

UT-960333

MFS INTELENET, INC.

AND

U S WEST COMMUNICATIONS, INC.

**ARBITRATED INTERCONNECTION
AGREEMENT**

FOR THE STATE OF WASHINGTON

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INTERCONNECTION AGREEMENT

1997 ~~1996~~ THIS INTERCONNECTION AGREEMENT, made as of this 8th day of January, 1996, is between MFS INTELENET, INC. ("MFS") and U S WEST Communications, Inc. ("USWC"), a Colorado corporation.

I. RECITALS

Pursuant to this Interconnection Agreement MFS INTELENET, INC. of Washington ("MFS") and U S WEST Communications, Inc. ("USWC"), collectively "the Parties", will extend certain arrangements to one another within each LATA in which they both operate within this State. This Agreement is a combination of agreed terms and terms imposed by arbitration under Section 252 of the Communications Act of 1934, as modified by the Telecommunications Act of 1996 ("the Act"), and as such does not necessarily represent the position of either Party on any given issue. The Parties enter into this Agreement without prejudice to any position they may have taken previously, or may take in the future in any legislative regulatory, or other public forum addressing any matters, including matters related to the types of arrangements prescribed by this Agreement.

II. SCOPE OF AGREEMENT

- A. This Agreement sets forth the terms, conditions and prices under which USWC agrees to provide (a) services for resale (hereinafter referred to as "Local Services") (b) certain Unbundled Network Elements, Ancillary Functions and additional features to MFS (hereinafter collectively referred to as "Network Elements") or combinations of such Network Elements ("Combinations") for MFS's own use or for resale to others. The Agreement also sets forth the terms, conditions and prices under which the parties agree to provide interconnection and reciprocal compensation for the exchange of local traffic between USWC and MFS for purposes of offering telecommunications services. Unless otherwise provided in this Agreement, the parties will perform all of their obligations hereunder throughout, to the extent provided in the Appendices attached hereto. The Agreement includes all accompanying appendices.
- B. In the performance of their obligations under this Agreement, the Parties shall act in good faith and consistently with the intent of the Act. Where notice, approval or similar action by a Party is permitted or required by any provision of this Agreement, (including, without limitation, the obligation of the parties to further negotiate the resolution of new or open issues under this Agreement) such action shall not be unreasonably delayed, withheld or conditioned.
- C. When MFS begins offering residential and business exchange services in this state through the use of MFS's facilities, MFS will notify USWC.

D. Acknowledgment of Deferred Issues:

MFS acknowledges it is USWC's position that USWC's existing telecommunications network represents substantial investment made as a result of its carrier-of-last-resort obligation and that such network allows MFS's end users to interconnect with significantly more business and residential customers than vice versa. MFS further acknowledges USWC believes that a separate transitional element is necessary to compensate USWC for the value of its network in this Agreement, that under the Act, the FCC will establish a proceeding to address Universal Service Support, and that the Act also empowers the state Commission to establish a separate proceeding on universal service issues. MFS further acknowledges that USWC believes that USWC is entitled to receive additional compensation for costs of implementing various provisions of the Act, and that USWC shall seek such additional recovery through future state and/or federal regulatory proceedings. MFS disagrees with these USWC positions.

USWC acknowledges it is MFS's position that the relative investments of the Parties is not a relevant consideration in the context of this agreement and that it is the result of a historical monopoly which confers significant, continuing benefits on USWC. USWC acknowledges that it is MFS's position that no transitional elements are necessary to compensate USWC, that any such transitional elements would constitute a windfall to USWC, and that the investigations contemplated at the State and federal level for Universal Service Funding will substantially disprove USWC's claims. USWC further acknowledges that MFS believes that the costs of implementing the Act are costs experienced by all telecommunications carriers and that it would be unjust, discriminatory, and anti-competitive to favor USWC with additional cost recovery of implementation costs. USWC disagrees with these MFS positions.

In consideration of MFS's willingness to interconnect on the terms set forth in this Agreement, and without prejudice to the position it may take in the FCC docket or before any state Commission, USWC agrees to await the outcome of such proceedings, rather than seek universal service support from MFS at this time.

III. DEFINITIONS

- A. "Act" means the Communications Act of 1934 (47 U.S.C. 151 et.seq.), as amended by the Telecommunications Act of 1996, and as from time to time interpreted in the duly authorized rules and regulations of the FCC or a Commission within its state of jurisdiction.
- B. "Access Services" refers to the tariffed interstate and intrastate switched access and private line transport services offered for the origination and/or termination of interexchange traffic (see each Parties' appropriate state and interstate access tariffs).

- C. "ADSL" or "Asymmetrical Digital Subscriber Line" means a transmission technology which transmits an asymmetrical digital signal using one of several transmission methods (for example, carrier-less AM/PM discrete multi-tone, or discrete wavelet multi-tone).
- D. "Access Service Request" or "ASR" means the industry standard forms and supporting documentation used for ordering Access Services. The ASR will be used to order trunking and facilities between MFS and USWC for Local Interconnection Service.
- E. "Automatic Number Identification" or "ANI" means a Feature Group D signaling parameter which refers to the number transmitted through a network identifying the billing number of the calling party.
- F. "CLASS features" are optional end user switched services that include, but are not necessarily limited to: Automatic Call Back; Call Trace; Caller ID and Related Blocking Features; Distinctive Ringing/Call Waiting; Selective Call Forward; Selective Call Rejection. (See Bellcore documentation for definition).
- G. "BLV/BLVI Traffic" means an operator service call in which the caller inquires as to the busy status of or requests an interruption of a call on another Customer's Telephone Exchange Service line.
- H. "Central Office Switch" means a switch used to provide Telecommunications Services, including, but not limited to:
 - a. "End Office Switches" which are used to terminate Customer station loops for the purpose of interconnecting to each other and to trunks; and
 - b. "Tandem Office Switches" which are used to connect and switch trunk circuits between and among other Central Office Switches. Access tandems provide connections for exchange access and toll traffic while local tandems provide connections for local/EAS traffic.
- I. "Collocation" means an arrangement whereby one Party's (the "Collocating Party") facilities are terminated in its equipment necessary for Interconnection or for access to Network Elements on an unbundled basis which has been installed and maintained at the premises of a second Party (the "Housing Party"). Collocation may be "physical" or "virtual". In "Physical Collocation," the Collocating Party installs and maintains its own equipment in the Housing Party's premises. In "Virtual Collocation," the Housing Party installs and maintains the Collocating Party's equipment in the Housing Party's premises.
- J. "Commission" means the Washington Utilities and Transportation Commission.
- K. "Customer" means a third-party (residence or business) that subscribes to Telecommunications Services provided by either of the Parties.

- L. "Calling Party Number" or "CPN" is a Common Channel Signaling ("CCS") parameter which refers to the number transmitted through a network identifying the calling party.
- M. "Common Channel Signaling" or "CCS" means a method of digitally transmitting call set-up and network control data over a special signaling network fully separate from the public voice switched network elements that carry the actual call. The CCS used by the Parties shall be Signaling System 7.
- N. "Competitive Local Exchange Carrier" means an entity authorized to provide Local Exchange Service that does not otherwise qualify as an incumbent LEC.
- O. "Digital Signal Level" means one of several transmission rates in the time division multiplexing hierarchy.
- P. "Digital Signal Level 0" or "DS0" means the 64 Kbps zero-level signal in the time-division multiplex hierarchy.
- Q. "Digital Signal Level 1" or "DS1" means the 1.544 Mbps first-level signal in the time-division multiplex hierarchy. In the time-division multiplexing hierarchy of the telephone network, DS1 is the initial level of multiplexing.
- R. "Digital Signal Level 3" or "DS3" means the 44.736 Mbps third-level in the time-division multiplex hierarchy. In the time-division multiplexing hierarchy of the telephone network, DS3 is defined as the third level of multiplexing.
- S. "Exchange Message Record" or "EMR" is the standard used for exchange of telecommunications message information between telecommunications providers for billable, non-billable, sample, settlement and study data. EMR format is contained in BR-010-200-010 CRIS Exchange Message Record, a Bellcore document that defines industry standards for exchange message records.
- T. "Fiber-Meet" means an interconnection architecture method whereby the Parties physically interconnect their networks via an optical fiber interface (as opposed to an electrical interface) at a mutually agreed upon location.
- U. "HDSL" or "High-Bit Rate Digital Subscriber Line" means a two-wire or four-wire transmission technology which typically transmits a DS1-level signal (or, higher level signals with certain technologies), using: 2 Binary / 1 Quaternary ("2B1Q").
- V. "Integrated Digital Loop Carrier" means a subscriber loop carrier system which integrates within the switch at a DS1 level that is twenty-four (24) local Loop transmission paths combined into a 1.544 Mbps digital signal.
- W. "Interconnection" is as described in the Act and refers to the connection of separate pieces of equipment, facilities, or platforms between or within networks for the purpose of transmission and routing of Telephone Exchange Service traffic and Exchange Access traffic.

- X. "Interexchange Carrier" or "IXC" means a carrier that provides, directly or indirectly, interLATA or intraLATA Telephone Toll Services.
- Y. "Integrated Services Digital Network" or "ISDN" means a switched network service that provides end-to-end digital connectivity for the simultaneous transmission of voice and data. Basic Rate Interface-ISDN (BRI-ISDN) provides for a digital transmission of two 64 Kbps bearer channels and one 16 Kbps data channel (2B+D).
- Z. "Local Loop Transmission" or "Loop" means the entire transmission path which extends from the network interface or demarcation point at a Customer's premises to the Main Distribution Frame or other designated frame or panel in a Party's Wire Center which serves the Customer.
- AA. "Main Distribution Frame" or "MDF" means the distribution frame of the Party providing the Loop used to interconnect cable pairs and line and trunk equipment terminals on a switching system.
- BB. "Meet-Point Billing" or "MPB" refers to an agreement whereby two LECs (including a LEC and CLEC) jointly provide switched access service to an Interexchange Carrier, with each LEC (or CLEC) receiving an appropriate share of the transport element revenues as defined by their effective access tariffs.
- CC. "MECAB" refers to the Multiple Exchange Carrier Access Billing (MECAB) document prepared by the Billing Committee of the Ordering and Billing Forum (OBF), that functions under the auspices of the Carrier Liaison Committee (CLC) of the Alliance for Telecommunications Industry Solutions (ATIS). The MECAB document, published by Bellcore as Special Report SR-BDS-000983, contains the recommended guidelines for the billing of an access service provided by two or more LECs (including a LEC and a CLEC), or by one LEC in two or more states within a single LATA.
- DD. "MECOD" refers to the Multiple Exchange Carriers Ordering and Design (MECOD) Guidelines for Access Services - Industry Support Interface, a document developed by the Ordering/Provisioning Committee under the auspices of the Ordering and Billing Forum (OBF), that functions under the auspices of the Carrier Liaison Committee (CLC) of the Alliance for Telecommunications Industry Solutions (ATIS). The MECOD document, published by Bellcore as Special Report SR STS-002643, establishes recommended guidelines for processing orders for access service that is to be provided by two or more LECs (including a LEC and a CLEC). It is published by Bellcore as SRBDS 00983.
- EE. "Mid-Span Meet" is a point of interconnection between two networks, designated by two telecommunications carriers, at which one carrier's responsibility for service begins and the other carrier's responsibility ends.

- FF. "North American Numbering Plan" or "NANP" means the numbering plan used in the United States that also serves Canada, Bermuda, Puerto Rico and certain Caribbean Islands. The NANP format is a 10-digit number that consists of a 3-digit NPA code (commonly referred to as the area code), followed by a 3-digit NXX code and 4-digit line number.
- GG. "NXX" means the fourth, fifth and sixth digits of a ten-digit telephone number.
- HH. "Point of Interface" or "POI" is a mutually agreed upon point of demarcation where the exchange of traffic between two LECs (including a LEC and a CLEC) takes place.
- II. "Party" means either USWC or MFS and "Parties" means USWC and MFS.
- JJ. "Port" means a termination on a Central Office Switch that permits customers to **send or receive** telecommunications services over the public switched network, but does not include switch features or switching functionality.
- KK. "Rate Center" means the specific geographic point and corresponding geographic area which are associated with one or more particular NPA-NXX codes which have been assigned to a LEC (or CLEC) for its provision of basic exchange telecommunications services. The "rate center point" is the finite geographic point identified by a specific V & H coordinate, which is used to measure distance-sensitive end user traffic to/from, the particular NPA-NXX designations associated with the specific Rate Center. The "rate center area" is the exclusive geographic area identified as the area within which the LEC (or CLEC) will provide Basic Exchange Telecommunications Service bearing the particular NPA-NXX designations associated with the specific Rate Center. The Rate Center point must be located within the Rate Center area.
- LL. "Reseller" is a category of Local Exchange service provider that obtains dial tone and associated telecommunications services from another provider through the purchase of bundled finished services for resale to its end use customers.
- MM. "Service Control Point" or "SCP" means a signaling end point that acts as a database to provide information to another signaling end point (i.e., Service Switching Point or another SCP) for processing or routing certain types of network calls. A query/response mechanism is typically used in communicating with an SCP.
- NN. "Signaling Transfer Point" or "STP" means a signaling point that performs message routing functions and provides information for the routing of messages between signaling end points. An STP transmits, receives and processes Common Channel Signaling ("CCS") messages.
- OO. "Switched Exchange Access Service" means the offering of transmission or switching services to Telecommunications Carriers for the purpose of the origination or termination of Telephone Toll Service. Switched Exchange Access Services include: Feature Group A, Feature Group B, Feature Group D, 800/888

access, and 900 access and their successors or similar Switched Exchange Access services.

- PP. "Traffic Type" is the characterization of intraLATA traffic as "local" (local includes EAS), or "toll" which shall be the same as the characterization established by the effective tariffs of the incumbent local exchange carrier as of the date of this agreement.
- QQ. "Wire Center" denotes a building or space within a building, that serves as an aggregation point on a given carrier's network, where transmission facilities are connected or switched. Wire Center can also denote a building where one or more Central Offices, used for the provision of Basic Exchange Telecommunications Services and Access Services, are located. However, for purposes of Collocation Service, Wire Center shall mean those points eligible for such connections as specified in the FCC Docket No. 91-141, and rules adopted pursuant thereto.
- RR. "Routing Point" means a location that a LEC or CLEC has designated on its own network as the homing (routing) point for traffic, bearing a certain NPA-NXX designation, that is inbound to Basic Exchange Telecommunications Services provided by the LEC or CLEC. The Routing Point is employed to calculate mileage measurements for the distance-sensitive transport element charges of Switched Access Services. Pursuant to Bellcore Practice BR 795-100-100, the Routing Point may be an "End Office" location, or a "LEC Consortium Point of Interconnection". Pursuant to that same Bellcore Practice, examples of the latter shall be designated by a common language location identifier (CLLI) code with (x)KD in positions 9, 10, 11, where (x) may be any alphanumeric A-Z or 0-9. The above referenced Bellcore document refers to the Routing Point as the Rating Point. The Rating Point/Routing Point need not be the same as the rate center point nor must it be located within the rate center area, but must be in the same LATA as the NPA/NXX.¹
- SS. "Tariff Services" as used throughout this Agreement refers to the applicable Party's interstate tariffs and state tariffs, price lists, price schedules and catalogs.
- TT. "Information Service Traffic" means Local Traffic or IntraLATA Toll Traffic which originates on a Telephone Exchange Service line and which is addressed to an information service provided over a Party's information services platform (e.g., 976).
- UU. Terms not otherwise defined here, but defined in the Act or in regulations implementing the Act, shall have the meaning defined there.

¹ This sentence is incorporated pursuant to the Arbitrator's decision in Docket No. UT-960323.

IV. RATES AND CHARGES GENERALLY

- A. Prices for termination and transport of traffic, interconnection, access to unbundled network elements, and ancillary services are set forth in Appendix A.
- B. USWC's wholesale discounts for resale services are set forth in Appendix A.
- C. The underlying provider of a resold service shall be entitled to receive, from the purchaser of switched access, the appropriate access charges pursuant to its then effective switched access tariff. For the purposes of this paragraph, Unbundled Loops are not considered as resold services.

V. RECIPROCAL TRAFFIC EXCHANGE

A. Scope

Reciprocal traffic exchange addresses the exchange of traffic between MFS end users and USWC end users. If such traffic is local, the provisions of this Agreement shall apply. Where either party acts as an intraLATA toll provider or interLATA Interexchange Carrier (IXC) or where either party interconnects and delivers traffic to the other from third parties, each party shall bill such third parties the appropriate charges pursuant to its respective tariffs or contractual offerings for such third party terminations. Absent a separately negotiated agreement to the contrary, the Parties will directly exchange traffic between their respective networks, without the use of third party transit providers.

B. Types of Traffic

The types of traffic to be exchanged under this Agreement include:

1. EAS/local traffic as defined above.
2. IntraLATA toll traffic as defined above.
3. Switched access traffic, or interLATA toll traffic, as specifically defined in USWC's state and interstate switched access tariffs, and generally identified as that traffic that originates at one of the Party's end users and terminates at an IXC point of presence, or originates at an IXC point of presence and terminates at one of the Party's end users, whether or not the traffic transits the other Party's network.
4. Transit traffic is any traffic other than switched access, that originates from one Telecommunications Carrier's network, transits another Telecommunications Carrier's network, and terminates to yet another Telecommunications Carrier's network.

Transit service provides the ability for a Telecommunications Carrier to use its connection to a local or access tandem for delivery of calls that originate with a Telecommunications Carrier and terminate to a company other than the tandem company, such as another Competitive Local Exchange Carrier, an existing Exchange Carrier, or a wireless carrier. In these cases, neither the originating nor terminating end user is a customer of the tandem Telecommunications Carrier. The tandem Telecommunications Carrier will accept traffic originated by a Party and will terminate it at a point of interconnection with another local, intraLATA or interLATA network Telecommunications Carrier. This service is provided through local and access tandem switches.

5. Ancillary traffic includes all traffic destined for ancillary services, or that may have special billing requirements, including, but not limited to the following:

- a. Directory Assistance
 - b. 911/E911
 - c. Operator call termination (busy line interrupt and verify)
 - d. 800/888 database dip
 - e. LIDB
 - f. Information services requiring special billing.
6. Unless otherwise stated in this Agreement, ancillary traffic will be exchanged in accordance with whether the traffic is Local/EAS, intraLATA toll, or Switched Access.

C. Types of Exchanged Traffic

1. Termination of Local Traffic.

Local traffic will be terminated as Local Interconnection Service (LIS).

2. Transport of Local Traffic

As negotiated between the Parties, the exchange of local traffic between the Parties may occur in several ways:

- a. While the parties anticipate the use of two way trunks for the delivery of local traffic, either Party may elect to provision its own one-way trunks for delivery of local traffic to be terminated on the other Party's network at the "initial" point of interconnection.
- b. The Parties may elect to purchase transport services from each other or from a third party. Such transport delivers the originating Party's local traffic to the terminating Party's end office or tandem for call termination. Transport may be purchased as either tandem switched transport (which is included in the tandem call termination rate) or direct trunk transport.
- c. Based on forecasted traffic at MFS's busy hour in CCS, where there is a DS1's worth of traffic (512 CCS) between the MFS switch and a USWC end office, the Parties agree to provision a dedicated (i.e., direct) two-way trunk group from the MFS switch directly to the USWC end office. To the extent that MFS has established a collocation arrangement at a USWC end office location, and has available capacity, the Parties agree that MFS shall provide two-way direct trunk facilities, when required, from that end office to the MFS switch. In all other cases, the direct facility may be provisioned by USWC or MFS or a third party. If both MFS and USWC desire to provision the facility and cannot otherwise agree, the parties may agree to resolve the dispute through the submission of competitive bids.

3. Transit Traffic.

- a. USWC will accept traffic originated by MFS and will terminate it at a point of interconnection with another CLEC, Exchange Carrier, Interexchange Carrier or Wireless Carrier. USWC will provide this transit service through local and access tandem switches. MFS may also provide USWC with transit service.
- b. The Parties expect that all networks involved in transporting transit traffic will deliver calls to each involved network with CCS/SS7 protocol and the appropriate ISUP/TCAP message to facilitate full interoperability and billing functions. In all cases, the originating company is responsible to follow the EMR standard and to exchange records with both the transiting company and the terminating company, to facilitate the billing process to the originating network.
- c. The Parties will use industry standards developed to handle the provision and billing of Switched Access by multiple providers (MECAB, MECOD and the Parties' FCC tariffs), including the one-time provision of notification to MFS of the billing name, billing address and carrier identification codes of all interexchange carriers originating or terminating at each USWC access tandem.

4. Toll Traffic.

Toll traffic routed to an access tandem, or directly routed to an end office, will be terminated as Switched Access Service. Traffic terminated at the access tandem will be routed to the end offices within the LATA that subtend the USWC access tandem switch. Switched Access Service also allows for termination at an end office or tandem via direct trunked circuits provisioned either by USWC or MFS.

D. Rate Structure -- Local Traffic

1. Call Termination

- a. The Parties agree that call termination rates as described in Appendix A will apply reciprocally for the termination of local/EAS traffic per minute of use.
- b. For traffic terminated at an USWC or MFS end office, the end office call termination rate in Appendix A shall apply.
- c. For traffic terminated at a USWC or MFS tandem switch, the tandem call termination rate in Appendix A shall apply. The tandem call termination rate provides for end office call termination, tandem switched transport and tandem switching.

The Parties acknowledge that MFS will initially serve all of its customers within a given LATA through a single MFS switch. The Parties also acknowledge that MFS may, in the future, deploy additional switches in each LATA.²

- d. For purposes of call termination, the initial MFS switch shall be treated as a tandem switch.³
- e. Pursuant to the Arbitrator's decision in Docket No. UT-960323, USWC's proposed paragraph has been deleted.

2. Transport

- a. If the Parties elect to each provision their own one-way trunks to the other Party's end office for the termination of local traffic, each Party will be responsible for its own expenses associated with the trunks and no transport charges will apply. Call termination charges shall apply as described above.
- b. If one Party desires to purchase direct trunk transport from the other Party, the following rate elements will apply. Transport rate elements include the direct trunk transport facilities between the POI and the terminating party's tandem or end office switches. The applicable rates are described in Appendix A.
- c. Direct-trunked transport facilities are provided as dedicated DS3 or DS1 facilities without the tandem switching functions, for the use of either Party between the point of interconnection and the terminating end office or tandem switch.
- d. If the Parties elect to establish two-way direct trunks, the compensation for such jointly used 'shared' facilities shall be adjusted as follows. The nominal compensation shall be pursuant to the rates for direct trunk transport in Appendix A. The actual rate paid to the provider of the direct trunk facility shall be reduced to reflect the provider's use of that facility. The adjustment in the direct trunk transport rate shall be a percentage that reflects the provider's relative use (i.e., originating minutes of use) of the facility in the busy hour.
- e. Multiplexing options are available at rates described in Appendix A.

E. Rate Structure -- Toll Traffic.

² This sentence is included pursuant to the Arbitrator's decision in Docket No. UT-960323.

³ This sentence is included pursuant to the Arbitrator's decision in Docket No. UT-960323.

Applicable Switched Access Tariff rates, terms, and conditions apply to toll traffic routed to an access tandem, or directly to an end office. Relevant rate elements include Direct Trunk Transport (DTT) or Tandem Switched Transport (TST), Interconnection Charge (IC), Local Switching, and Carrier Common Line, as appropriate.

F. Rate Structure -- Transit Traffic.

Applicable switched access, Type 2 or LIS transport rates apply for the use of USWC's network to transport transit traffic. For transiting local traffic, the applicable local transit rate applies to the originating party per Appendix A. For transiting toll traffic, the Parties will charge the applicable switched access rates to the responsible carrier. For terminating transiting wireless traffic, the Parties will charge their applicable rates to the wireless provider. For transiting wireless traffic, the parties will charge each other the applicable local transit rate.

G. LIS Interface Code Availability And Optional Features

1. Interface Code Availability.

Supervisory Signaling specifications, and the applicable network channel interface codes for LIS trunks, are the same as those used for Feature Group D Switched Access Service, as described in the Parties' applicable switched access tariffs.

2. Optional Features.

a. Inband MF or SS7 Out of Band Signaling.

Inband MF signaling and SS7 Out of Band Signaling are available for LIS trunks. MF signaling or SS7 Out-of-Band Signaling must be requested on the order for the new LIS trunks. Provisioning of the LIS trunks equipped with MF signaling or SS7 Out of Band Signaling is the same as that used for Feature Group D Switched Access. Common Channel Signaling Access Capability Service, as set forth in Section XXVIII herein, must be ordered by MFS when SS7 Out-of-Band Signaling is requested on LIS trunks.

b. Clear Channel Capability.

Clear Channel Capability permits 24 DS0-64 kbit/s services or 1.536 Mbit/s of information on the 1.544 Mbit/s line rate. Clear Channel Capability is available for LIS trunks equipped with SS7 Out-of-Band Signaling. Clear Channel Capability is only available on trunks to USWC's access tandem switch or USWC's end office switches (where available); (Clear Channel Capability is not available on trunks to USWC's local tandem switches or end offices where it is currently not deployed. MFS agrees to use the

Network Interconnection and Unbundled Element Request process to request clear channel capability for such additional switches. Prices for such additional clear channel capability, if any, will be established through the NIUER Process). Clear Channel Capability must be requested on the order for the new LIS trunks. The provisioning of the LIS trunks equipped with Clear Channel Capability is the same as that used for Feature Group D Switched Access Service. USWC will provide MFS with a listing of USWC end offices, local tandems and access tandems equipped with clear channel capability.

H. Measuring Local Interconnection Minutes

1. Measurement of terminating Local Interconnection Minutes begins when the terminating LIS entry switch receives answer supervision from the called end user's end office indicating the called end user has answered. The measurement of terminating call usage over LIS trunks ends when the terminating LIS entry switch receives disconnect supervision from either the called end user's end office, indicating the called end user has disconnected, or MFS's point of interconnection, whichever is recognized first by the entry switch.
2. USWC and MFS are required to provide each other the proper call information (e.g., originated call party number and destination call party number, etc.) to enable each Party to issue bills in a complete and timely fashion.

I. Testing

1. Acceptance Testing

At the time of installation of an LIS trunk group, and at no additional charge, the Parties will cooperatively test the same parameters tested for terminating Feature Group D Switched Access Service. Please see USWC's applicable switched access tariff for the specifications.

2. Testing Capabilities

- a. Terminating LIS testing is provided where equipment is available, with the following test lines: seven-digit access to balance (100 type), milliwatt (102 type), nonsynchronous or synchronous, automatic transmission measuring (105 type), data transmission (107 type), loop-around, short circuit, open circuit, and non-inverting digital loopback (108 type).
- b. In addition to LIS acceptance testing, other tests are available (e.g., additional cooperative acceptance testing, automatic scheduled testing, cooperative scheduled testing, manual

scheduled testing, and non-scheduled testing) at the applicable tariff rates.

J. Ordering

1. When ordering LIS, the ordering Party shall specify on the service order:
1) the type and number of interconnection facilities to terminate at the point of interconnection in the serving wire center; 2) the type of interoffice transport, (i.e., direct trunk transport or tandem switched transport); 3) the peak busy hour CCS from the MFS end office; 4) the number of trunks to be provisioned at a local exchange office or tandem; 5) and any optional features (see form Appendix B). When the ordering Party requests facilities, routing, or optional features different than those determined to be available, the Parties will work cooperatively in determining an acceptable configuration, based on available facilities, equipment and routing plans
2. When the ordering Party initially orders a DS3 interconnection facility, in conjunction with tandem switched transport to a tandem, or DS3 direct trunk transport facilities to a tandem or local exchange office, the provider will forward the appropriate DS1 facility record information necessary to identify the circuit facility assignment (CFA). On subsequent orders utilizing existing DS3 interconnection facilities, or DS3 direct trunk transport facilities, the provider will assign the DS1 facility to the DS 3 interconnection facility or DS3 direct trunk transport facility, as directed by the ordering Party.
3. A joint planning meeting will precede MFS and USWC trunking orders. These meetings will result in the transmittal of Access Service Requests (ASRs) to initiate order activity. A Party requesting tandem interconnection will provide its best estimate of the traffic distribution to each end office subtending the tandem.
4. Service intervals and due dates for negotiated arrangements will be determined on an individual case basis.

K. Billing Arrangements

1. USWC and MFS desire to submit separate bills, pursuant to their separate tariffs, to interexchange carriers for their respective portions of jointly provided switched access service.

Based on the negotiated POI, the Parties will agree on a meet point percentage to enable the joint provisioning and billing of Switched Access Services to third parties in conformance with the Meet-Point Billing guidelines adopted by and contained in the Ordering and Billing Forum's MECAB and MECOD documents and referenced in USWC's Switched Access Tariffs. The Parties understand and agree that MPB arrangements are available and functional only to/from Interexchange

Carriers who directly connect with the tandem(s) that MFS sub-tends in each LATA..

2. The parties will use reasonable efforts, individually and collectively, to maintain provisions in their respective federal and state access tariffs, and/or provisions within the National Exchange Carrier Association ("NECA") Tariff No. 4, or any successor tariff, sufficient to reflect this MPB arrangement, including MPB percentages.
3. As detailed in the MECAB document, MFS and USWC will exchange all information necessary to bill third parties for Switched Access Services traffic jointly handled by MFS and USWC via the meet point arrangement in a timely fashion. Information shall be exchanged in Exchange Message Record ("EMR") format (Bellcore Standard BR 010-200-010, as amended) on magnetic tape or via a mutually acceptable electronic file transfer protocol. The Parties will exchange records pursuant to this paragraph without additional compensation.
4. The Parties will agree upon reasonable audit standards and other procedures as required to ensure billing accuracy.
5. Each company will bill the IXC's the appropriate rate elements in accordance with their respective interstate and intrastate tariffs, as follows:

<u>Rate Element</u>	<u>Billing Company</u>
Carrier Common Line	Dial Tone Provider
Local Switching	Dial Tone Provider
Interconnection Charge	Dial Tone Provider
Local Transport Termination	Based on negotiated BIP
Local Transport Facility (also called Tandem Transmission per mile)	Based on negotiated BIP
Tandem Switching	Access Tandem Provider
Entrance Facility	Access Tandem Provider

6. For originating 800/888 traffic routed to an access tandem, the tandem provider will perform 800/888 database inquiry and translation functions and bill the inquiry charge and translation charge (if any) to the interexchange carrier pursuant to tariff.
7. Pursuant to the Arbitrator's decision in Docket No. UT-960323, this MFS proposed paragraph has been deleted.

L. Mileage Measurement

Where required, the mileage measurement for LIS facilities and trunks is determined in the same manner as the mileage measurement for Feature Group D Switched Access Service.

M. Construction Charges

For issues related to construction charges, see Section XXIX of this Agreement.

VI. INTERCONNECTION

A. Definition

1. "Interconnection" is the linking of the USWC and MFS networks for the mutual exchange of traffic and for MFS access to unbundled network elements. Interconnection does not include the transport and termination of traffic. Interconnection is provided by virtual or physical collocation, entrance facilities or meet point arrangements.
2. USWC will provide interconnection at the line side of the local switch, the trunk side of the local switch, trunk interconnection points of the tandem switch, central office cross-connect points, and signaling transfer points necessary to exchange traffic and access call related databases.

B. Mid-span Meet POI

1. A Mid-Span Meet POI is a negotiated point of interface, limited to the interconnection of facilities between one Party's switch and the other Party's switch. The actual physical point of interface and facilities used will be subject to negotiations between the Parties. Each Party will be responsible for its portion of the build to the Mid-Span Meet POI, if the meet point arrangement is used exclusively for the exchange of local traffic.
2. If the Mid-Span Meet arrangement is to be used for access to unbundled network elements, MFS must pay the portion of the economic costs of the Mid-Span Meet arrangement used by MFS for access to unbundled network elements.

C. Collocation

Interconnection may be accomplished through either virtual or physical collocation. The terms and conditions under which collocation will be available are described in Section VII herein.

D. Entrance Facility

Interconnection may be accomplished through the provision of an entrance facility. An entrance facility extends from the serving wire center of the provider to the other party's switch location. Entrance facilities may not extend beyond the area described by the provider's serving wire center. The rates for entrance facilities are provided in Appendix A.

- E. **Quality of Interconnection** USWC will not, for the purpose of interconnection, provide to MFS less favorable terms and conditions than USWC provides itself or in a manner less efficient than it would impose on itself. The quality of interconnection will be at least equal to that of USWC. To the extent that MFS requests higher or lower quality interconnection, MFS agrees to use the New

Interconnection/Unbundled Element Request procedure described in Section XXIII.

Both Parties agree to manage their network switches in accordance with the Bellcore LSSGR. The acceptable service levels for LIS and the criteria for applying protective controls will be administered in the same manner as the network management for Switched Access Service.

F. Points of Interface (POI)

Upon the request for specific point to point routing, USWC will make available to MFS information indicating the location and technical characteristics of USWC's network facilities. The following alternatives are negotiable: (1) a DS1 or DS3 entrance facility, where facilities are available (where facilities are not available and USWC is required to build, see Section XXIX for issues relating to construction charges) (2) Virtual Collocation; (3) Physical Collocation; and (4) negotiated Mid-Span Meet facilities. Each Party is responsible for providing its own facilities up to the Mid-Span Meet POI. The Parties will negotiate the facilities arrangement between their networks.

G. Trunking Requirements

1. USWC agrees to provide designed interconnection facilities that meet the same technical criteria and service standards, such as probability of blocking in peak hours and transmission standards, in accordance with industry standards.
2. Two-way trunk groups will be established wherever possible. Exceptions to this provision will be based on billing, signaling, and network requirements. For example, (1) billing requirements - switched access vs. local traffic, (2) signaling requirements - MF vs. SS7, and (3) network requirements - directory assistance traffic to TOPS tandems. The following is the current list of traffic types that require separate trunk groups, unless specifically otherwise agreed to by the Parties. The following list does not include separate trunks for transit traffic to third parties. The Parties agree that if recording and reporting procedures cannot be implemented to appropriately measure local and toll transit traffic, either Party may request separate transit trunks. In such a case, the other Party will not unreasonably withhold its consent to establish separate trunks.⁴
 - a. IntraLATA toll and switched access trunks
 - b. EAS/local trunks
 - c. Directory Assistance trunks
 - d. 911/E911 trunks

⁴ The Parties have amended this provision in lieu of the disputed separate trunk groups for local and toll transit traffic (formerly g. and h. below).

- e. Operator services trunks
 - f. Commercial Mobile Radio Service/Wireless traffic for which MFS serves as the transit provider between the CMRS provider and USWC.
 - g. (deleted)
 - h. (deleted)
 - i. Meet Point Billing Trunks (for the joint provision of switched access).
3. Trunk group connections will be made at a DS1 or multiple DS1 level for exchange of EAS/local, intraLATA toll, wireless/Commercial Mobile Radio Service, and switched access traffic. Ancillary service trunk groups will be made below a DS1 level, as negotiated.
 4. The Parties will provide Common Channel Signaling (CCS) to one another, where available, in conjunction with all Local/EAS Trunk Circuits. All CCS signaling parameters will be provided including calling party number (CPN), originating line information (OLI) calling party category, charge number, etc. All privacy indicators will be honored.
 5. Where CCS is not available, in-band multi-frequency (MF) wink start signaling will be provided. When the Parties interconnect via CCS for jointly provided switched access service, the tandem provider will provide MF/CCS interworking as required for interconnection with interexchange carriers who use MF signalling.
 6. The Parties will follow all Ordering and Billing Forum adopted standards pertaining to CIC/OZZ codes.
 7. USWC will cooperate in the provision of TNS (Transit Network Selection) for the joint provision of switched access.
 8. The Parties shall terminate local/EAS traffic exclusively on local/EAS trunk groups. No local/EAS trunk groups shall be terminated on USWC's access tandems.

H. Service Interruptions.

1. Standards and procedures for notification of trunk disconnects will be jointly developed by the Parties. Neither Party shall be expected to maintain active status for a trunk disconnected by the other Party for an extended or indefinite period of time. Collectively, the Parties will use their best good faith efforts to complete and agree on such plan.
2. The characteristics and methods of operation of any circuits, facilities or equipment of either Party connected with the services, facilities or equipment of the other Party pursuant to this Agreement shall not: 1) interfere with or impair service over any facilities of the other Party; its affiliated companies, or its connecting and concurring carriers involved in

its services; 2) cause damage to their plant; 3) violate any applicable law or regulation regarding the invasion of privacy of any communications carried over the Party's facilities; or 4) create hazards to the employees of either Party or to the public. Each of these requirements is hereinafter referred to as an "Impairment of Service".

3. If either Party causes an Impairment of Service, as set forth in this Section, the Party whose network or service is being impaired (the "Impaired Party") shall promptly notify the Party causing the Impairment of Service (the "Impairing Party") of the nature and location of the problem. They shall advise the Impairing Party that, unless promptly rectified, a temporary discontinuance of the use of any circuit, facility or equipment may be required. The Impairing Party and the Impaired Party agree to work together to attempt to promptly resolve the Impairment of Service. If the Impairing Party is unable to promptly remedy the Impairment of Service, the Impaired Party may temporarily discontinue use of the affected circuit, facility or equipment.
4. Each Party shall be solely responsible, and bear the expense, for the overall design of its services. Each Party shall also be responsible for any redesign or rearrangement of its services that may be required because of changes in facilities, operations or procedures, minimum network protection criteria, and operating or maintenance characteristics of the facilities.
5. To facilitate trouble reporting and to coordinate the repair of the service provided by each Party to the other under this Agreement, each Party shall designate a Trouble Reporting Control Office (TRCO) for such service.
6. Where new facilities, services and arrangements are installed, the TRCO shall ensure that continuity exists and take appropriate transmission measurements before advising the other Party that the new circuit is ready for service.
7. Each Party shall furnish a trouble reporting telephone number for the designated TRCO. This number shall give access to the location where facility records are normally located and where current status reports on any trouble reports are readily available. Alternative out-of-hours procedures shall be established to ensure access to a location that is staffed and has the authority to initiate corrective action.
8. Before either Party reports a trouble condition, they shall use their best efforts to isolate the trouble to the other's facilities.
 - a. In cases where a trouble condition affects a significant portion of the other's service, the Parties shall assign the same priority provided to other interconnecting carriers.

- b. The Parties shall cooperate in isolating trouble conditions.

I. Interconnection Forecasting

1. The Parties agree that during the first year of interconnection, joint forecasting and planning meetings will take place no less frequently than once per quarter.
2. The Parties shall establish joint forecasting responsibilities for traffic utilization over trunk groups. Intercompany forecast information must be provided by the Parties to each other four times a year. The quarterly forecasts shall include forecasted requirements for each trunk group identified in Paragraph G(2) of this Section. In addition, the forecast shall include, for tandem-switched traffic, the quantity of tandem-switched traffic forecasted for each subtending end office. The Parties recognize that, to the extent historical traffic data can be shared between the Parties, the accuracy of the forecasts will improve. Forecasts shall be for a minimum of three (current and plus-1 and plus-2) years;
 - a. The use of Common Language Location Identifier (CLLI-MSG), which are described in Bellcore documents BR 795-100-100 and BR 795-400-100;
 - b. A description of major network projects anticipated for the following six months that could affect the other Party. Major network projects include trunking or network rearrangements, shifts in anticipated traffic patterns, or other activities that are reflected by a significant increase or decrease in trunking demand for the following forecasting period. This planning will include the issues of network capacity, forecasting and compensation calculation, where appropriate.
3. If differences in quarterly forecasts of the Parties vary by more than 24 additional DS0 two-way trunks for each Local Interconnection Trunk Group, the Parties shall meet to reconcile the forecast to within 24 DS0 trunks.
4. If a trunk group is under 75 percent of centum call seconds (ccs) capacity on a monthly average basis for each month of any three month period, either Party may request to resize the trunk group, which resizing will not be unreasonably withheld. If a resizing occurs, the trunk group shall not be left with less than 25 percent excess capacity. In all cases, grade of service objectives identified below shall be maintained.
5. Each Party shall provide a specified point of contact for planning, forecasting and trunk servicing purposes.

VII. COLLOCATION

A. General Provisions

1. Collocation allows MFS to obtain dedicated space in a USWC wire center and to place equipment in such spaces to interconnect with the USWC network. MFS may request collocation at other USWC locations pursuant to the NIUER Process or through additional interconnection negotiations under the Act. USWC will provide the resources necessary for the operation and economical use of collocated equipment. POIs for network interconnection can be established through virtual or physical collocation arrangements.
2. Collocation is offered for network interconnection between the Parties. The collocated party may cross connect to other collocated parties via expanded interconnection channel terminations provided by USWC, provided that MFS's collocated equipment is used for interconnection with USWC or access to USWC's unbundled network elements. Additional terms, conditions and rates apply in conjunction with subsequent call termination (e.g., call termination charges, tandem switching, tandem-switched transport, see Section V, Reciprocal Traffic Exchange.)
3. Except when MFS purchases USWC's unbundled network transmission elements, MFS will construct its own fiber optic cable to the USWC-designated point of interconnection. USWC will extend MFS's fiber optic cable from the POI to the cable vault within the wire center. If necessary, USWC may bring the cable into compliance with USWC internal fire code standards and extend the cable to the collocated space.
4. MFS will be provided two points of entry into the USWC wire center only when there are at least two existing entry points for USWC cable and when there are vacant entrance ducts in both. USWC will promptly remove any unused cabling to free up entrance ducts when no other ducts are available. Cable entry will be limited to fiber facilities.
5. MFS may collocate transmission equipment to terminate basic transmission facilities. MFS may request collocation of other equipment pursuant to the NIUER Process or through additional interconnection negotiations under the Act. CLEC must identify what equipment will be installed, to allow for USWC to use this information in engineering the power, floor loading, heat release, environmental particulant level, and HVAC.
6. Nothing in this part shall be construed to limit MFS's ability to obtain both virtual and physical collocation in a single location.

B. Virtual Collocation

1. USWC shall provide virtual collocation for the purpose of Interconnection or access to unbundled Network Elements subject to the rates, terms and conditions of this Agreement.
2. MFS will not have physical access to the USWC wire center building pursuant to a virtual collocation arrangement.
3. MFS will be responsible for obtaining and providing to USWC administrative codes, e.g., common language codes, for all equipment specified by MFS and installed in wire center buildings.
4. MFS will be responsible for payment of training of USWC employees for the maintenance, operation and installation of MFS's virtually collocated equipment when that equipment is different than the equipment used by USWC .
5. MFS will be responsible for payment of charges incurred in the maintenance and/or repair of MFS's virtually collocated equipment.
6. USWC does not guarantee the reliability MFS's virtually collocated equipment.
7. MFS is responsible for ensuring the functionality of virtually collocated SONET equipment provided by different manufacturers.
8. Maintenance Labor, Inspector Labor, Engineering Labor and Equipment Labor business hours are considered to be Monday through Friday, 8:00am to 5:00pm and after business hours are after 5:00pm and before 8:00am, Monday through Friday, all day Saturday, Sunday and holidays.
9. MFS will transfer possession of MFS's virtually collocated equipment to USWC via a no cost lease. The sole purpose of the lease is to provide USWC with exclusive possessory rights to MFS's virtually collocated equipment. Title to the MFS virtually collocated equipment shall not pass to USWC.
10. Installation and maintenance of MFS's virtually collocated equipment will be performed by USWC or a USWC authorized vendor.
11. MFS shall ensure that upon receipt of the MFS virtually collocated equipment by USWC, all warranties and access to ongoing technical support are passed through to USWC, all at MFS's expense. The interconnector shall advise the manufacturer and seller of the virtually collocated equipment that it will be possessed, installed and maintained by USWC.

12. MFS's virtually collocated equipment must comply with the Bellcore Network Equipment Building System (NEBS) Generic Equipment Requirements TR-NWT-000063, Company wire center environmental and transmission standards and any statutory (local, state or federal) and/or regulatory requirements in effect at the time of equipment installation or that subsequently become effective. MFS shall provide USWC interface specifications (e.g., electrical, functional, physical and software) of MFS's virtually collocated equipment.
13. USWC may restrict the type of virtually collocated equipment. USWC will only permit basic transmission terminating equipment to be virtually collocated by MFS. MFS may request collocation of other equipment pursuant to the NIUER Process or through additional interconnection negotiations under the Act..
14. MFS must specify all software options and associated plug-ins for its virtually collocated equipment.
15. MFS is responsible for purchasing and maintaining a supply of spares. Upon failure of MFS's virtually collocated equipment, MFS is responsible for transportation and delivery of maintenance spares to USWC at the wire center housing the failed equipment.

C. Physical Collocation

1. USWC shall provide to MFS Physical Collocation of equipment necessary for Interconnection or for access to unbundled Network Elements, except that USWC may provide for Virtual collocation if USWC demonstrates to the Commission that Physical Collocation is not practical for technical reasons or because of space limitations, as provided in Section 251(c)(6) of the Act. USWC shall provide such Collocation for the purpose of Interconnection or access to unbundled Network Elements, except as otherwise mutually agreed to in writing by the Parties or as required by the FCC or the appropriate Commission subject to the rates, terms and conditions of this Agreement.
2. Where MFS is Virtually Collocated in a premises which was initially prepared for Virtual Collocation, MFS may elect to (i) retain its Virtual Collocation in that premises and expand that Virtual Collocation according to the rates, terms and conditions of this Agreement, or (ii) unless it is not practical for technical reasons or because of space limitations, convert its Virtual Collocation at such premises to Physical Collocation, in which case MFS shall coordinate the construction and rearrangement with USWC of its equipment (IDLC and transmission) and circuits for which MFS shall pay USWC at applicable rates, and pursuant to the other terms and conditions in this Agreement. In addition, all applicable Physical Collocation recurring charges shall apply.

3. MFS will be allowed access to the POI on non-discriminatory terms. MFS owns and is responsible for the installation, maintenance and repair of its transmission equipment located within the space rented from USWC.
4. MFS must use leased space promptly and may not warehouse space for later use or sublease to another provider. Physical collocation is offered in wire centers on a space-available, first come, first-served basis.
5. The minimum standard leasable amount of floor space is 100 square feet. MFS must efficiently use the leased space; no more than 50% of the floor space may be used for storage cabinets and work surfaces. The Commission will be the final arbitrator in points of dispute between the parties.
6. MFS's leased floor space will be separated from other competitive providers and USWC space through cages or hard walls. MFS may elect to have USWC construct the cage, or choose from USWC approved contractors to construct the cage, meeting USWC's installation Technical Publication 77350.
7. The following standard features will be provided by USWC:
 - a. Heating, ventilation and air conditioning.
 - b. Smoke/fire detection and any other building code requirement.
8. USWC Responsibilities.
 - a. Design the floor space within each wire center which will constitute CLEC's leased space.
 - b. Ensure that the necessary construction work is performed to build CLEC's leased physical space and the riser from the vault to the leased physical space.
 - c. Develop a quotation specific to MFS's request.
 - d. Extend USWC-provided and owned fiber optic cable from the POI through the cable vault and extending the cable to MFS's leased physical space or place the cable in fire retardant tubing prior to extension to MFS's leased physical space.
 - e. Installation and maintenance and all related activity necessary to provide Channel Termination between USWC's and MFS's equipment.
 - f. Work cooperatively with MFS in matters of joint testing and maintenance.

9. MFS Responsibilities
 - a. Determine the type of enclosure for the physical space.
 - b. Where applicable, procure, install and maintain all fiber optic facilities up to the USWC designated POI.
 - c. Install, maintain, repair and service all MFS's equipment located in the leased physical space.
 - d. Ensure that all equipment installed by MFS complies with Bellcore Network Equipment Building System Generic Equipment requirements, USWC wire center environmental and transmission standards, and any statutory (local, federal, or state) or regulatory requirements in effect at the time of equipment installation or that subsequently become effective.
10. Once construction is complete for physical collocation and MFS has accepted its leased physical space, MFS may order its DS0, DS1, DS3 or other Expanded Interconnection Channel Terminations.
11. MFS may not extend dark fiber to MFS's leased physical space or connecting DS1/DS3 Channel Terminations to USWC dark fiber.
12. If, at any time, USWC determines that the equipment or the installation does not meet requirements, MFS will be responsible for the costs associated with the removal, modification to, or installation of the equipment to bring it into compliance. If MFS fails to correct any non-compliance within fifteen (15) days of written notice of non-compliance, USWC may have the equipment removed or the condition corrected at MFS's expense.
13. If, during installation, USWC determines MFS activities or equipment are unsafe, non-standard or in violation of any applicable laws or regulations, USWC has the right to stop work until the situation is remedied. If such conditions pose an immediate threat to the safety of USWC employees, interfere with the performance of USWC's service obligations, or pose an immediate threat to the physical integrity of the conduit system or the cable facilities, USWC may perform such work and/or take action as is necessary to correct the condition at MFS's expense.
14. For each Physical Collocation, the Parties agree to execute an individual 'Physical Collocation Agreement' in form attached hereto as Appendix C.

D. Collocation Rate Elements

1. Common Rate Elements

The following rate elements are common to both virtual and physical collocation:

- a. **Quote Preparation Fee.** This covers the work involved in developing a quotation for MFS for the total costs involved in its collocation request.
- b. **Entrance Facility.** Provides for fiber optic cable on a per fiber basis from the point of interconnection utilizing USWC owned, conventional single mode type of fiber optic cable to the collocated equipment (for virtual collocation) or to the leased space (for physical collocation). Entrance facility includes riser, fiber placement, entrance closure, conduit/innerduct, and core drilling.
- c. **Cable Splicing.** Represents the labor and equipment to perform a subsequent splice to the MFS provided fiber optic cable after the initial installation splice. Includes a per-setup and a per-fiber-spliced rate elements.
- d. **-48 Volt Power.** Provides -48 volt power to the MFS collocated equipment. Charged on a per ampere basis.
- e. **48 Volt Power Cable.** Provides for the transmission of -48 Volt DC power to the collocated equipment. It includes engineering, furnishing and installing the main distribution bay power breaker, associated power cable, cable rack and local power bay to the closest power distribution bay. It also includes the power cable (feeders) A and B from the local power distribution bay to the leased physical space (for physical collocation) or to the collocated equipment (for virtual collocation).
- f. **Inspector Labor.** Provides for the USWC qualified personnel necessary when MFS requires access to the point of interconnection after the initial installation or access to its physical collocation floor space, where an escort is required. A call-out of an inspector after business hours is subject to a minimum charge of four hours. The minimum call-out charge shall apply when no other employee is present in the location, and an 'off-shift' USWC employee (or contract employee) is required to go 'on-shift' on behalf of MFS.
- g. **Expanded Interconnection Channel Termination (EICT).** Telecommunications interconnection between MFS's collocated equipment and USWC's network is accomplished via an

Expanded Interconnection Channel Termination (EICT). This element can be at the DS0, DS1, DS3 or other level depending on the USWC service it is connecting to. Connection to any other network or telecommunications source within the wire center is allowed only through USWC services.

- h. Expanded Interconnection Channel Regeneration. Required when the distance from the leased physical space (for physical collocation) or from the collocated equipment (for virtual collocation) to the USWC network is of sufficient length to require regeneration.

2. Physical Collocation Rate Elements

The following rate elements apply only to physical collocation arrangements:

- a. Floor Space Rental. Provides the monthly rent for the leased physical space, property taxes and base operating cost without -48 Volt DC power. Includes convenience 110 AC, 15 amp electrical outlets provided in accordance with local codes and may not be used to power transmission equipment or -48 Volt DC power generating equipment. Also includes maintenance for the leased space; provides for the preventative maintenance (climate controls, filters, fire and life systems and alarms, mechanical systems, standard HVAC); biweekly housekeeping services (sweeping, spot cleaning, trash removal) of the USWC wire center areas surrounding the leased physical space and general repair and maintenance.
- b. Enclosure Buildout. The Enclosure Buildout element, either Cage or, at the MFS's option, Hardwall, includes the material and labor to construct the enclosure specified by MFS or MFS may choose from USWC approved contractors to construct the cage, meeting USWC's installation Technical Publication 77350. It includes the enclosure (cage or hardwall), air conditioning (to support MFS loads specified), lighting (not to exceed 2 watts per square foot), and convenience outlets (3 per cage or number required by building code for the hardwall enclosure). Also provides for humidification, if required.
- c. Pricing for the above physical collocation rate elements will be provided on an individual basis due to the uniqueness of MFS's requirements, central office structure and arrangements.

3. Virtual Collocation Rate Elements

The following rate elements apply uniquely to virtual collocation:

- a. Maintenance Labor -- Provides for the labor necessary for repair of out of service and/or service-affecting conditions and preventative maintenance of the MFS virtually collocated equipment. MFS is responsible for ordering maintenance spares. USWC will perform maintenance and/or repair work upon receipt of the replacement maintenance spare and/or equipment for MFS. A call-out of a maintenance technician after business hours is subject to a minimum charge as specified above.
- b. Training Labor -- Provides for the billing of vendor-provided training for USWC personnel on a metropolitan service area basis, necessary for MFS virtually collocated equipment which is different from USWC provided equipment. USWC will require three USWC employees to be trained per metropolitan service area in which the MFS virtually collocated equipment is located. If, by an act of USWC, trained employees are relocated, retired, or are no longer available, USWC will not require MFS to provide training for additional USWC employees for the same virtually collocated equipment in the same metropolitan area. The amount of training billed to MFS will be reduced by half, should a second collocator in the same metropolitan area select the same virtually collocated equipment as MFS.
- c. Equipment Bay -- Provides mounting space for the MFS virtually collocated equipment. Each bay includes the 7 foot bay, its installation, all necessary environmental supports. Mounting space on the bay, including space for the fuse panel and air gaps necessary for heat dissipation is limited to 78 inches. The monthly rate is applied per shelf.
- d. Engineering Labor -- Provides the planning and engineering of the MFS virtually collocated equipment at the time of installation, change or removal.
- e. Installation Labor -- Provides for the installation, change or removal of the MFS virtually collocated equipment.

E. Collocation Installation Intervals

The following intervals are common to both virtual and physical collocation:

- 1. Acknowledgment of Floor Space Availability. Within fifteen days of the receipt by USWC from MFS of a Request for Collocation and an associated Quote Preparation Fee, USWC will notify MFS whether the sufficient floor space is available to accommodate MFS's request.
- 2. Quote Preparation. Within twenty-five business days of the receipt by USWC from MFS of a Request for Collocation and an associated Quote

Preparation Fee, USWC provide MFS with a written quotation containing all nonrecurring charges for the requested collocation arrangement.

3. Quote Acceptance. Within thirty days of the receipt by MFS of the USWC quotation, MFS will accept the USWC proposed quotation. Acceptance shall require payment to USWC of fifty percent of the non-recurring charges provided on the quotation.
4. Completion of Cage Construction (physical collocation only). Within 90 days of the acceptance of the quotation by MFS, the construction of the necessary cage/hardwall enclosure shall be completed. At this time, the leased floor space will be available to MFS for installation of its collocated equipment.
5. Completion of Collocated Equipment Installation (virtual collocation only) -
- USWC shall complete the installation of MFS's collocated equipment within 90 days of USWC's receipt of MFS's collocated equipment. The installation of line cards and other minor modifications shall be performed by USWC on intervals equivalent to those that USWC applies to itself, but in no instance shall any such interval exceed 90 days.

VIII. INTERIM NUMBER PORTABILITY

A. General Terms

1. The Parties shall provide Number Portability on a reciprocal basis to each other to the extent technically feasible, and in accordance with rules and regulations as from time to time prescribed by the FCC and/or the Commission.
2. Until Number Portability is implemented by the industry pursuant to regulations issued by the FCC or the Commission, the Parties agree to provide Interim Telecommunications Number Portability ("INP") to each other through remote call forwarding, direct inward dialing and NXX migration.
3. Once permanent number portability is implemented pursuant to FCC or Commission regulation, either Party may withdraw, at any time and at its sole discretion, its INP offerings, subject to advance notice to the other Party and coordination to allow the seamless and transparent conversion of INP customer numbers to permanent number portability. Upon implementation of permanent number portability pursuant to FCC regulations, both parties agree to conform and provide such permanent number portability.
4. USWC will update its Line Information Database ("LIDB") listings for retained numbers, and restrict or cancel calling cards associated with these forwarded numbers as directed by MFS. LIDB updates shall be completed by the Parties on the same business day each INP arrangement is activated.
5. Upon request, USWC shall provide to MFS INP via Direct Inward Dial Trunks pursuant to applicable tariffs.
6. Where either party has activated an entire NXX for a single customer, or activated a substantial portion of an NXX for a single customer with the remaining numbers in that NXX either reserved for future use or otherwise unused, if such customer chooses to receive service from the other Party, the first Party shall cooperate with the second Party to have the entire NXX reassigned in the LERG (and associated industry databases, routing tables, etc.) to an End Office operated by the second Party. Such transfer will be accomplished with appropriate coordination between the Parties and subject to appropriate industry lead-times for movement of NXXs from one switch to another. Other applications of NXX migration will be discussed by the Parties as circumstances arise.

B. Description Of Service

1. Interim Number Portability Service ("INP") is a service arrangement that can be provided by USWC to MFS or by MFS to USWC. For the purposes of this section, the Party porting traffic to the other Party shall be referred to as the "INP Provider" and the Party receiving INP traffic for termination shall be referred to as the "INP Requestor".
2. INP applies to those situations where an end-user customer elects to transfer service from the INP Provider to the INP Requestor and they also wish to retain their existing telephone number. INP consists of INP Provider's provision to the INP Requestor the capability to route calls placed to telephone numbers assigned to the INP Provider's switches to the INP Requestor's switches. INP is available only for working telephone numbers assigned to the INP Provider's customers who request to transfer to the INP Requestor's service.
3. INP is available as INP-Remote Call Forwarding ("INP-RCF") permitting a call to a INP Provider's assigned telephone number to be translated to the INP Requestor's dialable local number. INP Requestor may terminate the call as desired. Additional capacity for simultaneous call forwarding is available where technically feasible. The INP Requestor will need to specify the number of simultaneous calls to be forwarded for each number ported.
4. INP is subject to the following restrictions:
 - a. An INP telephone number may be assigned by INP Requestor only to the Requestor's customers located within the INP Provider's local calling area and toll rating area that is associated with the NXX of the portable number.
 - b. INP is applicable only if the INP Requestor is engaged in a reciprocal traffic exchange arrangement with the INP Provider.
 - c. Only the existing, INP Provider assigned end-user telephone number may be used as a ported number for INP.
 - d. INP will not be provided by the INP Provider for customers whose accounts are in arrears and who elect to make a change of service provider unless and until the following conditions are met:
 - i. Full payment for the account (including directory advertising charges associated with the customer's telephone number) is made by customer or INP Requestor agrees to make full payment on behalf of customer.

- ii. INP Provider is notified in advance of the change in service provider and a Change of Responsibility form is issued.
- iii. INP Provider accepts the transfer of responsibility.
- e. INP services shall not be re-sold, shared or assigned by either party to another LEC or CLEC.
- f. INP is not offered for NXX Codes 555, 976, 960 and coin telephones, and Service Access Codes (i.e. 500, 700, 800/888, 900). INP is not available for FGA seven-digit numbers, including foreign exchange (FEX), FX and FX/ONAL and foreign Central Office Service. Furthermore, INP numbers may not be used for mass calling events.
- g. The ported telephone number will be returned to ~~the~~ originating company (or to the common pool of telephone numbers upon implementation of permanent number portability) when the ported service is disconnected. The company purchasing a ported number may not retain it and reassign it to another customer. The normal intercept announcement will be provided by the INP Provider for the period of time until the telephone number is reassigned by the Provider.

5. Ordering and Maintenance

- a. The INP Requestor is responsible for all dealings with and on behalf of its end users, including all end user account activity, e.g. end user queries and complaints.
- b. Each party is responsible for obtaining a Letter of Authorization (LOA) from its end users who requests a transfer of the end user's telephone number from the other party.
- c. The INP Provider will work cooperatively with the Requestor to ensure a smooth customer transition and to avoid unnecessary duplication of other facilities (e.g., unbundled loops). The Parties will cooperate to develop intercompany procedures to implement the requirements of this paragraph.
- d. If an end user requests transfer of service from the INP Requestor back to the INP Provider, the Provider may rely on that end user request to institute cancellation of the INP service. The INP Provider will provide at least 48 hours notice to the INP Requestor of the cancellation of INP service, and will work cooperatively with the Requestor to ensure a smooth customer transition and to avoid unnecessary duplication of other facilities (e.g., unbundled loops). The Parties will cooperate to develop intercompany procedures to implement the requirements of this paragraph.

- e. Certain features are not available on calls passed through INP service.
- f. The Requestor's designated INP switch must return answer and disconnect supervision to the INP Provider's switch.
- g. The Requestor will provide to the E911 database provider the network telephone number that the Requestor assigned to the Provider-assigned, ported telephone number. Updates to and maintenance of the INP information to the E911 database are the responsibility of the INP Requestor.
- h. The INP Requestor will submit to the INP Provider a disconnect order for each ported number that is relinquished by the Requestor's end users.

6. Cost Recovery

The parties agree that, for the purposes of this agreement that the following cost structure is an acceptable measure of the costs incurred by the INP Provider.

- a. Number Ported -- This cost is incurred per number ported, per month. Should the INP Requestor provide the transport from the Provider's end office to the Requestor's end office switch, a lower cost is incurred. This cost represents a single call path from the Provider's end office switch to the Requestor for the portable number.
- b. Additional Call Path -- This cost is incurred per additional call path per month added to a particular ported telephone number. Should the INP Requestor provide the transport from the Provider's end office to the Requestor's end office switch, a lower cost is incurred.
- c. Service Establishment -- Per Switch. This non-recurring cost is incurred for each INP Provider's end office switch that is equipped to provide INP to the INP Requestor.
- d. Service Establishment -- Per Number -- This non-recurring cost is for each telephone number equipped with INP.
- e. The parties agree that Appendix A reasonably identifies the above costs.
- f. Solely for the purposes of this arbitrated agreement between USWC and MFS, these two parties agree to assign between themselves, on an interim basis, interim number portability costs

on the basis of active local numbers, recognizing that such assignment necessarily excludes recovery from other industry participants. Each party is free to advocate the assignment of interim number portability costs to other industry participants as part of the appropriate industry-wide cost recovery method.⁵

- g. The parties shall, each quarter, exchange the confidential data necessary to implement the above pro-rata assignment of interim number portability costs.
- h. The INP Provider will, when using RCF, send the original ("ported") number over the interconnection arrangements as the calling party number using the signaling protocol applicable to the arrangements. The INP Requestor will capture and measure the number of minutes of INP incoming traffic. USWC will provide (and update quarterly) percentage distributions of all terminating traffic in the LATA by jurisdictional nature of the traffic: a) local; b) intrastate, intraLATA switched access; c) intrastate, interLATA switched access; d) interstate, intraLATA switched access; e) interstate, interLATA switched access.. Separate residence and business percentage distributions will be provided, to the extent possible. The Parties agree to work cooperatively to develop and exchange the data required to implement this paragraph. The appropriate percentage will be applied to the number of minutes of INP traffic in each category to determine the number of minutes eligible for additional "pass through" switched access compensation. Pass through switched access compensation will be paid at the following rates:

For all intra-LATA* toll and inter-LATA minutes delivered over INP, USWC will pay, in lieu of reciprocal compensation, all terminating switched access elements otherwise due the terminating office provider, including:

end office switching;
IC (interconnection charge);
CCLC; and
appropriate portion of tandem switched transport.⁶

⁵ Section f has been incorporated pursuant to the Arbitrator's Decision in Docket UT-960323.

⁶ The Parties recognize that the Arbitrator has ordered that the Parties incorporate a provision in this Agreement requiring that "each carrier issue a bill to the IXC for its portion of the access charges, based upon the functions and facilities provided by the carrier for call termination" and that the Parties' agreement should "take into account the fact that USWC receives compensation for INP costs by means of the Remote Call Forwarding charges". Because the Parties recognize that such a provision would incur additional costs and for purposes of consistency with other arbitrated results, the Parties agree to the above language.

- i. Rates are contained in Appendix A.

IX. DIALING PARITY

The Parties shall provide Dialing Parity to each other as required under Section 251(b)(3) of the Act. This Agreement does not impact either Party's ability to default intraLATA toll via a specific dialing pattern until otherwise required by the Act.

X. ACCESS TO TELEPHONE NUMBERS

A. Number Resources Arrangements.

1. Nothing in this Agreement shall be construed in any manner to limit or otherwise adversely impact either Party's right to the request and assignment of any NANP number resources including, but not limited to, central office (NXX) codes pursuant to the Central Office Code Assignment Guidelines (last published by the Industry Numbering Committee ("INC") as INC 95-0407-008, Revision 4/19/96, formerly ICCF 93-0729-010). NXXs, and the initial points of interface for interconnection between the Parties' networks, will be included in Addenda to this Agreement.
2. To the extent USWC serves as Central Office Code Administrator for a given region, USWC will support all MFS requests related to central office (NXX) code administration and assignments in the manner required and consistent with the Central Office Code Assignment Guidelines.
3. The parties shall provide local dialing parity to each other as required under Section 251(b)(3) of the Act.
4. The Parties will comply with code administration requirements as prescribed by the Federal Communications Commission, the Commission, and accepted industry guidelines.
5. It shall be the responsibility of each Party to program and update its own switches and network systems pursuant to the Local Exchange Routing Guide (LERG) guidelines to recognize and route traffic to the other Party's assigned NXX codes at all times. Neither Party shall impose any fees or charges whatsoever on the other Party for such activities. The Parties will cooperate to establish procedures to ensure the timely activation of NXX assignments in their respective networks.
6. Each Party shall be responsible for notifying its customers of any changes in numbering or dialing arrangements to include changes such as the introduction of new NPAs or new NXX codes.
7. Until an impartial entity is appointed to administer telecommunications numbering and to make such numbers available on an equitable basis, USWC will assign NXX codes to MFS in accordance with national guidelines at no charge.
8. Each Party is responsible for administering NXX codes assigned to it. Each Party is responsible for obtaining Local Exchange Routing Guide ("LERG") listings of CLLI codes assigned to its switches. Each party shall use the LERG published by Bellcore or its successor for obtaining routing information and shall provide all required information to Bellcore for maintaining the LERG in a timely manner.

XI. CALL COMPLETION FROM USWC OPERATORS

USWC Operators will provide operator call completion and call completion and rating information and like assistance to any end user customer reaching USWC Operators (including information for calls to MFS' NXXs) in the same manner as they provide such services for end user customers served by USWC NXXs and for calls involving only USWC NXXs.

XII. BUSY LINE VERIFY/INTERRUPT

- A. Busy Line Verification ("BLV") is performed when one Party's Customer requests assistance from the operator bureau to determine if the called line is in use, however, the operator bureau will not complete the call for the Customer initiating the BLV inquiry. Only one BLV attempt will be made per Customer operator bureau call, and a charge shall apply whether or not the called party releases the line.
- B. Busy Line Verification Interrupt ("BLVI") is performed when one Party's operator bureau interrupts a telephone call in progress after BLV has occurred. The operator bureau will interrupt the busy line and inform the called party that there is a call waiting. The operator bureau will only interrupt the call and will not complete the telephone call of the Customer initiating the BLVI request. The operator bureau will make only one BLVI attempt per Customer operator ~~telephone call~~ and the applicable charge applies whether or not the called party releases the line.
- C. The rate for Busy Line Verify shall be \$.72 per call, and for Busy Line Verify and Interrupt, \$.87 per call.
- D. Each Party's operator bureau shall accept BLV and BLVI inquiries from the operator bureau of the other Party in order to allow transparent provision of BLV/BLVI Traffic between the Parties' networks.
- E. Each Party shall route BLV/BLVI Traffic inquiries over separate direct trunks (and not the Local/IntraLATA Trunks) established between the Parties' respective operator bureaus. Unless otherwise mutually agreed, the Parties shall configure BLV/BLVI trunks over the Interconnection architecture defined in Section VI, Interconnection, consistent with the Joint Grooming Plan. Each Party shall compensate the other Party for BLV/BLVI Traffic as set forth above.

XIII. TOLL AND ASSISTANCE OPERATOR SERVICES

A. Description of Service.

Toll and Assistance refers to functions customers associate with the "O" operator. Subject to availability and capacity, access may be provided via operator services trunks purchased from USWC or provided by MFS via collocation arrangements to route calls to MFS's platform.

B. Functions include:

1. O-Coin, Automatic Coin Telephone Service (ACTS) - these functions complete coin calls, collect coins and provide coin rates.
2. Alternate Billing Services (ABS or O+ dialing): Bill to third party, Collect and Mechanized Credit Card System (MCCS).
3. O- or operator assistance which provides general assistance such as dialing instruction and assistance, rate quotes, emergency call completion and providing credit.
4. Automated Branding - ability to announce the carrier's name to the customer during the introduction of the call.
5. Rating Services - operators have access to tables that are populated with all toll rates used by the operator switch.

C. Pricing for Toll and Assistance Operator Services shall be determined on a case-by-case basis, upon request.

D. Interconnection to the USWC Toll and Assistance Operator Services from an end office to USWC T/A is technically feasible at three distinct points on the trunk side of the switch. The first connection point is an operator services trunk connected directly to the T/A host switch. The second connection point is an operator services trunk connected directly to a remote T/A switch. The third connection point is an operator services trunk connected to a remote access tandem with operator concentration capabilities.

E. Trunk provisioning and facility ownership will follow the guidelines recommended by the Trunking and Routing, IOF and Switch sub-teams. All trunk interconnections will be digital.

F. Toll and Assistance interconnection will require an operator services type trunk between the end office and the interconnection point on the USWC switch.

G. Connecting a position to the host system requires two circuits (one voice and one data) per position on a T1 facility.

- H. The technical requirements of operator services type trunks and the circuits to connect the positions to the host are covered in the OSSGR under Section 6 (Signaling) and Section 10 (System Interfaces) in general requirements form.

XIV. DIRECTORY ASSISTANCE

- A. USWC agrees to (1) provide to MFS' operators on line access to USWC's directory assistance database; (2) provide to MFS unbranded directory assistance service (3) provide to MFS directory assistance service under MFS brand (where technically feasible); (4) allow MFS or an MFS designated operator bureau to license USWC's directory assistance database for use in providing competitive directory assistance services; and (5) in conjunction with (2) or (3) above, provide caller-optional directory assistance call completion service which is comparable in every way to the directory assistance call completion service USWC makes available to its own users and to provide caller name and number.

- B. The price for directory assistance, provided pursuant to this Agreement, shall be 34 cents per call. As an alternative, the Parties may obtain directory assistance service pursuant to effective tariffs.

- C. The price for directory call completion services shall be 35 cents per call, pending the completion of an approved TELRIC cost study. Additional charges, for USWC intraLATA toll services, also apply for completed intraLATA toll calls. Long distance service shall be available pursuant to the wholesale discount provided in Section XXX, Resale, herein. Call completion service is an optional service. MFS may, at its option, request USWC to not provide call completion services to MFS customers.

XV. DIRECTORY LISTINGS

A. Scope

1. Listings Service ("Listings") consists of USWC placing the names, addresses and telephone numbers of MFS's end users in USWC's listing database, based on end user information provided to USWC by MFS. USWC is authorized to use Listings in Directory Assistance (DA) and as noted in paragraph 4, below.
2. MFS will provide in standard, mechanized format, and USWC will accept at no charge, one primary listing for each main telephone number belonging to MFS's end user customers. Primary listings are as defined for USWC end users in USWC's general exchange tariffs. MFS will be charged for premium listings, e.g., additional, foreign, cross reference, informational, etc., at USWC's general exchange listing tariff rates. MFS utilizing Remote Call Forwarding for local number portability can list only one number without charge - either the end customer's original telephone number or the MFS-assigned number. The standard discounted rate for an additional listing applies to the other number.
3. USWC will furnish MFS the Listings format specifications. MFS may supply a maximum of one batch file daily, containing only Listings that completed on or prior to the transmission date. USWC cannot accept Listings with advance completion dates. Large volume activity (e.g., 100 or more listings) on a caption set is considered a project that requires coordination between MFS and USWC to determine time frames.
4. MFS grants USWC a non-exclusive license to incorporate Listings information into its directory assistance database. MFS hereby selects one of two options for USWC's use of Listings and dissemination of Listings to third parties.

EITHER:

- a. Treat the same as USWC's end user listings - No prior authorization is needed for USWC to release Listings to directory publishers or other third parties. USWC will incorporate Listings information in all existing and future directory assistance applications developed by USWC. MFS authorizes USWC to sell and otherwise make Listings available to directory publishers. USWC shall be entitled to retain all revenue associated with any such sales. Listings shall not be provided or sold in such a manner as to segregate end users by carrier.

OR:

- b. Restrict to USWC's directory assistance -- Prior authorization required by MFS for all other uses. MFS makes its own, separate agreements with USWC, third parties and directory publishers for

all uses of its Listings beyond DA. USWC will sell Listings to directory publishers (including USWC's publisher affiliate), other third parties and USWC products only after the third party presents proof of MFS's authorization. USWC shall be entitled to retain all revenue associated with any such sales. Listings shall not be provided or sold in such a manner as to segregate end users by carrier.

5. To the extent that state tariffs limit USWC's liability with regard to Listings, the applicable state tariff(s) is incorporated herein and supersedes Section XXXIV(U), "Limitation of Liability", of this Agreement with respect to Listings only.

B. USWC Responsibilities

1. USWC is responsible for maintaining Listings, including entering, changing, correcting, rearranging and removing Listings in accordance with MFS orders. USWC will take reasonable steps in accordance with industry practices to accommodate non-published and non-listed Listings provided that MFS has supplied USWC the necessary privacy indicators on such Listings.
2. USWC will include MFS Listings in USWC's Directory Assistance service to ensure that callers to USWC's Directory Assistance service have non-discriminatory access to MFS's Listings.
3. USWC will incorporate MFS Listings provided to USWC in the white pages directory published on USWC's behalf.

C. MFS Responsibilities

1. MFS agrees to provide to USWC its end user names, addresses and telephone numbers in a standard mechanized format, as specified by USWC.
2. MFS will supply its ACNA/CIC or CLCC/OCN, as appropriate, with each order to provide USWC the means of identifying Listings ownership.
3. MFS represents and warrants the end user information provided to USWC is accurate and correct. MFS further represents and warrants that it has reviewed all Listings provided to USWC, including end user requested restrictions on use such as non-published and non-listed. MFS shall be solely responsible for knowing and adhering to state laws or rulings regarding Listings (e.g., no solicitation requirements in the states of Arizona and Oregon, privacy requirements in Colorado), and for supplying USWC with the applicable Listing information.
4. MFS is responsible for all dealings with, and on behalf of, MFS's end users, including:

- a. All end user account activity, e.g. end user queries and complaints.
 - b. All account maintenance activity, e.g., additions, changes, issuance of orders for Listings to USWC.
 - c. Determining privacy requirements and accurately coding the privacy indicators for MFS's end user information. If end user information provided by MFS to USWC does not contain a privacy indicator, no privacy restrictions will apply.
 - d. Any additional services requested by MFS's end users.
- D. The terms contained in this Section refer specifically to the provision of Listings **from MFS** to USWC. The Parties acknowledge that the Telecommunications Act of 1996 imposes reciprocal obligations on incumbent and new entrant Local Exchange providers with respect to directory assistance listings and white pages listings. As a result, the Parties agree that the terms in this Section are reciprocal and also include the provision of Listings from USWC to MFS, in the event that MFS provides its own directory assistance service or publishes its own white pages directory.

XVI. U S WEST DIRECT ISSUES

USWC and MFS agree that certain issues, such as yellow page advertising, directory distribution, access to call guide pages, yellow page listings, will be the subject of negotiations between MFS and directory publishers, including U S WEST Direct. USWC acknowledges that MFS may request USWC to facilitate discussions between MFS and U S WEST Direct.

XVII. ACCESS TO POLES, DUCTS, CONDUITS, AND RIGHTS OF WAY

Each Party shall provide the other Party access to its poles, ducts, rights-of-way and conduits it controls on terms, conditions and prices comparable to those offered to any other entity pursuant to each party's applicable tariffs and/or standard agreements.

XVIII. ACCESS TO DATABASES

In accordance with Section 271 of the Act, USWC shall provide MFS with interfaces to access USWC's databases and associated signaling necessary for the routing and completion of MFS' traffic. Except where otherwise specified, access to such databases, and the appropriate interfaces, shall be made available to MFS via a Network Interconnection and Unbundled Element Request.

XIX. NOTICE OF CHANGES

If a Party makes a change in its network which it believes will materially affect the inter-operability of its network with the other Party, the Party making the change shall provide advance notice of such change to the other Party in accordance with the applicable FCC regulations.

XX. 911/E-911 SERVICE

A. Scope.

1. MFS exchanges to be included in USWC's E-911 Data Base will be indicated via written notice and will not require an amendment to this Agreement.
2. In counties where USWC has obligations under existing agreements as the primary provider of the 911 System to the county, MFS will participate in the provision of the 911 System as described in this Agreement.
 - a. Each party will be responsible for those portions of the 911 System for which it has total control, including any necessary maintenance to each Party's portion of the 911 System.
 - b. USWC will be responsible for maintaining the E-911 Data Base. USWC will provide a copy of the Master Street Address Guide ("MSAG"), and periodic updates, to MFS.
 - c. MFS assumes all responsibility for the accuracy of the data that MFS provides to USWC for MSAG preparation and E-911 Data Base operation.
 - d. MFS will provide end user data to the USWC ALI data base utilizing NENA-02-001 Recommended Formats For Data Exchange, NENA-02-002 Recommended Standard For Street Thoroughfare Abbreviations and NENA-02-003 Recommended Protocols For Data Exchange. USWC will furnish MFS any variations to NENA recommendations required for ALI data base input.
 - e. MFS will provide end user data to the USWC ALI data base that are Master Street Address Guide (MSAG) valid and meet all components of the NENA-02-004 Recommended Measurements For Data Quality.
 - f. MFS will update its end user records provided to the USWC ALI data base to agree with the 911 MSAG standards for its service areas.
 - g. USWC will provide MFS with the identification of the USWC 911 controlling office that serves each geographic area served by MFS.
 - h. The Parties will cooperate in the routing of 911 traffic in those instances where the ALI/ANI information is not available on a particular 911 call.

- i. USWC will provide MFS with the ten-digit telephone numbers of each PSAP agency, for which USWC provides the 911 function, to be used by MFS operators for handling emergency calls in those instances where the MFS customer dials "O" instead of "911".
 3. If a third party; i.e., LEC, is the primary service provider to a county, MFS will negotiate separately with such third party with regard to the provision of 911 service to the county. All relations between such third party and MFS are totally separate from this Agreement and USWC makes no representations on behalf of the third party.
 4. If MFS is the primary service provider to the county, MFS and USWC will negotiate the specific provisions necessary for providing 911 service to the county and will include such provisions in an amendment to this Agreement.
 5. MFS will separately negotiate with each county regarding the collection and reimbursement to the county of applicable customer taxes for 911 service.
 6. MFS is responsible for network management of its network components in compliance with the Network Reliability Council Recommendations and meeting the network standard of USWC for the 911 call delivery.
 7. The parties shall provide a single point of contact to coordinate all activities under this Agreement.
 8. Neither Party will reimburse the other for any expenses incurred in the provision of E-911 services.
- B. Performance Criteria. E-911 Data Base accuracy shall be as set forth below:
1. Accuracy of ALI (Automatic Location Identification) data will be measured jointly by the PSAPs (Public Safety Answering Points) and USWC in a format supplied by USWC. The reports shall be forwarded to MFS by USWC when relevant and will indicate incidents when incorrect or no ALI data is displayed.
 2. Each discrepancy report will be jointly researched by USWC and MFS. Corrective action will be taken immediately by the responsible party.
 3. Each party will be responsible for the accuracy of its customer records. Each party specifically agrees to indemnify and hold harmless the other party from any claims, damages, or suits related to the accuracy of customer data provided for inclusion in the E-911 Data Base.
 4. The additional parameters by which the Parties will utilize the 911 or E-911 database will be the subject of further discussion between the parties.

XXI. REFERRAL ANNOUNCEMENT

When an end user customer changes from USWC to MFS, or from MFS to USWC, and does not retain their original telephone number, the Party formerly providing service to the end user will provide a transfer of service announcement on the abandoned telephone number. Each Party will provide this referral service consistent with its tariff. This announcement will provide details on the new number that must be dialed to reach this customer.

XXII. COORDINATED REPAIR CALLS

- A. MFS and USWC will employ the following procedures for handling misdirected repair calls;
1. MFS and USWC will provide their respective customers with the correct telephone numbers to call for access to their respective repair bureaus.
 2. Customers of MFS shall be instructed to report all cases of trouble to MFS. Customers of USWC shall be instructed to report all cases of trouble to USWC.
 3. To the extent the correct provider can be determined, misdirected repair calls will be referred to the proper provider of Basic Exchange Telecommunications Service.
 4. MFS and USWC will provide their respective repair contact numbers to one another on a reciprocal basis.
 5. In responding to repair calls, neither Party shall make disparaging remarks about each other, nor shall they use these repair calls as the basis for internal referrals or to solicit customers to market services. Either Party may respond with accurate information in answering customer questions.

**XXIII. NETWORK INTERCONNECTION AND UNBUNDLED ELEMENT
REQUEST**

- A. Any request for interconnection or access to an unbundled Network Element that is not already available as described herein shall be treated as a Network Interconnection and Unbundled Element Request (NIUER). USWC shall use the NIUER Process to determine technical feasibility of the requested interconnection or Network Elements and, for those items found to be feasible, to provide the terms and timetable for providing the requested items.
- B. A NIUER shall be submitted in writing and shall, at a minimum, include: (a) a technical description of each requested Network Element or interconnection; (b) the desired interface specification; (c) each requested type of interconnection or access; (d) a statement that the interconnection or Network Element will be used to provide a telecommunications service; and (e) the quantity requested.
- C. Within 15 business days of its receipt, USWC shall acknowledge receipt of the NIUER and in such acknowledgment advise MFS of any missing information, if any, necessary to process the NIUER. Thereafter, USWC shall promptly advise MFS of the need for any additional information that will facilitate the analysis of the NIUER.
- D. Within 30 calendar days of its receipt of the NIUER and all information necessary to process it, USWC shall provide to MFS a preliminary analysis of the NIUER. The preliminary analysis shall specify: (a) USWC's conclusions as to whether or not the requested interconnection or access to an unbundled Network Element is technically feasible; and (b) any objections to qualification of the requested Network Element or interconnection under the Act.
 - 1. If USWC determines during the 30 day period that a NIUER is not technically feasible or that the NIUER otherwise does not qualify as a Network Element of interconnection that is required to be provided under the Act, USWC shall advise MFS as soon as reasonably possible of that fact, and USWC shall promptly, but in no case later than ten days after making such a determination, provide a written report setting forth the basis for its conclusion.
 - 2. If USWC determines during the thirty day period that the NIUER is technically feasible and otherwise qualifies under the Act, it shall notify MFS in writing of such determination within ten days.
 - 3. As soon as feasible, but in any case within 90 days after USWC notifies MFS that the NIUER is technically feasible, USWC shall provide to MFS a NIUER quote which will include, at a minimum, a description of each interconnection and Network Element, the quantity to be provided, any interface specifications, and the applicable rates (recurring and nonrecurring) including the separately stated amortized development costs of the interconnection or the network elements and any minimum

volume and term commitments required to achieve amortization of development costs. An initial payment for development cost is appropriate only where MFS is the only conceivable customer or where requested quantity is insufficient to provide amortization.

- E. If USWC has indicated minimum volume and term commitments, then within 30 days of its receipt of the NIUER quote, MFS must either agree to purchase under those commitments, cancel its NIUER, or seek mediation or arbitration.
- F. If MFS has agreed to minimum volume and term commitments under the preceding paragraph, MFS may cancel the NIUER or volume and term commitment at any time, but in the event of such cancellation MFS will pay USWC's reasonable development costs incurred in providing the interconnection or network element, to the extent that those development costs are not otherwise amortized.
- G. If either Party believes that the other Party is not requesting, negotiating or processing any NIUER in good faith, or disputes a determination, or quoted price or cost, it may seek arbitration or mediation under §252 of the Act. MFS is not required to use this section as the exclusive method of seeking access to interconnection or Network Elements.

XXIV. AUDIT PROCESS

- A. "Audit" shall mean the comprehensive review of:
1. data used in the billing process for services performed and facilities provided under this Agreement; and
 2. data relevant to provisioning and maintenance for services performed or facilities provided by either of the Parties for itself or others that are similar to the services performed or facilities provided under this Agreement for interconnection or access to unbundled elements.
- B. The data referred to in subsection (2), above, shall be relevant to any performance standards that are adopted in connection with this Agreement, through negotiation, arbitration or otherwise.
- C. This Audit shall take place under the following conditions:
1. Either Party may request to perform an Audit.
 2. The Audit shall occur upon 30 business days written notice by the requesting Party to the non-requesting Party.
 3. The Audit shall occur during normal business hours.
 4. There shall be no more than one Audit requested by each Party under this Agreement in any 12-month period.
 5. The requesting Party may review the non-requesting Party's records, books and documents, as may reasonably contain information relevant to the operation of this Agreement.
 6. The location of the Audit shall be the location where the requested records, books and documents are retained in the normal course of business.
 7. All transactions under this Agreement which are over 24 months old will be considered accepted and no longer subject to Audit.
 8. Each Party shall bear its own expenses occasioned by the Audit, provided that the expense of any special data collection shall be born by the requesting Party.
 9. The Party requesting the Audit may request that an Audit be conducted by a mutually agreed-to independent auditor. Under this circumstance, the costs of the independent auditor shall be paid for by the Party requesting the Audit.

10. In the event that the non-requesting Party requests that the Audit be performed by an independent auditor, the Parties shall mutually agree to the selection of the independent auditor. Under this circumstance, the costs of the independent auditor shall be shared equally by the Parties.
 11. The Parties agree that if an Audit discloses error(s), the Party responsible for the error(s) shall, in a timely manner, undertake corrective action for such error(s).
- D. All information received or reviewed by the requesting Party or the independent auditor in connection with the Audit is to be considered Proprietary Information as defined by this Agreement. The non-requesting Party reserves the right to require any non-employee who is involved directly or indirectly in any Audit or the resolution of its findings as described above to execute a nondisclosure agreement satisfactory to the non-requesting Party. To the extent an Audit involves access to information of other competitors, MFS and USWC will aggregate such competitors' data before release to the other Party, to insure the protection of the proprietary nature of information of other competitors. To the extent a competitor is an affiliate of the party being audited (including itself and its subsidiaries), the Parties shall be allowed to examine such affiliates' disaggregated data, as required by reasonable needs of the audit.

XXV. AUDIOTEXT AND MASS ANNOUNCEMENT SERVICES

- A. The Parties agree that access to the audiotext, mass announcement and information services of each Party should be made available to the other Party upon execution of an agreement defining terms for billing and compensation of such calls. Services included in this category include 976 calls, whether flat rated or usage sensitive, intra-LATA 900 services and other intra-LATA 976-like services. Such calls will be routed over the Local Interconnection Trunks.
- B. MFS and USWC will work together in good faith to negotiate and execute the agreement for billing and compensation for these services within 90 days of the execution of this Agreement. The Parties agree that their separate agreement on audiotext and mass announcement services will include details concerning the creation, exchange and rating of records, all of which will occur without any explicit charge between the Parties, as well as a process for the handling of uncollectables so that the originating Party does not have any responsibility for uncollectables.
- C. Until such time that such an agreement is executed, MFS may choose to block such calls, or MFS will agree to back-bill and compensate retroactively for such calls once the subsequent agreement is executed retroactive to the effective date of this Agreement.

D. Usage Sensitive Compensation

All audiotext and mass announcement calls shall be considered toll calls for purposes of reciprocal compensation between the Parties. Compensation will be paid based on the compensation for toll calls referenced in this Agreement with respect to reciprocal compensation between the Parties, except that such compensation shall be paid by the Party terminating the call, rather than the Party originating the call.

E. Billing and Collection Compensation

Billing and collection compensation will be dealt with in the agreement referenced in this section.

XXVI. LOCAL INTERCONNECTION DATA EXCHANGE FOR BILLING

- A. There are certain types of calls or types of interconnection that require exchange of billing records between the Parties, including, for example, alternate billed and Toll Free Service calls. The Parties agree that all call types must be routed between the networks, accounted for, and settled among the parties. Certain calls will be handled via the Parties' respective operator service platforms. The Parties agree to utilize, where possible and appropriate, existing accounting and settlement systems to bill, exchange records and settle revenue.
- B. The exchange of billing records for alternate billed calls (e.g., calling card, bill-to-third number, and collect) will be distributed through the existing CMDS processes, unless otherwise separately agreed to by the Parties.
- C. Inter-Company Settlements ("ICS") revenues will be settled through the Calling Card and Third Number Settlement System ("CATS"). Each Party will provide for its own arrangements for participation in the CATS processes, through direct participation or a hosting arrangement with a direct participant.
- D. Non-ICS revenue is defined as collect calls, calling card calls, and billed to third number calls which originate on one service provider's network and terminate on another service provider's network in the same Local Access Transport Area ("LATA"). The Parties agree to negotiate and execute an Agreement within 30 days of the execution of this Agreement for settlement of non-ICS revenue. This separate arrangement is necessary since existing CATS processes do not permit the use of CATS for non-ICS revenue. The Parties agree that the CMDS system can be used to transport the call records for this traffic.
- E. Both Parties will provide the appropriate call records to the intraLATA Toll Free Service Provider, thus permitting the Service Provider to bill its subscribers for the inbound Toll Free Service. No adjustments to bills via tapes, disks or NDM will be made without the mutual agreement of the Parties.

XXVII. SIGNALING ACCESS TO CALL-RELATED DATABASES

- A. When MFS is purchasing local switching from USWC, USWC will provide access via the STP to call related databases used in AIN services. The Parties agree to work in the industry to define the mediated access mechanisms for SCP access. Access to the USWC SMS will be provided to CLEC to create, modify, or update information in the call related databases, equivalent to the USWC access.
- B. USWC will offer unbundled signaling via LIS-Common Channel Signaling Capability (CCSAC). CCSAC service utilizes the SS7 network and provides access to call-related databases that reside at USWC 's SCPs, such as the Line Information Database (LIDB) and the 800 Database. The access to USWC 's SCPs will be mediated via the STP Port in order to assure network reliability.
- C. CCSAC includes:
 - 1. Entrance Facility - This element connects MFS's signaling point of interface with the USWC serving wire center (SWC). MFS may purchase this element or it may self-provision the entrance facility. If the entrance facility is self-provisioned, MFS would need to purchase collocation and an expanded interconnection channel termination.
 - 2. Direct Link Transport (DLT) - This element connects the SWC to the USWC STP. MFS may purchase this element or self-provision transport directly to the STP. If MFS provides the link to the STP, it must purchase collocation and an expanded interconnection channel termination at the STP location.
 - 3. STP Port - This element provides the switching function at the STP. One STP Port is required for each DLT Link. The Port provides access to the Service Control Point (SCP).
- D. Access to Advanced Intelligent Network (AIN) functions is available only through the STP.
- E. USWC will provide access to Service Management Systems (SMS) through its Service Creation Environment (SCE) on an equivalent basis as USWC provides to itself. SMS allows MFS to create modify, or update information in call related databases. Currently, the SCE process is predominantly manual.
- F. The pricing for CCSAC service is provided in Appendix A.

XXVIII. INTERCONNECTION TO LINE INFORMATION DATA BASE (LIDB)

A. Description of Line Information Data Base (LIDB).

Line Information Data Base (LIDB) stores various line numbers and Special Billing Number (SBN) data used by operator services systems to process and bill calls. The operator services system accesses LIDB data to provide origination line (calling number), billing number and termination line (called number) management functions. LIDB is used for calling card validation, fraud verification, preferred IC association with the calling card, billing or service restrictions and the sub-account information to be included on the call's billing record.

B. Interfaces.

Bellcore's **GR-446-CORE** defines the interface between the administration system and LIDB including specific message formats. (Bellcore's TR-NWP-000029, Section 10)

C. LIDB Access.

1. All LIDB queries and responses from operator services systems and end offices are transmitted over a CCS network using a Signaling System 7 (SS7) protocol (TR-NWT-000246, Bell Communications Research Specification of Signaling System 7).
2. All LIDB queries and responses from the Public Packet Switched Network (PPSN) nodes are transmitted over one or more PPSN as TR-TSY000301 describes. The application data needed for processing LIDB data are formatted as TCAP messages. TCAP messages may be carried as an application level protocol network using SS7 protocols for basic message transport.
3. The SCP node provides all protocol and interface support. CLEC SS7 connections will be required to meet Bellcore's GR905. TR954 and USWC's Technical Publication 77342 specifications.
4. Non-USWC companies will submit LIDB updates through the exchange carrier service center and the LSS service bureau. These two centers enter information into USWC's service order process interface system, SOPI.
5. It is currently USWC's policy to allow LIDB access to non-USWC companies through regional STPs.

D. Pricing for LIDB access shall be determined on a case-by-case basis.

XXIX. CONSTRUCTION CHARGES

Pursuant to the Arbitrator's decision in Docket UT-960323, USWC may not assess separate "construction" charges in addition to the rate for unbundling and provisioning the local loop. USWC may still assess construction charges where they are provided for by tariff. In addition, construction charges proposals can be further reviewed in the generic pricing proceeding. With regard to resale, MFS will pay those construction charges that would be applicable to the end-user if the end-user ordered the same service directly from USWC.

XXX. RESALE

A. Description

1. USWC Basic Exchange Telecommunications Service (as defined in Section III) will be available for resale from USWC pursuant to the Act and will reference terms and conditions (except prices) in USWC tariffs, where applicable. Appendix A lists services which are available for resale under this Agreement, and is attached and incorporated herein by this reference.
2. Certain USWC services are not available for resale under this Agreement. USWC's Telecommunication Services which are not available for resale are identified in Appendix A.
3. Certain USWC services shall be available for resale at prices absent a wholesale discount. Such services include residence exchange service, private line, special access and switched access services, and packages of services comprised of services available for resale separately. These services are listed in Appendix A.
4. MFS may contest the legality of any resale restrictions in a USWC retail tariff through a complaint filed with the State Commission.

B. Scope

1. Basic Exchange Telecommunications Service may be resold only to the same class of customer to which USWC sells local Basic Exchange Telecommunications Service. For example:
 - a. Residence service may not be resold to business customers;
 - b. Basic Exchange Telecommunications Service may not be resold as a substitute for switched access service.
 - c. Pursuant to the Arbitrator's Decision in Docket UT-960323, USWC's proposed paragraph has been deleted.
2. USWC shall bill MFS and MFS is responsible for all applicable charges for the resold services. MFS shall be responsible for all charges associated with services that MFS resells to an end user.

C. Ordering and Maintenance.

1. MFS, or MFS's agent, shall act as the single point of contact for its end users' service needs, including without limitation, sales, service design, order taking, provisioning, change orders, training, maintenance, trouble reports, repair, post-sale servicing, billing, collection and inquiry. MFS

shall make it clear to its end users that they are customers of the MFS for resold services. MFS's end users contacting USWC will be instructed to contact MFS; however, nothing in this Agreement shall be deemed to prohibit USWC from discussing its products and services with MFS's customers who call USWC for any reason.

2. MFS shall transmit to USWC all information necessary for the installation (billing, listing and other information), repair, maintenance and post-installation servicing according to USWC's standard procedures, as described in the USWC resale operations guide that will be provided to MFS. When USWC's end user or the end user's new service provider discontinues the end user's service in anticipation of moving to another service provider, USWC will render its closing bill to end user customer effective with the disconnection. Should MFS's end user customer, a new service provider or MFS request service be discontinued to the end user, USWC will issue a bill to MFS for that portion of the service provided to MFS. USWC will notify MFS by FAX, EDI, or other processes when end user moves to another service provider. MFS shall issue disconnect orders to USWC, which shall be coordinated with new connect orders issued by the new service provider
3. Resold services shall be installed and repaired in a manner consistent with USWC's effective tariffs with the same quality and timeliness that USWC provides to its own end users.
4. MFS shall provide USWC and USWC shall provide MFS with points of contact for order entry, problem resolution and repair of the resold services.
5. Prior to placing orders on behalf of the USWC customer, MFS shall be responsible for obtaining and have in its possession a Letter of Authorization or Agency (LOA) from the end user. MFS shall make LOAs available to USWC upon request.
6. Prior to placing orders that will disconnect a line from another reseller's account MFS is responsible for obtaining all information needed to process the disconnect order and re-establish the service on behalf of the end user. If MFS is displaced by another reseller or service provider, MFS is responsible for coordination with the other reseller or service provider. Should an end user dispute or a discrepancy arise regarding the authority of MFS to act on behalf of the end user, MFS is responsible for providing written evidence of its authority to USWC within three (3) business days. If there is a conflict between the end user designation and MFS's written evidence or its authority, USWC shall honor the designation of the end user and change the end user back to the previous service provider. If MFS does not provide the LOA within three (3) business days, or if the end user disputes the authority of the LOA, then MFS must, by the end of the third business day:

- a. notify USWC to change the end user back to the previous reseller or service provider, and
 - b. provide any end user information and billing records MFS has obtained relating to the end user to the previous reseller, and
 - c. notify the end user and USWC that the change has been made, and
 - d. remit to USWC a slamming charge as provided in Appendix A as compensation for the change back to the previous reseller or service provider.
7. MFS shall designate the Primary Interexchange Carrier (PIC) assignments on behalf of its end users for interLATA services and intraLATA services when intraLATA presubscription is implemented.

D. MFS Responsibilities

1. MFS must send USWC complete and accurate end-user listing information for Directory Assistance, Directory, and 911 Emergency Services using the established processes of USWC. MFS must provide to USWC accurate end-user information to ensure appropriate listings in any databases in which USWC is required to retain and/or maintain end-user information. USWC assumes no liability for the accuracy of information provided by MFS.
2. MFS may not reserve blocks of USWC telephone numbers, except as allowed by tariffs.
3. MFS is liable for all fraud associated with service to its end-users and accounts. USWC takes no responsibility, and will make no adjustments to MFS's account in cases of fraud. The Parties will cooperate in the prevention and investigation of fraudulent use of resold services.
4. This agreement does not address the resale of USWC provided calling cards.
5. MFS will provide a three year forecast within ninety (90) days of signing this Agreement. The forecast shall be updated and provided to USWC on a quarterly basis in as specified in Appendix B. The initial forecast will provide:
 - a. The date service will be offered (by city and/or state)
 - b. The type and quantity of service(s) which will be offered
 - c. MFS's anticipated order volume
 - d. MFS's key contact personnel

6. In the event USWC terminates the provisioning of any resold services to MFS for any reason, MFS shall be responsible for providing any and all necessary notice to its end users of the termination. In no case shall USWC be responsible for providing such notice.

E. Rates and Charges

1. Resold services as listed in Appendix A are available for resale at the applicable resale tariff rates or at the rates or at the wholesale discount levels set forth in Appendix A.
2. If the resold services are purchased pursuant to Tariffs and the Tariff rates change, charges billed to MFS for such services will be based upon the new Tariff rates less the applicable wholesale discount as agreed to herein. The new rate will be effective upon the Tariff effective date.
3. A Customer Transfer Charge (CTC) as specified in Appendix A applies when transferring any existing account or lines to MFS.
4. A Subscriber Line Charge (SLC) will continue to be paid by MFS without discount for each local exchange line resold under this Agreement. All federal and state rules and regulations associated with SLC as found in the applicable tariffs also apply.
5. MFS will pay to USWC the PIC change charge without discount associated with MFS end user changes of inter-exchange or intraLATA carriers.
6. MFS agrees to pay USWC when its end user activates any services or features that are billed on a per use or per activation basis (e.g., continuous redial, last call return, call back calling, call trace, etc.). USWC shall provide MFS with detailed billing information (per applicable OBF standards, if any) as necessary to permit MFS to bill its end users such charges.
7. To the extent such charges apply to USWC's retail customers, special construction charges, line extension charges, and land development agreements may apply to MFS, as detailed in individual state tariffs regarding end user obligations for construction charges. Specifically, special construction charges will be applicable where, at the request of MFS on behalf of its customers, USWC constructs a greater quantity of facilities than that which USWC would otherwise construct or normally utilize.

8. Nonrecurring charges will be billed at the applicable Tariff rates, less a wholesale discount of 11%, pending determination by the Commission in the generic cost proceeding of an appropriate wholesale discount, if any.⁷
9. As part of the resold line, USWC provides operator services, directory assistance, and IntraLATA long distance with standard USWC branding. At the request of MFS and where technically feasible USWC will rebrand operator services and directory assistance in MFS's name, provided the costs associated with such rebranding are paid by MFS. MFS will have the option of obtaining such services on an unbranded basis, at no additional cost for "unbranding" the service.
10. USWC will address all MFS requests for ancillary resale systems, programs, and initiatives on an individual case basis.

F. Directory Listings

As part of each resold line, USWC will accept at no charge one primary listing for each main telephone number belonging to MFS's end user customer based on end user information provided to USWC by MFS. USWC will place MFS's listings in USWC's directory listing database for directory assistance purposes and will make listings available to directory publishers and to other third parties. Additional terms and conditions with respect to directory listings are described in Section XV, Directory Listings, herein..

G. Deposit

1. USWC may require MFS to make a suitable deposit to be held by USWC as a guarantee of the payment of charges. Any deposit required of an existing reseller is due and payable within ten days after the requirement is imposed. The amount of the deposit shall be the estimated charges for the resold service which will accrue for a two-month period. Interest on the deposit shall be accumulated by USWC at a rate equal to the federal discount rate, as published in the Wall Street Journal from time to time.
2. When the service is terminated, or when MFS has established satisfactory credit, the amount of the initial or additional deposit, with any interest due, will, at MFS's option, either be credited to MFS's account or refunded. Satisfactory credit for a reseller is defined as twelve consecutive months service as a reseller without a termination for nonpayment and with no more than one notification of intent to terminate Service for nonpayment.

⁷The Parties are unable to determine whether the Arbitrator determined whether wholesale discounts apply to nonrecurring charges. Without waiving their respective positions, the Parties have included this provision providing for an interim discount rate only.

H. Payment

1. Amounts payable under this Agreement are due and payable within thirty (30) days after the date of USWC's invoice.
2. A late payment charge of 1.5% applies to all billed balances which are not paid by the billing date shown on the next bill. To the extent MFS pays the billed balance on time, but the amount of the billed balance is disputed by MFS, and, it is later determined that a refund is due MFS, interest shall be payable on the refunded amount in the amount of 1.5% per month.
3. USWC may discontinue processing orders for the failure by MFS to make full payment for the resold services provided under this Agreement within thirty (30) days of MFS's receipt of bill.
4. USWC may disconnect for the failure by MFS to make full payment for the resold services provided under this Agreement within sixty (60) days of MFS's receipt of bill.
5. Collection procedures and the requirements for deposit are unaffected by the application of a late payment charge.
6. In the event USWC terminates the provisioning of any resold services to MFS for any reason, MFS shall be responsible for providing any and all necessary notice to its end users of the termination. In no case shall USWC be responsible for providing such notice.
7. USWC shall bill all amounts due from MFS for resold service within 90 days.⁸

⁸ This provision has been included pursuant to the Arbitrator's Decision in Docket UT-960323.

XXXI. UNBUNDLED ACCESS/ELEMENTS

A. General Terms

1. USWC agrees to provide the following unbundled network elements which are addressed in more detail in later sections of this agreement: 1) local loop, 2) local and tandem switches (including all vertical switching features provided by such switches, 3) interoffice transmission facilities, 4) network interface devices, 5) signaling and call-related database facilities, 6) operations support systems functions, and 7) operator and directory assistance facilities.
2. (deleted)⁹
3. USWC will not restrict the types of telecommunications services MFS may offer through unbundled elements, nor will it restrict MFS from combining elements with any technically compatible equipment the MFS owns. USWC will provide MFS with all of the functionalities of a particular element, so that MFS can provide any telecommunications services that can be offered by means of the element. USWC agrees to perform and MFS agrees to pay for the functions necessary to combine requested elements in any technically feasible manner either with other elements from USWC's network, or with elements possessed by MFS. However, USWC need not combine network elements in any manner requested if not technically feasible, but must combine elements ordinarily combined in its network in the manner they are typically combined.

B. Description of Unbundled Elements

1. Tandem Switching

USWC will provide a tandem switching element on an unbundled basis. The tandem switch element includes the facilities connecting the trunk distribution frames to the switch, and all the functions of the switch itself, including those facilities that establish a temporary transmission path between two other switches. The definition of the tandem switching element also includes the functions that are centralized in tandems rather than in separate end office switches, such as call recording, the routing of calls to operator services, and signaling conversion functions.

2. Transport

USWC will provide unbundled access to shared transmission facilities between end offices and the tandem switch. Further, USWC will provide

⁹The proposed USWC paragraph has been deleted pursuant to the Arbitrator's Decision in Docket UT-960323.

unbundled access to dedicated transmission facilities between its central offices or between such offices and those of competing carriers. This includes, at a minimum, interoffice facilities between end offices and serving wire centers (SWCs), SWCs and IXC POPs, tandem switches and SWCs, end offices or tandems of USWC, and the wire centers of USWC and requesting carriers. USWC will also provide all technically feasible transmission capabilities, such as DS1, DS3, and Optical Carrier levels (e.g. OC-3/12/48/96) that MFS could use to provide telecommunications services.

3. Digital Cross Connect System.

USWC will provide MFS with access to mutually agreed upon digital cross-connect system (DCS) points.

4. Unbundled Loops

a. Service Description

i. An Unbundled Loop establishes a transmission path between the USWC distribution frame (or equivalent) up to, and including, USWC's network interface device (NID). For existing loops, the inside wire connection to the NID will remain intact.

ii. Basic Unbundled Loops are available as a two-wire or four-wire, point-to-point configuration suitable for local exchange type services within the analog voice frequency range of 300 to 3000 Hz. For the two-wire configuration, MFS is requested to specify loop start, ground start or loop reverse battery options. The actual loop facilities that provide this service may utilize various technologies or combinations of technologies. Basic Unbundled Loops provide an analog facility to MFS.

(a) To the extent MFS requires an Unbundled Loop to provide ISDN, HDSL, ADSL or DS1 service, such requirements will be identified on the order for Unbundled Loop Service. Conditioning charges will apply, as required, to condition such loops to ensure the necessary transmission standard.¹⁰

¹⁰ Conditioning charges were addressed at Page 11/12 of the Arbitrator's Decision in Docket UT-960323. The Parties have agreed to this footnote in order to implement Paragraph XXXI.B.4.a.ii.(a). The appropriate charges will be determined in the consolidated cost proceeding. Pending such determination, USWC will not assess conditioning charges for deloading or the removal of excessive bridge taps on Unbundled Loops which are less than 12,000 feet in length.

- (b) Specific channel performance options for the loops can be ordered by identifying the Network Channel (NC)/Network Channel Interface (NCI) for the functions desired. USWC will provide MFS with the available NC/NCI codes and their descriptions.
- b. Unbundled Loops are provided in accordance with the specifications, interfaces and parameters described in the appropriate Technical Reference Publications. USWC's sole obligation is to provide and maintain Unbundled Loops in accordance with such specifications, interfaces and parameters. USWC does not warrant that Unbundled Loops are compatible with any specific facilities or equipment or can be used for any particular purpose or service. Transmission characteristics may vary depending on the distance between MFS's end user and USWC's end office and may vary due to characteristics inherent in the physical network. USWC, in order to properly maintain and modernize the network, may make necessary modifications and changes to the network elements in its network on an as needed basis. Such changes may result in minor changes to transmission parameters. Changes that affect network interoperability require advance notice pursuant to Section XIX, Notice of Changes, herein.
- c. Facilities and lines furnished by USWC on the premises of MFS's end user and up to the NID or equivalent are the property of USWC. USWC must have access to all such facilities for network management purposes. USWC's employees and agents may enter said premises at any reasonable hour to test and inspect such facilities and lines in connection with such purposes or upon termination or cancellation of the Unbundled Loop Service to remove such facilities and lines. The Parties agree to explore issues surrounding the extension of Unbundled Loops beyond the NID.
- d. Unbundled Loops include the facilities between the USWC distribution frame up to and including USWC's NID located at MFS's end user premise. The connection between the distribution frame and MFS facilities is accomplished via channel terminations that can be ordered in conjunction with either Collocation or Unbundled Interoffice Transport Service.
- e. Ordering and Maintenance.
 - i. For the purposes of loop assignment, tracking, and dispute resolution, USWC will require a Letter of Authorization for each existing USWC end user for which MFS has requested reassignment of the loop serving that end user.

- ii. If there is a conflict between an end user (and/or its respective agent) and MFS regarding the disconnection or provision of Unbundled Loops, USWC will honor the latest dated Letter of Authorization designating an agent by the end user or its respective agent. If the end user's service has not been disconnected and Unbundled Loop Service is not yet established, MFS will be responsible to pay the nonrecurring charge as set forth herein. If the end user's service has been disconnected and the end user's service is to be restored with USWC, MFS will be responsible to pay the applicable nonrecurring charges as set forth in USWC's applicable tariff, to restore the end user's prior service with USWC.
- iii. MFS is responsible for its own end user base and will have the responsibility for resolution of any service trouble report(s) from its customers. USWC will work cooperatively with MFS to resolve trouble reports when the trouble condition has been isolated and found to be within a portion of USWC's network. MFS must provide to USWC switch-based test results when testing its customer's trouble prior to USWC performing any repair functions. The Parties will cooperate in developing mutually acceptable test report standards. USWC shall provide MFS with Maintenance of service charges in accordance with applicable time and material charges in USWC tariffs will apply when the trouble is not in USWC's network.
- iv. MFS will be responsible to submit to USWC a disconnect order for a Unbundled Loop that is relinquished by the end user due to cessation of service. Unbundled Loop facilities will be returned to USWC when the disconnect order is complete. In the event of transfer of the end user's service from one provider to another, the new provider will issue a request for transfer of service, resulting in the appropriate disconnect/reconnection of service.
- v. The installation due date is a negotiated item. For related orders, new connects will be physically worked within the same calendar day.
- vi. When ordering Unbundled Loops, MFS is responsible for obtaining or providing facilities and equipment that are compatible with the service.
- vii. MFS will have responsibility for testing the equipment, network facilities and the Unbundled Loop facility. If USWC performs tests of the Unbundled Loop facility at

MFS's request, and the fault is not in the USWC facilities, a charge shall apply.

- viii. MFS will be responsible for providing battery and dial tone to its connection point two days prior to the due date on the service order.
- ix. The following procedures shall apply to Unbundled Loops ordered with the option of Basic Testing at Coordinated Time:
 - (a) On each Unbundled Loop order, MFS and USWC will agree on a cutover time at least 48 hours before that cutover time. The cutover time will be defined as a 30 minute window within which both the MFS and USWC personnel will make telephone contact to complete the cutover.
 - (b) Within the appointed 30 minute cutover time, the MFS person will call the USWC person designated to perform cross-connection work and when the USWC person is reached in that interval such work will be promptly performed. If the MFS person fails to call or is not ready within the appointed interval, and if MFS had not called to reschedule the work at least 2 hours prior to the start of the interval, USWC and MFS will reschedule the work order and MFS will pay the non-recurring charge for the Unbundled Loops scheduled for the missed appointment. In addition, non-recurring charges for the rescheduled appointment will apply. If the USWC person is not available or not ready at any time during the 30 minute interval, MFS and USWC will reschedule and USWC will waive the non-recurring charge for the Unbounded Loops scheduled for that interval. The standard time expected from disconnection of service on a line to the connection of the Unbundled Loop to the MFS Collocation Service is 5 minutes. If USWC causes a line to be out of service due solely to its failure for more than 15 minutes, USWC will waive the non-recurring charge for that Unbundled Loop. If unusual or unexpected circumstances prolong or extend the time required to accomplish the coordinated cut-over, the Party responsible for such circumstances is responsible for the reasonable labor charges of the other Party. Delays caused by the customer are the responsibility of MFS. In addition, if MFS has

ordered INP as a part of the Unbundled Loop installation, USWC will coordinate implementation of INP with the Unbundled Loop installation; provided, separate INP installation charges will apply.

x. MFS and USWC will work cooperatively to develop forecasts for Unbundled Loop service. USWC requests an eighteen month forecast of Unbundled Loop service. The forecast will include the specific serving Wire Center that will be requested, plus the specific quantity of each service desired. The forecast will be updated quarterly, and will be treated as MFS confidential information.

f. Appendix A contains the rate information for Unbundled Loops.

g. If applicable, the New Interconnection/Unbundled Element Request Process will apply as detailed in Section XXIII of this Agreement.

h. For issues regarding Construction Charges, see Section XXIX of this Agreement.

5. Local Switching Elements

The switching network element includes facilities that are associated with the line (e.g., the line card), facilities that are involved with switching the call, and facilities used for custom routing. USWC will provide the local switching element to MFS pursuant to the Network Interconnection/Unbundled Element Request Process described in Section XXIII herein.

6. Network Interface Device (NID)

a. Service Description.

A device wired between a telephone protector and the inside wiring to isolate the customer's equipment from the network at the subscriber's premises. It is a device for the termination of inside wire that is available in single and multiple pair configurations.

b. MFS may connect its loops, via its own NID, to the USWC NID.

c. Any costs associated with MFS connecting its NID to USWC's NID, will be the responsibility of MFS.

d. Connecting MFS's loop directly to the USWC NID is prohibited.

- e. If MFS purchases an unbundled loop, MFS may provide its own NID or have USWC provide the NID.
- f. The price for access to the NID will be provided on a case-by-case basis.

7. Additional Unbundled Elements

USWC shall provide nondiscriminatory access to, and where appropriate, development of additional unbundled network elements not covered in this Agreement in response to specific requests therefor, pursuant to the New Interconnection/Unbundled Element Request Process detailed in Section XXIII of this Agreement.

XXXII. SERVICE STANDARDS

A. Definitions

When used in this Section, the following terms shall have the meanings indicated.

1. "Specified Performance Commitment" means the commitment by USWC to meet the Performance Criteria for any Specified Activity during the Specified Review Period.
2. "Specified Activity" means any of the following activities:
 - a. The installation by USWC of Unbundled Loops for MFS ("Unbundled Loop Installation");
 - b. USWC's provision of Interim Number Portability ("INP Installation") to MFS;
 - c. The repair of USWC service provided to MFS ("Out of Service Repairs"); or
 - d. The installation by USWC of interconnection trunks for the mutual exchange of local exchange traffic with MFS ("LIS Trunk Installation")
3. "Performance Criteria" means, with respect to a Specified Review Period (i.e., a calendar month or quarter), the performance by USWC for the specified activities for MFS will meet or exceed the average performance by USWC for the total universe of specified activities.

B. **Failure to Meet the Performance Criteria.** If during a Specified Review Period, USWC fails to meet the performance criteria, USWC will use its best efforts to meet the Performance Criteria for the next Specified Review Period. If USWC fails to meet the performance criteria for two consecutive periods, the Parties agree, in good faith, to attempt to resolve such issues through negotiation or non-binding arbitration. This paragraph shall not be construed to waive either Party's right to seek legal or regulatory intervention as provided by state or federal law. MFS may seek regulatory or other legal relief including requests for specific performance of USWC's obligations under this Agreement.

C. **Limitations.** USWC's failure to meet or exceed and of the Performance Criteria can not be as a result, directly or indirectly, of a Delaying Event. A "Delaying Event" means (a) a failure by MFS to perform any of its obligations set forth in this Agreement, (b) any delay, act or failure to act by a Customer, agent of subcontractor of MFS or (c) any Force Majeure Event. If a Delaying Event prevents USWC from performing a Specified Activity, then such Specified Activity shall be excluded from the calculation of USWC's compliance with the Performance Criteria.

- D. Records. USWC shall maintain complete and accurate records, for the Specified Review Period of its performance under this Agreement for each Specified Activity and its compliance with the Performance Criteria. USWC shall provide to MFS such records in a self-reporting format. The parties agree that such records shall be deemed "Proprietary Information".

XXXIII. IMPLEMENTATION SCHEDULE

- A. Within 3 months from the date of final approval of this Agreement, the Parties agree to make a good faith effort to complete each of the following interconnection arrangements:
1. Two-way trunk groups, as listed in Section VI, Paragraph G(2) herein, necessary for the mutual exchange of traffic.
 2. E-911 Trunking and database access;
 3. SS7 Interconnection and Certification;
 4. Directory Listings Arrangements and Directory Assistance Interconnection;
 5. Access to Unbundled Loops in at least one wire center;
 6. Completion of Physical Collocation arrangements in at least one USWC wire center.
 7. Completion of inter-carrier billing arrangements necessary for the joint provision of switched access services and for reciprocal traffic exchange.
- B. The Parties have agreed to commence discussion of these and other implementation issues by November 1, 1996 to facilitate the above implementation schedule.

XXXIV. MISCELLANEOUS TERMS

A. General Provisions

1. Each Party shall use its best efforts to comply with the Implementation Schedule.
2. Each Party is individually responsible to provide facilities within its network which are necessary for routing, transporting, measuring, and billing traffic from the other Party's network and for delivering such traffic to the other Party's network in the standard format compatible with MFS' network and to terminate the traffic it receives in that standard format or the proper address on its network. Such facility shall be designed based upon the description and forecasts provided under this Agreement. The Parties are each solely responsible for participation in and compliance with national network plans, including the National Network Security Plan and the Emergency Preparedness Plan.
3. Neither Party shall use any service related to or use any of the services provided in this Agreement in any manner that interferes with other persons in the use of their service, prevents other persons from using their service, or otherwise impairs the quality of service to other carriers or to either Party's Customers, and each Party may discontinue or refuse service if the other Party violates this provision. Upon such violation, either Party shall provide the other Party notice of such violation, if practicable, at the earliest practicable time.
4. Each Party is solely responsible for the services it provides to its Customers and to other Telecommunications Carriers.
5. The parties shall work cooperatively to minimize fraud associated with third-number billed calls, calling card calls, and any other services related to this Agreement.

B. Most Favored Nation Terms and Treatment

The parties agree that the provisions of Section 252(i) of the Act shall apply, including state and federal interpretive regulations in effect from time to time.

C. Letter of Authorization

Where so indicated in specific sections of this Agreement, MFS is responsible to have a Letter of Authorization. MFS is solely responsible to obtain authorization from its end user for the handling of the disconnection of the end user's service with USWC, the provision of service by MFS, and the provision of Unbundled Loops and all other ancillary services. Should a dispute or discrepancy arise regarding the authority of MFS to act on behalf of the end user, MFS is responsible for providing written evidence of its authority to USWC.

D. Payment

1. Amounts payable under this Agreement are due and payable within thirty (30) days after the date of invoice.
2. Unless otherwise specified, any amount due and not paid by the due date stated above shall be subject to a late charge equal to either i) 0.03 percent per day compounded daily for the number of calendar days from the payment due date to and including, the date of payment, that would result in an annual percentage rate of 12% or ii) the highest lawful rate, whichever is less. If late payment charges for services are not permitted by local jurisdiction, this provision shall not apply.

E. Taxes

Each party purchasing services hereunder shall pay or otherwise be responsible for all federal, state, or local sales, use, excise, gross receipts, transaction or similar taxes, fees or surcharges levied against or upon such purchasing Party (or the providing Party when such providing Party is permitted to pass along to the purchasing Party such taxes, fees or surcharges), except for any tax on either Party's corporate existence, status or income. Whenever possible, these amounts shall be billed as a separate item on the invoice. To the extent a sale is claimed to be for resale tax exemption, the purchasing Party shall furnish the providing Party a proper resale tax exemption certificate as authorized or required by statute or regulation by the jurisdiction providing said resale tax exemption. Failure to timely provide said resale tax exemption certificate will result in no exemption being available to the purchasing Party.

F. Intellectual Property

1. Each Party hereby grants to the other Party the limited, personal and nonexclusive right and license to use its patents, copyrights and trade secrets but only to the extent necessary to implement this Agreement or specifically required by the then applicable federal and state rules and regulations relating to interconnection and access to telecommunications facilities and services, and for no other purposes. Nothing in this Agreement shall be construed as the grant to the other Party of any rights or licenses to trademarks.
2. The rights and licenses under Section F. 1. above are granted "AS IS" and the other Party's exercise of any such right and license shall be at the sole and exclusive risk of the other Party. Neither Party shall have any obligation to defend, indemnify or hold harmless, or acquire any license or right for the benefit of, or owe any other obligation or have any liability to, the other based on or arising from any claim, demand, or proceeding (hereinafter "claim") by any third party alleging or asserting that the use of any circuit, apparatus, or system, or the use of any

software, or the performance of any service or method, or the provision of any facilities by either Party under this Agreement constitutes infringement, or misuse or misappropriation of any patent, copyright, trade secret, or any other proprietary or intellectual property right of any third party.

3. MFS shall not, without the express written permission of USWC, state or imply that; 1) MFS is connected, or in any way affiliated with USWC or its affiliates, 2) MFS is part of a joint business association or any similar arrangement with USWC or its affiliates, 3) USWC and its affiliates are in any way sponsoring, endorsing or certifying MFS and its goods and services, or 4) with respect to MFS advertising or promotional activities or materials, that the resold goods and services are in any way associated with or originated from USWC or any of its affiliates. Nothing in this paragraph shall prevent MFS from truthfully describing the network elements it uses to provide service to its customers.

G. Severability

The Parties recognize that the FCC is promulgating rules addressing issues contained in this Agreement. In the event that any one or more of the provisions contained herein shall for any reason be held to be unenforceable in any respect under law or regulation, the parties will negotiate in good faith for replacement language. If replacement language cannot be agreed upon, either party may seek regulatory intervention, including negotiations pursuant to Sections 251 and 252 of the Act.

H. Responsibility for Environmental Contamination.

Neither Party shall be liable to the other for any costs whatsoever resulting from the presence or Release of any Environmental Hazard that either Party did not introduce to the affected Work Location. Both Parties shall defend and hold harmless the other, its officers, directors and employees from and against any losses, damages, claims, demands, suits, liabilities, fines, penalties and expenses (including reasonable attorneys' fees) that arise out of or result from (i) any Environmental Hazard that the indemnifying party, its contractors or agents introduce to the Work Locations or (ii) the presence or Release of any Environmental Hazard for which the indemnifying party is responsible under Applicable Law.

I. Responsibility of Each Party

Each Party is an independent contractor, and has and hereby retains the right to exercise full control of and supervision over its own performance of its obligations under this Agreement and retains full control over the employment, direction, compensation and discharge of all employees assisting in the performance of such obligations. Each Party will be solely responsible for all matters relating to payment of such employees, including compliance with social security taxes, withholding taxes and all other regulations governing such

matters. Each Party will be solely responsible for proper handling, storage, transport and disposal at its own expense of all (i) substances or materials that it or its contractors or agents bring to, create or assume control over at work locations or, (ii) waste resulting therefrom or otherwise generated in connection with its or its contractors' or agents' activities at the work locations. Subject to the limitations on liability and except as otherwise provided in this Agreement, each Party shall be responsible for (i) its own acts and performance of all obligations imposed by applicable law in connection with its activities, legal status and property, real or personal and, (ii) the acts of its own affiliates, employees, agents and contractors during the performance of that Party's obligations hereunder.

J. Referenced Documents

All references to Sections, Exhibits, and Schedules shall be deemed to be ~~references~~ to Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require. Whenever any provision of this Agreement refers to a technical reference, technical publication, MFS practice, USWC practice, any publication of telecommunications industry administrative or technical standards, or any other document specifically incorporated into this agreement, it will be deemed to be a reference to the most recent version or edition (including any amendments, supplements, addenda, or successors) or such document that is in effect, and will include the most recent version or edition (including any amendments, supplements, addenda, or successors) or each document incorporated by reference in such a technical reference, technical publication, MFS practice, USWC practice, or publication of industry standards (unless MFS elects otherwise). Should there be any inconsistency between or among publications or standards, MFS shall elect which requirement shall apply.

K. Publicity and Advertising

Neither party shall publish or use any advertising, sales promotions or other publicity materials that use the other party's logo, trademarks or service marks without the prior written approval of the other party.

L. Executed in Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original; but such counterparts shall together constitute one and the same instrument.

M. Headings of No Force or Effect

The headings of Articles and Sections of this Agreement are for convenience of reference only, and shall in no way define, modify or restrict the meaning or interpretation of the terms or provisions of this Agreement.

N. Entire Agreement

This Agreement constitutes the entire agreement between the Parties and supersedes all prior oral or written agreements, representations, statements, negotiations, understandings, proposals and undertakings with respect to the subject matter hereof.

O. Joint Work Product.

This Agreement is the joint work product of the Parties and has been negotiated by the Parties and their respective counsel and shall be fairly interpreted in accordance with its terms and, in the event of any ambiguities, no inferences shall be drawn against either Party.

P. Disclaimer of Agency

Except for provisions herein expressly authorizing a Party to act for another, nothing in this Agreement shall constitute a Party as a legal representative or agent of the other Party, nor shall a Party have the right or authority to assume, create or incur any liability or any obligation of any kind, express or implied, against or in the name or on behalf of the other Party unless otherwise expressly permitted by such other Party. Except as otherwise expressly provided in this Agreement, no Party undertakes to perform any obligation of the other Party whether regulatory or contractual, or to assume any responsibility for the management of the other Party's business.

Q. Survival

The Parties' obligations under this Agreement which by their nature are intended to continue beyond the termination or expiration of this Agreement shall survive the termination or expiration of this Agreement.

R. Effective Date

This Agreement shall become effective pursuant to Sections 251 and 252 of the Act.

S. Amendment of Agreement

MFS and USWC may mutually agree to amend this Agreement in writing. Since it is possible that amendments to this Agreement may be needed to fully satisfy the purposes and objectives of this Agreement, the Parties agree to work cooperatively, promptly and in good faith to negotiate and implement any such additions, changes and corrections to this Agreement.

T. Indemnity

1. Each of the Parties agrees to release, indemnify, defend and hold harmless the other Party and each of its officers, directors, employees and agents (each an "Indemnitee") from and against and in respect of any loss, debt, liability, damage, obligation, claim, demand, judgment or settlement of any nature or kind, known or unknown, liquidated or unliquidated including, but not limited to, costs and attorneys' fees, whether suffered, made, instituted, or asserted by any other party or person, for invasion of privacy, personal injury to or death of any person or persons, or for loss, damage to, or destruction of property, whether or not owned by others, resulting from the indemnifying Party's performance, breach of Applicable Law, or status of its employees, agents and subcontractors; or for failure to perform under this Agreement, regardless of the form of action.
2. The indemnification provided herein shall be conditioned upon:
 - a. The indemnified Party shall promptly notify the indemnifying Party of any action taken against the indemnified Party relating to the indemnification. Failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party of any liability that the Indemnifying Party might have, except to the extent that such failure prejudices the Indemnifying Party's ability to defend such claim.
 - b. The indemnifying Party shall have sole authority to defend any such action, including the selection of legal counsel, and the indemnified Party may engage separate legal counsel only at its sole cost and expense.
 - c. In no event shall the indemnifying Party settle or consent to any judgment pertaining to any such action without the prior written consent of the indemnified Party.

U. Limitation of Liability

1. Except as otherwise provided in the indemnity section, no Party shall be liable to the other Party for any Loss, defect or equipment failure caused by the conduct of the other Party, the other Party's agents, servants, contractors or others acting in aid or concert with the other Party.
2. Except for Losses alleged or made by a Customer of either Party, in the case of any Loss arising from the negligence or willful misconduct of both Parties, each Party shall bear, and its obligations under this Section shall be limited to, that portion (as mutually agreed to by the Parties) of the resulting expense caused by its (including that of its agents, servants,

contractors or others acting in aid or concert with it) negligence or willful misconduct.

3. Except for indemnity obligations, each Party's liability to the other Party for any Loss relating to or arising out of any negligent act or omission in its performance of this Agreement, whether in contract or in tort, shall be limited to the total amount that is or would have been charged to the other Party by such negligent or breaching Party for the service(s) or function(s) not performed or improperly performed.
4. In no event shall either Party have any liability whatsoever to the other Party for any indirect, special, consequential, incidental or punitive damages, including but not limited to loss of anticipated profits or revenue or other economic loss in connection with or arising from anything said, omitted or done hereunder (collectively, "Consequential Damages"), even if the other Party has been advised of the possibility of such damages; provided, that the foregoing shall not limit a Party's obligation to indemnify, defend and hold the other Party harmless against any amounts payable to a third party, including any losses, costs, fines, penalties, criminal or civil judgments or settlements, expenses (including attorneys' fees) and Consequential Damages of such third party. Nothing contained in this section shall limit either Party's liability to the other for (i) willful or intentional misconduct (including gross negligence); (ii) bodily injury, death or damage to tangible real or tangible personal property proximately caused by such party's negligent act or omission or that of their respective agents, subcontractors or employees nor shall anything contained in this section limit the Parties' indemnification obligations, as specified below.

V. Term of Agreement

This Agreement shall be effective for a period of 2 1/2 years, and thereafter the Agreement shall continue in force and effect unless and until a new agreement, addressing all of the terms of this Agreement, becomes effective between the Parties. The Parties agree to commence negotiations on a new agreement no later than two years after this Agreement becomes effective.

W. Controlling Law

This Agreement was negotiated by the Parties in accordance with the terms of the Act and the laws of the state where service is provided hereunder. It shall be interpreted solely in accordance with the terms of the Act and the applicable state law in the state where the service is provided.

X. Cancellation Charges

Except as provided pursuant to a Network Element Network Interconnection and Unbundled Element Request, or as otherwise provided in any applicable tariff or contract referenced herein, no cancellation charges shall apply.

Y. Regulatory Approval

The Parties understand and agree that this Agreement will be filed with the Commission and may thereafter be filed with the FCC. In the event the Commission rejects any portion of this Agreement, the parties agree to meet and negotiate in good faith to arrive at a mutually acceptable modification to the rejected portion.

Z. Compliance

Each party shall comply with all applicable federal, state, and local laws, rules and regulations applicable to its performance under this Agreement.

AA. Compliance with the Communications Law Enforcement Act of 1994 ("CALEA")

Each Party represents and warrants that any equipment, facilities or services provided to the other Party under this Agreement comply with CALEA. Each party shall indemnify and hold the other Party harmless from any and all penalties imposed upon the other Party for such noncompliance and shall at the non-compliant Party's sole cost and expense, modify or replace any equipment, facilities or services provided to the other Party under this Agreement to ensure that such equipment, facilities and services fully comply with CALEA.

BB. Independent Contractor

Each party shall perform services hereunder as an independent contractor and nothing herein shall be construed as creating any other relationship between the Parties. Each party and each Party's contractor shall be solely responsible for the withholding or payment of all applicable federal, state and local income taxes, social security taxes and other payroll taxes with respect to their employees, as well as any taxes, contributions or other obligations imposed by applicable state unemployment or workers' compensation acts. Each party has sole authority and responsibility to hire, fire and otherwise control its employees.

CC. Force Majeure

Neither party shall be liable for any delay or failure in performance of any part of this Agreement from any cause beyond its control and without its fault or negligence including, without limitation, acts of nature, acts of civil or military authority, government regulations, embargoes, epidemics, terrorist acts, riots, insurrections, fires, explosions, earthquakes, nuclear accidents, floods, work

stoppages, equipment failure, power blackouts, volcanic action, other major environmental disturbances, unusually severe weather conditions, inability to secure products or services of other persons or transportation facilities or acts or omissions of transportation carriers (collectively, a "Force Majeure Event") In the event of a labor dispute or strike the Parties agree to provide service to each other at a level equivalent to the level they provide themselves.

DD. Dispute Resolution

The Parties agree, in good faith, to attempt to resolve any claim, controversy or dispute between the Parties, their agents, employees, officers, directors or affiliated agents ("Dispute") through negotiation or non-binding arbitration. This paragraph shall not be construed to waive the Parties' rights to seek legal or regulatory intervention as provided by state or federal law.

EE. Commission Decision

This Agreement shall at all times be subject to such review by the Commission or FCC as permitted by the Act. If any such review renders the Agreement inoperable or creates any ambiguity or requirement for further amendment to the Agreement, the Parties will negotiate in good faith to agree upon any necessary amendments to the Agreement.

FF. Nondisclosure

1. All information, including but not limited to specifications, microfilm, photocopies, magnetic disks, magnetic tapes; drawings, sketches, models, samples, tools, technical information, data, employee records, maps, financial reports, and market data, (i) furnished by one Party to the other Party dealing with customer specific, facility specific, or usage specific information, other than customer information communicated for the purpose of publication of directory database inclusion, or (ii) in written, graphic, electromagnetic, or other tangible form and marked at the time of delivery as "Confidential" or "Proprietary", or (iii) communicated orally and declared to the receiving Party at the time of delivery, or by written notice given to the receiving Party within ten (10) days after delivery, to be "Confidential" or "Proprietary" (collectively referred to as "Proprietary Information"), shall remain the property of the disclosing Party. A Party who receives Proprietary Information via an oral communication may request written confirmation that the material is Proprietary Information. A Party who delivers Proprietary Information via an oral communication may request written confirmation that the Party receiving the information understands that the material is Proprietary Information.
2. Upon request by the disclosing Party, the receiving Party shall return all tangible copies of Proprietary Information, whether written, graphic or

otherwise, except that the receiving Party may retain one copy for archival purposes.

3. Each Party shall keep all of the other Party's Proprietary Information confidential and shall use the other Party's Proprietary Information only in connection with this Agreement. Neither Party shall use the other Party's Proprietary Information for any other purpose except upon such terms and conditions as may be agreed upon between the Parties in writing.
4. Unless otherwise agreed, the obligations of confidentiality and non-use set forth in this Agreement do not apply to such Proprietary Information as:
 - a. was at the time of receipt already known to the receiving Party free of any obligation to keep it confidential evidenced by written records prepared prior to delivery by the disclosing Party; or
 - b. is or becomes publicly known through no wrongful act of the receiving Party; or
 - c. is rightfully received from a third person having no direct or indirect secrecy or confidentiality obligation to the disclosing Party with respect to such information; or
 - d. is independently developed by an employee, agent, or contractor of the receiving Party which individual is not involved in any manner with the provision of services pursuant to the Agreement and does not have any direct or indirect access to the Proprietary Information; or
 - e. is disclosed to a third person by the disclosing Party without similar restrictions on such third person's rights; or
 - f. is approved for release by written authorization of the disclosing Party; or
 - g. is required to be made public by the receiving Party pursuant to applicable law or regulation provided that the receiving Party shall give sufficient notice of the requirement to the disclosing Party to enable the disclosing Party to seek protective orders.
5. **Effective Date Of This Section.** Notwithstanding any other provision of this Agreement, the Proprietary Information provisions of this Agreement shall apply to all information furnished by either Party to the other in furtherance of the purpose of this Agreement, even if furnished before the date of this Agreement.

GG. Notices

Any notices required by or concerning this Agreement shall be sent to the Parties at the addresses shown below:

USWC
Mark Reynolds, Director Interconnection Services
1600 7th Ave, Room 3002
Seattle, WA 98191

MFS
Andrew Lipman
MFS Communications
3000 K Street N.W.
Suite 300
Washington D.C. 20007

Eric Artman
MFS Communications
185 Berry Street
Suite 5100
San Francisco, CA 94107

Each Party shall inform the other of any changes in the above addresses.

HH. Assignment

Neither Party may assign or transfer (whether by operation of law or otherwise) this Agreement (or any rights or obligations hereunder) to a third party without the prior written consent of the other Party provided that each Party may assign this Agreement to a corporate affiliate or an entity under its common control or an entity acquiring all or substantially all of its assets or equity by providing prior written notice to the other Party of such assignment or transfer. Any attempted assignment or transfer that is not permitted is void ab initio. Without limiting the generality of the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the Parties' respective successors and assigns.

II. Warranties

NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, THE PARTIES AGREE THAT NEITHER PARTY HAS MADE, AND THAT THERE DOES NOT EXIST, ANY WARRANTY, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

JJ. Default

If either Party defaults in the payment of any amount due hereunder, or if either Party violates any other provision of this Agreement, and such default or violation shall continue for thirty (30) days after written notice thereof, the other Party may seek legal and/or regulatory relief. The failure of either Party to enforce any of the provisions of this Agreement or the waiver thereof in any instance shall not be construed as a general waiver or relinquishment on its part of any such provision, but the same shall, nevertheless, be and remain in full force and effect.

KK. No Third Party Beneficiaries

Except as may be specifically set forth in this Agreement, this Agreement does not provide and shall not be construed to provide third parties with any remedy, claim, liability, reimbursement, cause of action, or other privilege.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized representatives.

MFS INTELENET, INC.

Signature

Name Printed/Typed

Title

Date

U S WEST Communications, Inc.

Scott McCellan

Signature*

SCOTT MCCLELLAN

Name Printed/Typed

VICE PRESIDENT - WASHINGTON

Title

DECEMBER 9, 1996

Date

* Signed as ordered by the arbitrator in Docket UT-960323. Signature does not indicate agreement with all aspects of the arbitrator's decision, nor does it waive any of U S WEST's rights to seek judicial review of all or part of the agreement, or to reform the agreement as the result of successful judicial review.

JJ. Default

If either Party defaults in the payment of any amount due hereunder, or if either Party violates any other provision of this Agreement, and such default or violation shall continue for thirty (30) days after written notice thereof, the other Party may seek legal and/or regulatory relief. The failure of either Party to enforce any of the provisions of this Agreement or the waiver thereof in any instance shall not be construed as a general waiver or relinquishment on its part of any such provision, but the same shall, nevertheless, be and remain in full force and effect.

KK. No Third Party Beneficiaries

Except as may be specifically set forth in this Agreement, this Agreement does not provide and shall not be construed to provide third parties with any remedy, claim, liability, reimbursement, cause of action, or other privilege.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized representatives.

MFS INTELENET, INC.

U S WEST Communications, Inc.

*on behalf of
MFS Communications Company, Inc.,
Party to WIRE Docket No UT-960223
and on behalf of MFS InteleNet of
Washington, Inc, the subsidiary authorized
to provide telecommunications service in Washington.*

Erce A. Artman
Signature

Signature

ERCE A. ARTMAN
Name Printed/Typed

Name Printed/Typed

DIRECTOR OF REGULATORY AFFAIRS
Title

Title

6 DECEMBER 1996
Date

Date

**APPENDIX A
Rates and Charges
Washington**

INTERCONNECTION - LOCAL EXCHANGE

Local Call Termination

End Office - Per Minute of Use
Tandem Switch - Per Minute of Use
(Note 1)
(includes End Office Call Termination and Tandem Transport)

Agreed Price	
	\$0.003141
	\$0.005416

Note 1: The above local tandem call termination rate includes tandem transmission, based on an assumed transport mileage of 10 miles.
Should the average tandem transmission mileage experienced by the Parties exceed 10 miles, the Parties agree to adjust the tandem call termination rate based on the tandem transmission rates set forth below.

Entrance Facility

DS1, Electrical
DS3, Electrical

	Agreed Price Recurring	Agreed Price Nonrecurring
	\$99.78	\$583.92
	\$404.24	\$668.95

Direct Trunked Transport

DS1 - 0 Miles
DS1 - Over 0 to 8
DS1 - Over 8 to 25
DS1 - Over 25 to 50
DS1 - Over 50

DS3 - 0 Miles
DS3 - Over 0 to 8
DS3 - Over 8 to 25
DS3 - Over 25 to 50
DS3 - Over 50

	Agreed Price Fixed	Agreed Price Per Mile
	None	None
	\$41.72	\$0.67
	\$41.72	\$0.84
	\$41.73	\$2.97
	\$41.73	\$3.49
	None	None
	\$283.30	\$13.83
	\$284.17	\$15.03
	\$291.31	\$39.19
	\$293.91	\$44.74

Multiplexing, per arrangement

DS3 to DS1

	Agreed Price Recurring	Agreed Price Nonrecurring
	\$218.58	\$418.45

Local Transit Traffic Rate

Tandem Switching, per MOU

	Agreed Price
	\$0.001794

Tandem Transmission

0 Mile
Over 0 - 8 Miles
Over 8 - 25 Miles
Over 25 - 50 Miles
Over 50 Miles

	Agreed Price Fixed	Agreed Price Per Mile
	None	None
	\$0.000411	\$0.000009
	\$0.000411	\$0.000007
	\$0.000408	\$0.000008
	\$0.000409	\$0.000015

INTERCONNECTION - EXCHANGE ACCESS	Agreed Price
--	---------------------

Call Termination, Transport, and Transit Per Switched Access Tariff

COMMON CHANNEL SIGNALLING ACCESS SERVICE

<i>Entrance Facility</i>	Agreed Price Recurring	Agreed Price Nonrecurring
DS1	\$99.78	\$563.92
DS3	\$404.24	\$668.95

<i>Direct Link Transport</i>	Agreed Price Fixed	Agreed Price Per Mile
DS0 - 0 Miles	None	None
DS0 - Over 0 to 8	\$20.89	\$0.13
DS0 - Over 8 to 25	\$20.88	\$0.10
DS0 - Over 25 to 50	\$20.88	\$0.10
DS0 - Over 50	\$20.89	\$0.17
DS1 - 0 Miles	None	None
DS1 - Over 0 to 8	\$41.72	\$0.67
DS1 - Over 8 to 25	\$41.72	\$0.84
DS1 - Over 25 to 50	\$41.73	\$2.97
DS1 - Over 50	\$41.73	\$3.49

<i>Direct Link Transport</i>	Agreed Price Fixed	Agreed Price Per Mile
DS3 - 0 Miles	None	None
DS3 - Over 0 to 8	\$283.30	\$13.83
DS3 - Over 8 to 25	\$284.17	\$15.03
DS3 - Over 25 to 50	\$291.31	\$39.19
DS3 - Over 50	\$293.91	\$44.74

	Agreed Price Recurring	Agreed Price Nonrecurring
<i>CCS Link -- First Link</i>	None	\$504.68
<i>CCS Link -- Each additional Link</i>	None	\$72.42
<i>STP Port -- Per Port</i>	\$208.57	None

	Agreed Price Recurring	Agreed Price Nonrecurring
<i>Multiplexing</i>		
DS1 to DS0	\$221.08	None
DS3 to DS1	\$218.58	None

PHYSICAL AND VIRTUAL COLLOCATION

<i>Common Elements</i>	Arbitrated Price	
	Recurring	Nonrecurring
Quote Preparation Fee	None	\$2,437.30
Entrance Facility - Per cable (Note 3)	\$2.07	\$1,307.45
2-wire DS0 EICT	\$1.41	\$339.61 (Note 4)
4-wire DS0 EICT	\$1.79	\$339.61 (Note 4)
DS1 EICT	\$9.12	\$405.02
DS3 EICT	\$31.93	\$433.23
DS1 EICT - regeneration (Note 5)	\$14.38	
DS3 EICT - regeneration (Note 5)	\$94.24	

	Agreed Price	Agreed Price
	Recurring	Nonrecurring
Cable Splicing		
Per setup	None	\$103.59
Per Fiber Spliced	None	\$12.95
48 Volt Power, per ampere, per month	\$13.45	None
48 Volt Power Cable		
20 Ampere Capacity - Recurring	\$0.15	\$68.37
40 Ampere Capacity - Recurring	\$0.20	\$92.71
60 Ampere Capacity - Recurring	\$0.22	\$104.42
Equipment Bay, Per Shelf	\$8.58	None

	Agreed Price	Agreed Price
	Regular Hours	After Hours
Inspector per 1/2 Hour	\$28.62	\$37.02
Training per 1/2 Hour	\$25.36	None
Engineering per 1/2 Hour	\$24.73	\$33.09
Installation per 1/2 Hour	\$28.62	\$37.20
Maintenance per 1/2 Hour	\$25.36	\$33.73

<i>Physical Collocation (Note 6)</i>	Agreed Price	Agreed Price
	Recurring	Nonrecurring
Cage/Hard Wall Enclosure	ICB	ICB
Rent (w/ Maintenance) - per square foot - Zone 1	\$2.75	None
Rent (w/ Maintenance) - per square foot - Zone 2	\$2.26	None
Rent (w/ Maintenance) - per square foot - Zone 3	\$2.06	None

Note 3: Pricing is pursuant to Arbitrator's Decision in Docket UT-960323.

Note 4: Pursuant to Arbitrator's Decision in Docket UT-960323, DS0 EICT NRC does not apply to unbundled loops where a separate unbundled loop NRC applies.

Note 5: If required. No NRC applies to regeneration ordered concurrently with an associated EICT element.

Note 6: Zones per NECA-4 Tariff

ANCILLARY SERVICES

	Agreed Price
Directory Assistance	
Price per Call -- Facilities-Based Providers	\$0.34
Listings	
Primary Listings, Directory Assistance, White Pages	No Charge
E911	
LEC and MFS recover costs from PSAP	No Charge
	Agreed Cost Recurring
Interim Number Portability	
Without Transport	
Per Number Ported - First Path	\$4.25
Per Number Ported - Additional Path	\$3.02
With Transport	
Per Number Ported - First Path	\$8.73
Per Number Ported - Additional Path	\$7.50
	Agreed Cost Nonrecurring
Additional Charges	
Service Establishment, per switch, per route	\$43.80
Service Establishment - additional number ported or changes to existing numbers, per number ported	\$9.49
Additional and Consecutive Numbers -- additional number ported on same account name and consecutive numbers, per number ported	\$7.05
	Agreed Price
Assignment of Numbers	
Assignments per industry guidelines	No Charge
Busy Line Verification	
Per Call	\$0.72
Busy Line Interrupt	
Per Call	\$0.87

Arbitrated Price	
Recurring	Nonrecurring

Unbundled Loops (Note 7)

State-wide per Loop	\$13.37
Without testing, first loop per service order	\$96.30
With Basic Testing, first loop per service order	\$153.86
With Basic Testing at Designated Time, first loop per service order	\$206.02
Without testing, additional loop per service order	\$20.00
With Basic Testing, additional loop per service order	\$30.00
With Basic Testing at Designated Time, additional loop per service order	\$30.00

Note 7: Price of Unbundled Loops and additional Loops is ordered pursuant to Arbitrator's Decision in Docket UT-960323

APPENDIX A

**COMMISSION IMPOSED RESALE
WHOLESALE RATES
WASHINGTON**

U S WEST need not make the following services available for Resale:

Enhanced services including Voice Mail

U S WEST shall make the following services available for Resale:

All telecommunications services.

U S WEST shall make all services, except Switched Access, Special Access, and Residence Exchange services, available for Resale at a 21% discount rate, as ordered by the Commission (i.e. Wholesale price is 79% of Retail price, where Retail is the offered tariff price. Where USWC offers services under a volume discount, MFS may purchase such services at the volume discount rate or the 21% Resale discount rate, whichever provides a greater discount.

APPENDIX A
RESALE
NONRECURRING CHARGES
WASHINGTON

Description	Arbitrated Price
-------------	---------------------

Customer Transfer Charge

Business, per end user	\$56.60
Residence, per end user	\$54.13
ISDN, per end user	\$57.15

**APPENDIX B
ENGINEERING REQUIREMENTS
TRUNK FORECAST FORMS**

**INTERCONNECTION CHECKLIST
MEET POINT**

DATE OF MEETING:

Interconnector Information

Name:	
Address:	
City, State, Zip:	
Technical Contact Person:	
Technical Contact Person Telephone #:	
USWC Negotiator:	
USWC Negotiator Telephone #:	
Desired U S WEST Central office	
CLLI:	
Central Office address:	
City, State:	
Meet Point Address:	

Equipment

Manufacture/ model#	Quantity	

Cable Makeup

Number of cables:	
Number of fibers per cable:	
Distance from USWC to Meet Point	
Distance from MFS to Meet Point	

Service Requirements

	Year 1	Year 2	Year 3
DS3			
DS1			

Remarks:

Please attach a sketch of the requested meet point arrangement:

**Appendix B -- PAGE 2
INTERCONNECTION CHECKLIST
ADDITIONAL TRUNKING**

Interconnector Information

Name:	
Address:	
City, State, Zip:	
Technical Contact Person:	
Technical Contact Person Telephone #:	
USWC Negotiator:	
USWC Negotiator Telephone #:	
Desired Central office (TANDEM)	
CLLI:	
Central Office address:	
City, State:	
Meet Point Address:	

Service Requirements

	Year 1	Year 2	Year 3
USWC End Office:			
- Terminating CCS (peak busy hr)			
- Number Portability:			
Arrangements			
Call paths per # ported			
USWC End Office:			
- Terminating CCS (peak busy hr)			
- Number Portability:			
Arrangements			
Call paths per # ported			
USWC End Office:			
- Terminating CCS (peak busy hr)			
- Number Portability:			
Arrangements			
Call paths per # ported			
USWC End Office:			
- Terminating CCS (peak busy hr)			
- Number Portability:			
Arrangements			
Call paths per # ported			

Remarks:

Please attach a sketch of the agreed upon meet point arrangement

APPENDIX C

PHYSICAL COLLOCATION AGREEMENT

BETWEEN

US WEST COMMUNICATIONS

AND

MFS COMMUNICATIONS COMPANY, INC.

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PHYSICAL COLLOCATION AGREEMENT

THIS PHYSICAL COLLOCATION AGREEMENT ("Agreement") is made this ____ day of _____, 19__ by and between US WEST COMMUNICATIONS, a Colorado corporation ("USWC"), and MFS COMMUNICATIONS COMPANY, INC., a Delaware corporation, its successors and assigns ("Interconnector").

WITNESSETH

WHEREAS, USWC is an incumbent local exchange carrier having a statutory duty to provide for "physical collocation" of "equipment necessary for interconnection or access to unbundled network elements at its Premises, U.S.C. 251(c)(6); and

WHEREAS, the Interconnector wishes to physically locate certain of its equipment within ~~the~~ Premises (as ~~defined~~ herein) and connect with USWC; and

NOW THEREFORE, in consideration of the mutual agreements and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, USWC and the Interconnector (the "parties") agree as follows:

ARTICLE I - PREMISES

1.1 Right to Use. Subject to this Agreement, USWC grants to Interconnector the right to use the premises described on Exhibit C ("Premises"), attached and incorporated herein, within real property at _____ in the City of _____, County of _____, State of _____.

1.2 Relocation. Notwithstanding Section 1.1, in the event that it is necessary for the Premises to be moved within the structure in which the Premises is located ("Physical Collocation Site") or to another USWC Physical Collocation Site, at the Interconnector's option, the Interconnector shall move its facilities to the new Premises. The Interconnector shall be responsible for the preparation of the new Premises if such relocation arises from circumstances beyond the reasonable control of USWC, including condemnation or government order or regulation that makes the continued occupancy of the Premises or Physical Collocation Site impossible. Otherwise USWC shall be responsible for any such preparation and shall bear all costs associated with the relocation.

If the Interconnector requests that the Premises be moved within the Physical Collocation Site or to another USWC Physical Collocation Site, USWC shall permit the Interconnector to relocate the Premises, subject to availability of space and associated requirements. The Interconnector shall be responsible for all applicable charges associated with the move, including the reinstallation of its equipment and facilities and the preparation of the new Premises.

In either such event, the new Premises shall be deemed the "Premises" hereunder and the new Physical Collocation Site (where applicable) the "Physical Collocation Site."

1.3 The Premises. USWC agrees, at the Interconnector's sole cost and expense as set forth herein, to prepare the Premises in accordance with working drawings and specifications entitled _____ and dated _____, which documents, marked Exhibit C, are attached and incorporated herein. The preparation shall be arranged by USWC in compliance with all applicable codes, ordinances, resolutions, regulations and laws. In return for the Interconnector's agreement to make the payments required by Section 2.1 hereof, USWC agrees to pursue diligently the preparation of the Premises for use by the Interconnector.

ARTICLE II - EFFECTIVENESS AND REGULATORY APPROVAL

2.1 Submission to State Commission. The Agreement is prepared as a component of the Interconnection Agreement under Sections 251 and 252 of the Telecommunications Act of 1996, between USWC and MFS Communications Company, Inc. ("Interconnection Agreement"), and ~~the parties~~ intend to submit the Agreement and other elements of the Interconnection Agreement to state commissions for approval under the provisions of 47 U.S.C. § 252. This Agreement is conditioned upon the approval of this Agreement and the Interconnection Agreement. After execution of this Agreement, the parties shall submit it and the applicable Interconnection Agreement to the State commission in the State in which the Premises is located for approval, and shall defend the Agreement and support any reasonable effort to have this Agreement so approved, including the supplying of witnesses and testimony if a hearing is held.

2.2 Failure to Receive Approval. If this Agreement does not receive such unqualified approval, this Agreement shall be void upon written notice of either party to the other after such regulatory action becomes final and unappealable. Thereafter Interconnector may request to begin negotiations again under 47 U.S.C. 251. Alternatively, the parties may both agree to modify this Agreement to receive such approval, but neither shall be required to agree to any modification. Any agreement to modify shall not waive the right of either party to pursue any appeal of the ruling made by any reviewing regulatory commission or to seek arbitration of any of the terms of this Agreement or any of the terms of the Interconnection Agreement.

2.3 Preparation Prior to Regulatory Approval. At the written election of the Interconnector, USWC shall begin preparing the Premises for the Interconnector prior to receiving the approval required by Section 2.1 hereof. Except as specified in the Interconnection Agreement, the evidence of such election shall be the delivery to USWC of a letter requesting that USWC begin preparations, payment of 50 percent of the non-recurring charge for preparing the Premises for use by MFS, and the promise of MFS to pay the balance of the non-recurring charges as provided in this Agreement. Payment to USWC of the remaining non-recurring charges due under this Agreement shall be due one month after the Interconnector's equipment is installed at the Premises, interconnected with USWC and operational as described in Section 3.2 below. Upon such an election, this Agreement shall become effective but only insofar as to be applicable to Premises preparation. If the Agreement does not become fully effective as contemplated by this Article due in any part to USWC not fulfilling its obligation under 2.1 preceding, the Interconnector shall be entitled to a refund of all payments made to USWC for preparation.

ARTICLE III - TERM

3.1 Commencement Date. This Agreement shall be a term agreement, beginning on the "Commencement Date" and ending on a date five years afterwards. The "Commencement Date" shall be the first day after the Interconnector's equipment becomes operational as described in Section 3.2. At the end of the term and unless the parties agree to an extension or a superseding arrangement, this Agreement shall automatically convert to a month-to-month Agreement.

3.2 Occupancy. Unless there are unusual circumstances, USWC will notify the Interconnector that the Premises is ready for occupancy within five (5) days after USWC completes preparations described in Section 2.3. The Interconnector must place operational telecommunications equipment in the Premises and connect with USWC's network within one hundred fifty (150) days after receipt of such notice; provided, however, that such one hundred fifty day period shall not begin until regulatory approval is obtained under Article II and, further, ~~that USWC may extend~~ beyond the one hundred fifty days upon a demonstration by the Interconnector of a best efforts to meet that deadline and circumstances beyond its reasonable control that prevented the Interconnector from meeting that deadline. If the Interconnector fails to do so, this Agreement is terminated on the thirtieth (30th) day after USWC provides to the Interconnector written notice of such failure and the Interconnector does not place operational telecommunications equipment in the Premises and connect with USWC's network by such thirtieth day. In any such event, the Interconnector shall be liable in an amount equal to the unpaid balance of the preparation charges due. For purposes of this Section, the Interconnector's telecommunications equipment is considered to be operational and interconnected when connected to USWC's network for the purpose of providing service.

ARTICLE IV - PREMISES CHARGES

4.1 Monthly Charges. Beginning on the Commencement Date, Interconnector shall pay to USWC monthly fees as specified in Exhibit A.

4.2 Billing. Billing for Monthly Charges shall occur on or about the 25th day of each month, with payment due thirty (30) days from the bill date. USWC may change its billing date practices upon providing ninety (90) days written notice to the Interconnector. Each USWC bill must identify the Premises location by CLLI and/or address and must separately identify any non-contiguous Premises within the Physical Collocation Site. Further, USWC must specify separately for each Premises CLLI and/or address and for any non-contiguous Premises each rate element individually along with the quantity purchased by the Interconnector at that (those) Premises and the individual rate charged for each element along with the dates for which such charges apply. USWC shall promptly adjust Interconnector's account in each instance of misbilling identified and demonstrated by the Interconnector.

4.3 Nonrecurring Charges.

- (a) The one-time charge for preparing the Premises for use by the Interconnector as well as all other one-time charges associated with the Interconnector's request shall be exactly as stated in Exhibit B.

- (b) USWC will contract for and perform the procurement, construction and preparation activities underlying the Monthly Fees and Nonrecurring Charges, using the same or consistent practices that are used by USWC for other construction and preparation work performed in the Physical Collocation Site and shall make every possible effort to obtain all necessary approvals and permits, where applicable, promptly. USWC will obtain more than one trade subcontractor submission to the extent available when the initial trade subcontractor bid, proposal or quotation associated with an ICB pursuant to Exhibit B exceeds ten-thousand dollars (\$10,000.00). It is understood and agreed that any such request for additional subcontractor submissions will likely add to the time necessary to provide physical collocation and, for that reason, Interconnector reserves the right to authorize USWC to forgo such additional bids but will only do so in writing. USWC will permit the Interconnector to inspect all supporting documents for the Monthly Fees and Nonrecurring Charges. Any dispute regarding such USWC charges will be subject to the dispute resolution provisions hereof. Notwithstanding the above, the Interconnector may directly contract with any supplier, vendor, subcontractor, or contractor that USWC approves for such work (including but not limited to the procurement and installation of cages) and may, at Interconnector's election, be solely responsible for any and all payments due to such supplier, vendor, subcontractor or contractor for such procurement, construction and preparation activities. Where Interconnector exercises this right, Interconnector shall pay to USWC only those amounts associated with labor hours of USWC personnel necessary for such USWC personnel to observe and approve such work at the Premises within the Physical Collocation Site.
- (c) Nonrecurring Charges associated with the point-of-termination bay shall be applied to the Interconnector by USWC only where the Interconnector requests in writing that USWC supply such point-of-termination bay. Otherwise, the Interconnector shall be responsible for purchasing such point-of-termination bays and for arranging their installation by a vendor, subcontractor or contractor approved by USWC to perform such work.

4.4 Preparation. USWC will begin preparation on execution of this Agreement and upon receipt of written notice from Interconnector as described in Section 2.3.

4.5 Pre-Preparation Access. USWC shall permit the Interconnector to have access to the Premises for the purpose of inspection once physical collocation site preparation activities have begun. Interconnector agrees to limit the number of such inspections to three per Premises except where such inspection exposes a non-conformance with the Interconnector's requirements as stated in its initial request or this Agreement.

4.6 Breach Prior to Commencement Date. If the Interconnector materially breaches this Agreement by purporting to terminate this Agreement after USWC has begun preparation of the Premises then, in addition to any other remedies that USWC might have, the Interconnector shall be liable in the amount equal to the non-recoverable costs less estimated net salvage. Non-recoverable costs include the non-recoverable cost of equipment and material ordered, provided or used; subcontractor charges paid by USWC for work performed

on behalf of Interconnector; the non-recoverable cost of installation and removal, including the costs of equipment and material ordered, provided and used; labor for work done on behalf of Interconnector for preparation; transportation and any other associated costs. USWC shall provide Interconnector with a detailed invoice showing the costs it incurred associated with preparation. Further, at the Interconnector's election, USWC shall provide to the Interconnector all materials that it determined to be unsalvageable. Should the costs incurred by USWC be used for the provision of a collocation arrangement for a third party, such costs shall be refunded to the Interconnector.

4.7 Space Preparation Fee True-Up. For all work performed by USWC and by vendors, subcontractors and contractors hired by USWC in order to prepare the Premises pursuant to the Interconnector's written request and pursuant to 4.3 preceding, USWC shall within ninety (90) days of the completion of the Premises preparation work perform a true-up of all USWC, vendor, subcontractor and contractor bill amounts associated with any ICB pricing performed pursuant to Exhibit B. If the resulting total cost is less than that paid by the Interconnector, then USWC shall within thirty (30) days refund to the Interconnector the difference between the actual cost and the payment that the Interconnector had previously submitted to USWC. Alternatively, if the total cost exceeds that previously paid by the Interconnector, then the Interconnector shall submit payment to USWC for the difference within thirty (30) days for its receipt of the bill for such an amount. Nothing in either case releases USWC from its obligation to make best-faith efforts to achieve the lowest-available cost for the preparation work that it proves is necessary or releases USWC from its obligation to allow the Interconnector to inspect such documents pursuant to 4.3 preceding.

ARTICLE V - INTERCONNECTION CHARGES

Charges for interconnection and collocation shall be set forth in Exhibits A and B.

ARTICLE VI - DEMARCATION POINT

6.1 Cable Entrances. The Interconnector shall use a dielectric fiber optic cable as a transmission medium to the Premises, or other transmission media as it determines is necessary in order to provide services for which it has legal and regulatory authority. The Interconnector shall be permitted at least two (2) cable entrance routes into the Premises whenever two entrance routes are used by USWC at that Physical Collocation Site.

6.2 Demarcation Point. USWC and the Interconnector shall designate the point(s) of interconnection within the Physical Collocation Site as the point(s) of physical demarcation between the Interconnector's network and USWC's network, with each being responsible for maintenance and other ownership obligations and responsibilities on its side of that demarcation point. USWC and the Interconnector anticipate that the demarcation point will be within the point-of-termination bay which the Interconnector may elect to provide and install pursuant to 4.3 preceding. Where no point of termination bay is elected by the Interconnector, the point(s) of interconnection shall be specified in Exhibit D.

ARTICLE VII - USE OF PREMISES

7.1 Nature of Use. The Premises are to be used by the Interconnector for purposes of locating equipment and facilities within USWC's Physical Collocation Sites to connect with USWC services or facilities and other Interconnectors. USWC shall permit Interconnector to place, maintain and operate on Premises any equipment, pursuant to the FCC's regulations on the types of equipment required to be collocated. Consistent with the nature of the Premises and the environment of the Premises, the Interconnector shall not use the Premises for office, retail, or sales purposes. No signs or marking of any kind by the Interconnector shall be permitted on the Premises or on the grounds surrounding the Premises.

7.2 Administrative Uses. The Interconnector may use the Premises for placement of equipment and facilities only. The Interconnector's employees, agents and contractors shall be permitted access to the Premises at all reasonable times, provided that the Interconnector's employees, agent and contractors comply with USWC's policies and practices pertaining to fire, safety and security. The Interconnector agrees to comply promptly with all laws, ordinances and regulations affecting the use of the Premises. Upon the expiration of the Agreement, the Interconnector shall surrender the Premises to USWC in the same condition as when first occupied by the Interconnector except for ordinary wear and tear.

7.3 Threat to Network or Facilities. Interconnector equipment or operating practices representing a significant demonstrable technical threat to USWC's network or facilities, including the Premises, are strictly prohibited.

7.4 Interference or Impairment. Notwithstanding any other provision hereof, the characteristics and methods of operation of any equipment or facilities placed in the Premises shall not interfere with or impair service over any facilities of USWC or the facilities of any other person or entity located in the Physical Collocation Site; create hazards for or cause damage to those facilities, the Premises, or the Physical Collocation Site; impair the privacy of any communications carried in, from, or through the Physical Collocation Site; or create hazards or cause physical harm to any individual or the public. Any of the foregoing events would be a material breach of this Agreement if, after USWC's submission to Interconnector of written notice of such interference or impairment, Interconnector did not promptly work to eliminate the interference or impairment.

7.5 Interconnection to Others. The Interconnector may directly connect to other Interconnectors' facilities within the Physical Collocation Site. USWC agrees to provide to Interconnector, upon its receipt of the Interconnector's written request, any facilities necessary for such interconnection wherever such facilities exist or can be made available and USWC shall provide any such facilities pursuant to 4.3 preceding and Exhibits A and B. Further, USWC agrees to provide to the Interconnector, upon its receipt of the Interconnector's written request, unbundled network transmission elements at rates specified in Exhibits A and B, and USWC will facilitate interconnection of the Interconnector's collocation equipment to other services offered in USWC's tariffs or other Agreements (e.g., Synchronous Service Transport service). For the purposes of Interconnection to Others, where the other Interconnector's Interconnection Agreement differs from this Agreement, the less restrictive terms and conditions relating to such direct interconnection and the lower charges identified in the two Agreements for such direct interconnection shall apply to both Interconnectors for all Interconnection between those two Interconnectors. Interconnector agrees to continue to pay

to USWC all applicable Monthly Charges for space, power and for all other interconnection circuits at the Premises.

7.6 Personality and its Removal. Subject to the Article, the Interconnector may place or install in or on the Premises such fixtures and equipment as it shall deem desirable for the conduct of business. Personal property, fixtures and equipment placed by the Interconnector in the Premises shall not become a part of the Premises, even if nailed, screwed or otherwise fastened to the Premises, but shall retain their status as personality and may be removed by Interconnector at any time. Any damage caused to the Premises by the removal of such property shall be promptly repaired by Interconnector at its expense.

7.7 Alterations In no case shall the Interconnector or any person purporting to be acting through on or behalf of the Interconnector make any rearrangement, modification, improvement, addition, repair, or other alteration to the Premises or the Physical Collocation Site ~~without the~~ advance written permission and direction of USWC. USWC shall make best efforts to honor any reasonable request for a modification, improvement, addition, repair, or other alteration proposed by the Interconnector, provided that USWC shall have the right to, for reasons that it specifies in writing, reject or modify any such request except as required by state or federal regulators. The cost of any such specialized alterations shall be paid by Interconnector in accordance with the terms and conditions identified in Article IV herein.

ARTICLE VIII - STANDARDS

8 Minimum Standards. This Agreement and the physical collocation provided hereunder is made available subject to and in accordance with the (i) Bellcore Network Equipment Premises System (NEBS) Generic Requirements (GR-63-CORE and GR-1089-CORE), as may be amended at any time and from time to time, and any successor documents, except to the extent that USWC deviates from any such requirements for its equipment and the facilities and services that it uses and provides or to the extent that USWC allows other Interconnectors to deviate from any such requirements; and, (ii) any statutory and/or regulatory requirements in effect at the execution of this Agreement or that subsequently become effective and then when effective. The Interconnector shall strictly observe and abide by each. USWC shall publish and provide to the Interconnector its Reference Handbook for Collocation to provide Interconnector with guidelines and USWC's standard operating practices for collocation. USWC agrees that the material terms and conditions of collocation are not contained in such a technical publication, nor can USWC change the terms and conditions of this Agreement by changing that technical publication; however, any revision made to address situations potentially harmful to USWC's network or the Premises or Physical Collocation Site, or to comply with statutory and/or regulatory requirements shall become effective immediately and the Interconnector agrees to take steps to comply with such revisions immediately upon its receipt of USWC's written notification of the change.

ARTICLE IX - RESPONSIBILITIES OF THE INTERCONNECTOR AND USWC

9.1 Contact Number. The Interconnector and USWC are responsible for providing to each other personnel contact numbers for their respective technical personnel who are readily accessible 24 hours a day, 7 days a week, 365 days a year.

9.2 Trouble Status Reports. The Interconnector is responsible for promptly providing trouble report status when requested by USWC. Likewise, USWC is responsible for promptly providing trouble report status when requested by Interconnector.

9.3 Cable Extension. The Interconnector is responsible for bringing its cable to entrance manhole(s) or other appropriate sites designated by USWC (e.g., utility poles or controlled environmental vaults), and for leaving sufficient cable length in order for USWC to fully extend the Interconnector-provided cable to the Premises. In the alternative, at the Interconnector's option, USWC shall provide interconnection facilities, i.e., unbundled network transmission elements, from an Interconnector-designated location (e.g., the Interconnector's Node) to the Premises within the Physical Collocation Site. Nothing in this paragraph shall preclude the Interconnector from obtaining unbundled network transmission elements from USWC at any Premises within a Physical Collocation Site for primary or redundant interconnection.

9.4 Regeneration. Regeneration on intra-building connections will be provided by USWC, when requested. The price for regeneration shall be pursuant to Exhibit B.

9.5 Removal. The Interconnector is responsible for removing any equipment, property or other items that it brings into the Premises or any other part of the Physical Collocation Site. If the Interconnector fails to remove any equipment, property, or other items from the Premises or Physical Collocation Site within thirty (30) days after discontinuance of use, USWC may perform the removal and may charge the Interconnector for any materials used in any such removal, and the time spent on such removal at the then-applicable hourly rate for administrative work pursuant to the TA96 factor approach identified on Exhibit B.

9.6 Interconnector's Equipment and Facilities. The Interconnector is solely responsible for the design, engineering, testing, performance, and maintenance of the equipment and facilities used by the Interconnector in the Premises. The Interconnector will be responsible for servicing, supplying, repairing, installing and maintaining the following facilities within the Premises:

- (a) its cable(s);
- (b) its equipment;
- (c) required point of termination cross connects;
- (d) point of termination maintenance, including replacement fuses and circuit breaker restoration, to the extent that such fuses and circuit breakers are not controlled by USWC and only if and as required; and
- (e) the connection cable and associated equipment which may be required within the Premises to the point(s) of interconnection. USWC does not assume any such responsibility unless contracted to perform such work on behalf of the Interconnector.

9.7 Verbal Notifications Required. The Interconnector is responsible for immediate verbal notification to USWC of significant outages or operations problems which could impact or degrade USWC's network, switches, or services, and for providing an estimated clearing time for restoration. In addition, written notification must be provided within twenty-four (24) hours. Likewise, USWC is responsible for providing immediate verbal notification to the Interconnector of problems with USWC's network or operations which could impact or degrade

Interconnector's network, switches, or services, and provide an estimated clearing time for restoration. Further, USWC shall provide written notification to Interconnector within the same twenty-four (24) hour interval. For the purposes of this paragraph, written notification may be given by electronic mail so long as the notifying party provide the required verbal notification to the other.

9.8 Service Coordination. The Interconnector is responsible for coordinating with USWC to ensure that services are installed in accordance with the service request. Likewise, USWC is obligated to coordinate with Interconnector to ensure the services are installed in accordance with the service request and fulfill the service request in a timely, effective manner.

9.9 Testing. The Interconnector is responsible for testing, to identify and clear a trouble when the trouble has been isolated to an Interconnector-provided facility or piece of equipment. If USWC testing is also required, it will be promptly provided as part of its obligation to provide to Interconnector network interconnection.

ARTICLE X - QUIET ENJOYMENT

Subject to the other provisions hereof, USWC covenants that it has full right and authority to permit the use of the Premises by the Interconnector and that, so long as the Interconnector performs all of its obligations herein, the Interconnector may peaceably and quietly enjoy the Premises during the term hereof.

ARTICLE XI - ASSIGNMENT

The Interconnector shall not assign or otherwise transfer this Agreement, neither in whole nor in part, or permit the use of any part of the Premises by any other person or entity, without the prior written consent of USWC. Any purported assignment or transfer made without such consent may be made void by USWC at its option.

ARTICLE XII - CASUALTY LOSS

12.1 Damage to Premises. If the Premises are damaged by fire or other casualty, and

- (i) the Premises are not rendered untenable in whole or in part, USWC shall repair the same at its expense (as hereafter limited) and the Monthly Charges shall not be abated, or
- (ii) the Premises are rendered untenable in whole or in part and such damage or destruction can be repaired within ninety (90) days, USWC has the option to repair the Premises at its expense (as hereafter limited) and all Monthly Charges shall be proportionately abated while Interconnector was deprived of the use and the interconnection. If the Premises cannot be repaired within ninety (90) days, or USWC opts not to rebuild, then this Agreement shall (upon notice to the Interconnector within thirty (30) days following such occurrence) terminate as of the date of such damage. However, USWC must provide to Interconnector comparable substitute interconnection and collocation arrangements at another

mutually-agreeable Physical Collocation Site without penalty or nonrecurring charges assessed against the Interconnector.

Any obligation on the part of USWC to repair the Premises shall be limited to repairing, restoring and rebuilding the Premises as originally prepared for the Interconnector and shall not include any obligation to repair, restore, rebuild or replace any alterations or improvements made by the Interconnector or by USWC on request of the Interconnector; or any fixture or other equipment installed in the Premises by the Interconnector or by USWC on request of the Interconnector.

12.2 Damage to Premises. In the event that the Premises shall be so damaged by fire or other casualty that closing, demolition or substantial alteration or reconstruction thereof shall, in USWC's opinion, be advisable, then, notwithstanding that the Premises may be unaffected thereby, USWC, at its option, may terminate this Agreement by giving the Interconnector ten (10) days ~~prior written~~ notice within thirty (30) days following the date of such occurrence.

ARTICLE XIII - LIMITATION OF LIABILITY

14.1 Limitation. With respect to any claim or suit for damages arising in connection with the mistakes, omissions, interruptions, delays or errors, or defects in transmission occurring in the course of furnishing service hereunder, the liability of USWC, if any shall be as described in the Interconnection Agreement in effect between the parties.

Each party shall be indemnified and held harmless by the other against claims and damages by any third party arising from provision of the other party's services or equipment except those claims and damages directly associated with the provision of services to the other party which are governed by the provisioning party's applicable tariffs.

Neither party shall have any liability whatsoever to the customers of the other party for claims arising from the provision of the other party's service to its customers, including claims for interruption of service, quality of service or billing disputes.

The liability of either party for its willful misconduct, if any, is not limited by this Agreement.

14.2 Third Parties. The Interconnector acknowledges and understands that USWC may provide space in or access to the Physical Collocation Site to other persons or entities ("Others"), which may include competitors of the Interconnector; that such space may be close to the Premises, possibly including space adjacent to the Premises and/or with access to the outside of the Premises; and that any in-place optional cage around the Premises is a permeable boundary that will not prevent the Others from observing or even damaging the Interconnector's equipment and facilities. In addition to any other applicable limitation, USWC shall have no liability with respect to any action or omission by any Other, except in instances involving negligence or willful actions by USWC or its agents or employees. The Interconnector shall save and hold USWC harmless from any and all costs, expenses, and claims associated with any such acts or omission by any Other.

ARTICLE XIV - SERVICES, UTILITIES, MAINTENANCE AND FACILITIES

16.1 Operating Services. USWC, at its sole cost and expense, shall maintain for the Physical Collocation Site customary Premises services, utilities (excluding telephone facilities), including janitor and, where applicable, elevator services, 24 hours a day, 365 days a year. The Interconnector shall be permitted to have a single-line business telephone service for the Premises subject to applicable USWC tariffs.

16.2 Utilities. USWC will provide negative DC and AC power, back-up power, heat, air conditioning and other environmental support necessary for the Interconnector's equipment, in the same manner that it provides such support items for its own equipment within that Premises.

16.3 Maintenance. USWC shall maintain the exterior of the Premises and grounds, and all entrances, stairways, passageways, and exits used by the Interconnector to access the Premises.

16.4 Legal Requirements. USWC agrees to make, at its expense, all changes and additions to the Premises required by laws, ordinances, orders or regulations of any municipality, county, state or other public authority including the furnishing of required sanitary facilities and fire protection facilities.

ARTICLE XV - DISPUTE RESOLUTION

For disputes arising out of this Agreement, the parties agree that they will follow the procedures as set forth in Section XXXIV of the Interconnection Agreement executed between the parties.

ARTICLE XVI - SUCCESSORS BOUND

Without limiting Article XI hereof, the conditions and agreements contained herein shall bind and inure to the benefit of USWC, the Interconnector and their respective successors and, except as otherwise provided herein, assigns.

ARTICLE XVII - CONFLICT OF INTEREST

The Interconnector represents that no employee or agent of USWC has been or will be employed, retained, paid a fee, or otherwise has received or will receive any personal compensation or consideration from the Interconnector, or any of the Interconnector's employees or agents in connection with the arranging or negotiation of this Agreement or associated documents. USWC represents that no employee or agent of the Interconnector has been or will be employed, retained, paid a fee, or otherwise has received or will receive any personal compensation or consideration from USWC, or any of USWC's employees or agents in connection with the arranging or negotiation of this Agreement or associated documents.

ARTICLE XVIII - NON-EXCLUSIVE REMEDIES

No remedy herein conferred upon is intended to be exclusive of any other remedy in equity, provided by law, or otherwise, but each shall be in addition to every other such remedy.

ARTICLE XIX - NOTICES

Except as may be specifically permitted in this Agreement, any notice, demand, or payment required or desired to be given by one party to the other shall be in writing and shall be valid and sufficient if dispatched by registered or certified mail, return receipt requested, postage prepaid, in the United States mail, or via professional overnight courier, or by facsimile transmission; provided, however, that notices sent by such registered or certified mail shall be effective on the third business day after mailing and those sent by facsimile transmission shall only be effective on the date transmitted if such notice is also sent by such registered or certified mail no later than the next business day after transmission, all addressed as follows:
If to USWC:

If to the Interconnector:

Either party hereto may change its address by written notice given to the other party hereto in the manner set forth above.

ARTICLE XX - COMPLIANCE WITH LAWS

The Interconnector and all persons acting through or on behalf of the Interconnector shall comply with the provisions of the Fair Labor Standards Act, the Occupational Safety and Health Act, and all other applicable federal, state, county, and local laws, ordinances, regulations and codes (including identification and procurement of required permits, certificates, approvals and inspections) in its performance hereunder.

ARTICLE XXI - INSURANCE

Interconnector agrees to maintain, at Interconnector's expense during the entire time that Interconnector and its equipment occupies Premises: (i) General Liability Insurance in an amount not less than one million dollars (\$1,000,000.00) per occurrence for bodily injury or property damage, (ii) Employer's Liability in an amount not less than five hundred thousand dollars (\$500,000.00) per occurrence, (iii) Worker's Compensation in an amount not less than that prescribed by statutory limits, and (iv) Umbrella/Excess Liability coverage in an amount of five million dollars (\$5,000,000.00) excess of coverage specified above.

Each policy shall be underwritten by an insurance company having a BEST insurance rating of B+VII or better, and which is authorized to do business in the jurisdiction in which the Premises is located.

Interconnector shall furnish USWC with certificates of insurance which evidence the minimum levels of insurance set forth herein and which name USWC as an additional insured. The Interconnector shall arrange for USWC to receive at least thirty (30) days advance written notice from the Interconnector's insurance companies of cancellation and shall notify USWC in writing to achieve its approval should the Interconnector later elect to self-insure.

ARTICLE XXII - US WEST'S RIGHT OF ACCESS

USWC, its agents, employees, and other USWC-authorized persons shall have the right to enter the Premises at any reasonable time to examine its conditions, make repairs required to be made by USWC hereunder, and for any other purpose determined to be necessary by USWC in complying with the terms of this Agreement and providing telecommunications services at the Physical Collocation Site. USWC may access the Premises at any time for ~~purposes of averting any threat~~ of harm imposed by the Interconnector or its equipment or facilities upon the operation of USWC equipment, facilities and/or personnel located outside of the Premises. If routine inspections are required, they shall be conducted at a mutually agreeable time. USWC agrees to minimize and to limit any and all instances in which access by its employees, agents or other persons whom it authorizes takes place and agrees not to allow any party which is suspected of any previous instance of wrongdoing of any kind or who has been subject to any form of discipline by USWC at any time in the past to enter Premises. USWC will, in all instances, provide to Interconnector written notification of its access to Premises any time that such access occurs without advance notice to the Interconnector and such written notification shall contain a brief explanation of the reason for such access as well as the name(s) and title(s) of such persons and USWC shall provide to Interconnector such written notice within twenty-four (24) hours of the time when such access took place.

ARTICLE XXIII - OTHER COLLOCATION AGREEMENTS

The parties agree that the provisions of Section 252(i) of the Act shall apply, including state and federal interpretive regulations in effect from time to time.

ARTICLE XXIV - MISCELLANEOUS

27.1 Exhibits. The following Exhibits are attached hereto and made part hereof:

Exhibit A, The Schedule of All Interstate and Intrastate Monthly Recurring Charges

Exhibit B, The Schedule of All Interstate and Intrastate Nonrecurring Charges

Exhibit C, Working Drawings and Specifications Entitled _____

Exhibit D, Point of Interconnection _____

27.2 Variations. In the event of variation or discrepancy between any duplicate originals hereof, including exhibits, the original Agreement shall control.

27.3 Governing Law. This Agreement shall be governed by the laws of the State in which the Premises are located, without regard to the choice of law principles thereof.

27.4 Joint and Several. If Interconnector constitutes more than one person, partnership, corporation, or other legal entities, the obligation of all such entities under this Agreement is joint and several.

27.5 Future Negotiations. USWC may refuse requests for additional space at the Physical Collocation Site or in any other USWC site if the Interconnector is in material breach of this Agreement. In such event, the Interconnector hereby releases and shall hold USWC harmless

27.6 Severability. With the exception of the requirements, obligations, and rights set forth in Article II hereof, if any of the provisions hereof are otherwise deemed invalid, such invalidity shall not invalidate the entire Agreement, but rather the entire Agreement shall be construed as if not containing the particular invalid provision(s), and the rights and obligations of USWC and the Interconnector shall be construed accordingly.

27.7 Paragraph Headings and Article Numbers. The headings of the articles paragraphs herein are inserted for convenience only and are not intended to affect the meaning or interpretation of this agreement.

27.8 Entire Agreement. Recognizing that this Agreement is component of a Interconnection Agreement, this Agreement with the attached schedules and exhibits, and referenced documentation and materials attached hereto set forth the entire understanding of the parties with respect to physical collocation and supersedes all prior agreements, arrangements and understandings relating to this subject matter and may not be changed except in writing by the parties. No representation, promise, inducement or statement of intention has been made by either party which is not embodied herein, and there are no other oral or written understandings or agreements between the parties relating to the subject matter hereof except as may be referenced herein.

27.9 No Third Party Beneficiaries. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto.

27.10 Binding Effect. (a) This Agreement is binding upon the parties hereto, their respective executors, administrators, heirs, assigns and successors in interest; (b) all obligations by either party which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature.

27.11 Force Majeure. Neither party shall be liable for any delay or failure in performance of any part of this Agreement from any cause beyond its control and without its fault or negligence including, without limitation, acts of nature, acts of civil or military authority, government regulations, embargoes, epidemics, terrorist acts, riots, insurrections, fires, explosions, earthquakes, nuclear accidents, floods, work stoppages, equipment failure, cable cuts, power blackouts, volcanic action, other major environmental disturbances, unusually-severe weather conditions, inability to secure products or services of other persons or transportation facilities or acts or omissions of transportation carriers (collectively, a "Force Majeure Condition"). If any Force Majeure Condition occurs, the party delayed or unable to

perform shall give prompt notice to the other party and shall take all reasonable steps to correct the force Majeure Condition. During the pendency of such Condition, the duties of the parties under this agreement affected by the Force Majeure Condition shall be abated and shall resume without liability thereafter.

IN WITNESS WHEREOF, the duly authorized representatives of the parties have executed and delivered this Agreement as of the day and year first above written.

US WEST COMMUNICATIONS:

By:
Title:

INTERCONNECTOR:

By:
Title:

Exhibit A

The Schedule of All Interstate and Intrastate Monthly Recurring Charges

To be provided by the Parties

Exhibit B

The Schedule of All Interstate and Intrastate Nonrecurring Charges

To be provided by the Parties

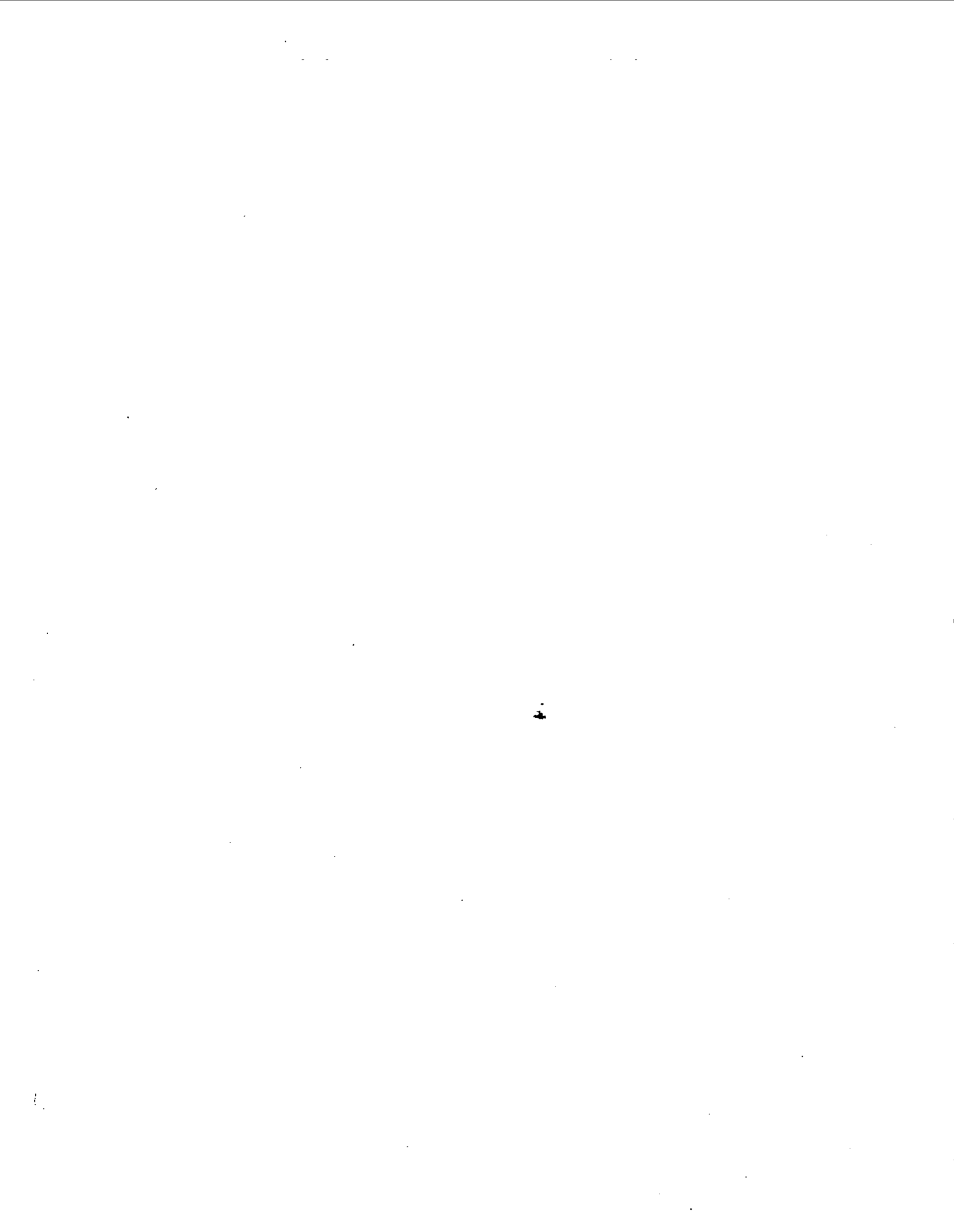


Exhibit C

Working Drawings and Specifications Entitled

To be provided by the Parties

Exhibit D

Point of Interconnection

To be provided by the Parties

TAB
#2

JAN 27 1997

SERVICE DATE
- JAN - 8 1997

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
RECEIVED

JAN - 9 1997

In the Matter of the Petition for Arbitration of an Interconnection Agreement Between)))))
MFS Communications Company, Inc. And US WEST Communications, Inc.)))))
Pursuant to 47 USC § 252)))))
.....)))))

DOCKET NO. UT-960323
LAW DEPARTMENT
ORDER APPROVING NEGOTIATED
AND ARBITRATED
INTERCONNECTION AGREEMENT

I. INTRODUCTION

A. Procedural History

On February 8, 1996, MFS Communications Company, Inc. ("MFS") requested negotiations with U S WEST Communications, Inc. ("USWC") for interconnection under the terms of the Telecommunications Act of 1996, Public Law No. 104-104, 101 Stat. 56, *codified at* 47 USC § 151 *et seq.* (1996)(the "1996 Act" or "the Act").

On June 24, 1996, MFS timely filed with the Washington Utilities and Transportation Commission ("Commission") and served on USWC, a petition for arbitration pursuant to 47 USC § 252(b)(1). The matter was designated Docket No. UT-960323. On June 28, 1996, the Commission entered an Order on Arbitration Procedure appointing Simon ffitch as the arbitrator for this proceeding and establishing certain procedural requirements.

USWC filed its response to the petition. Petitions to intervene were filed by AT&T Communications of the Pacific Northwest, Inc. and Telephone Ratepayers Association for Cost Based and Equitable Rates. The petitions were denied in the Arbitrator's Second and Third Procedural Orders respectively.

"Final offer" (or "last best offer") arbitration was adopted for this arbitration pursuant to the Arbitrator's Fourth Procedural Order. In preparing the arbitration report in this matter, the arbitrator selected between the parties' last proposals as to each unresolved issue, selecting the proposal which is most consistent with the requirements of state and federal law and Commission policy. The arbitrator stated he would choose either an entire proposal, or choose between

parties' proposals on an issue-by-issue basis. In the event that neither proposal was consistent with law or Commission policy, the arbitrator stated he would render a determination in keeping with those requirements. No party objected to the adoption of "last best offer" arbitration in the Arbitrator's Fourth Procedural Order.

A hearing was held before the arbitrator on September 18 and 19, 1996, at the offices of the Commission in Olympia, Washington. MFS was represented by Douglas Bonner, attorney at law. USWC was represented by Ed Shaw and Lisa Anderl, attorneys at law. Following the hearing, the parties filed final briefs and final offers on October 2 and 8.

On November 8, 1996, the Arbitrator's Report and Decision was issued resolving the disputed issues presented in the final briefs and offers. *See attached, Appendix A.* The parties were instructed to submit an interconnection agreement in accordance with the Arbitrator's Report and Decision within 30 days.

On December 9, 1996, MFS filed a Memorandum Requesting Approval of Arbitrated Interconnection Agreement. On the same date, USWC filed its Request for Approval of Arbitrated Agreement and a Request to Adopt, Modify, and Reject the Interconnection Agreement. Also on December 9, 1996, the parties filed a signed Arbitrated Interconnection Agreement for the State of Washington. Copies of the requests for approval were served on the Commission's service list for this proceeding to allow for comment by interested persons. Written comments were filed by Telephone Ratepayers Association for Cost-Based and Equitable Rates (TRACER).

The Commission reviewed the proposed Arbitrated Interconnection Agreement, the issues presented by the Arbitration Report and Decision, the parties filings and the record herein.

On January 6, 1997, the Commission held an open meeting at its Main Hearing Room in Olympia, Washington to consider the request for approval of the Arbitrated Interconnection Agreement. Commission staff presented its recommendation that the agreement be approved. Oral comments were made by counsel for MFS, USWC and TRACER. MFS and USWC each asked the Commission to reject certain portions of the agreement and to approve the remainder of the provisions. TRACER opposed approval of the provisions relating to reciprocal compensation.

At the conclusion of the open meeting, the Commission approved all provisions of the Arbitrated Interconnection Agreement as submitted and directed that a written order be prepared.

B. Generic Pricing Proceeding

On October 23, 1996, the Commission entered an order in this and other arbitration dockets declaring that a generic proceeding would be initiated in order to review costing and pricing issues for interconnection, unbundled network elements, transport and termination and resale.¹ The Commission stated that rates adopted in the pending arbitrations would be interim rates, pending the completion of the generic proceeding. Accordingly, the price proposals made in this arbitration have been reviewed with the goal of determining which offers a more reasonable interim rate. The conclusions of the arbitrator with respect to price proposals and supporting information are made in this context and do not necessarily indicate Commission approval or rejection of cost and price proposals for purposes of the generic case.

C. The Eighth Circuit Order and the FCC Rules

The FCC rules² implementing the local competition provisions of the Act have been appealed and those rules relating to costing and pricing have been stayed by the United States Court of Appeals for the Eighth Circuit.³ The provisions of the FCC order and rules not subject to stay are adhered to in the Arbitrator's Report and Decision and this order. Those provisions which are subject to stay do not require compliance pending resolution of the underlying appeal. This Commission is free, therefore, to disregard those specific federal requirements. The stay does not preclude reference, however, to underlying rationale and analysis contained in the federal order for whatever value it may have on its merits.

Having considered the Arbitrator's Report and Decision, the Arbitration Interconnection Agreement and accompanying requests for approval filed by the parties to this arbitration, the entire record herein, and all written and oral comments made to the Washington Utilities and Transportation Commission ("Commission"), the Commission makes the following findings and conclusions:

¹Order on Sprint's Petition to Intervene and to Establish Generic Pricing Proceeding (October 23, 1996) ("Generic Pricing Order")

²*In the Matter of the Implementation of the Local Competition Rules of the Telecommunications Act of 1996*, CC Docket No. 96-98, First Report and Order (August 8, 1996), Appendix B- Final Rules.

³*Iowa Utilities Board et al. v. FCC*, No. 96-3321, Order Granting Stay Pending Judicial Review (8th Cir. Oct. 15, 1996). The order also stays the "MFN" rule.

II. FINDINGS OF FACT

1. The Washington Utilities and Transportation Commission is an agency of the state of Washington, vested by statute with authority to regulate in the public interest the rates, services, facilities and practices of telecommunications companies in the state.

2. The Washington Utilities and Transportation Commission is designated by the Telecommunications Act of 1996 as the agency responsible for arbitrating and approving interconnection agreements between telecommunications carriers, pursuant to Sections 251 and 252 of the Act.

3. This arbitration and approval process was conducted pursuant to and in compliance with the Commission's *Interpretive and Policy Statement Regarding Negotiation, Mediation, Arbitration, and Approval of Agreements Under the Telecommunications Act of 1996*, Docket No. UT 960269, June 27, 1996. The arbitrator's adoption of "last best offer" arbitration in the Fourth Procedural Order was reasonable and consistent with the authority delegated to the arbitrator in the Commission's Order on Arbitration Procedure, June 28, 1996. No party objected to adoption of "last best offer" arbitration in the Fourth Procedural Order.

4. On November 8, 1996, pursuant to the Commission's Order On Arbitration Procedure in this docket, the arbitrator issued an Arbitrator's Report and Decision resolving the disputed issues between the parties to this proceeding, MFS and USWC. See Appendix A.

5. On December 9, 1996, the parties submitted a signed Arbitrated Interconnection Agreement to the Commission for approval in part. The Arbitrated Interconnection Agreement properly incorporates the decisions of the arbitrator as to the disputed issues. To the extent the final provisions vary from specific decisions of the arbitrator, pursuant to agreement of the parties, the provisions are treated as negotiated provisions.

6. The Commission has reviewed and analyzed the staff recommendation, the Arbitrator's Report and Decision, the Arbitrated Interconnection Agreement, the filings of the parties, and the record herein, including the oral comments made at the open meeting. The Commission hereby adopts and incorporates by reference the findings and conclusions of the Arbitrator's Report and Decision.

7. At an open meeting on January 6, 1997, the Commission adopted the staff recommendation that the Arbitrated Interconnection Agreement be approved as submitted.

8. USWC made reference in its filings to the "competitive checklist" requirements of Section 271 of the Act.⁴ This order makes no findings with regard to the requirements of that section and no determination as to whether USWC is in compliance.

III. CONCLUSIONS OF LAW

1. The arbitrated provisions of the Arbitrated Interconnection Agreement meet the requirements of Section 251 of the Telecommunications Act of 1996, including the regulations prescribed by the Federal Communications Commission pursuant to Section 251 which have not been stayed, and the pricing standards set forth in Section 252(d) of the Act.

2. The negotiated provisions of the Act do not discriminate against a telecommunications carrier not a party to the agreement and are consistent with the public interest, convenience, and necessity.

3. The Arbitrated Interconnection agreement is otherwise consistent with Washington law and with the orders and policies of this Commission.

ORDER

IT IS ORDERED that:

1. The Arbitrated Interconnection Agreement for the State of Washington between MFS Intelenet, Inc., and U S WEST Communications, Inc., is approved.

2. The prices contained in the Agreement are interim prices, subject to replacement by prices adopted in the Commission's generic cost and price proceeding, Docket No. UT 960369 et al.

3. In the event that the parties revise, modify or amend the Agreement approved herein, the revised, modified, or amended Agreement shall be deemed a

⁴47 USC § § 271(c)(2)(B)

new negotiated agreement under the Telecommunications Act and shall be submitted to the Commission for approval, pursuant to 47 USC § § 252(e)(1) and relevant provisions of state law, prior to taking effect.

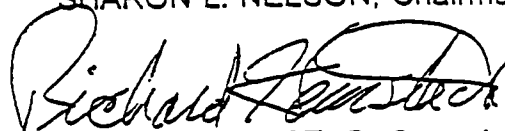
DATED at Olympia, Washington and effective this 8th day of

January 1997.

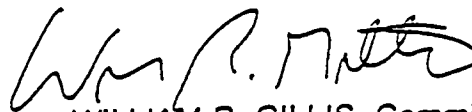
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION



SHARON L. NELSON, Chairman



RICHARD HEMSTAD, Commissioner



WILLIAM R. GILLIS, Commissioner

APPENDIX "A"

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition for Arbitration)	
of an Interconnection Agreement Between)	DOCKET NO. UT-960323
)	
MFS Communications Company, Inc. and)	
U S WEST Communications, Inc.)	ARBITRATOR'S REPORT
)	AND DECISION
Pursuant to 47 USC Section 252.)	
.....)	

I. INTRODUCTION

A. Procedural History

On February 8, 1996, MFS Communications Company, Inc. ("MFS") requested negotiations with U S WEST Communications, Inc. ("USWC") for interconnection under the terms of the Telecommunications Act of 1996, Public Law No. 104-104, 101 Stat. 56, *codified at* 47 USC § 151 *et seq.* (1996)(the "1996 Act" or "the Act").

On June 24, 1996, MFS timely filed with the Washington Utilities and Transportation Commission ("Commission") and served on USWC, a petition for arbitration pursuant to 47 USC § 252(b)(1). The matter was designated Docket No. UT-960323. On June 28, 1996, the Commission entered an Order on Arbitration Procedure appointing the undersigned as the arbitrator for this proceeding and establishing certain procedural requirements.

USWC filed its response to the petition. Petitions to intervene were filed by AT&T Communications of the Pacific Northwest, Inc. and Telephone Ratepayers Association for Cost Based and Equitable Rates. The petitions were denied in the Arbitrator's Second and Third Procedural Orders respectively.

"Final offer" arbitration was adopted for this arbitration pursuant to the Arbitrator's Fourth Procedural Order. In preparing the arbitration report in this matter, the arbitrator will select between the parties' last proposals as to each unresolved issue, selecting the proposal which is most consistent with the requirements of state and federal law and Commission policy. The arbitrator will choose either an entire proposal, or choose between parties' proposals on an issue-by-issue basis. In the event that neither proposal is consistent with law or Commission policy, the arbitrator will render a determination in keeping with those requirements.

A hearing was held before the arbitrator on September 18 and 19, 1996, at the offices of the Commission in Olympia, Washington. MFS was represented by Douglas Bonner, attorney at law. USWC was represented by Ed Shaw and Lisa Anderl, attorneys at law. Following the hearing, the parties filed final briefs and final offers on October 2 and 8.

B. Resolved Issues

During the course of the arbitration, a large number of issues were resolved by the parties. Resolution of issues continued after the hearing. The arbitrator has used the Joint Position Statement (JPS)¹ filed by the parties as the definitive statement of unresolved issues. This report is limited to consideration of those issues: 47 USC § 252(b)(4)(A), (C). The duty to negotiate in good faith, raised earlier by MFS, was not addressed in the final briefs and will not be treated here as a disputed issue.

USWC made reference in its filings to the "competitive checklist" requirements of section 271 of the Act.² This report makes no findings with regard to the requirements of that section and no determination as to whether USWC is in compliance.

C. Generic Pricing Proceeding

On October 23, 1996, the Commission entered an order in this and other arbitration dockets declaring that a generic proceeding would be initiated in order to review costing and pricing issues for interconnection, unbundled network elements, transport and termination and resale.³ The Commission stated that rates adopted in the pending arbitrations would be interim rates, pending the completion of the generic proceeding. Accordingly, the price proposals made in this arbitration have been reviewed with the goal of determining which offers a more reasonable interim rate. The conclusions of the arbitrator with respect to price proposals and supporting information are made in this context and do not necessarily indicate Commission approval or rejection of cost and price proposals for purposes of the generic case.

¹Joint Position Statement of MFS Intelenet, Inc., and U S WEST Communications, Inc., on Negotiated Terms To Be Included in an Arbitrated Interconnection Agreement, October 2, 1996. Appendix A of the agreement is attached. Due to its length the entire agreement is not included. Copies of the entire agreement can be obtained from the Commission's Records Center.

²47 USC § 271(c)(2)(B)

³Order on Sprint's Petition to Intervene and to Establish Generic Pricing Proceeding (October 23, 1996) ("Generic Pricing Order")

D. The Eighth Circuit Order and the FCC Rules

As the parties are aware, the FCC rules⁴ implementing the local competition provisions of the Act have been appealed and those rules relating to costing and pricing have been stayed by the United States Court of Appeals for the Eighth Circuit.⁵ The provisions of the FCC order and rules not subject to stay are adhered to in this report. Those provisions which are subject to stay do not require compliance pending resolution of the underlying appeal. The arbitrator is free, therefore, to disregard those specific federal requirements. The stay does not preclude reference, however, to underlying rationale and analysis contained in the federal order for whatever value it may have on its merits.

II. RESOLUTION OF DISPUTED ISSUES

A. Unbundled Elements

1. Price of the Unbundled Loop

MFS Position

MFS advocates the use of the FCC proxy ceiling for Washington of \$13.37 per month as the interim loop rate. MFS argues that the rate is consistent with the Commission's determination of loop cost in the USWC rate case, and with USWC's tariff filing in June 1996 for multi-line business LIS link of \$16.83, based on USWC's own TSLRIC.

MFS argues that the USWC TELRIC methodology is flawed because USWC has "loaded" its cost calculation with impermissible costs, including embedded and opportunity costs, in an effort to make up for lost revenues and profits expected to result from competition. MFS challenges USWC's use of depreciation lives and cost of money which are not consistent with the most recent rate order.

⁴*In the Matter of the Implementation of the Local Competition Rules of the Telecommunications Act of 1996*, CC Docket No. 96-98, First Report and Order (August 8, 1996), Appendix B- Final Rules.

⁵*Iowa Utilities Board et al. v. FCC*, No. 96-3321, Order Granting Stay Pending Judicial Review (8th Cir. Oct. 15, 1996). The order also stays the "MFN" rule.

USWC Position

USWC supports a price of \$36.20.⁶ USWC asserts that its cost studies comply with the TELRIC methodology prescribed by the FCC Interconnection Order and with the costing and pricing requirements in section 252 of the Act. USWC argues that, under the terms of the FCC order, since it has presented a proper TELRIC cost study to support its loop rate, interim proxy rates are not appropriate. USWC also argues that MFS' failure to devote adequate resources to review of the USWC cost studies does not mean that USWC has failed in its burden of proof.

Contract Provision(s)

JPS, Appendix A, p. 4 (Ancillary Services: Unbundled Loops)

Arbitration Decision

The arbitrator adopts \$13.37 as the interim rate for the unbundled loop.

Discussion

This is "final offer" arbitration. The two offers presented differ dramatically. The arbitrator's task is not "split the difference" but to select the offer which most closely complies with the requirements of the federal Act, any applicable FCC requirements, and with this Commission's orders. The rate adopted here, following Commission approval of the interconnection agreement, will remain in effect pending the outcome of the Commission's generic pricing proceeding.⁷

The provisions of the 1996 Act relevant to the determination of the loop pricing issue are contained in section 252(d). Section 252(d)(1) provides that rates shall be just and reasonable and shall be:

⁶The weighted area average unbundled loop rate originally proposed by USWC in its final offer filing in this proceeding was \$38.22. In subsequent filings made by USWC in connection with the cost study, this loop amount was revised to \$36.20. See, Errata to Washington Testimony and Exhibits of Robert Bowman, Item 7 (submitted at UT-960309 hearing, 10/21-22, 1996).

⁷Generic Pricing Order, at 5. This would be the case unless MFS chose to invoke the provisions of 47 USC § 252(l).

(i) based on the cost (determined without reference to a rate-of-return or other rate based proceeding) of providing the interconnection or network element (whichever is applicable), and

(ii) nondiscriminatory, and

(iii) may include a reasonable profit.”

The Commission has previously had occasion to review loop costs for USWC. In *Washington Utilities and Transportation Commission v. U S WEST Communications, Inc.*, Docket No. UT-950200, Fifteenth Supplemental Order (April 1996) (“USWC rate order”), the Commission found, based on evidence in the record that the approximate cost of USWC’s unbundled loop was \$8.96.⁸ These are TSLRIC figures which establish a price floor.⁹

In the rate case, USWC submitted Average Service Incremental Cost (ASIC) presentations in support of its own position as to a proper price for local service. While the precise figures were confidential and not stated in the rate order, the Commission concluded that “the evidence is overwhelming that [residential] local exchange service does cover its [TSLRIC] — even as calculated by the Company in its Average Service Incremental Cost (ASIC) presentation....”¹⁰ Put another way, there was evidence in the record that USWC’s own calculation placed the loop cost at something less than \$14.00.¹¹ This provides an additional point of comparison demonstrating the reasonableness of the MFS proposed rate.

⁸The context of the finding was an analysis of the incremental cost of local service which includes both the loop and usage. The incremental cost of local service was \$4.42, which added to the loop cost yields a total of \$13.38. USWC rate order, p. 90, citing Hatfield model estimates presented in the proceeding. See also, USWC rate order, p. 132 (Finding of Fact 19), p. 135 (Ordering paragraph 2). Revisions to the Hatfield model have been made subsequent to the rate case. No party has argued that the revisions result in loop costs in the range recommended by USWC.

⁹In the USWC rate order, the Commission found TSLRIC to be an appropriate measure of costs, representing an economic price floor. USWC rate order, p. 82. See also, USWC rate order, p. 132 (Finding of Fact 18).

¹⁰USWC rate order, p. 79. See also, p. 82 (discussion of USWC ADSRC cost methodology, including ASIC), p. 86 (“Correcting the USWC local exchange model with the tools and inputs available provides verification for the Hatfield model”).

¹¹The \$14.00 figure includes \$10.50 for local residential exchanges service and \$3.50 for the subscriber line charge (SLC).

When asked in the arbitration hearing about the Commission's conclusions as to loop cost in the rate order, USWC's response has been to acknowledge the findings but to state that the order is on appeal. *See, e.g.*, Tr. at 330-331 (Bowman), Tr. at pp.413-414, 419-420 (Moran) .

As MFS noted at the hearing and in its brief, USWC filed a proposed tariff in June 1996 in Docket No. UT-941464, establishing loop rates for residential and for multi-line business service at \$19.24 and \$16.83 respectively.¹² These rates were based on TSLRIC. USWC's argument that the methodology for these rates differed from TELRIC is not persuasive. The difference is at least in part due to the company's use of inputs which have been disapproved by the Commission in the rate case. (See discussion below). Again, these proposed rates are an indication that the cost of the unbundled loop, by USWC's own calculations, is less than the proposed rates shown, and that an appropriate price is in the range of the rate proposed by MFS.

The \$13.37 rate proposed by MFS is taken from the FCC interconnection order.¹³ To calculate proxy rates for unbundled loops, the FCC used the Benchmark Cost Model (BCM) and the Hatfield 2.2 cost model, together with rates for unbundled loops that had been adopted in six states based on studies that were, in general, based on forward-looking economic cost.¹⁴ The FCC combined these elements to create a hybrid cost proxy. First, a scaling factor was applied to the cost estimates of each model. The scaling factor was based on the actual rates computed from unbundled loop elements in the six states listed in the footnote. The cost estimate produced by each model in each state was multiplied by a factor equal to the unweighted average of rates adopted by state commissions in the six states, divided by the unweighted average of the model cost estimates for those states. The hybrid cost proxy is computed as the simple average of the scaled cost estimates for the two models in each of the 48 contiguous states and the District of Columbia. Because the purpose of the proxy is to establish a ceiling, and in order to take into account variations in the data used, an upward adjustment of five percent was made for each state.

Taken together, the unbundled loop cost from the rate case, the USWC ASIC figure from the rate case, the TSLRIC-based rate in the June tariff, and the FCC rationale establish comparators which indicate that the \$13.37 figure proposed by MFS is in the range of reasonableness.

¹²MFS Exhibit 13. USWC Advice No. 2775T, WN U-34, Section 3, Original Sheet 8.

¹³FCC Interconnection Order, ¶¶788-794, and Appendix D. (Setting out the FCC methodology).

¹⁴The six states' averaged rates are: Colorado, \$18.00; Connecticut, \$12.95; Florida, \$17.28; Illinois, \$10.93; Michigan, \$10.03; Oregon, \$12.45.

USWC's position is based on the premise that its TELRIC study complies with the Act, with FCC requirements, and is otherwise a reliable basis for setting prices. The record, however, indicates some serious flaws in the USWC approach which make the resulting loop prices unacceptable as interim rates.

First, as noted above, the USWC studies entirely disregard the Commission's existing determination as to loop cost.

Second, the USWC cost studies offered to support its final offer position use inputs which are inconsistent with the Commission's recent rate order as to cost of money and depreciation. Tr. at 329-331 (Bowman). For example, the cost of money prescribed in the rate order was 9.37 percent, while that used in the USWC cost study was 11.4 percent. The rate case order states that authorized depreciation rates and the last authorized rate of return are the most appropriate for cost study purposes.¹⁵ The rate order also requires the use of objective rather than actual fill factors.¹⁶ USWC uses actual fill in its cost study.¹⁷

Third, there are indications from the hearing record, that USWC's TELRIC methodology may seek to recover embedded costs or opportunity costs. See, e.g., MFS Ex. 13 (Response to MFS Data Request 01-0023; Tr. at 375, 418-419 (Moran)). Such recovery is generally inconsistent with forward-looking cost methodology.

In summary, the MFS recommended loop price is the more reasonable of the two proposals because it is the closest to the loop cost established by the Commission. In addition, the price appears to be more consistent with other cost estimates developed by USWC and with other comparators. The fundamental flaw in USWC's position in this arbitration is failure to propose a rate based on cost inputs found by the Commission to be appropriate.

¹⁵USWC rate order, at 88.

¹⁶*Id.*

¹⁷The arbitrator and arbitration staff asked USWC to perform several additional runs of its cost studies to examine the effect of using different inputs, including inputs consistent with the rate order. None of the additional runs provided in response used exclusively "Commission inputs." The additional runs consistently showed, however, that where Commission inputs were used, the resulting loop rate was lower than that proposed by USWC.

2. Geographic Deaveraging

MFS Position.

MFS supports geographic deaveraging of rates for the unbundled loop. MFS argues that geographic deaveraging is required by the Act and by the FCC rules, citing 47 CFR § 51.507 (f). MFS offers a deaveraging methodology through the testimony of David Porter, Exhibit 2. MFS proposes the minimum three zones required by the federal rule.

USWC opposes the requirement of geographic deaveraging for unbundled elements such as the loop, at this time. USWC takes the position that deaveraging should not occur until the Commission has adopted deaveraging for retail rates, and cites the Commission's decision against retail deaveraging in the most recent rate case. In the alternative, USWC offers a deaveraging proposal in the event such pricing is required.

Contract Provision(s)

Appendix A, p. 4, (Unbundled Loops)

Arbitration Decision

The arbitrator adopts the USWC position. USWC need not provide geographically deaveraged rates for the unbundled loop.

Discussion

Geographic deaveraging is not expressly required by the federal Act. The express requirement contained in the FCC rules, 47 CFR § 51.507 (f), is currently stayed by the Eighth Circuit Order. Geographic deaveraging of unbundled loop rates is inconsistent with the Commission's decision against adopting retail rate deaveraging in the most recent USWC rate case.¹⁸

3. Construction (Implementation) Charges

MFS Position

MFS opposes the imposition of construction or "implementation" charges by USWC. MFS argues that implementation costs that are directly attributable to providing an unbundled network element will be included in TELRIC pricing, citing *FCC Interconnection Order*, ¶ 691. Implementation costs which are not attributable should not be recovered.

¹⁸USWC rate order, pp. 106-107

USWC Position

USWC argues that it should be entitled to recover "special construction charges" to pay costs that it incurs to unbundle and provision elements requested by new entrants. It takes the position that these charges should be paid in advance. USWC asserts that such charges are consistent with the FCC order, "allowing incumbent LECs to recover the costs of unbundling network elements from requesting carriers." USWC Post-Arb. Brief, p. 19.

Contract Provision(s)

JPS, XXXI.B.4.h, p.78 (Unbundled Access Elements)
JPS, XXIX (Construction Charges)

Arbitration Decision

The arbitrator adopts the MFS position. USWC may not assess separate "construction" charges in addition to the rate for unbundling and provisioning the local loop.

Discussion

The Act contains no express authority for incumbent LECs to charge "construction" charges in addition to the charge for the unbundled loop. Prices for unbundled elements are to be based on cost and may include a reasonable profit. 47 USC § 252(d)(1)(A), (B). USWC's brief does not cite specific authority in the Act or the FCC rules for the separate recovery of construction charges, other than the general requirement that costs be recovered. USWC witness Moran cites ¶ 200 of the FCC order in support of the general proposition that special construction charges are permissible. USWC Ex. 513, p. 172-173. That paragraph does not directly discuss this point or provide express support for the company's position. MFS argues that a forward-looking cost methodology, by definition, incorporates all the direct costs of an element, and therefore, already incorporates this type of cost.¹⁹

Perhaps most problematic is USWC's proposed contract language on this point. Charges would apply when USWC is required to build facilities, or when USWC determines that placement of facilities will be temporary or when facilities are ordered in advance of actual MFS demand for service. JPS, XXIX.A. The actual

¹⁹ See, e.g., FCC Interconnection Order, ¶¶690. "[A]ll costs associated with the [sic] providing the element shall be included in the incremental cost." See also, ¶¶691 "Costs must be attributed on a cost-causative basis. Costs are causally-related to the network element being provided if the costs are incurred as a direct result of providing the network elements[.]"

construction charges are not specified, but will be "developed" by USWC. JPS, XXIX.B. Except where required, construction is only undertaken "at the discretion of USWC, consistent with budgetary responsibilities and consideration for the impact on the general body of customers." JPS, XXIX.C. Before construction would begin, MFS would be provided with a quote, would then have to accept the quote, be sent a bill, and pay the bill. Construction would not commence until receipt of payment. XXIX.D.

While there may be some situations in which construction charges would be appropriate, these requirements are too open-ended. They provide little certainty to MFS about how a request will be treated, how much it will cost, and how fast it will be processed. The vagueness of the provisions creates undue risk that they could be used as a barrier or delay to entry. USWC may still assess construction charges where they are provided for by tariff. In addition, construction charges proposals can be further reviewed in the generic pricing proceeding.

4. Loop Installation

MFS Position

In general, MFS believes USWC's proposed loop installation charges are too high. MFS indicates that it is willing to accept the charges for initial installations, however, if the charge for additional lines is significantly lower. These lower "additional line" charges would apply at the same wire center and on the same service order. The presumption is that the proposed rates include dispatch of personnel to offices not regularly staffed, additional dispatch of testing equipment, personnel with testing skills, and special dispatch for coordinated installations. MFS argues that once the personnel and specialized equipment have handled the first line, however, each additional line in the same office and on the same service order should be a simple, low-cost task to perform in the same visit. USWC proposes identical rates for both the initial and all additional lines. The parties' proposed rates are as follows:

<u>Task</u>	<u>MFS</u>	<u>USWC</u>
Additional loop, no testing	\$ 20.00	\$ 96.30
Additional loop, basic testing	\$ 30.00	\$153.86
Add. loop, basic testing at designated time	\$ 30.00	\$206.02

**Above are per service order*

USWC Position

USWC proposes an equal charge for all lines installed.

Contract Provision(s)

Appendix A, p. 4 (Unbundled Loops)

Arbitration Decision

The arbitrator adopts the MFS position.

Discussion

It is reasonable to conclude that the cost of performing work involving additional lines on the same service order and in the same visit is proportionately lower than that involved with the initial installation. USWC does not adequately explain why the costs of a multi-line installation should, for example, double, or triple based solely on the number of lines involved.

5. Conditioning

MFS Position

MFS opposes additional charges for "conditioning" of loops to provide particular services, especially high bit-rate digital subscriber line (HDSL) service. MFS argues that USWC has not offered any cost justification for this proposal or stated a price level. MFS recommends that USWC's position be rejected without prejudice to reexamination in the consolidated cost proceedings.

USWC Position

As stated in the JPS, XXXI.B.4.a.ii.(a), p. 74:

To the extent MFS requires an Unbundled Loop to provide ISDN, HDSL, ADSL, or DS1 service, such requirements will be identified on the order for Unbundled Loop Service. Conditioning charges will apply, as required, to condition such loops to ensure the necessary transmission standard.

As noted by MFS, USWC does not appear to propose a price for this service in Appendix A. The issue is not discussed in the post-arbitration brief.

Contract Provision(s)

JPS, XXXI.B.4.a.ii.(a), p. 74. In the JPS filed on October 2, with the arbitrator, however, this provision was not highlighted to indicate disagreement.

Arbitration Decision

The arbitrator adopts the MFS position.

Discussion

USWC has not made a case in support of its position, nor provided a proposed rate. This issue can be addressed in the generic proceeding.

6. "Finished Service" UnbundlingMFS Position

MFS states that it has no particular intention of operating a service exclusively by means of combining unbundled elements purchased from USWC into a "finished service." Notwithstanding this position, MFS opposes USWC's proposed limitation on combination of unbundled elements. MFS argues that the FCC Interconnection Order, at ¶¶328-341, specifically rejected such a limitation.

USWC Position

USWC proposes a limitation on combination of unbundled elements by another carrier. The specific contract limitation would provide: "USWC will not combine USWC's Unbundled Loops with USWC's Unbundled Switching Element to provide a finished service to MFS." (Contract reference below). USWC acknowledges that the FCC Interconnection Order interprets the Act to preclude such limitations but argues that combining elements to provide a finished service constitutes "sham unbundling" which is contrary to the intent of the Act. USWC urges the arbitrator and the Commission to disregard the FCC order and to prohibit "finished service" or "sham" unbundling.

Without this limitation, USWC argues, MFS can circumvent the resale provisions of the Act. It could avoid the purchase of a retail service at a wholesale rate (i.e., at the retail price less the avoided cost discount) by obtaining the same service through purchase of the necessary unbundled elements that comprise the service.²⁰ USWC is concerned that significant opportunities for price arbitrage could be created.

²⁰USWC warns that this approach would allow IXCs to avoid paying switched access charges, but notes that the FCC "appears to have removed this concern" in a subsequent Order on Reconsideration. CC Docket No. 96-98, Order on Reconsideration, FCC 96-394 (September 27, 1996).

USWC argues that sham unbundling upsets the balance between resale and unbundling that was established in the Act, suggesting that Congress demonstrated its intent by crafting distinct provisions for resale and unbundling.

Contract Provision(s)

JPS, XXXI.A.2, p. 73

Arbitration Decision

The arbitrator adopts the MFS position. Paragraph XXXI.A.2 of the Joint Position Statement should not be included in the final contract.

Discussion

The 1996 Act states, in pertinent part, that it is:

"The duty [of the incumbent LEC] to provide, to any requesting telecommunications carrier for the provision of a telecommunications service...access to network elements on an unbundled basis[.] An incumbent local exchange carrier shall provide such unbundled network elements in a manner that allows requesting carriers to combine such elements in order to provide such telecommunications service." 47 USC § 251(c)(3)(emphasis added).

The Act, on its face, therefore, appears to expressly permit the combination of elements by a requesting carrier for the purpose of providing a telecommunications service. As MFS notes, the FCC takes this view, finding no basis to conclude from the Act's language "a limitation or requirement in connection with the right of new entrants to obtain access to unbundled elements." *FCC Interconnection Order*, ¶¶328.²¹ Consistent with this interpretation, the FCC rules permit the combination of unbundled elements by requesting carriers to provide a telecommunications service. 47 CFR § 51.315(a). This section of the FCC rules is not subject to the Eighth Circuit stay.

²¹ See generally, *FCC Interconnection Order*, ¶¶ 329-341. The FCC rejects many of the arguments raised here by USWC, stating, for example:

We disagree with the premise that no carrier would consider entering local markets under the terms of section 251(c)(4) [resale] if it could use recombined network elements solely to offer the same or similar services that incumbents offer for resale. We believe that sections 251(c)(3) and 251(c)(4) present different opportunities, risks, and costs in connection with entry into local telephone markets[.]

Id., ¶ 331.

While USWC makes a number of practical and policy arguments against permitting combination of elements into a "finished service," USWC's primary statutory argument is that Congress' incorporation of distinct resale and unbundling provisions allow the inference that Congress intended the limitation that USWC seeks. It does not identify any language in Section 251(c)(3) which supports imposition of such a restriction on unbundling.

B. Resale

1. Price

MFS Position

MFS supports adoption of an across the board resale discount of 21 percent on an interim basis. This represents the mid-point of the FCC recommended proxy range of 17-25 percent.²² MFS did not submit its own avoided cost study.

USWC Position

USWC urges the adoption of wholesale discounts based on its own avoided cost studies. These studies would result in discounts of between 1 and 8 percent below retail, depending on the service. USWC argues that it has submitted in evidence cost studies which comply with the Act and are consistent with the FCC requirements.

Contract Provision(s)

JPS, Appendix A, p. 5

Arbitration Decision

The arbitrator adopts the MFS proposed rate of 21 percent as a wholesale discount for those services subject to resale under this agreement.

Discussion

Section 252(d)((3), by its terms, adopts a "top-down" approach to the calculation of wholesale discounts. The Act states that wholesale rates "shall be determined "on the basis of retail rates charged to subscribers . . . excluding the portion thereof attributable to any marketing, billing, collection, and other costs that

²²FCC Interconnection Order, ¶ 932-933.

will be avoided by the local exchange carrier." A significant difficulty with the USWC proposal in this case is that it appears to be a "bottom up" approach. USWC Ex. 509 (Appendix 2 to Bowman Direct). The USWC proposal results in proposed wholesale rates which range from 92 to 99 percent of full retail price.

As noted above, the arbitrator's task under "final offer" arbitration is to choose the position most consistent with the state and federal law and Commission policy. The MFS proposal is the more reasonable of the two presented. The proposed discount of 21 percent is in the middle of the 17-25 percent range developed by the FCC.²³

The range is based on a formula combining existing state discounts and a study conducted by MCI. MCI's model uses publicly available USOA data. It analyzes three categories of avoided cost: (1) marketing, billing, and collection costs; (2) other costs; and (3) common costs allocated to avoided cost activities. The FCC made several adjustments to the MCI model, primarily to include more accounts in the category of those "not avoided." With the FCC adjustments, the MCI study yielded a range of discounts for the RBOCs and GTE of 18.80 percent to 25.98 percent. State commissions which had reviewed avoided cost studies based on the statutory standard arrived at a range of discounts of 18.74 percent to 20.07 percent. The combined range was from 18.74 percent to 25.98 percent, with a majority of the discounts falling between 18.74 percent and 21.11 percent. The FCC lowered the bottom of the range to take into account additional state data and the fact that avoided costs for smaller incumbent LECs are likely to be less than those of larger incumbents whose data was used in the MCI study. The 21 percent discount proposed by MFS is in the middle of the 17-25 percent range and also lies within the range of a majority of discounts.

2. Services

a. Volume discounts

MFS Position

MFS takes the position that USWC must provide wholesale discounts on retail telecommunications services that already receive a volume or term discount. MFS argues that the language of section 251(c)(4)(A), requiring that "any telecommunications service" provided at retail must be made available for resale, contains no exception for volume or term discounted service. MFS also cites the FCC Interconnection Order's conclusions in support of its position.

²³FCC Interconnection Order, ¶¶907-934.

MFS dismisses the USWC assertion that setting wholesale prices on volume-discounted service results in a double discount, arguing that the Act's price formula for resale is margin neutral. In response to the assertion that resale on volume services will invariably allow competitors to undercut USWC, MFS points out that this argument does not take into account the fact that the new competitor will incur costs of its own in retailing the service.

USWC Position

USWC asks the arbitrator not to require the company to offer further discounts to resellers that are already offered at a volume discount. The company argues that services that are provided at discounts to large customers such as Boeing or the State of Washington are already priced to reflect the fact that USWC avoids many of the usual costs of selling at retail. In addition, discounts are assertedly based primarily on commitments for certain quantities of service over certain terms. These discounts therefore reflect costs avoided because of quantity and term, for example, avoided marketing expenses. In USWC's view, it makes no sense to apply a further discount to these services. USWC argues that the FCC order is less than clear as to the proper treatment of volume discounts, citing ¶¶ 951 and 952.

Contract Provision(s)

JPS, XXX.A, p. 67; Appendix A, p. 5.

Arbitration Decision

The arbitrator concludes that volume discounted services must be made available for resale.

Discussion

Section 251(c)(4) of the 1996 Act establishes the resale obligations of incumbent local exchange providers, stating:

(4) Resale: The duty —

(A) to offer for resale at wholesale rates any telecommunications service that the carrier provides at retail to subscribers who are not telecommunications carriers; and

(B) not to prohibit, and not to impose unreasonable and discriminatory conditions or limitations on, the resale of such telecommunications service, except that a State commission may,

consistent with regulations prescribed by the [Federal Communications] Commission under this section, prohibit a reseller that obtains at wholesale rates a telecommunications service that is available at retail only to a category of subscribers from offering such a service to a different category of subscribers.

Section 251(c)(4)(A) does not contain any exemptions or exceptions to the requirement that "any telecommunications service" must be offered for resale if it is offered at retail to end-users. Section 251(c)(4)(B) expressly precludes a LEC prohibition on resale of such services, and only permits restrictions or limitations which are reasonable and non-discriminatory. The Act's language, therefore, does not support USWC's position. As a practical matter, creating such an exemption would permit incumbent LECs to avoid the resale requirement altogether by switching all customers to some form of discounted or promotional service plan.

The FCC order is clear on volume discounted services. The FCC order states:

We find unconvincing the arguments that the offerings under section 251(c)(4) should not apply to volume-based discounts. The 1996 Act on its face does not exclude such offerings from the wholesale obligation. If a service is sold to end-users it is a retail service, even if it is priced as a volume-based discount off the price of another retail service. The avoidable costs for a service with volume-based discounts, however, may be different than without volume discounts.

FCC Interconnection Order, ¶ 951. The FCC rules on resale restrictions do not incorporate an exemption for volume discounts. 47 CFR § 51.613. This provision is not subject to the Eighth Circuit stay. The FCC does go on to note that, while there may be reasonable restrictions on promotions and discounts, *FCC Interconnection Order* ¶ 952, restrictions on resale of volume discounts will "frequently produce anticompetitive results [and] should be considered presumptively unreasonable." *Id.*, ¶ 953.

The FCC order also notes, however, that in calculating the proper wholesale rate, incumbent LECs may prove that their avoided costs differ when selling large volumes. In this arbitration, USWC argues that its volume discounts "reflect costs that are avoided because of the quantities and the term of the contract." USWC Post-Arbitration Brief, p. 11. MFS acknowledges that this may be the case and that the avoided cost discount for volume discounted services could be "low" or "zero" based on an appropriate cost study. Tr. 135-136 (Artman) While this is not a

basis for excluding volume discounts entirely from the resale requirement, it can be taken into account in establishing the proper wholesale rate. In this case, the record establishes that USWC avoids retail costs when selling at volume. The record does not enable the arbitrator to determine, however, the extent of avoided costs which remain after USWC applies a discount.

As noted above, the arbitrator does not adopt the USWC wholesale discounts based on its avoided cost study. The Commission has referred resale pricing to a generic proceeding. Any resale rate adopted in this proceeding, therefore, will be an interim rate. In order to arrive at rate for volume discounted services on an interim basis, therefore, the arbitrator will treat the volume discount as a reasonable approximation of the costs avoided by the volume sale. USWC may, therefore, apply the existing volume discount as a "credit." MFS will receive either the volume discounted rate or 21 percent (off the original retail rate), whichever is the larger discount.

b. "Below-cost" residential service

While the parties argued this issue in their final briefs, the matter no longer appears to be in dispute. Appendix A, p. 5. MFS states in the Appendix that USWC shall make its "residence exchange tariff" available for resale "without additional 'Wholesale' discount." USWC lists the "Residence Exchange Tariff" as available for resale at 100 percent of the retail rate. This issue will be treated as a negotiated term of the agreement.

c. "Grandfathered" and other services

MFS Position

MFS' general position is that all telecommunications service should be offered for resale, except enhanced services. Appendix A, p. 5 (See discussion under a. above). It does not require, however, that wholesale discounts be offered for three services: (1) switched access tariff, (2) special access tariff, and (3) residence exchange tariff. All other services are to be made available for resale at the avoided cost discount, including all contract arrangements, including "off-tariff" arrangements.

USWC Position

USWC argues that withdrawn services, such as Centrex, are not subject to resale, except as to "grandfathered" customers. In addition, USWC's position is that enhanced services (including voice mail) and deregulated services should not be made available for resale.

Contract Provision(s)

JPS, Appendix A, p. 5

Arbitration Decision

The arbitrator adopts the MFS position.

Discussion

A number of points are not in dispute. The parties have agreed that switched access, special access,²⁴ and residential exchange tariffs are available for resale at a zero discount. USWC will not offer enhanced services for resale. All services listed in the USWC table in Appendix A, p. 5, are being made available for resale. The discount rate, where not agreed to by the parties, has been addressed and resolved above.

The USWC brief argued that discontinued services such as Centrex should not be subject to resale, except to grandfathered customers, as required by the FCC order. *FCC Interconnection Order*, ¶ 968. Appendix A lists Centrex Plus as available for resale. In the event the withdrawal of the service is approved by the Commission, MFS may resell the service to grandfathered customers.

All USWC telecommunications services that are provided at retail to non-carrier subscribers must be offered for resale. 47 USC § 251 (c)(4)(A). The only exception for purposes of the arbitration is enhanced services, which the parties have negotiated. USWC seeks to except "deregulated" services. The Act contains no exemption or exception for such services and the exclusion of these services from resale is therefore not appropriate.

3. Limits to "Intended or Disclosed Use"

MFS Position

MFS opposes the proposed contract language from USWC as an unreasonable condition or limitation on the use of resold service by the reseller's end-user. MFS relies on the Act and on the FCC Interconnection Order's conclusion that restrictions on resale are presumptively unreasonable.

²⁴The USWC brief states that private line service and special access are the same service, as they are sold from the special access tariff. For purposes of this report, they will be treated as incorporated in the "special access tariff" agreement negotiated by the parties. In any event, exchange access services generally are not subject to the resale provisions of the Act. *FCC Interconnection Order*, ¶¶ 873-875.

USWC Position

USWC proposes contract language that would state that "Basic Exchange Telecommunications Service may be resold only for its intended or disclosed use." The company apparently justifies this position on the basis of the language in section 251(c)(4)(B) which precludes resale across categories of customers.

Contract Provision(s)

JPS, XXX.B.1.c), p. 67

Arbitration Decision

The arbitrator adopts the MFS position. The proposed contract language should not be included in the agreement.

Discussion

Section 251(c)(4)(B) prohibits unreasonable limitations or conditions on resale. As noted above, the FCC has concluded generally that "resale restrictions are presumptively unreasonable." *FCC Interconnection Order*, ¶ 939. Incumbent LECs can rebut the presumption by showing that the restriction is narrowly tailored. *Id.* The FCC identified only two restrictions it found reasonable: (1) restrictions on resale of short-term promotions; and (2) restrictions on cross-class selling of residential and Lifeline service. *Id.*, ¶ 950, 962. See also, 47 CFR § 51.613 (not subject to stay).

The agreed contract language already states that "USWC Basic Exchange Telecommunications Service may be resold only to the same class of customers" to which it is sold by USWC. JPS; XXX.B.1, p. 67. The agreed contract language cites as an example that "[r]esidential service may not be resold to business customers..." JPS, XXX.B.1.a), p.67. These provisions adequately address the concern raised by USWC and are consistent with the federal Act and the FCC order.

4. Construction ChargesMFS Position

MFS' position is that construction charges are appropriate only in those circumstances where such charges would apply if the end-user ordered the same service directly from USWC. MFS argues that this is consistent with the Act, since, if

a retail customer would be required to pay a construction charge to obtain service, then that construction charge is part of the retail rate and would also be included in the wholesale rate. MFS observes that the construction charge in principle would be subject to wholesale discounting, but is unlikely to have significant avoidable costs.

MFS argues that the USWC position is not supported by the language of the Act or the FCC rules. MFS also suggests that it may constitute discrimination if USWC would extend facilities to an end-user on request without a construction charge, but not to a reseller who would serve that same end-user.

USWC Position

USWC takes the position that it must be permitted to charge resellers for construction of new facilities which are required to serve that reseller. Such charges should be paid in full before construction. USWC acknowledges that, in most cases, resale requests will be received in areas where facilities are available. Where this is not the case, however, USWC seeks assurance that it will not be left "holding the bag." This could occur if MFS were to request construction of facilities by USWC and later abandon the USWC facility after constructing its own. Unless MFS has paid in advance, USWC argues it would have no way to recover these construction costs. In support of its position, USWC cites the FCC Interconnection Order, ¶¶ 200 and 672. USWC Ex. 513 (Moran), at 57-59.

Contract Provision(s)

JPS, XXIX, p. 66 (Construction Charges)

Arbitration Decision

The arbitrator adopts the MFS position.

Discussion

The federal Act contains no specific authorization for recovery of construction charges. The provisions of the FCC order cited by USWC witness Moran do not support the company position. Paragraph 200 is a discussion of the relationship of cost and "technical feasibility" under the interconnection and unbundling provisions of the Act, sections 251(c)(2) and 251(c)(3). Paragraph 672 is a general overview statement by the FCC indicating it intends to adopt forward-looking cost principles to price interconnection and unbundled elements. In the event that a construction charge would be included in a retail rate to an end-user under tariff, MFS indicates that it is willing to pay that amount. The parties may include contract language to that effect at their option. (See discussion of construction charges in Section II.A.3 above).

5. Non-recurring Charges

MFS Position

MFS does not oppose the concept of customer transfer charges, but believes that they should be assessed on a per-customer rather than a per-line basis. MFS argues that a transfer for resale purposes represents only a change of records rather than serving arrangements and should be no more difficult than a change of billing address. MFS sees no justification for imposing a transfer charge for a five-line customer that is five times that imposed for a single-line customer.

USWC Position

USWC proposes a customer transfer charge of approximately \$55.00 on a per-line basis for business, residence, and ISDN customers. The charge is based on USWC TELRIC plus common costs. USWC Ex. 516 (Moran, Ex. C, p.2).

Contract Provision(s)

JPS, Appendix A, p. 6 (Resale Nonrecurring Charges, Customer Transfer Charge)

Arbitration Decision

The arbitrator adopts the MFS position.

Discussion

While USWC's proposed rate is based on its TELRIC studies, the company does not explain why it is more reasonable to impose a per-line as opposed to a per-customer charge. Based on the record in the arbitration, the MFS position appears more reasonable as an interim rate.

6. Joint Marketing

Based on the discussion in the MFS post-arbitration brief, it does not appear that any joint marketing issues remain for resolution.

7. Billing Cycle

MFS Position

MFS requests a 90 day time certain for billing all amounts due to USWC for resold service. MFS believes this is more reasonable than USWC's proposal to use existing tariffs because it fixes a time certain for billing within the arbitrated agreement itself, rather than relying on external sources which may change over the life of the agreement.

USWC Position

USWC proposes language that would require that billing for resold services be in accordance with the terms and conditions specified in the USWC tariff.

Contract Provision(s)

JPS, XXX.H.7, p. 72 (Resale: Payment)

Arbitration Decision

The arbitrator adopts the MFS position.

Discussion

MFS concern that this matter be included within the terms of the agreement is consistent with the "interconnection by agreement" approach of the federal Act.

C. Reciprocal Compensation

1. Call Termination - Tandem or End Office

MFS Position

MFS requests tandem rate treatment for calls terminated on its network pursuant to the FCC Interconnection Order, ¶ 1090, and FCC rule, 47 CFR § 51.711(a)(3). MFS argues that the non-incumbent carrier incurs additional costs in serving customers larger than a single wire center.

MFS states that it will accept the USWC proposed rates for termination if it receives tandem rate treatment for its own switch. If tandem rate treatment is not received for traffic terminated to MFS, MFS would propose reciprocal per minute rates of \$0.004 for end office termination and \$0.006 for tandem termination.

MFS argues that it need only demonstrate that its switch serve a comparable geographic area to that of USWC. It relies on its hearing testimony regarding the scope of its facilities.

The MFS switch is located in Kirkland, Washington. It is currently collocated in six USWC central offices in the Seattle area. MFS has a fiber ring that includes Lake Washington and connects those six offices. Tr. 124 (Artman). MFS stated at the hearing that its switch is capable of performing tandem functions. Tr. 96 (Artman). MFS expects that the area served by its switch will include metropolitan Seattle and Tacoma, and will include some GTE service areas. Purchase of unbundled links and transport will enable MFS to serve other areas as well.

MFS argues that if it services customers in central and eastern Washington it will have to absorb the cost of construction, leasing, or purchasing unbundled elements to provide facilities.

USWC Position

In resolving this issue, USWC states that the arbitrator must consider whether the MFS switch performs a similar function to the USWC tandem switch and whether it serves a similar geographic area. It is USWC's position that the respective switches are not comparable in either respect. USWC witness Moran stated that the MFS switch might serve five or ten thousand customers located along a concentrated route that may be 50 or 100 miles long, perhaps 60 square miles. By contrast, the USWC tandem network in the comparable area serves 1600 square miles. USWC argues that the sporadic service within an area offered by MFS is not comparable. Moran contrasted the function of a tandem switch, which connects trunks to trunks, with an end-office switch which connects lines to lines, lines to trunks, and performs other functions. USWC argues that the MFS switch is not connected to any trunks and cannot offer USWC this comparable switching functionality. USWC further objects that the effect of the MFS proposal is to preclude it from having an option of avoiding tandem charges by terminating at an end office.

Contract Provision(s)

JPS, Appendix A, p.1 (Local Call Termination)

Arbitration Decision

The arbitrator adopts the USWC proposed rates for end-office termination. The arbitrator adopts the MFS proposal for tandem treatment for its switch.

Discussion

The parties are reasonably close on the issue of call termination and on the proposed rates. Under 47 USC § 252(d)(2), terms and conditions for reciprocal compensation are not to be construed as just and reasonable unless they provide for the mutual and reciprocal recovery of costs of transport and termination. Such costs must be based on a reasonable approximation of the additional costs of terminating such calls. State commissions may not engage in rate regulation proceedings to determine the costs of transport and termination with particularity and may not require carriers to maintain records of the cost of the calls.

MFS has established that its switch is reasonably comparable in geographical scope to a USWC tandem. While there are questions about the functional comparability of the MFS switch to a tandem switch, particularly as to trunk to trunk capability, the record supports a conclusion that the MFS switch, like a tandem, performs the function of aggregating traffic from widespread remote locations with low traffic volumes. The record also indicates that, in order to terminate USWC calls on its network, MFS will incur additional costs over costs that would be incurred by simple end-office switch termination. While the MFS position is based on approximations, the Act expressly provides that a "reasonable approximation" of costs is to be the basis of determinations, and that costs may not be determined with "particularity."

2. Enhanced Service Provider (ESP) Call Termination

MFS Position

MFS opposes establishing any unique treatment of ESPs in this agreement. MFS argues that there is no basis in the Act or in other applicable law for such a differentiation and that such traffic has not previously been separated or segregated. To date, the FCC has treated ESP traffic like other local traffic. MFS argues that this is appropriate because the traffic is typically local in nature. In MFS' view, USWC is attempting to prejudge issues which will be addressed by the FCC in its access charge reform proceeding.

USWC Position

USWC seeks to exempt any traffic originated or terminated by enhanced service providers from the reciprocal compensation arrangements of the agreement. This position is based on a recognition of the unique status of this traffic, which is currently exempt from paying Part 69 access charges. USWC expects the FCC to address this exemption in its forthcoming access charge reform proceeding. Until that time, USWC believes it is appropriate to exclude ESPs from coverage under the reciprocal compensation provisions.

Contract Provision(s)

JPS, V.D.1.e, p. 12 (Reciprocal Traffic Exchange)

Arbitration Decision

The arbitrator adopts the MFS position.

Discussion

It is premature to change the treatment of ESPs at this time.

3. Late Payment Charges

MFS Position

MFS has proposed language for the contract which would assess late payment charges in the event switched access usage data is not submitted in a timely fashion and if, as a result, the receiving party is delayed in billing interexchange carriers. The proposal also provides liability if the data is not submitted within 90 days. The liability provision states:

In the event the recording party [e.g. USWC] has not submitted such data in the proper format by the 90th day following the original due date, billings for the traffic associated with such traffic will be deemed "lost" and the recording party shall be liable to the receiving party for the amount of the lost billings. JPS, V.K.7, p. 17.

MFS argues that the provision is commercially reasonable and designed to allow parties some confidence in dealing with IXCs or other third parties, that it will protect parties against loss, and that it will ensure compliance with the time frames provided in the agreement.

USWC Position

USWC opposes the MFS provision on the ground that such an arrangement is not currently in place with any other co-carrier (independent LEC) with whom USWC interconnects. USWC argues that the provision is entirely too severe and may cause substantial revenue loss disproportionate to any revenue loss that might occur.

Contract Provision(s)

JPS, V.K.7, p. 17 (Reciprocal Traffic Exchange: Billing Arrangements)

Arbitration Decision

The arbitrator adopts the USWC position.

Discussion

While some provision for encouraging timely billing may be appropriate, the "lost billings" provision is unreasonable.

D. Special Construction

The issue of construction charges has been addressed under specific sections above.

E. Interim Number Portability

1. Switched Access Charges

MFS Position

MFS proposes that, for all intra-LATA TOLL and inter-LATA minutes delivered over Interim Number Portability (INP), USWC will pay, in lieu of reciprocal compensation, all terminating switched access elements otherwise due the terminating office provider, including: end-office switching, transport interconnection charge, the carrier common line charge (CCLC), and an appropriate portion of tandem switched transport.

USWC Position

USWC proposes that for all intra-LATA TOLL and inter-LATA minutes delivered over INP, USWC will pay, in addition to reciprocal compensation, the applicable CCLC for each minute.

Contract Provision(s)

JPS, VIII.B.h, pp. 37-38 (Cost Recovery)

Arbitration Decision

The arbitrator adopts neither position.

Discussion

The FCC Number Portability order²⁵ addresses the appropriate treatment of terminating access charges in the interim number portability context. While the FCC generally approves the model of meet-point billing arrangements between neighboring incumbent LECs, it requires incumbent LECs and competitors to share in the access revenues received for a ported call.

The FCC order states:

"[W]e direct forwarding carriers and terminating carriers to assess on IXCs charges for terminating access through meet-point billing arrangements....It is up to the carriers whether they each issue a bill for access to one ported call, or whether one of them issues a bill to the IXCs covering all of the transferred calls and shares the correct portion of the revenues with the other carriers involved."
Id.

Neither proposal is sufficiently consistent with the FCC order. USWC and MFS should draft a provision incorporating the foregoing requirements. Since the carriers have been unable to agree, the arbitrator determines that the contract should provide that each carrier issue a bill to the IXC for its portion of the access charges, based upon the functions and facilities provided by the carrier for call forwarding or termination. The parties' agreement should take into account the fact that USWC receives compensation for INP costs by means of the Remote Call Forwarding charges discussed below.

2. Cost Recovery

MFS Position

MFS proposes that the two parties agree to assign between themselves, on an interim basis, interim number portability costs on the basis of active local numbers, recognizing that such assignment necessarily excludes recovery from other industry participants. USWC and MFS would be left free to advocate the assignment of costs to other industry participants as part of the appropriate industry-wide cost recovery method.

²⁵In the Matter of Telephone Number Portability, First Report and Order, CC Docket No. 95-116, FCC 96-286 (released July 2, 1996)(FCC Number Portability Order) ¶ 140.

USWC Position

USWC takes the position that all of the INP costs identified in the agreement (JPS) should be the responsibility of the "INP Requestor" (i.e. MFS).

Contract Provision(s)

JPS, VIII.B.f, pp.36-37 (Cost Recovery)

Arbitration Decision

The arbitrator adopts the MFS position.

Discussion

Section 251(e)(2) provides that "[t]he cost of establishing telecommunications . . . number portability shall be borne by all telecommunications carriers on a competitively neutral basis as determined by the [FCC]." The FCC Number Portability Order identified a number of approaches for competitively neutral cost recovery, including the apportionment of costs based on number of active telephone numbers.²⁶ The MFS proposal is, therefore, consistent with the FCC order and with the 1996 Act. The USWC position, however, finds no support in the statute or the FCC order. The FCC order specifically states that a cost recovery mechanism which places all the costs on the new entrant would not be competitively neutral.²⁷

F. CollocationParties positions

a. Quote preparation fee

MFS proposes a nonrecurring quote preparation fee of \$1,500.00.

USWC proposes \$2,437.30

Neither party discusses the issue in its final briefs.

b. Entrance facility

MFS proposes a recurring fee of \$2.07 and a nonrecurring fee of \$1,307.45 to be assessed on a per cable basis. USWC proposes the same charges, but would assess them for 2 fibers, rather than on a per cable basis. MFS agrees

²⁶FCC Number Portability Order, ¶¶ 130, 136.

²⁷*Id.*, ¶ 134, 138.

that the price is appropriate per cable but disputes the limitation as to number of fibers within a cable to be routed to a given collocation space.

c. Installation charges for EICT

MFS objects to the nonrecurring installation charges for cross-connection to collocation equipment. It proposes charges ranging from \$100.00 to \$300.00, which it says are "reasonable." It also proposes that these charges not apply to unbundled loops where a separate unbundled loop NRC applies.

USWC proposes charges ranging from \$339.61 to \$433.23. Charges would apply to whether or not a separate unbundled loop NRC applies.

Contract Provision(s)

JPS, Appendix A, p. 3 (Physical and Virtual Collocation)

Arbitration Decision

- a. Quote preparation. The arbitrator adopts the USWC position.
- b. Entrance facilities. The arbitrator adopts the MFS position.
- c. EICT charges. The arbitrator adopts the USWC position as to rates and the MFS position as to applicability of the charge.

Discussion

- a. Quote preparation

MFS did not provide a rationale for its proposed figure.

- b. Entrance facilities.

The amount of the charge is not in dispute. USWC did not explain, however, the basis for assessing the charge on the basis of number of fibers rather than a per cable basis.

- c. EICT

As to rates, MFS provides no support for its recommended charges. MFS makes a reasonable argument, however, that the installation NRC should not apply when another NRC is already chargeable for the same unbundled loop installation.

G. Interconnection Architecture

MFS Position

MFS has requested that interconnection occur initially at the tandem switch. It objects to any requirement that it interconnect initially at the end-office level. MFS acknowledges that end-office interconnection will become appropriate as traffic volumes increase. MFS therefore seeks language in the agreement's definition of "Routing Point" as follows: "The Rating Point/Routing Point need not be the same as the rate center point, nor must it be located within the rate center area, but must be in the same LATA as the NPA/NXX."

USWC Position

USWC opposes inclusion of this language on the ground that it could have the effect of requiring USWC to provide substantial transport on a local call between USWC and MFS customers located in close proximity. USWC believes it is appropriate to establish "points of interface" (POIs) for local traffic within the associated USWC local calling area.

Contract Provision(s)

JPS, III.RR, p. 7 (Definitions)

Arbitration Decision

The arbitrator adopts the MFS position.

Discussion

The 1996 Act provides that incumbent LECs have the duty to provide for interconnection "at any technically feasible point within the carrier's network." 47 USC § 251(c)(2)(B). The FCC Interconnection Order interprets this provision as giving "competing carriers the right to deliver traffic terminating on an incumbent LEC's network at any technically feasible point on that network, rather than obligating such carriers to transport traffic to less convenient or efficient interconnection points." *FCC Interconnection Order*, ¶ 209. The FCC went on to identify a minimum list of technically feasible interconnection points, including the tandem switch. *Id.*, ¶ 210. The burden of proof is on the incumbent LEC to demonstrate that interconnection at a particular point is not technically feasible. *Id.*, ¶ 211. These requirements were incorporated in the FCC rules. 47 CFR § 51.305(a)(2) and (e). USWC does not argue that the interconnection sought by MFS is not technically feasible.

III. IMPLEMENTATION SCHEDULE

Pursuant to section 252(c)(3), the arbitrator is to "provide a schedule for implementation of the terms and conditions by the parties to the agreement." In this case, the arbitrator adopts the implementation schedule set forth in the Joint Position Statement, Section XXXIII, p. 82.

IV. CONCLUSION

The foregoing resolution of the disputed issues in this matter meets the requirements of 47 USC § 252(c).

The parties are directed to submit an agreement consistent with the terms of this report to the Commission for approval within 30 days, pursuant to the following requirements of the Interpretive and Policy Statement:²⁸

Filing and Service of Agreements for Approval

1. An interconnection agreement shall be submitted to the Commission for approval under Section 252(e) within 30 days after the issuance of the Arbitrators's Report, in the case of arbitrated agreements, or, in the case of negotiated agreements, within 30 days after the execution of the agreement. The 30 day deadline may be extended by the Commission for good cause. The Commission does not interpret the 9 month time line for arbitration under Section 252(b)(4)(C) as including the approval process.

2. Requests for approval shall be filed with the Secretary of the Commission in the manner provided for in WAC 480-09-120. In addition, the request for approval shall be served on all parties who have requested service (List available from the Commission Records Center. See Section II.A.2 of the Interpretive and Policy Statement) by delivery on the day of filing. The service rules of the Commission set forth in WAC 480-09-120 and 420 apply except as modified in this interpretive order or by the Commission or arbitrator. Unless filed jointly by all parties, the request for approval and any accompanying materials should be served on the other signatories by delivery on the day of filing.

²⁸In the Matter of Implementation of Certain Provisions of the Telecommunications Act of 1996, Docket No. UT-960269, Interpretive and Policy Statement Regarding Negotiation, Mediation, Arbitration, and Approval of Agreements Under the Telecommunications Act of 1996 (June 27, 1996) ("Interpretive and Policy Statement")

3. A request for approval shall include the documentation set out in this paragraph. The materials can be filed jointly or separately by the parties to the agreement, but should all be filed by the 30 day deadline set out in paragraph 1 above.

Negotiated Agreements

a. A "request for approval" in the form of a brief or memorandum summarizing the main provisions of the agreement, setting forth the party's position as to whether the agreement should be adopted or modified, including a statement as to why the agreement does not discriminate against non-party carriers, is consistent with the public interest, convenience, and necessity, and is consistent with applicable state law requirements, including Commission interconnection orders.

b. A complete copy of the signed agreement, including any attachments or appendices.

c. A proposed form of order containing findings and conclusions.

Arbitrated Agreements

a. A "request for approval" in the form of a brief or memorandum summarizing the main provisions of the agreement, setting forth the party's position as to whether the agreement should be adopted or modified; and containing a separate explanation of the manner in which the agreement meets each of the applicable specific requirements of Sections 251 and 252, including the FCC regulations thereunder, and applicable state requirements, including Commission interconnection orders. The "request for approval" brief may reference or incorporate previously filed briefs or memoranda. Copies should be attached to the extent necessary for the convenience of the Commission.

b. A complete copy of the signed agreement, including any attachments or appendices.

c. Complete and specific information to enable the Commission to make the determinations required by Section 252(d) regarding pricing standards, including but not limited to supporting information for (1) the cost basis for rates for interconnection and network elements and the profit component of the proposed rate. (2) transport and termination charges; and (3) wholesale prices.

d. A proposed form of order containing findings and conclusions.

Combination Agreements (Arbitrated/Negotiated)

a. Any agreement containing both arbitrated and negotiated provisions shall include the foregoing materials as appropriate, depending on whether a provision is negotiated or arbitrated. The memorandum should clearly identify which sections were negotiated and which arbitrated.

b. A proposed form of order is required, as above.

4. Any filing not containing the required materials will be rejected and must be refiled when complete. The statutory time lines will be deemed not to begin until a request has been properly filed.

Confidentiality

1. Requests for approval and accompanying documentation are subject to the Washington public disclosure law, including the availability of protective orders. The Commission interprets 47 USC § 252(h) to require that the entire agreement approved by the Commission must be made available for public inspection and copying. For this reason, the Commission will ordinarily expect that proposed agreements submitted with a request for approval will not be entitled to confidential treatment.

2. If a party or parties wishes protection for appendices or other materials accompanying a request for approval, the party shall obtain a resolution of the confidentiality issues, including a request for a protective order and the necessary signatures (Exhibits A or B to standard protective order) prior to filing the request for approval itself with the Commission.

Approval Procedure

1. The request will be assigned to the Commission Staff for review and presentation of a recommendation at the Commission public meeting. The Commission does not interpret the approval process as an adjudicative proceeding under the Washington Administrative Procedure Act. Staff who participated in the mediation process for the agreement will not be assigned to review the agreement.

2. Any person wishing to comment on the request for approval may do so by filing written comments with the Commission no later than 10 days after date of request for approval. Comments shall be served on all parties to the agreement under review. Parties to the agreement file written responses to comments within 7 days of service.

3. The request for approval will be considered at a public meeting of the Commission. Any person may appear at the public meeting to comment on the request for approval. The Commission may in its discretion set the matter for consideration at a special public meeting.

4. The Commission will enter an order, containing findings and conclusions, approving or rejecting the interconnection agreement within 30 days of request for approval in the case of arbitrated agreements, or within 90 days in the case of negotiated agreements. Agreements containing both arbitrated and negotiated provisions will be treated as arbitrated agreements subject to the 30 day approval deadline specified in the Act.

Fees and Costs

1. Each party shall be responsible for bearing its own fees and costs. Each party shall pay any fees imposed by Commission rule or statute.

DATED at Olympia, Washington and effective this 8th day of November 1996.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION



SIMON J. FFITCH
Arbitrator

APPENDIX "A"

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APPENDIX A
 U S WEST and MFS INTERCONNECTION RATES
 WASHINGTON

INTERCONNECTION - LOCAL EXCHANGE

Local Call Termination

End Office - Per Minute of Use
 Tandem Switch - Per Minute of Use (Note 1)
 (includes End Office Call Termination and Tandem Transport)

U S WEST Proposed Price	MFS Proposed Price (Note 2)
\$0.00341	\$0.00400
\$2.00546	\$0.00600

Note 1: The above local tandem call termination rate includes tandem transmission, based on an assumed transport mileage of 10 miles. Should the average tandem transmission mileage experienced by the Parties exceed 10 miles, the Parties agree to adjust the tandem call termination rate based on the tandem transmission rates set forth below.

Note 2: MFS requests the higher call termination rates only in the event its switch is found not to be eligible for tandem rate treatment. If MFS receives tandem rate treatment, then the U S WEST proposed call termination rates are acceptable.

Entrance Facility

OS1, Electrical
 OS3, Electrical

Agreed Price Recurring	Agreed Price Nonrecurring
\$99.78	\$563.92
\$404.24	\$668.95

Direct Trunked Transport

OS1 - 0 Miles
 OS1 - Over 0 to 8
 OS1 - Over 8 to 25
 OS1 - Over 25 to 50
 OS1 - Over 50

Agreed Price Fixed	Agreed Price Per Mile
None	None
\$41.72	\$0.57
\$41.72	\$0.84
\$41.73	\$2.97
\$41.73	\$3.49

OS3 - 0 Miles
 OS3 - Over 0 to 8
 OS3 - Over 8 to 25
 OS3 - Over 25 to 50
 OS3 - Over 50

Agreed Price Fixed	Agreed Price Per Mile
None	None
\$293.30	\$13.83
\$284.17	\$15.03
\$291.31	\$39.19
\$293.91	\$44.74

Multiplexing, per arrangement

OS3 to OS1

Agreed Price Recurring	Agreed Price Nonrecurring
\$218.58	\$418.45

Local Transit Traffic Rate

Tandem Switching, per MOU

Agreed Price
\$0.001794

Tandem Transmission

0 Mile
 Over 0 - 8 Miles
 Over 8 - 25 Miles
 Over 25 - 50 Miles
 Over 50 Miles

Agreed Price Fixed	Agreed Price Per Mile
None	None
\$0.000411	\$0.000009
\$0.000411	\$0.000007
\$0.000408	\$0.000008
\$0.000409	\$0.000015

INTERCONNECTION - EXCHANGE ACCESS

Call Termination, Transport, and Transit

Agreed Price

Per Switched Access Tariff

APPENDIX
 U S WEST and MFS INTERCONNECTED SERVICE RATES
 WASHINGTON

COMMON CHANNEL SIGNALLING ACCESS SERVICE

Entrance Facility	Agreed Price	Agreed Price
	Recurring	Nonrecurring
OS1	\$39.73	\$563.92
OS3	\$404.24	\$668.96

Direct Link Transport	Agreed Price	Agreed Price
	Fixed	Per Mile
OS0 - 0 Miles	None	None
OS0 - Over 0 to 8	\$20.89	\$0.13
OS0 - Over 8 to 25	\$20.88	\$0.10
OS0 - Over 25 to 50	\$20.88	\$0.10
OS0 - Over 50	\$20.89	\$0.17
OS1 - 0 Miles	None	None
OS1 - Over 0 to 8	\$41.72	\$0.67
OS1 - Over 8 to 25	\$41.72	\$0.84
OS1 - Over 25 to 50	\$41.73	\$2.97
OS1 - Over 50	\$41.73	\$3.49

Direct Link Transport	Agreed Price	Agreed Price
	Fixed	Per Mile
OS3 - 0 Miles	None	None
OS3 - Over 0 to 8	\$283.30	\$13.83
OS3 - Over 8 to 25	\$284.17	\$15.03
OS3 - Over 25 to 50	\$291.31	\$39.19
OS3 - Over 50	\$293.91	\$44.74

CCS Link - First Link	Agreed Price	Agreed Price
	Recurring	Nonrecurring
CCS Link - Each additional Link	None	\$504.88
STP Port - Per Port	\$208.57	None

Multiplexing	Agreed Price	Agreed Price
	Recurring	Nonrecurring
OS1 to OS0	\$221.08	None
OS3 to OS1	\$218.58	None

APPENDIX
U S WEST and MFS INTERC CONNECTION RATES
WASHINGTON

PHYSICAL AND VIRTUAL COLLOCATION

Common Elements	U S WEST Proposed Price		MFS Proposed Price	
	Recurring	Nonrecurring	Recurring	Nonrecurring
Quote Preparation Fee	None	\$123.30	None	\$500.00
Entrance Facility - 2 fibers		\$37.45	\$2.07	\$37.45
Entrance Facility - Per cable (Note 3)				
2-wire DS0 EICT	\$1.41	\$139.50	\$1.41	\$100.00 (Note 4)
4-wire DS0 EICT	\$1.79	\$139.50	\$1.79	\$100.00 (Note 4)
OS1 EICT	\$9.12	\$405.00	\$9.12	\$100.00
OS3 EICT	\$11.53	\$405.00	\$11.53	\$100.00
OS1 EICT - regeneration (Note 5)	\$14.38		\$14.38	
OS3 EICT - regeneration (Note 5)	\$34.24		\$34.24	

	Agreed Price	Agreed Price
	Recurring	Nonrecurring
Cable Splicing		
Per setup	None	\$103.59
Per Fiber Spliced	None	\$12.95
48 Volt Power, per ampere, per month	\$13.45	None
48 Volt Power Cable		
20 Ampere Capacity - Recurring	\$0.15	\$68.37
40 Ampere Capacity - Recurring	\$0.20	\$92.71
50 Ampere Capacity - Recurring	\$0.22	\$104.42

Equipment Bay, Per Shelf \$8.58 None

	Agreed Price	Agreed Price
	Regular Hours	After Hours
Inspector per 1/2 Hour	\$28.52	\$37.20
Training per 1/2 Hour	\$25.36	None
Engineering per 1/2 Hour	\$24.73	\$33.09
Installation per 1/2 Hour	\$28.52	\$37.20
Maintenance per 1/2 Hour	\$25.36	\$33.73

Physical Collocation (Note 6)	Agreed Price	Agreed Price
	Recurring	Nonrecurring
Cage/Hard Wall Enclosure	ICB	ICB
Rent (w/ Maintenance) - per square foot - Zone 1	\$2.75	None
Rent (w/ Maintenance) - per square foot - Zone 2	\$2.25	None
Rent (w/ Maintenance) - per square foot - Zone 3	\$2.06	None

Note 3: U S WEST proposes the stated fee based on its TELRIC. MFS agrees the price is appropriate per cable, but disputes the limitation as to number of fibers within a cable to be routed to a given collocation space.

Note 4: MFS proposes DS0 EICT NRC not to apply to unbundled loops where a separate unbundled loop NRC applies. U S WEST disagrees.

Note 5: If required. No NRC applies to regeneration ordered concurrently with an associated EICT element.

Note 6: Zones per NECA-4 Tariff

APPENDIX A
U S WEST and MFS INTERCONNECTION RATES
WASHINGTON

ANCILLARY SERVICES

	Agreed Price
<i>Directory Assistance</i>	
Price per Call - Facilities-Based Providers	\$0.34
<i>Listings</i>	
Primary Listings, Directory Assistance, White Pages	No Charge
<i>E911</i>	
LEC and AECs recover costs from PSAP	No Charge

	Agreed Cost Recurring
<i>Interim Number Portability</i>	
Without Transport	
Per Number Ported - First Path	\$4.25
Per Number Ported - Additional Path	\$1.02
With Transport	
Per Number Ported - First Path	\$8.73
Per Number Ported - Additional Path	\$7.50

	Agreed Cost Nonrecurring
<i>Additional Charges</i>	
Service Establishment, per switch, per route	\$43.80
Service Establishment - additional number ported or changes to existing numbers, per number ported	\$9.49
Additional and Consecutive Numbers - additional number ported on same account name and consecutive numbers, per number ported	\$7.05

	Agreed Price
<i>Assignment of Numbers</i>	
Assignments per industry guidelines	No Charge

<i>Busy Line Verification</i>	
Per Call	\$0.72

<i>Busy Line Interrupt</i>	
Per Call	\$0.87

U S WEST Proposed Price		MFS Proposed Price	
Recurring	Nonrecurring	Recurring	Nonrecurring

<i>Unbundled Loops (Note 7)</i>			
Zone 1	[REDACTED]	[REDACTED]	
Zone 2	[REDACTED]	[REDACTED]	
Zone 3	[REDACTED]	[REDACTED]	
Weighted Area Average			
Without testing, first loop per service order	\$96.30		\$96.30
With Basic Testing, first loop per service order	\$153.86		\$153.86
With Basic Testing at Designated Time, first loop per service order	\$206.02		\$206.02
Without testing, additional loop per service order	[REDACTED]		[REDACTED]
With Basic Testing, additional loop per service order	\$153.86		\$153.86
With Basic Testing at Designated Time, additional loop per service order	\$206.02		\$206.02

Note 7: U S WEST opposes the establishment of deaveraged loop prices until Retail prices are deaveraged. MFS supports deaveraged loop prices immediately.

**U.S. WEST PROPOSED RESALE
WHOLESALE RATES
WASHINGTON**

100%	92%	86%	84%	83%
Retail Rate	Retail Rate	Retail Rate	Retail Rate	Retail Rate
(Note 1)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
Residence Exchange	Business Exchange	Private Party Service	Emergency Service	Special A-A Job
Carrier Plans	PB Carriers	ISDN		WATS
Open Access				
Global Calling Plans				
Special Access				
Volume Discount Plans				
Discounted Rates				
Package				
Change Line Transfer				
Special Access				
Negotiated Contract				
Attachments				

Note (1) USN believes the Commission should establish the wholesale rate for below cost services (e.g. residence exchange services) at 100% of the retail rate. However, USN Staff calculates the appropriate needed cost of basic exchange service. The Wholesale rate is 36% of the retail rate. USN also believes that the Commission should permit other discount service packages and volume discount plans since they are already provided in the Wholesale rate.

Note (2) USN rates are based on the rates applied when a service is provided on a wholesale basis to a reseller. These rates are not intended to be the actual rates applied in compliance with Section 251(c)(3) of the Federal Act.

Note (3) US WEST need not make the following services available for resale: Enhanced services (including Voice Mail) and Directory Service.

**APPENDIX C
U.S. WEST PROPOSED RESALE
WHOLESALE RATES
WASHINGTON**

U.S. WEST need not make the following services available for Resale:

- Special services including Voice Mail

U.S. WEST shall make the following services available for Resale:

- All basic telecommunications services
- Special Access Line
- Special Access Line
- Residence Exchange and

U.S. WEST shall make the following services available for Resale at a 25% Wholesale "retail cost" (except for Wholesale prices 75% of retail price where retail is the offered long or toll-free price):

- All services not included in the immediately preceding list of services to be resold at retail discount.
- All contract arrangements, including long-term contract pricing for the services whose retail prices do not otherwise qualify for Wholesale discounts.

APPENDIX A
 RESALE
 NONRECURRING CHARGES
 WASHINGTON

Description	U S WEST Proposed Price	SBC Proposed Price
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Customer Transfer Charge

Business, per line
 Residence, per line
 ISDN, per line



Business, per end user
 Residence, per end user
 ISDN, per end user

