbundled Network Elements (UNEs)

Should there be any limitations or restrictions on an LSP's use of UNEs? AT&T and MCI both state they do not intend to utilize facilities for the provision of services in a manner which does not meet industry standards. AT&T and MCI will abide by existing standards, including standards regarding interference, so restrictions on LSP use of UNEs would not be necessary.

The Commission finds that SWBT should not be allowed to impose unnecessary restrictions or limitations on an LSP's use of UNEs. Specifically, there shall be no restrictions or limitations on LSP use of UNEs. Allowing SWBT to impose certain restrictions and limitations on the use of UNEs could be utilized by SWBT as a barrier to competition.

9. Bona Fide Request Process for Additional Unbundled Network Elements

Should there be a bona fide request process for additional UNEs? The parties do not dispute such a necessity. The dispute lies in the time line under which the process should take place. If MCI and AT&T's proposal were approved, there could be occasions when the Commission would have as few as 20 days to rule on the request from receipt of the parties' positions. Such a short period of time would not be sufficient for the Commission to make an informed ruling.

Both AT&T and MCI support the following proposal: (1) SWBT has ten days to accept an LSP's request for further unbundling; (2) if SWBT does not accept the request within ten days, the requesting LSP has ten days in which to file a petition with the Commission seeking its

determination that SWBT be required to provide the unbundled element; (3) SWBT must respond within ten days of the petition being filed and demonstrate that it is technically infeasible to provide the UNE, or that such a provision might violate network integrity; and (4) the Commission would then rule on the petition within 20 days of SWBT's response, and in no case more than 30 days after the filing of the requesting LSP's petition.

The Commission finds that the parties should use SWBT's proposed process, incorporating the following revision: SWBT has 30 days in which to accept or reject an LSP's request for further unbundling. If SWBT accepts the request, it shall as soon as possible, but not more than 60 days after receipt of the request, provide to the requesting party a quote specifying, at a minimum, a description of each network element, its availability, the applicable rates and installation intervals. If SWBT does not accept the request within 30 days, the requesting LSP has 20 days in which to file a petition with the Commission, seeking a determination that SWBT be required to provide the unbundled element. SWBT must respond within 20 days of the filing of the petition and demonstrate why it is technically infeasible to provide the UNE or why such provision violates network integrity. The Commission will then rule on the petition within 30 days of SWBT's response, and in no case more than 90 days after the filing of the requesting LSP's petition.

In addition, both parties shall report to the Commission six months prior to the expiration of the interconnection agreement on the effectiveness and efficiency of the modified request process; parties are encouraged to provide alternatives to the 90-day process in their reports.

At that time, the Commission may evaluate the process and determine if another method should be utilized.

10. Physical Interconnection and Collocation

How should the parties interconnect their networks? SWBT is willing to interconnect with an LSP in each exchange area in which it chooses to offer local exchange service at: (1) each SWBT access tandem, and (2) either each SWBT local tandem or each SWBT end office subtending that local tandem. It is the position of AT&T and MCI that they should be allowed to interconnect at as few as one point per LATA. OPC contends that Interconnection must be made available as directed by the FCC's Order.

The Commission finds that SWBT should provide interconnection at the following points: (1) the line-side of the local switch; (2) the trunk-side of the local switch; (3) the trunk interconnection points for a tandem switch; (4) central office cross-connect points; (5) out-of-band signaling transfer points; and (6) the points of access to unbundled elements. Additionally, each of the recommendations for the disputed interconnection sub-issues shall be decided as set out below.

(1) The LSP may designate, at its option, a minimum of one point of interconnection within a single SWBT exchange where SWBT facilities are available, or multiple points of interconnection within the exchange, for all traffic within that exchange. If the LSP desires a single point of interconnection within a LATA, SWBT shall provide dedicated or common transport to any other exchange within a LATA requested by the LSP. Alternatively, the LSP may self-provision or use a third party's facilities.

(a) For LSP originating traffic (LSP to SWBT), interconnection shall be as follows. IntraLATA toll traffic may be combined with local

traffic on the same trunk group when the LSP routes traffic to either a SWBT access tandem which serves as a combined local and toll tandem or directly to a SWBT end office. When mutually agreed upon traffic data exchange methods are implemented, direct trunk groups to SWBT end offices will be provisioned as two-way and used as two-way. When there are separate SWBT access and local tandems in an exchange, a separate intraLATA toll trunk group will be provided to the access tandem. When there are multiple SWBT combined local and toll tandems in an exchange area, separate trunk groups will be established to each tandem. Such trunk groups may carry both local and intraLATA toll traffic. Trunk groups to the access or local tandems will be provisioned as two-way and used as one-way until such time as it becomes technically feasible to use two-way trunks in SWBT tandems. Trunks will utilize SS7 protocol signaling when such capabilities exist within the SWBT network. Multi-frequency (MF) signaling will be utilized in cases where SWBT switching platforms do not support SS7. Trunking to a SWBT access tandem will provide the LSP access to the SWBT end offices and NXXs which subtend that tandem and to other service providers which are connected to SWBT. Trunking to a SWBT end office will provide the LSP access only to those NXXs served by that individual end office to which the LSP interconnects.

(b) For LSP terminating traffic (SWBT to LSP), interconnection shall be as follows. Where SWBT has a combined local and access tandem, SWBT will combine the local and the intraLATA toll traffic over a single trunk group to MCI. The trunk groups will be provisioned as two-way and used as one-way until such time as it becomes technically feasible to use two-way trunks. When SWBT has separate access and local tandems in an exchange area, a separate trunk group will be established from each tandem

to the LSP. Direct trunk groups between the LSP and SWBT end offices will be provisioned as two-way and used as two-way. Trunks will utilize SS7 signaling protocols unless the SWBT switching platform only supports MF signaling. To facilitate the provision of two-way trunking, an LSP should agree to supply SWBT the necessary information regarding the manner in which the LSP transmits local traffic and local transit traffic on Feature Group D type trunks to and from a tandem switch on two-way trunks in other incumbent local exchange companies' areas. Within 30 days from the receipt of the above information, SWBT shall inform the LSP if such modification can be made within three months and at what cost, or explain in detail in writing why SWBT cannot do so. If the latter explanation is not satisfactory to the LSP, the issue shall be presented to the Commission for a determination of the technical feasibility of providing such two-way trunking.

(2) LSPs should be allowed to designate any technically feasible point of interconnection, including: mid-span meets; line-side of local switch; trunk-side of local switch; trunk interconnection points for tandem switch; and the points of access to unbundled elements.

SWBT shall provide collocation at controlled environmental vaults (CEVs), huts or cabinets. Physical collocation must be provided on a first come, first served basis, provided there is space available for collocation and for reasonable security arrangements. Where no space is available, SWBT must provide virtual collocation. SWBT is required to permit interconnection of an LSP's copper and coaxial cable only where the LSP can demonstrate that interconnection of its copper/coaxial facilities would not impair SWBT's ability to serve its own customers or subsequent interconnectors.

(3) SWBT shall provide collocation space to LSPs only for equipment used for purposes of interconnection or access to unbundled network elements. Equipment used for interconnection and access to unbundled network elements includes, but is not limited to (1) transmission equipment such as optical terminating equipment and multiplexers and (2) equipment being collocated to terminate basic transmission facilities. Additionally, where space permits, SWBT shall allow LSPs to locate remote switching module equipment (RSMs) in space dedicated to the LSP within SWBT's central office premises, for the purpose of accessing unbundled network elements or for network interconnection.

(4) In physical collocation of the LSP's equipment within SWBT's space, SWBT shall provide the LSP with an estimate of the cost of construction and date of completion for such physical collocation within 35 days from receipt of the LSP's request for physical collocation. The LSP shall have 35 days from receipt of SWBT's estimate within which to accept or reject such estimate. If the LSP accepts SWBT's cost estimate, and unless otherwise mutually agreed to by the parties in writing, the provision of such physical collocation shall be completed in not more than three months from the date of the LSP's acceptance of SWBT's cost estimate for such physical collocation. If a completion date outside the three-month period is not agreed to by the parties, the issue may be presented to the Commission for determination.

Virtual collocation shall be completed in no more than two months from the date of the request by the LSP for such virtual collocation, subject to the availability of equipment selected by the LSP. In such case SWBT will inform the LSP of the equipment delivery date. If the date is

not satisfactory to the LSP, then the issue can be presented to the Commission for decision.

(5) LSPs may test their interconnections rather than have SWBT perform that function; however, under this arrangement SWBT still must treat the test reports in a nondiscriminatory fashion. If an LSP's testing produces incorrect information which results in SWBT dispatching a repair crew unnecessarily, then the LSP must pay for the cost of the unnecessary trip.

11. - Interim Number Portability

This issue is more appropriately addressed by its three sub-issues: **Sub-Issue (11A)** - What types of number portability should be provided by SWBT? **Sub-Issue (11B)** - Should AT&T and MCI be entitled to terminating access revenues for calls terminating to their customers utilizing ported numbers? **Sub-Issue (11C)** - Should SWBT accept billing for charges resulting from ported third number and collect calls, and maintain the Line Information Database (LIDB) record for ported numbers?

Sub-Issue (11A)

With regard to NXX migration, there appears to be no dispute; MCI and AT&T seek NXX migration and SWBT has proposed to offer it. Because the FCC will address permanent number portability in a later docket; there appears to be no need to address this issue in this proceeding.

The Commission finds that directing SWBT to provide MCI and AT&T's requested route index solutions, in addition to SWBT's proposed RCF, DID and NXX migration is an appropriate solution. AT&T and MCI should pay for the routing solutions, the cost for which should be based on TELRIC costing principles. This solution is appropriate because DN-RI and RI-PH have some definite advantages over DID and RCF. Therefore, if the LSPs pay for the

route index solutions, SWBT should make them available. SWBT should provide the route index INP solutions and submit TELRIC cost studies to the Commission for approval.

Sub-Issue (11B)

Should AT&T and MCI be entitled to terminating access revenues for calls terminating to their customers utilizing ported numbers?

The FCC First Report and Order and Further Notice of Proposed Rulemaking, CC Docket No. 95-116 (the FCC Order) at 114 states: "Therefore, we direct forwarding carriers and terminating carriers to assess on IXCs charges for terminating access through meet-point billing arrangements." AT&T and MCI support a meet-point billing arrangement, which would allow SWBT to retain any terminating local transport charges. The remaining terminating switched access revenues, including the carrier common line charge revenues, would belong to the LSP. It is AT&T and MCI's position that SWBT should retain only those terminating transport access revenues associated with carriage on SWBT trunks for the ported numbers. It is unclear from SWBT's initial and reply briefs what their position on this issue is, as they have not addressed it.

The Commission finds that SWBT shall retain the local transport revenues for traffic that travels over SWBT facilities from the IXC to the SWBT switch. Revenues resulting from charges for local switching would go to the LSP, since the traffic ultimately is switched at their end office and sent down their local loop (or a local loop purchased from unbundled elements). Finally, a meet-point billing arrangement to recover costs incurred transporting traffic between SWBT and the LSP is an appropriate method to recover those costs.

Sub-Issue (11C)

Should SWBT accept billing for charges resulting from ported third number and collect calls, and maintain the Line Information Database (LIDB) record for ported numbers?

It appears the parties have settled this issue. AT&T and MCI have agreed that AT&T and MCI will establish their own contracts for third number and collect calls, thus negating any disputes over billing.

12. Interim Number Portability (INP) Cost Recovery

How should the costs of INP be calculated, allocated and paid? The costs of INP are unclear, but not believed to be great.

SWBT prefers to bill LSPs direct and to establish "Elemental Access Lines" (EAL) to allocate costs (local service, intraLATA toll and interLATA toll represent the elements). SWBT contends that all telecommunications providers, whether actually using INP or not, would pay the charge and all carriers should begin keeping track of costs.

OPC does not present any particular proposal, but objects to SWBT methods of cost recovery, characterizing it as a "tax" on the public resulting from competition.

MCI proposes all carriers bear their own cost but believes no mechanism for INP cost recovery need be developed. AT&T believes that relevant carriers, both incumbent and new local providers be assessed for cost recovery. However, it believes the Commission should not order costs be tracked for a later retroactive billing.

The FCC order establishing a cost recovery mechanism is currently under appeal. In testimony, SWBT, AT&T and MCI witnesses agreed that it would be appropriate to implement INP without establishing charges and to revisit the issue in the future.

The Commission finds, to the extent this issue was not resolved by the disposition of issue #11, that all parties should keep track of what they consider INP costs and the issue will be revisited when the issues are clearer, especially after the FCC clarifies its requirements on cost recovery.

13. White Page Information

How should SWBT manage white page Directory Information and Directory Assistance Information?

SWBT wants the LSP to pay for white page listings for all but resale customers, believing such charges should be geographically deaveraged. SWBT also insists they own the final listing and can resell it with no revenue sharing to the other LSPs. SWBT wants a reciprocal agreement with LSPs not using SWBT's directory assistance to pay each other for listing its customers in each others directory assistance data base.

AT&T and MCI contend listing cost in the white pages is covered by payments for publishing and distribution and exchange of information is mutually beneficial, and that charging would represent a barrier to entry. Also, AT&T and MCI believe the customer listing should be the property of the chosen provider and any revenue from selling listing should be shared. Likewise, they are opposed to the "licensing fees" for exchange of listing information. Finally, MCI recommends that the proposed geographic deaveraged rates not be accepted until a specific plan is proposed.

A common telephone book is preferable with each party contributing the names of its customers. Any value from resale of customer names should be shared equitably among the carriers (based on the number of names from each carrier). Alternatively, the sale of the lists by the incumbent

should exclude the competitor's customers so that a competitive carrier can sell lists of its own customer names.

The Commission finds that all parties should supply their customer information to each other at no charge. SWBT should list all customers at no additional charge. Any revenue generated by selling customer lists of the other company should be shared equitably or the customer names will be excluded from such lists.

14. Numbering Issue - Code Relief

What practices and procedures must SWBT use relating to Number Administrator and in area code relief activities? The North American Numbering Council has been established by the FCC to move all numbering assignments NPA as well as NXX) to a neutral third party. Prior to the completion of that effort SWBT is willing to continue providing NXX assignment. NPA assignment is currently done by Bellcore.

SWBT agreed at the hearing to provide real time access to number assignment. The Commission finds no disagreement on this issue.

15. Procedure for Access to SWBT Poles, Conduits and Rights-of-Way

What procedure should be used to apply for access to SWBT's poles, conduits and rights-of-way?

Although SWBT's proposed method for access to poles, conduits and rights of way may appear burdensome, SWBT contends it is necessary. AT&T and MCI have not proposed an alternative procedure.

The Commission finds that SWBT should be allowed to use its proposed 15-step method for administrative approval of LSP requests for pole attachments and conduit space. However, both parties should report to the Commission six months prior to the expiration of the interconnection agreement on the effectiveness and efficiency of SWBT's methods. The

parties are encouraged to provide alternatives to the 15-step approval process within their reports. At that time, the Commission will determine if another method should be utilized.

16. Access to poles, conduits and rights-of way

What access to SWBT's poles, conduits and rights-of-way should be allowed? This dispute requires a ruling in the following areas: (1) control of assignment of pole and conduit space; (2) what degree of access should be allowed (i.e., unfettered access); and (3) LSP compensation to SWBT for observation of LSP work.

(1) Control of Assignment of Pole and Conduit Space:

MCI and AT&T believe that in order to receive nondiscriminatory treatment, LSPs should be given the opportunity to select their own spaces on poles and in conduits consistent with the network engineering guidelines SWBT applies to itself. If SWBT places an LSP's facilities in a less desirable pole position, the LSP could experience higher costs and SWBT keeping the more desirable positions for itself. Currently there are existing technical standards and procedures to which SWBT currently adheres with regard to pole and conduit placement. MCI and AT&T have explained that they will comply with the same engineering and safety procedures which are imposed on SWBT.

SWBT states that it must be allowed to control assignment of duct, pole and conduit space to ensure their efficient and proper use.

The Commission finds that the Act and the Order clearly require a utility to provide access that does not favor itself over the new entrant. Nondiscriminatory access means more than requiring the ILEC to

treat all new entrants equally, as is made clear by § 224(g)[1] which requires a utility to impute to itself a pole attachment rate equal to what it would charge a nonaffiliated entity.

SWBT shall modify its outside plant facilities to the extent that the LSP agrees to pay for the modification at a cost, such as but not limited to cable consolidations, as long as such modifications are consistent with capacity, safety, reliability and engineering considerations which SWBT would apply to itself if the work were performed for its own benefit. SWBT shall permit the LSP reasonable access, subject to a non-disclosure agreement and during normal business hours, to its pole and conduit maps and records and also to its cable plat maps, by appointment, on two business days notice. Such access shall include the right to make copies, at the LSP's expense, except for the cable plat maps, which shall be made available for inspection only.

In all instances, such access shall include the ability to take notes and make drawings with references to those maps and records. Make-ready work will be performed by SWBT in an interval consistent with the intervals SWBT performs for itself. If SWBT's interval for beginning or completing make-ready work does not meet the LSP's needs, the LSP, as a qualified contractor, may perform make-ready work itself or utilize subcontractors(s) selected by the LSP from a list of mutually agreeable "bidders" developed by SWBT and the LSP. Additional vendors may be approved by SWBT and the LSP to perform such work in the event the work load exceeds the capacity of the approved list of vendors to perform the make-ready work in a timely manner.

---

[1] *In re Implementation of Local Competition Provisions in the Telecommunications Act of 1996*, CC Docket 96-98, (Fed. Comm. Comm'n, Aug. 8, 1996) (First Report and Order).

In addition, SWBT should provide LSPs inner-duct installation in a timely manner to accommodate the LSP's space needs in accordance with the time same intervals SWBT provides to itself. All SWBT unassigned inner ducts shall be made available on a nondiscriminatory basis. "Unassigned inner ducts" shall include all inner ducts, sub-ducts or partitioned ducts that are not occupied or assigned (i.e., scheduled to be used within twelve months).

(2) Degree of access:

AT&T and MCI seek unfettered access to SWBT's pathway facilities. SWBT asserts that AT&T and MCI's proposal for unfettered access is administratively unworkable.

SWBT shall provide non-discriminatory access to poles, ducts, conduit systems, without regard to whether the site is located on public or private property. SWBT also shall provide non-discriminatory access to rights-of-way containing CEVs, huts, cabinets and similar structures.

The LSP's ability to construct, maintain and monitor its facilities at these sites shall be no more restrictive than SWBT places on itself. Such access to these sites shall be provided by SWBT in an expeditious manner. (1) The LSP shall first attempt to obtain right-of-way directly from the property owner. (2) Where SWBT has the authority to permit access to a third party right-of-way, SWBT will not restrict the LSP's use of the right-of-way. (3) Where the LSP is not able to gain access to the right-of-way under (1) or (2) above, SWBT agrees to act as the LSP's agent at the LSP's expense in any condemnation proceedings to the extent such a proceeding is required. In addition, SWBT shall make available to the LSP for immediate occupancy any duct, conduit, or pole space that is not currently assigned to an LSP or other entity.

Availability shall be based on space assignment/occupancy records to be maintained by SWBT but which will be made available for viewing by the LSP upon request within two business days notification.

(3) LSP compensation to SWBT for observation of LSP work:

MCI and AT&T contend that a new entrant should not have to pay the costs of having a SWBT employee present to observe work operations at poles, conduits, etc. MCI and AT&T do not oppose the presence of a SWBT employee, however they do oppose paying that employee to be present for AT&T and MCI's work.

The Commission finds that when SWBT considers it necessary to be present during LSP access to manholes and CEVs the following shall apply: SWBT may, at its option, send its employees to review LSP installation, maintenance, and similar routine work. The LSP shall provide SWBT 48 hour prior notice of such work. The LSP and SWBT shall share the cost of a single SWBT employee present during such work on an equal basis (50 percent/50 percent). LSPs shall not compensate SWBT for any additional SWBT employees present.

17. Allocation of Modification Costs

How should the costs of modifications or rearrangements be allocated?

MCI and AT&T request that the Commission's order incorporate the parties' stipulated agreement, both with respect to current inactive/retired cable and prospectively for removal of such cable in the future.

The Commission finds that the parties have partially resolved this issue. LSPs should be allowed to pay SWBT for make-ready work at 50 percent job completion, and the remainder at 100 percent completion.

Therefore, allowing LSPs to pay SWBT in coordination with the same schedule SWBT pays its contractors is reasonable.

In matters concerning retired/inactive cable removal, the parties have reached an agreement. However, MCI and AT&T request that the Commission's order incorporate the parties' stipulated agreement, both with respect to current inactive/retired cable and prospectively for removal of such cable in the future. This is appropriate. Therefore, removal of retired or inactive cables should be as follows, both with respect to current inactive/retired cable and prospectively for removal of such cable in the future.

SWBT agrees to remove cables at its expense that are retired or inactive (dead) to free-up requested duct and pole space, provided such removal is reasonably feasible (i.e., cables pulled easily without incident). If a section of a cable is "frozen" in a duct and would require excavation to remove, the LSP, at its option, may excavate the obstruction or request that SWBT excavate the obstruction. The excavation would be at the LSP's expanse; removal of the remainder of the cable would be at SWBT's expense.

18. Pole and Conduit Rates

What are the pole and conduit rates? The parties have resolved the dispute, and proposed rates of $2.35/pole/year and $0.40 per duct foot/year for conduit shall be adopted. However, MCI and AT&T believe it is unfair that they should pay SWBT's proposed ancillary fees for administration, billing events, etc. when SWBT imposes no such fees on itself. SWBT's proposed interim master licensing agreement does contain several administrative charges and fees.

SWBT contends that it is offering the aforesaid rates, which are the current rates in effect for cable television systems (CATV), until the FCC completes its review of charges for pole attachments. SWBT contends that to avoid claims of discriminatory treatment, until the FCC's rates become effective, SWBT is willing to charge LSPs the rates which are in effect for CATV systems.

The Commission finds that the parties have partially resolved this issue; the only issue requiring arbitration is SWBT's proposed administrative fees. With regard to SWBT's recovery of costs associated with administrative fees, SWBT shall be allowed to charge administrative fees and shall determine rates for access to poles, conduits, ducts and rights-of-way identical to those applied to CATV providers. When the FCC completes its determination of access to poles and conduits those rates should apply.

19. Directory Assistance and Operator Services Routing

Should SWBT provide customized routing of directory assistance (DA) and operator services (OS) calls from SWBT end offices to an LSP's alternate operator services platform?

AT&T and MCI restate SWBT's offer to perform customized routing and add that customized routing is essential, enabling the combination of AT&T and MCI's proprietary OS and DA services with resold or unbundled SWBT services.

The Commission finds this issue has been resolved.

20. Operator Services and Directory Assistance Branding

Should SWBT be required to brand all directory assistance (DA) and operator services (OS) calls in the name of an LSP where the call originator is an LSP customer?

SWBT is willing to brand where technically feasible. SWBT has reached an agreement in principle with AT&T to attempt to have software, which will permit re-branding without customized routing and a separate trunk group, installed by June of 1997. MCI and AT&T desire unbranding by line operators of OS and DA services in the interim period of software installation.

SWBT will unbrand LSP, OS and DA calls handled by live operators in the interim period of software implementation.

21. Busy Line Verification and Emergency Interrupt Services (BLV and EI)

Shall an LSP be given direct access to provide BLV/EI services? SWBT will offer BLV and EI through their operators. AT&T appears content with SWBT's offer. It is not clear whether MCI has agreed to SWBT's offer. OPC believes BLV and EI should be made available.

SWBT states an agreement in principle has been reached with AT&T under which a SWBT operator, upon receipt of a request from an AT&T operator concerning BLV/EI, will perform this function for SWBT subscriber lines. SWBT contends MCI should also adopt the agreement.

The Commission finds that LSP access to BLV and EI services should be provided as proposed by SWBT. MCI should abide by the agreement in principle which AT&T and SWBT have reached. Interim Rates for BLV/EI shall be the inter-company compensation rates. SWBT shall submit TELRIC studies on these rates within 45 days of the effective date of this order.

22. Operational Support Systems

What types of electronic access to Operational Support Systems (OSS) for pre-ordering, ordering, provisioning, maintenance and repair, and billing should be required?

An agreement in principle has been reached with regard to OSSs between SWBT and AT&T; however, the timing for the complete implementation of electronic interfaces remains an unresolved issue.

The Commission finds that AT&T has reached an agreement in principle with SWBT for this issue; MCI shall adopt the AT&T/SWBT agreement in principle. SWBT must provide real-time interfaces that allow LSPs to perform preordering, ordering, provisioning, maintenance and repair, and billing for resale services and unbundled network elements. These interfaces must be provided on a nondiscriminatory basis, and must be capable of performing the relevant functions in the same time intervals that SWBT performs similar functions for itself. The disputes which remain unsettled are EDI for ordering and provisioning; and operational interfaces and procedural practices regarding: (1) UNEs and (2) notice of new service or changes to existing service.

Where EI/EDI standards are not yet formulated SWBT shall update its OSSs to include the new standards. With regard to the UNE issue, SWBT shall implement electronic interfaces by March 1997 for those UNEs which SWBT has proposed. For the additional UNEs ordered by this Commission, SWBT shall provide the electronic interfaces necessary for the preordering, ordering, provisioning, maintenance and repair and billing by June 1, 1997. SWBT should file monthly progress reports with the Commission that update the progress of implementation. SWBT shall make available via electronic interface notice of new services or changes to existing services in accordance with the time period for notification as set out in Issue 40 herein. Finally, SWBT shall implement a CABS-like[2] billing system as soon

[2]CABS is the acronym for Carrier Access Billing System.

as possible after the Order Billing Form (OBF) issues its final CABS release.

23. How should network elements be priced?

The Commission finds SWBT cost studies failed to provide adequate prices for the unbundled elements in an efficient, forward-looking network. In general, these studies utilized unrealistically short economic asset lives, low fill factors, incorrect capital costs and inflation factors, and questionable calculations for the costs of poles and conduits. Where possible, these studies were modified to reflect the costs of an efficient, forward-looking network. The prices generated by the modified studies are interim. At a later date the Commission will adopt a cost methodology to set permanent prices. The modified studies provide prices for the Local Loops for 5db, 8db, ISDN-BRI, and DS-1, cross-connects, and switch port for Analog and ISDN-BRI. Modifications to SWBT's cost studies are described in items (1) and (2). Switch parts and local switching required other modifications as described in item (3).

(1) Modifications to SWBT's Recurring Costs:

(a) Investment in Poles and Conduits: SWBT's local loop cost studies were modified so that the investment in poles was not a function of the fill factors. The investment in poles was reduced by about four percent to account for other users such as CATV providers.

(b) Depreciation Rates: The SWBT 1994 Company Proposed Rates were used instead of the rates submitted by SWBT. The rates submitted by SWBT used unrealistically short asset lives and low to negative salvage values. During the arbitration hearing, AT&T and MCI introduced SWBT's 1995 10K report to the Securities Exchange Commission. In this report, SWBT stated what the economic lives of assets would be in a competitive

environment. These were different from the rates SWBT included in its cost studies. Therefore, SWBT's submitted rates were rejected. It is important to note that the depreciation rates found in the Company Proposed Rates allow for faster asset depreciation than the Commission had previously ordered.

(c) Cost of Capital: This was changed to 10.03 percent. The rationale for this change was discussed in Issue 3.

(d) Income Tax: Income tax is a tax on profits and should not be considered an operating expense. Therefore, it was eliminated as a cost of the unbundled elements. SWBT stated that the elimination of income tax has the effect of reducing SWBT's statewide average 8dB loop by approximately $2.00 per month (*In re MFS Arbitration Petition with SWBT*, Case No. TO-97-23, SWBT's Motion for Clarification, Modification and Rehearing of Arbitration Order, Moore Affidavit, para. 3(B)). Based upon the income tax rate of 38.39 percent that SWBT reported, this would indicate that the statewide average cost of the 8dB loop contained $5.21 in profits. Based upon SWBT's proposed statewide average rate of $21.73, this would indicate a profit margin of almost 24 percent. This contradicts SWBT's assertion that TELRIC studies plus a proportionate share of common costs would allow SWBT to recover TELRIC plus a reasonable profit (Moore, Direct Testimony, p. 20), and leads the Commission to conclude that income taxes should not be considered.

Moreover, it is not possible for this Commission to set a price based upon taxes that SWBT will actually pay at some future date. Although the statutory tax rates for corporations are known, the actual taxes that SWBT will pay pursuant to its effective tax rates are unknown.

(e) **Fill Factors:** The fill factor for distribution plant was changed to 50 percent while the fill factor for feeder plant was unchanged. The fill factor for distribution was a compromise on both parties' positions and is a reasonable expectation for fill factors on a forward-looking basis in a competitive environment. The fill factors for feeder were unchanged because the factors proposed by both parties are very similar and those proposed by AT&T failed to consider different cable types.

(f) **Adjustment to Inflation Factors:** The inflation factors were adjusted to reflect a two-year horizon.

(g) **Bad Debt Expense:** In a wholesale environment, bad debt will be reduced or eliminated as the reseller will be responsible for paying SWBT. This reduction in bad debt should be recognized as a reduction in the cost of provisioning the local loop.

(2) **Modification to SWBT's Nonrecurring Costs:**

(a) **Service Order Charge:** The service order charge was eliminated as it was based upon a manual process that required at least 30 minutes to order an unbundled element. As electronic ordering is expected to be implemented in early 1997, this charge was eliminated.

(b) **Installation and Disconnection Charges:** The nonrecurring charges were divided into two separate charges for installation and disconnection.

(c) **Error Resolution:** Error resolution charges that appeared 100 percent of the time were eliminated. It is not realistic to assume that problems will arise 100 percent of the time.

(3) Prices for Switch Ports and Local Switching:

The prices for the ports and the per-minute of use (MOU) rates for analog and DS-1 switching are set to arrive at an effective switch cost of $0.004 per MOU when the two rate elements are combined. The $0.004 MOU charges is the maximum FCC recommended default value.

24. How should the unbundled network elements be deaveraged?

SWBT proposed the local loops be deaveraged by exchange into three categories based upon their current rate groups. The table below summarizes the proposed zones.

Proposed Geographic Rate Zones

Current Geographic Zone	Rate Group	Total Access Lines in Primary Service Area
1	C and D	greater than 60,000
2	B	5,000 - 59,999
3	A	0 - 4,999

SWBT contends that these classifications appropriately reflect the factors influencing loop costs like wire center density, size and loop length. AT&T and MCI propose to deaverage rates into six rate groups by wire center based on census block groups, as was done in the Hatfield Model.

The Commission finds it should deaverage into three rate groups by exchange based upon SWBT's deaveraging proposal. SWBT's proposed method for deaveraging by existing exchanges is administratively easier to manage than deaveraging by wire center. Neither party provided sufficient evidence that the zones they propose reflect the actual cost of providing service in that exchange. SWBT's rate groups are based upon existing exchanges while AT&T and MCI's rate groups are based upon characteristics of the census block groups within a wire center. Neither of these deaveraging proposals are based directly upon physical characteristics, such as loop length and density, which reflect the actual cost of providing

service. Since there is no compelling evidence for either position, it is appropriate to adopt SWBT's since it is administratively easier to manage. The Commission may adopt a different method for determining rate zones when it considers permanent prices.

25. How should compensation for interconnection facilities be set?

The parties acknowledge that each carrier should be responsible for delivering its traffic to the other carrier and should furnish interconnection facilities as necessary. If one carrier requests the other to provide all or a disproportionate share of the interconnection facility, then the carrier providing the disproportionate amount of the facility should be compensated.

The Commission finds that this issue appears to be resolved as SWBT, AT&T and MCI have identical positions.

26. Tariffing of Physical Collocation Arrangements

Should SWBT be required to tariff physical collocation arrangements? Physical collocation has existed for years and it is possible for SWBT to develop pricing guidelines and standard terms and conditions so that each new office where physical collocation is requested will not result in a cumbersome or lengthy process. Such terms, conditions and guidelines can be set forth by tariff or incorporated in the Interconnection Agreement. Specific prices per location should be set by ICB pricing completed within 45 days.

The Commission finds that the terms and conditions as well as pricing guidelines shall be submitted to the Commission in a tariff or in an interconnection agreement and SWBT should have a reasonable time in which to respond with prices for individual exchanges.

27. What charges should apply for transport and termination of AT&T's and MCI's traffic?

SWBT proposes to use the results of their late filed TELRIC cost studies for common and dedicated transport. AT&T and MCI propose to use a bill-and-keep mechanism for traffic exchange between the companies for at least the first nine months after the initiation of the passage of commercial traffic between the companies. After the nine-month period, bill and keep should remain in place unless and until a significant and continuing disparity in the levels of traffic terminating on the respective networks can be demonstrated.

The bill-and-keep mechanism assumes balanced traffic between the parties. Insufficient evidence was presented to determine if this is an accurate assumption. Therefore, a compensation arrangement should be used. Traffic should be measured by auditable Percent Local Usage (PLU) Reports.

Because none of the parties presented convincing evidence that their proposed rates were superior, the rates for transport and termination should be set at the corresponding interstate rate that SWBT has on file with the FCC on an interim basis. These rates were restructured by the FCC to be aligned with economic costs and have been under price cap regulation at the federal level.

Compensation for transport and termination should be based upon the facilities actually used by the carrier. If SWBT, by virtue of being the incumbent, only requires the use of end-office switching in terminating a call to a CLEC then SWBT should only pay for the use of the end-office switch.

For purposes of billing, traffic should be measured by auditable [illegible] reports unless it becomes apparent that the audit process is

insufficient to guarantee accurate billing. SWBT recommended another type of reporting system because of its past dealings with IXCs. SWBT stated that "only after audits were conducted did carriers begin to report on a more accurate basis." This indicates that presently these reports are accurate. Since they will be auditable, they should continue to be accurate.

Because of the costs of alternative billing systems, it is reasonable to use the PLU reports until it becomes evident that the reports and the audit process are, in fact, insufficient to guarantee accurate billing. If problems arise from the PLU reports and the parties cannot agree on another billing mechanism, the parties should report back to the Commission, which will establish an alternate billing arrangement.

The Commission finds that the parties should not use bill-and-keep but instead use a reciprocal compensation arrangement. The rates for transport and termination should be set at the corresponding interstate rate that SWBT has on file with the FCC. Compensation for transport and termination should be based upon which facilities are actually used by the carrier. For purposes of billing, traffic should be measured by auditable PLU reports unless it is apparent that the audit process becomes insufficient to guarantee accurate billing. If problems arise from the PLU reports and the parties cannot agree on another billing mechanism, the parties should report back to the Commission which will establish an alternate billing arrangement.

28. When should local transport and termination charges apply?

The parties agree that local transport and termination charges apply to calls originating and terminating within an exchange and within a mandatory EAS area. The parties disagree about the treatment of calls

originating and terminating within optional EAS areas and EAS areas involving independent LECs.

For optional EAS areas wholly within SWBT territory, SWBT suggests these calls could be treated as IntraLATA toll calls and have SWBT's access rates applied to them. However, SWBT's access rates are not cost based. Using theses rates would hinder competition in EAS areas.

For the twelve SWBT exchanges that have mandatory EAS routes with independent LECs, AT&T and MCI must obtain compensation agreements with the independent LECs. The independent LECs were not a party to this case and should not be affected by the results of this arbitration. Until such compensation agreements can be developed, the company's intrastate switched access rates should be used on an interim basis. The intrastate switched access rates are currently used when toll traffic is exchanged between the companies and would be appropriate to use on an interim basis. This will avoid forcing the results of this arbitration on companies not a party to the case. Since neither the CLECs nor the independent LECs will be paying cost-based access rates, they should have an incentive to negotiate more reasonable EAS termination and transport rates. If the parties fail to reach an agreement, then the CLECs may choose not to offer EAS calling plans.

The Commission finds that local transport and termination rates should apply for calls which originate and terminate within an exchange area as well as calls that originate and terminate within a mandatory EAS area. Calls that originate and terminate within optional EAS areas wholly within SWBT territory should be compensated cost-based EAS rates as described below. There is no evidence that the cost of terminating a call within an EAS area is different than the costs of terminating a call within

a local area. Therefore, the EAS termination rate should be the same as the local termination rate decided in this arbitration case. The EAS transport rate should be different from the local transport rate since EAS calls will typically travel a longer distance and may be handled differently than local calls. Until a cost-based EAS transport rate can be developed, the Interoffice Common Transport rates decided in this arbitration should be used. For the twelve SWBT exchanges that have mandatory EAS routes with independent LECs, AT&T and MCI must obtain compensation agreements with the independent LECs. Until such compensation agreements can be completed, the companies switched access rates could be used on an interim basis. Compensation agreements between AT&T and MCI and the independent LECs are not required in a resale environment.

29. Metropolitan Calling Area (MCA) Compensation

How should compensation between SWBT, MCI and AT&T be handled with regard to calls within an MCA?

SWBT contends that if AT&T and MCI do not pay access charges, SWBT will suffer financial losses and "be unable to effectively compete through its MCA offerings." The current bill and keep arrangement would allow AT&T and MCI to offer MCA service to its customers without charging them the MCA additive.

AT&T and MCI believe forcing them to pay usage sensitive charges for a flat rated customer service is inappropriate and they should pay no more than SWBT. AT&T and MCI ask the Commission to require SWBT to disclose its agreements. They propose that reciprocal transport and termination rates be established based on TELRIC studies. Access rates should not apply within established "local calling scopes."

The Commission finds that since the other LECs are not a party to this arbitration, traffic to and from them should be handled by existing switched access rates. CLECs have an incentive to develop individual interconnection agreements with the other LECs in the MCA calling scopes. Charges between SWBT and the competitive companies should be local termination and local transport, not switched access.

30. Switched Access Rates

Should SWBT switched access rates be changed in this proceedings? There is no reason why switched access charges must be addressed in the arbitration. The FCC is committed to access reform in the first half of 1997. Therefore, the Commission finds that switched access rates should not be addressed in this arbitration.

31. What compensation arrangement should be adopted for intermediate transport?

Intermediate transport involves LSPs and independent LECs not a party to this case. For this reason, it is appropriate that AT&T and MCI must obtain compensation agreements with the other LSPs or independent LECs. Until such compensation arrangements can be worked out with the independent LECs, the appropriate intrastate switched access rates should be used. The switched access rates are already used when toll traffic is passed between carriers and represents an existing business arrangement between the companies. Since LSPs and independent LECs would both be paying non-cost based access rates, they all have an incentive to negotiate interconnection rates.

SWBT notes that intermediate transport is defined as the carriage of calls originating on one LSP's network which transit through SWBT's network for termination to another LSP or independent LEC. SWBT proposes to charge a rate of $.002795 per minute of use. This rate is based upon

SWBT's tandem switching cost. SWBT also proposes that AT&T and MCI must obtain compensation agreements with the other LSPs or independent LECs before SWBT will carry such traffic.

AT&T and MCI maintain that intermediate transport should be provided at rates based upon the Hatfield Model. Further, it should not matter to SWBT what agreement, if any, two LSPs have with each other. The LSP will have their respective agreements with SWBT which cover the pricing and operational aspects of providing intermediate transport. LSPs should also be able to interconnect with each other in a collocated facility and not have to go through SWBT to effect the connection.

The Commission finds that AT&T and MCI should have compensation agreements with the other LSPs or independent LECs before SWBT should be allowed to carry such traffic. Until such compensation arrangements can be made with the independent LECs, the switched access rates should be used. The rate that SWBT charges for intermediate transport should be based upon the rates for the unbundled elements that provide the intermediate transport. AT&T and MCI should be able to directly interconnect with any LSP or independent LEC through a direct interconnection arrangement and not have to go through SWBT to do so.

The rates for intermediate transport must be based upon cost of the unbundled elements that perform the function. If the only unbundled element required for intermediate transport is SWBT's tandem switch, then the rate should be the same as rate for tandem switching. To the extent that intermediate transport involves other network elements, those rates should be included in the intermediate transport rate. This is agreeable to all parties.

32. IntraLATA dialing Parity

Should the Commission address IntraLATA dialing parity in this proceeding? IntraLATA dialing parity requirements and cost recovery mechanisms have been established in a recent FCC order and will also be addressed in TO-96-135 as well as other current and future state dockets. No action is required in this arbitration.

33. SWBT Branding When Providing Maintenance and Installation for LSPs

Should SWBT be required to brand for AT&T and MCI on maintenance, installation and customer interaction functions other than operator services?

With regard to the issue of "hang tags" or "leave behinds," if SWBT leaves a card with only the SWBT name and logo on it, it may appear SWBT is still the service provider, thus possibly creating confusion.

The Commission finds that SWBT employees should identify themselves as SWBT employees who are performing service on behalf of the customer's provider on maintenance, installation and customer interaction functions. SWBT shall leave behind "hang tags" or cards which inform customers that SWBT was on their premises on behalf of the customer's provider. An example of a generic statement which should be included on the card is as follows: "SWBT has provided repair service on behalf of (the name of the LSP); if you have any questions please contact (telephone number of the LSP)." Blanks should be filled in with LSP name and telephone number for service if it has been provided to SWBT.

34. Should the Commission adopt a charge on local service providers which purchase unbundled local switching in a manner similar to that adopted by the FCC?

Section 720 of the FCC Interconnection Order allowed temporary recovery of the CCL by SWBT. This section of the Order has been stayed but

AT&T and MCI have agreed that it is appropriate for SWBT to continue to recover the CCL until the Court determines otherwise. Because this provision of the order has been stayed, the Commission will not rule on the issue.

35. Services Offered for Resale

What services should SWBT be required to offer for resale? The parties all believe that all services offered to non-telecommunications customers must be offered for resale. The parties have reached agreement on this issue; only the appropriate discount rate remains at issue. This issue has been resolved.

36. Pricing Resale Services

What discount should be available for resale services? All parties herein agree that Educational and Lifeline/Link-Up will be wholesale priced at zero discount.

The range of 13.2 percent to 38 percent resulting from the same study by different parties exposes the intricacies of costing for resale. Decisions have to be made on 58 different cost categories, whether to exclude, include or partially include them, as well as three variations in methods of calculation. Hence the vast range of results. The details of calculation method are in the stayed portion of the Interconnection Order.

The FCC, using publicly available accounting data, provides a presumptive starting place; the cost categories that are presumed avoided and those which are not. A Missouri-specific calculation strictly using the FCC presumed starting point results in a 20.14 percent discount. Two minor adjustments have been made: (1) excluding "negative" costs from being allocated as avoidable, and (2) including bad debt as an avoided cost. The

first changes the discount to 20.56 percent and the second moves that up to 21.61 percent. The calculation method used is the FCC method.

The Commission finds that resale rates can be established using the FCC presumptive calculation methodology with two modifications. SWBT reports a negative cost for the category of general purpose computers. Removing this oddity being allocated to avoidable cost from the accounts, the presumptive FCC methodology results in a 20.56 percent discount. The second adjustment was to consider bad debt 100 percent excluded. This resulted in a final figure of 21.61 percent.

37. Local Service Customer Change Charge

What charge should SWBT charge AT&T and MCI for subscribers changing local carriers? The $25 fee proposed by SWBT is based on a cost study of mechanical process, not the electronic one being implemented in the near future, and likely before competitive operations begin. If a TELRIC study was done on the electronic ordering, it should result in a much lower cost. A lower charge might be an incentive to SWBT to meet its electronic interface commitment. AT&T and MCI contend the SWBT cost study was characterized by its own witness as "preliminary" and unreviewed and propose as an alternate, the existing $5 interLATA PIC charge be used in the interim.

The Commission finds this charge should mirror the Interexchange Carrier Primary Interexchange Carrier Charge.

38. Use Limitations on Resold Tariffed Services

What use limitations and conditions should apply to SWBT's tariffed services which are resold by AT&T and MCI? SWBT's proposal presumes all existing tariffed use restrictions apply and must be maintained until otherwise removed. AT&T's and MCI's position presumes

they are invalid. and SWBT must convince the Commission they should be imposed. All parties agree that cross-class-sale (residential to business) restrictions as well as Lifeline and other means tested services restrictions should remain. All parties believe that special consideration be accorded educational offerings, and that BEVS and DLS resale restrictions likewise be observed.

The Commission finds it appropriate to maintain the restrictions on aggregation of toll service for resale. Presume all other restrictions not apply until parties identify and ask explicitly for imposition.

39. Abrogation of Existing Agreements

Should SWBT be required to permit its customers currently under contract to abrogate their contracts in order to accept proposals from AT&T and MCI? Both SWBT and the OPC suggest the Commission does not have the authority to void existing contracts. AT&T and MCI believe the Commission should allow existing customers of SWBT to benefit from competition: a condition that did not exist when the contracts were signed.

The Commission finds that a decision on this issue is not required to dispose of the arbitration.

40. Notice Before Changing/Instituting a Service

Should SWBT be required to provide AT&T and MCI with a 45-day notice before changing the price of an existing service or a 90-day notice before implementing a new service?

Because resale customers need adequate notification of price changes, SWBT should provide notice. There is no rationale for excluding promotions from resale, but perhaps they need not be discounted beyond the promotion. Promotions lasting 90 days or more should be discounted by the

established amount or the promotion amount, at the discretion of the reseller purchasing the service.

The Commission finds that a 30-day notice before tariff filing affecting prices of existing services should be given by SWBT to the competitive company reselling its services. Companies not reselling, but only providing service through unbundled elements need no prior notice other than the tariff filing.

41. Performance Standards

What performance standards should be required?

The Commission finds that SWBT shall maintain services such that the competitive company can meet state service standards. Further, SWBT shall provide the CLECS with at least the same level of service it provides itself.

42. Other Terms of Interconnection

What should be the other terms of interconnection? SWBT has advocated that the parties should take policy decisions of Commission and negotiate interconnection agreements. AT&T requests the Commission adopt the AT&T agreement, subject to reconciliation with Commission decisions. MCI advocates its agreement, subject to reconciliation with Commission decisions.

Any negotiated outcome inevitably rests on the good will and commitment of the negotiating parties. The record reflects that MCI and SWBT were not able to agree to a pre-negotiation non-disclosure agreement. The failure of the parties to negotiate in good faith has brought the arbitration of virtually every detail to the Commission's doorstep. The Commission has dedicated the necessary staff resources to hearing and resolving these issues and hereby encourages the parties to complete the

process by negotiating their final agreements in compliance with this Arbitration Order. The Commission finds no other terms are necessary to complete this arbitration.

III. Conclusions of Law

The Missouri Public Service Commission has arrived at the following conclusions of law.

SWBT, AT&T and MCI are telecommunications companies as defined under Section 386.020, R.S. Mo. (1994), and as such are subject to the Commission jurisdiction as set out in Chapters 386 and 394 of the Missouri Statutes.

The Commission has jurisdiction in this case pursuant to the terms, conditions and requirements set out in the Telecommunications Act of 1996, to be codified at 47 U.S.C.

IT IS THEREFORE ORDERED:

1. That the issues set out by the parties within the Issues Memorandum and at the Arbitration shall be settled consistent with this order. Southwestern Bell Telephone Company AT&T Communications of the Southwest, Inc. and MCI Telecommunications Corporation shall negotiate a final agreement for submission to Missouri Public Service Commission consistent with this order.

2. That all late-filed exhibits are admitted as directed on the record during the arbitration and all objections and motions not previously ruled upon are hereby overruled and denied.

3. That the parties shall use the attached list of interim rates, Attachment A, pages 1-4, pending the development of permanent rates for these elements.

4. That the parties shall comply with the Commission's finding on each and every issue.

5. That this Report And Order shall become effective on the date hereof.

BY THE COMMISSION

Cecil I. Wright

Cecil I. Wright
Executive Secretary

(S E A L)

Zobrist, Chm., McClure, Kincheloe and Drainer, CC., concur.
Crumpton, C., concurs, with concurring opinion to follow.

Dated at Jefferson City, Missouri, on this 11th day of December, 1996.

Resale Cost Study for SWBT

	Costs:	Total Missouri Regulated	% Avoided	SWBT Avoided
	Direct:	($000)		
6611	Product Management	6908	90%	6217
6612	Sales	25950	90%	23355
6613	Product Advertising	9725	90%	8753
6621	Call Completion services	12297	100%	12297
6622	Number Services	34450	100%	34450
6623	Customer Services	85212	90%	76691
		174542		
	Indirect:			
5301	Uncollectable Revenue	11845	19%	2250
6112	Motor Vehicle Exp	1068	0%	0
6113	Aircraft Exp	0	0%	0
6114	Spec Purpose Vehicle	0	0%	0
6115	Garage Work Equipment	19	0%	0
6116	Other Work Equipment	141	0%	0
6121	Land & Build Exp	-3149	19%	-598
6122	Furniture & Artwork	-2035	19%	-387
6123	Office Exp	762	19%	145
6124	Gen Purpose Computers	-20131	19%	-3825
6211	Analog Electronic Exp	15825	0%	0
6212	Digital Electronic Exp	32248	0%	0
6215	Electro-mech Exp.	144	0%	0
6220	Operations Exp	1634	0%	0
6231	Radio System Exp.	545	0%	0
6232	Circuit System Exp.	22007	0%	0
6311	Station Apparatus Exp.	4	0%	0
6341	Lg PBX /Exp.	409	0%	0
6351	Public Tel Term Eq Exp.	4572	0%	0
6362	Other Terminal Eq Exp.	19182	0%	0
6411	Poles Exp	1486	0%	0
6421	Aerial Cable Exp.	42237	0%	0
6422	Underground Cable Exp.	7156	0%	0
6423	Buried Cable Exp.	61891	0%	0
6424	Submarine Cable Exp.	4	0%	0
6425	Deep Sea Cable Exp.	0	0%	0
6426	Intrasulating Network Cable Exp.	14	0%	0
6431	Aerial Wire Exp.	272	0%	0
6441	Conduit Systems Exp.	773	0%	0
6511	Telecomm Use Exp.	0	0%	0
6512	Provisioning Exp.	327	0%	0
6531	Power Exp.	4757	0%	0
6532	Network Admin Exp.	12318	0%	0
6533	Testing Exp.	36849	0%	0
6534	Plant Operations Admin	28091	0%	0
6535	Engineering Exp.	21020	0%	0
6540	Access Exp.	49084	0%	0
6561	Depreciation Telecom plant in Se	307062	0%	0
6562	Depreciation Future Telecom Use	0	0%	0
6563	Amortization Exp - Tangible	787	0%	0
6564	Amortization Exp - Intangible	0	0%	0
6565	Amortization Exp - Other	5286	0%	0
6711	Executive	8667	19%	1647
6712	Planning	1575	19%	299
6721	Accounting & Finance	10420	19%	1980
6722	External Relations	17028	19%	3235
6723	Human Resources	15295	19%	2906
6724	Information Management	31858	19%	6053
6725	Legal	3486	19%	662
6726	Procurement	3884	19%	738
6727	Research and Development	6591	19%	1252
6728	Other Gen & Admin	27981	19%	5317
	Total	1140004		183432

	Revenues:	Missouri:	% Included	Included:
	Local Service	752251	100%	752251
	Toll Network Service	158725	100%	158725
	Network Access Service	428856	100%	428856
	Miscellaneous	44575	100%	44575
	Total	1382206		1382206

Resale Percentage Discount on Revenue:

% of Resold Services Revenue (Local & Toll Network Service)	20.14%
Negative cost excluded	20.58%
and bad debt fully excluded	21.61%

Attachment A-1

Summary of PSC Modified Monthly Recurring Costs

Based upon PSC Modifications to Cost Study Data
Submitted by Southwestern Bell Telephone

	Geographic Zone 1	Geographic Zone 2	Geographic Zone 3	Weighted Avg. Rate
Unbundled Loops				
8db Loop	$9.99	$16.41	$27.12	$13.09
ISDN-BRI Loop	$28.85	$38.05	$55.25	$33.44
DS-1 Loop	$87.36	$96.84	$104.65	$91.26
Cross Connects with SMAS Test Equipment				
MDF to Cage, Same CO				
2 Wire Analog		$1.53		
4 Wire Analog		$3.05		
2 Wire Digital ISDN-BRI		$1.53		
2 Wire Digital DS 1		$8.19		
MDF to Cage, Different CO				
2 Wire Analog		$3.65		
4 Wire Analog		$4.91		
2 Wire Digital ISDN-BRI		$8.74		
MDF to SWBT Multiplexor				
2 Wire Analog		$3.65		
4 Wire Analog		$4.91		
2 Wire Digital ISDN-BRI		$8.74		
Cross Connects without SMAS Test Equipment				
MDF to Cage, Same CO				
2 Wire Analog		$0.00		
4 Wire Analog		$0.00		
2 Wire Digital ISDN-BRI		$0.00		
2 Wire Digital DS 1		$5.15		
MDF to Cage, Different CO				
2 Wire Analog		$2.12		
4 Wire Analog		$2.84		
2 Wire Digital ISDN-BRI		$7.21		
MDF to SWBT Multiplexor				
2 Wire Analog		$2.12		
4 Wire Analog		$2.84		
2 Wire Digital ISDN-BRI		$7.21		
Local Switching				
Per Originating or Terminating MOU		$0.002240		
Port Charges per Month				
Analog Port		$2.51		
ISDN-BRI Port		$4.97		
DS-1 Port		60.24		

Summary of PSC Modified Monthly Recurring Costs

Based upon PSC Modifications to Cost Study Data
Submitted by Southwestern Bell Telephone

	Geographic Zone 1	Geographic Zone 2	Geographic Zone 3	Weighted Avg. Rate
Tandem Switching				
Per MOU		$0.0015		
Interoffice Transport				
Common Transport		Interstate Direct Trunked Transport Rates		
Dedicated Transport		Interstate Dedicated Switched Transport		
Conditioning				
Local Loop dB Loss Conditioning		$4.87		
Dark Fiber				
Underground - per ft.., per fiber	$0.000342	$0.000799	$0.003879	
Buried - per ft., per fiber	$0.000228	$0.000913	$0.004564	
Other Items				
E-911	Existing Intercompany Compensation Arrangement			
Directory Assistance	Existing Intercompany Compensation Arrangement			
Directory Assistance Call Completion	Existing Intercompany Compensation Arrangement			
Directory Assistance Listing	Existing Intercompany Compensation Arrangement			
Operator Assistance	Existing Intercompany Compensation Arrangement			

PSC Modified Cost Study - Non-Recurring Charges
Based upon PSC Modifications to Cost Study Data
Submitted by Southwestern Bell Telephone

	Installation		Disconnection	
Unbundled Loops	**Intial**	**Additional**	**Intial**	**Additional**
8 dB Loop	$39.61	$20.41	$7.14	$0.59
5 dB Loop*	$60.36	$30.33	$7.14	$0.59
ISDN-BRI Loop	$116.64	$63.93	$1.16	$1.16
DS-1 Loop	$169.97	$79.39	$26.93	$8.62
Cross-Connect w/ SMAS Test Equipment				
Analog - 2 Wire, Same CO	$25.41	$22.82	$17.17	$17.17
Analog - 4 Wire, Same CO	$29.23	$26.63	$17.17	$17.17
Digital BRI - 2 Wire, Same CO	$25.41	$22.82	$17.17	$17.17
DS 1 - 4 Wire, Same CO	$29.23	$26.63	$17.17	$17.17
Analog - 2 Wire FXO, Different CO	$31.29	$28.69	$22.74	$22.74
Analog - 4 Wire FXO, Different CO	$35.10	$32.51	$22.74	$22.74
Digital BRI - 2 Wire FXO, Different CO	$31.29	$28.69	$22.74	$22.74
Analog - 2 Wire FXO, SWBT Multiplexor	$31.29	$28.69	$22.74	$22.74
Analog - 4 Wire FXO, SWBT Multiplexor	$35.10	$32.51	$22.74	$22.74
Digital BRI, 2 Wire FXO, SWBT Multiplexc	$31.29	$28.69	$22.74	$22.74
Cross-Connect w/o SMAS Test Equipment				
Analog - 2 Wire, Same CO	$21.52	$18.92	$14.34	$14.34
Analog - 4 Wire, Same CO	$25.33	$22.74	$14.34	$14.34
Digital BRI - 2 Wire, Same CO	$21.52	$18.92	$14.34	$14.34
DS 1 - 4 Wire, Same CO	$25.33	$22.74	$14.34	$14.34
Analog - 2 Wire FXO, Different CO	$27.39	$24.80	$19.91	$19.91
Analog - 4 Wire FXO, Different CO	$31.21	$28.61	$19.91	$19.91
Digital BRI - 2 Wire FXO, Different CO	$27.39	$24.80	$19.91	$19.91
Analog - 2 Wire FXO, SWBT Multiplexor	$27.39	$24.80	$19.91	$19.91
Analog - 4 Wire FXO, SWBT Multiplexor	$31.21	$28.61	$19.91	$19.91
Digital BRI, 2 Wire FXO, SWBT Multiplexc	$27.39	$24.80	$19.91	$19.91
Local Switching - Per Port				
Analog Port	$58.44	$54.99	$0.00	$0.00
ISDN-BRI Port	$58.44	$54.99	$0.00	$0.00
DS-1 Port	$424.21	$191.24	$0.00	$0.00
Service Order Charge	$0.00			

* The costs for a 5dB Local Loop include the costs of dB Loss Conditioning.

STATE OF MISSOURI
OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 11 day of DECEMBER, 1996.

Cecil I. Wright

Cecil L. Wright
Executive Secretary