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October 14, 1999

FILED

OCT 15 1999

Missouri Public
Service Commission

VIA FEDERAL EXPRESS

Mr. Dale Roberts
Executive Secretary
Missouri Public Service Commission
301 West High Street, Suite 530
Jefferson City, Missouri 65101

TO-2000-278

RE: *In the Matter of the Petition of DIECA Communications, Inc. d/b/a Covad Communications Company For Arbitration of Interconnection Rates, Terms, Conditions and Related Arrangements With Southwestern Bell Telephone Company*

Dear Mr. Roberts:

Enclosed for filing with the Commission are the original and 14 copies of the Petition of DIECA Communications, Inc. d/b/a Covad Communications Company For Arbitration of Interconnection Rates, Terms, Conditions and Related Arrangements With Southwestern Bell Telephone Company. Also enclosed are two additional copies of this document which I would ask that you return marked "filed" in the enclosed envelope. By copy of this letter, two copies of this document have been sent to the Office of Public Counsel and the Office of General Counsel. If you should have any question, please do not hesitate to contact me.

Thank you for bringing this matter to the attention of the Commission.

Very truly yours,

Lisa C. Creighton

LCC/cmw
Enclosures

cc: Office of Public Counsel
Office of General Counsel
Amy R. Wagner (via Federal Express)

21025219\V-1

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION

PETITION OF DIECA COMMUNICATIONS, INC.	§	
D/B/A COVAD COMMUNICATIONS COMPANY	§	
FOR ARBITRATION OF INTERCONNECTION	§	
RATES, TERMS, CONDITIONS AND RELATED	§	**CASE NO.** TO-2000-278
ARRANGEMENTS WITH SOUTHWESTERN	§	
BELL TELEPHONE COMPANY	§	

PETITION OF DIECA COMMUNICATIONS, INC.
D/B/A COVAD COMMUNICATIONS COMPANY,
FOR ARBITRATION OF INTERCONNECTION TERMS,
CONDITIONS, AND RELATED ARRANGEMENTS WITH
SOUTHWESTERN BELL TELEPHONE COMPANY

Comes now DIECA Communications, Inc. d/b/a Covad Communications Company ("Covad"), by its undersigned counsel, pursuant to Ch. 386.230, RSMo., and 47 U.S.C. § 252(b), petitions the Commission to resolve through arbitration certain issues now in dispute between Covad and Southwestern Bell Telephone Company.

Table of Contents

I. INTRODUCTION

Covad hereby petitions the Missouri Public Service Commission ("Commission") for arbitration to establish an Interconnection Agreement between Covad and Southwestern Bell Telephone Company, Inc. ("SWBT") pursuant to Section 252(b) of the Communications Act of 1934, as amended (the "Act").[1] Covad seeks the Interconnection Agreement to govern the rates, terms and conditions for interconnection and related arrangements between the parties. Nothing in this petition shall constitute a waiver of any rights to which Covad is entitled to as a result of the Federal Communications Commission's approval of the SWBT-Ameritech merger. In support of this Petition, and in compliance with the requirements of Section 252, Covad provides the following information and documentation.

II. IDENTITY OF THE PARTIES

1. Covad was founded after the passage of the Telecommunications Act of 1996, and is a competitive local exchange carrier ("CLEC") and provider of xDSL services. Covad is incorporated in California, with its principal place of business at 2330 Central Expressway, Santa Clara, California 95050. Covad is certificated to provide local and interexchange telecommunications services in Missouri, pursuant to Case No. TA 99-159.

2. Filings and correspondence to Covad in this matter should be directed to:

[1] 47 U.S.C. § 252(b) (*added by* Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996))(the "Act").

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Covad Communications Company
2330 Central Expressway
Santa Clara, California 95050
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Email: lizon@covad.com

3. SWBT is an incumbent local exchange carrier ("ILEC") within the meaning of Section 251(h) of the Act, doing business in Missouri as a telecommunications public utility pursuant to the Missouri Public Utility Act. SWBT is a Missouri corporation, with its principal place of business at One Bell Center, St. Louis, Missouri 63101. SWBT provides local exchange, and exchange access, intraLATA Toll, and other services in Missouri and is subject to the regulatory authority of this Commission.

4. Service upon SWBT may be directed to:

Amy R. Wagner
Southwestern Bell Telephone
One Bell Central
800 N. Harvey, Room 310
Oklahoma City, OK 73102
Direct Dial: (405) 291-6754
Fax: (405) 236-7773
Email: aw5678@sbc.com

III. HISTORY OF NEGOTIATIONS WITH SWBT

5. Covad served requests to commence negotiations with SWBT in Missouri, Oklahoma, Kansas and Arkansas ("MOKA"). The parties agreed to negotiate the interconnection agreements in MOKA simultaneously. In light of the parties' desire to resolve as many issues as possible prior to Covad petitioning for arbitration, SWBT and Covad agreed to extend the opening of the arbitration window to October 15, 1999. *See* Wagner 10/8/99 Letter at p. 3 attached hereto as Exhibit A.

6. The parties have used SWBT's proposed generic interconnection agreement as the baseline document for negotiating an Interconnection Agreement between Covad and SWBT that would govern Missouri. The parties have negotiated and agreed upon the majority of the provisions of the Interconnection Agreement. At the time of this filing, however, a number of unresolved issues remain with respect to the terms and conditions of SWBT's provisioning of xDSL services to Covad, including the type of loops SWBT will offer, spectrum management, loop qualification, maintenance, provisioning intervals, conditioning charges, ISDN loop rates and cross connect charges. Additionally, the parties disagree on whether SWBT should have the right to make unilateral, substantive modifications to their technical publications that affect the terms and conditions of the Interconnection Agreement. The parties are still in the process of negotiating the final terms of an acceptance testing procedure. Specifically, the parties are negotiating the circumstances in which SWBT may charge Covad for such testing. Covad raises these issues in this petition for arbitration in order to preserve its rights relative thereto.

IV. JURISDICTION

7. The Act established that SWBT is a telecommunications carrier (Section 3(49)), a local exchange carrier ("LEC") (Section 3(44)), an incumbent LEC ("ILEC") (Section 251(h)), and a Bell Operating Company ("BOC") (Section 3(35)). SWBT is subject to this Commission's jurisdiction by virtue of the Act's imposition of certain duties and obligations on SWBT that the State Commission must arbitrate in the event that Covad and SWBT fail to reach agreement on the issues the Act addresses in Section 252(b).

8. Pursuant to Section 252(b) of the Act, Covad may petition a State Commission to arbitrate any unresolved issues during the period from the 135th to the 160th day after the date upon which SWBT received Covad's request for negotiation. In light of the fact that Covad and SWBT have been negotiating interconnection agreements for four states simultaneously and given their desire to resolve as many issues as possible prior to arbitration, the parties agreed to extend the opening of the arbitration window to October 15, 1999. *See* Exhibit 1 at p. 3.

V. INTRODUCTION TO COVAD AND IT'S SERVICES

9. Since Covad's incorporation in California on October 7, 1996, Covad has been granted authority to operate as a CLEC by numerous State Commissions. Covad has negotiated voluntary interconnection agreements with most of the major ILECs, including Pacific Bell, Bell Atlantic, Bell South, GTE California, Ameritech and US West. Covad began arbitrating its interconnection agreement for Texas with SWBT in April, 1999, before the Texas Public Utility Commission. The arbitration continued in June, 1999. The Administrative Law Judges issued an interim order and the parties

negotiated a superceding interim agreement. Currently, the parties are awaiting a final order from the Texas Public Utility Commission.

10. Covad was created with a single objective—to deploy DSL ("digital subscriber line") technology nationally and to provide reliable, high-bandwidth, "always on" services to meet the enormous and exponentially growing demand for data and personal computer communications services.

11. DSL runs over the local loop to provide high-speed data communications to service homes and small businesses. Personal computers typically contain modems that communicate at 28k (kilobits/second) over a telephone line. DSL allows these same computers to communicate at up to 50 times that speed.

12. Covad currently offers a variety of symmetrical[2] and asymmetrical[3] services at speeds of up to 1.1 M (megabits/second) and 1.5 downstream/384 upstream respectively. The term "xDSL" is used to indicate that Covad takes advantage of the different DSL technologies to best serve the particular customer. In order to meet the variety of customer needs, Covad deploys IDSL (ISDN DSL), SDSL and ADSL.

13. Today, Covad's services are available across the United States to 18 million homes and businesses in 51 of the top Metropolitan Statistical Areas ("MSAs"). By the end of 2000, Covad plans to expand to 49 additional MSAs and 19 additional

[2] Symmetric DSL ("SDSL") denotes a type of DSL where the "upstream" transmission rate from the end user to the central office is the same as the "downstream" transmission rate from the central office to the end user.
[3] Asymmetric DSL ("ADSL") denotes a type of DSL where the "downstream" transmission speed is significantly higher than the "upstream."

states, thereby bringing its services to 40 percent of the homes and businesses in the country.

14. Covad's business entry into Missouri depends upon collocation in SWBT's central offices, which will facilitate Covad's access to SWBT's ubiquitous copper loop plan on an unbundled basis. It is, therefore, impossible for Covad to offer its next-generation services to Missouri residents and businesses in a timely manner unless and until it has an effective Interconnection Agreement with SWBT.

VI. ISSUES FOR ARBITRATION

15. Covad submits only 9 major issues for arbitration. In this Petition Covad describes its own position with respect to those issues and the latest known position of SWBT (to the extent that Covad knows or understands those positions). As required by the Act, Covad also discusses miscellaneous outstanding issues and those issues that the parties have already resolved.

A. Terms and Conditions for Provisioning xDSL Loops

16. **Issue A(1)-SWBT's xDSL Capable Loops Offering:** Should SWBT be required to provide unbundled, clean copper loops[4] that Covad may use to offer any DSL service?

17. **Covad Position:** Yes, SWBT should be required to offer Covad unbundled clean copper loops capable of provisioning any type of DSL service regardless

[4] A clean copper loop is one without load coils, repeaters or bridge taps, all of which are utilized in connection with older technology involving voice traffic but actually impede DSL service.

of transmission rate. All of Covad's services have been executed and deployed elsewhere in the country in conjunction with other ILECs without SWBT's proposal of categorization and limitations.

18. Covad uses clean copper loops to provision most types of its DSL services including, but not limited to ADSL, SDSL and IDSL. There is no technical distinction between the underlying clean copper loops that are used to provide ADSL (which SWBT deploys) and the underlying copper loops used to provision most other types of DSL, including SDSL.

19. It appears that SWBT seeks to limit the kind of DSL service Covad may deploy by limiting the kind of loop it will provide to Covad. SWBT should simply provide 2-wire ISDN/xDSL capable loops, which are 2 wire loops used for the transmission of digital services and have no greater loss than 38db end-to-end, measured at 40,000 Hz with 135 ohms at the central office POI and 135 ohms at the MPOE. Midspan repeaters may be required. SWBT should provide the loops without load coils. SWBT should also remove excessive bridge taps to the extent that they limit the ability of the loops to perform to specification. *See* Covad's Proposed DSL Appendix at II(A), p. 2, Attachment 1 to Covad's Issue Matrix attached hereto at Exhibit B.[5]

20. **SWBT Position:** SWBT has modeled the "Unbundled DSL-Capable Loop Offerings" section of its proposed DSL Appendix after its recently rejected/failed proposed draft standard for spectrum management to ANSI. In the rejected draft standard and the loop offering section of SWBT's DSL Appendix, SWBT will offer, and Covad

[5] Exhibit B will hereinafter be referred to as "Matrix".

must order from, a list of six different kinds of "standard" loops. "CLEC's transmission rate over these DSL-Capable Loops shall not be limited, *except as may be required to conform to the power and spectrum parameters set forth in the ANSI draft standard.*" *See* Matrix - Attachment 4 at II(A), p. 2. (emphasis added). Covad understands that SWBT's loop categorization is allegedly premised upon its desire to know the particular digital technology that is placed on its unbundled loops for inventory and assignment of such technologies for spectrum management purposes. However, Covad will provide this information to SWBT. SWBT further distinguishes between the aforementioned Standard DSL-Capable Loops and Non-Standard DSL-Capable Loops, which includes any "technologies which have been approved by the FCC or any state commission or which have been successfully deployed by any carrier without significantly degrading the performance of other services" and any new technologies that have not been so approved or deployed. *See* Matrix - Attachment 4 at II(B)(1) and (2), pp. 4 and 5. Covad is unclear as to SWBT's position regarding or justification for this additional distinction.

21. **Issue A(2)-Spectrum Management:** What type of Spectrum Management should SWBT be allowed to employ?

22. **Covad Position:** Covad should be able to deploy any DSL technology that is permitted under any FCC order or any that SWBT deploys itself. In order to assist SWBT with keeping its inventory, Covad will inform SWBT of what kinds of DSL technology it intends to deploy on a given loop. Likewise, Covad should be allowed to request, not more than once a quarter, that SWBT provide a list of all DSL technologies currently being deployed on its SWBT's outside plant. Covad does not believe that an indemnification provision is necessary in this section. SWBT should not deny

ISDN/xDSL loops based on a spectrum management program that discriminates between DSL technologies. SWBT should not perform any kind of binder group management. *See* Matrix Attachment 1 at II(B), p.2.

23. **SWBT Position:** In addition to the spectrum management embedded in the loop categorization discussed above, SWBT also intends to employ binder/cable administration and selective feeder separation to manage the spectrum. As part of its "spectrum management" procedures, SWBT agrees that Covad's order for ADSL-capable loops (the same kind of technology SWBT deploys) will not be delayed by any lack of availability of a specific binder group. However, if SWBT determines that appropriate spectrum cannot be found for other kinds of DSL-capable loops (the kind of technologies that SWBT does not deploy), SWBT will not provision the loop. SWBT also proposes that the parties "mutually" indemnify each other, but refuses to provide Covad information regarding what technologies it is deploying. *See* Matrix - Attachment 4 at II and VIII, pp. 5-6 and 9-10.

24. **Issue A(3)- Loop Qualification:** What type of loop qualification process and charge are appropriate?

25. **Covad Position:** Covad is not opposed to SWBT's optional pre-qualification of loops procedure, in which SWBT will provide Covad with limited loop length and facility data. *See* Matrix – Attachment 4 at III, p. 6. Covad simply questions the utility of a process that does not provide loop make-up and spectrum inventory data, particularly in light of the fact that SWBT's entire spectrum management process is premised upon the accuracy of such information. It is Covad's position, therefore, that

SWBT's Loop Qualification process should provide precise loop make-up data, such as loop length and existence of load coils, repeaters and bridge taps. *See* Matrix – Attachment 1 at IV, p. 3. Additionally, if Covad is required to order loops in accordance with SWBT's DSL Appendix, the spectrum data (i.e. disturber occurrence) should be provided to Covad to the extent that SWBT captures such data.

26. Consistent with TELRIC principles and forward-looking costing methodologies, loop qualification data should be provided at no charge to Covad and, along with the Firm Order Commitment ("FOC") date, should be provided within 24 hours of the order. Real time electronic access to loop qualification is more consistent with a forward looking environment wherein efficient technologies are deployed. Until such time as SWBT deploys fully automated electronic access to loop qualification, Covad should not be charged for utilizing SWBT's antiquated manual process. *See* Matrix – Attachment 2, p. 1.

27. **SWBT Position:** Until a mechanized process is in place for loop qualification, requests for loop qualification shall be submitted to SWBT on a manual basis. A standard loop qualification interval of 3-5 business days is available for requests in the Austin market only. In other markets, a maximum standard loop qualification interval of fifteen 15 days is available until loop qualification methods, procedures, and training are established for the central office. *See* Matrix - Attachment 4 at IV, pp. 6-7 and Attachment 5.

28. **Issue A(4)-Maintenance:** What type of maintenance should SWBT provide?

29. **Covad Position:** On all loops, regardless of length, where Covad has requested that no conditioning be performed, SWBT's maintenance should include verifying loop suitability for POTS. For loops having had partial or extensive conditioning performed at Covad's requests, SWBT should, at no charge to Covad, verify continuity, the completion of all requested conditioning, repair and any gross defects which would be unacceptable for POTS and which do not result from the loop's modified design. *See* Matrix - Attachment 1, at V p.2.

30. **SWBT Position:** SWBT will provide maintenance, other than assuring loop continuity and balance, on unconditioned or partially conditioned loops in excess of 12,000 feet only on a time and material basis. SWBT and Covad agree on the remainder of the Maintenance section, as outlined above in Covad's Position statement. *See* Matrix – Attachment 4 at VI, p. 8.

31. **Issue A(5)-Provisioning Intervals:** What is the appropriate interval for provisioning an xDSL Loop?

32. **Covad Position:** For all loops that are materially the same, and no conditioning is requested, Covad proposes an interval of five (5) to seven (7) business days after Covad places the order, including the 24 hour Loop Qualification Process discussed above, or the provisioning and installation interval applicable to SWBT's tarrifed DSL-based services, whichever is less. When conditioning is required, Covad proposes an interval of ten (10) business days or the provisioning and installation interval applicable to SWBT's tarrifed DSL-based services, whichever is less. Covad proposes an interval of fifteen (15) business days where no facilities exist or the provisioning and

installation interval applicable to SWBT's tarrifed DSL-based services, whichever is less. *See* Matrix – Attachment 1 at VI, p.3.

33. Provisioning unbundled, clean copper loops does not require new or unfamiliar technology. Determining loop length and electronics i.e., qualifying a loop, does not justify a significant increase in the overall loop installation interval. SWBT's sister-ILEC, Pacific Bell, is able to verify facilities for its retail customers almost instantaneously while the customer is on the line requesting the service. In no event should SWBT's interval for provisioning an xDSL loop to Covad be greater than the provisioning interval for SWBT's retail ADSL offering.

34. **SWBT Position:** Covad understands SWBT's proposed intervals (*see* Matrix – Attachment 4 at VII, pp. 8-9) for loop provisioning to be as follows:

(1) For loops that are materially the same as those that SWBT has agreed to provision, the provisioning and installation interval will be five (5) to seven (7) business days *in addition* to the three (3) to five (5) business day Loop qualification interval or the provisioning and installation interval applicable to SWBT's tarrifed DSL-based services, whichever is less.

(2) The interval will be fifteen (15) business days when conditioning is requested or the provisioning and installation interval applicable to SWBT's tarrifed DSL-based services, whichever is less.

(3) For loops in excess of 17, 500 feet, the interval will be determined on an individual case basis.

(4) ISDN loops will be provisioned under the terms of the 2-Wire Digital Loop as described in the Appendix UNE of the Agreement. Covad, however, has been unable to locate the ISDN loop interval in the Appendix UNE.

35. **Issue A(6)-Conditioning Charges:** Should SWBT be permitted to impose non-recurring changes (NRC) for xDSL loop conditioning?

36. **Covad Position:** No. Covad submits that consistent with TELRIC principles and forward-looking costing methodologies, SWBT should not be permitted to levy additional charges for xDSL loop conditioning. A forward-looking network, correctly designed and engineered, would not require the removal of analog loop conditioning such as load coils and excess bridge taps. Accordingly, Covad should not be charged for removing this analog equipment. *See* Matrix – Attachment 2.

37. **SWBT Position:** SWBT proposes the following NRCs for DSL loop conditioning (*See* Matrix – Attachment 5):

Removal of Repeaters	$392.65
Removal of Bridge Taps	$656.35
Removal of Load Coils	$1082.20

38. **Issue A(7)-DSL Loop Charges:** What are the appropriate recurring and nonrecurring charges for ISDN loop rates?

39. **Covad Position:** Based upon the FCC's First Report and Order, adopted May 7, 1997, Covad proposes that the ISDN loop rates be the same as the DSL loop rates. FCC First Report and Order, p. 50, ¶ 113 (stating that cost data provided by

BOCs indicated that the ratio of NTS loop costs of BRI ISDN to standard analog service is approximately 1 to 1). As indicated below, SWBT intends to charge Covad higher wholesale rates for ISDN loops than it charges for its own retail service. *See* Matrix – Attachments 3 and 5. There is no way Covad can compete and attain non-discriminatory access in the face SWBT's price gouging.

40. **SWBT Position:** SWBT has offered Covad the recurring charges as listed in the first two columns and has offered its retail customers the charge in the third column (*see* Matrix – Attachments 3 and 5 for additional charges):

Zone	2-Wire ADSL Capable Loop	ISDN Loop (2-Wire Very Low-band Symmetric Technology Capable Loop)	SWBT's Retail ISDN Rates
1/A Rural	$12.71	$95.55	$45.50
2/B Suburban	$20.71	$48.20	$45.50
3/C Urban	$33.29	$48.95	$45.50

41. **Issue A(8) – Cross Connect Charges:** Should SWBT be allowed for cross connect charges?

42. **Covad Position:** No. Covad should not be required to pay a cross-connect charge as this charge is already included in the non-recurring charges for the loop.

43. SWBT Position. Yes. Such charges are stated in SWBT's Attachment DSL-Pricing. (*See* Matrix - Attachment 5.)

B. Unilateral, Substantive Modifications to SWBT's Technical Publications-Should SWBT be allowed to impose unilateral, substantive modifications to its technical publications that affect the terms and conditions of the Interconnection Agreement between the parties?

44. Covad Position: No. Covad is not opposed to SWBT making procedural modifications to its technical publications. Covad, however, does not want the terms and conditions of its Interconnection Agreement to be subject to SWBT's ability to unilaterally modify the Agreement by substantively changing its technical publications.

45. SWBT Position: Yes. Covad understands SWBT's position to be that it must have the ability to make substantive changes to its technical publications and have them apply consistently to all CLECs in order to efficiently manage its network and to ensure network reliability.

VII. PENDING ISSUES

46. The parties are still negotiating the terms and conditions of an acceptance testing process. The parties have yet to resolve under what conditions Covad will be required to pay for Acceptance Testing. Covad and SWBT, however, have agreed upon the procedures for Acceptance Testing and Covad is hopeful that the parties will resolve this pending charge issue prior to arbitration.

VIII. RESOLVED ISSUES

47. The parties have agreed on all of the other provisions of the Interconnection Agreement, except the DSL Appendix and any reference to SWBT's technical publications. To the extent that any other section or provision relies upon the

language in the DSL Appendix or allows unilateral, substantive modifications to SWBT's technical publication that affect the terms and conditions of the Interconnection Agreement, Covad seeks to modify such language in accordance with its positions articulated above.

IX. RELIEF REQUESTED

48. Covad requests that the Commission arbitrate the unresolved interconnection issues between Covad and SWBT. Covad further requests that the Commission order SWBT to enter into and sign an agreement with Covad for interconnection consistent with its ruling.

49. Covad also requests the right to offer such other evidence in this proceeding as it deems necessary to support its positions. Given the ongoing nature of the Covad and SWBT negotiation, Covad also reserves the right to modify this Petition to add additional issues that may arise prior to the conclusion of this arbitration.

50. Covad requests that the Commission compel SWBT to provide Covad any and all relevant information regarding the unresolved interconnection issues pursuant to Section 252(b)(4)(B) of the Communications Act, including, without limitation, any cost studies, technical references, and results and status of the relevant technical trials that relate to the issues outlined above.

51. Covad requests that the Commission establish a procedural schedule calling for the pre-filing of simultaneous direct and rebuttal testimony, a standard protective order, immediate discovery, a hearing at which all witnesses will be available

for cross-examination by the parties and questioning by the Commission, and the simultaneous filing of post-hearing initial and reply briefs.

52. Covad specifically requests the right to serve discovery in this arbitration and anticipates servicing its first set of specific documentary and data requests on SWBT in approximately two (2) weeks.

53. Covad requests that the Commission assign an arbitrator(s) to this proceeding and that the parties meet with such arbitrator(s) at an early prehearing conference to establish a reasonable schedule for discovery and resolution of the issues set forth herein.

Respectfully submitted,

By: _____

Mark P. Johnson MO Bar No. 30740
Lisa C. Creighton MO Bar No. 42194
4520 Main Street, Suite 1100
Kansas City, MO 64111
(816) 932-4400
(816) 531-7545 FAX

ATTORNEYS FOR COVAD COMMUNICATIONS

VERIFICATION

STATE OF MISSOURI)
) SS:
COUNTY OF JACKSON)

COMES NOW Lisa C. Creighton, being of lawful age and duly sworn, who swears and affirms as follows:

1. My name is Lisa C. Creighton and I am the attorney for Covad Communications Company. In that capacity, I am authorized to verify this Petition of DIECA Communications, Inc. d/b/a Covad Communications Company For Arbitration of Interconnection Rates, Terms, Conditions and Related Arrangements With Southwestern Bell Telephone Company and the information contained therein on behalf of Covad Communications Company.

2. The information contained in the Petition of DIECA Communications, Inc. d/b/a Covad Communications Company For Arbitration of Interconnection Rates, Terms, Conditions and Related Arrangements With Southwestern Bell Telephone Company is true and accurate to the best of my knowledge and belief.

Lisa C. Creighton

Subscribed and sworn to before me this ___ day of October, 1999.

Notary Public

My Commission Expires:

CHERI PEREZ
Notary Public – Notary Seal
STATE OF MISSOURI
Jackson County
My Commission Expires: March 13, 2001

Amy R. Wegner
Senior Counsel

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Southwestern Bell

Via E-Mail

October 8, 1999

Laura A. Izon
Covad Communications
2330 Central Expressway
Santa Clara, California 95050

Re: Negotiations for Interconnection Agreements in MOKA

Dear Laura:

As promised by noon PST today, following is SWBT's response to Covad's October 5, 1999 letter and to follow-up our October 6, 1999 conference call.

We agree with Covad's conclusion that the Parties are now in agreement on the following Sections in the Collocation Appendix: 2.6, 2.10 (now 2.11), 3.1.3, 6.12 and 13.0. The Parties have also agreed to the Firm Order Commitment language set forth in Covad's September 23, 1999 letter and to the Confidentiality language set forth in SWBT's September 29, 1999 letter. However, we have one question with respect to the Confidentiality language. Specifically, the language we agreed to provides that "Only personnel employed by SWBT with a need to know to implement requests from Covad will be granted access to Covad's proprietary information, *subject to an appropriate non-disclosure agreement*...." The Parties have not entered into a non-disclosure agreement with Covad for our MOKA negotiations and it will be necessary for various employees to gain access to Covad's proprietary information in order to implement the MOKA Interconnection Agreements. Therefore, I believe we need to discuss and examine this language further.

In addition, we have agreed to add the following language to the end of the Intervening Law provision in the General Terms and Conditions of each of our MOKA Interconnection Agreements:

> Upon the request of either Party, the Parties shall meet within fourteen (14) days following the effective date of any FCC order ("Order") relating to the provisioning of Subloops, Remote Collocation and/or Line Sharing, to commence negotiations regarding the implementation of such Order. The Parties agree that the Order shall be incorporated into the Agreement within a reasonable time following commencement of such negotiations,

subject to any appeal, reconsideration, stay or injunction which modifies, stays or otherwise affects the effectiveness of such Order.

Cost Information

As discussed on our October 6, 1999 conference call, SWBT has agreed to some of Covad's proposed modifications to SWBT's proposed Non-Disclosure Agreements for Kansas and Missouri. I have attached a copy of the document which I believes reflects all of the agreed-to changes. Please let me know whether such document is acceptable to Covad. If so, I will forward the final Non-Disclosure Agreements to you electronically. Upon receipt of the signed Non-Disclosure Agreements via facsimile, I will overnight the cost study summary results to Covad.

Acceptance Testing

Attached is SWBT's latest proposed language with respect to Acceptance Testing. We believe this language is consistent with our discussion with Bernard Chao yesterday. You will note that the language provides that the charges for Acceptance Testing shall be those listed in Section 13.4.8(A) of FCC Tariff No. 73. As discussed, we believe Covad's proposed rate was inadequate since it failed to take into account that two SWBT technicians will be required for such testing. We will be prepared to discuss this matter further on our call this afternoon.

Modifications to Tech Pubs

In your October 5, 1999 letter, you advised that Covad was unable to agree to subsection (c) of SWBT's proposed language defining the term "substantive changes" with respect to the Technical Publications referenced in the Collocation Appendix of the Agreement. Covad advised that it is adverse to defining this term because unforeseen issues may arise that arguably fall outside the scope of the definition proposed by SWBT (which, incidentally, was the language originally proposed by Covad on September 23, 1999). In any event, as discussed on our October 6, 1999 conference call, SWBT believes that the term "substantive changes" needs to be defined so that the Parties have a clear understanding as to what that term means. Because the Parties have been unable to reach agreement on this issue, Covad has advised that it plans to arbitrate the global issue of whether SWBT has the ability to modify its TechPubs and have them apply consistently to all CLECs under the terms of our Interconnection Agreements. It is our position that

ISSUE MATRIX

ISSUE	COVAD	SOUTHWESTERN BELL
A(1) - DSL Appendix: Loop Offerings	SWBT should provide unbundled, clean copper loops that Covad my use to offer any DSL service. Covad's Proposed DSL Appendix attached hereto as Exhibit 1, II(A) (hereinafter "Exh. 1")	Covad should be required to pick from SWBT's list of available loop categories that limit Covad's ability to deploy its services. SWBT Proposed DSL Appendix attached hereto as Exhibit 2, II (hereinafter "Exh. 2)
A(2) - DSL Appendix: Spectrum Management	Covad should be able to deploy and DSL technology that is permitted under FCC order or any that SWBT itself deploys, without binder group management. The parties should inform one another of the technologies they are deploying. An indemnification section is not necessary in this section. SWBT should not deny ISDN/xDSL loops based on a spectrum management program that discriminates between DSL technologies. Exh. 1, II(B)	SWBT should be allowed to employ binder/cable administration and selective feeder separation. The parties should mutually indemnify one another and SWBT should not be required to inform Covad of the technologies it is currently deploying. Exh. 2, VIII
A(3) - DSL Appendix: Loop Qualification	SWBT should provide loop make-up data to Covad at no charge. This data and a FOC date should be provided within 24 hours of Covad placing the order. If Covad is required to order loops in accordance with SWBT's DSL Appendix and related spectrum management, then SWBT should also provide spectrum data (i.e. disturber occurrence) to the extent that SWBT captures such data. Exh. 1, III and IV	The loop qualification charge should be $15.00 and the interval should be between 3 and 15 business days. Exh. 2, III and IV
A(4) – DSL Appendix: Maintenance	Where no conditioning has been requested, SWBT should verify loop suitability for POTS. For loops that have had conditioning, SWBT should verify continuity, the completion of requested conditioning and repair, at no charge to Covad, any gross defects that would be unacceptable for POTS which do not result from the loop's	SWBT should provide maintenance, other than assuring loop continuity and balance, on unconditioned or partially conditioned loops in excess of 12,000 feet only on a time and material basis. SWBT and Covad agree on maintenance for loops that have had extensive conditioning.

	modified design. Exh. 1, V	Exh. 2, VI
A(5) - DSL Appendix: Provisioning Intervals	Covad proposes the following intervals: 1) 5-7 business days where no conditioning is requested (including 24 hour loop qualification interval; 2) 10 business days where conditioning is requested; and 3) 15 business days where no facilities exist. Exh.1, VI	SWBT proposes the following intervals: 1) 5-7 business days where no conditioning is requested (**not** including the 3-15 business day loop qualification interval); 2) 15 business days when conditioning is requested; 3) Individual Case Basis for loops in excess of 17,500 feet; and 4) Unknown interval for ISDN loops. Exh. 2, VII
A(6) - DSL Appendix: Conditioning Charges	Conditioning charges should be $0 in accordance with forward-looking pricing wherein efficient technologies would be utilized. Exh. 1, IX, Attachment 1	*See* Exh. 2, IX, Attachment 1
A(7) DSL Appendix: ISDN Loop Rates	ISDN Loop Rates should be the same as DSL loop rates, and in no circumstance should Covad's wholesale rates be **higher** than SWBT's retail rates. Exh. 1, Attachments 1 and 2	*See* Exh. 2, IX, Attachment 1
A(8) – Cross Connect Charges	There should be no cross connect charges as they are already included in the non-recurring charges for the loop.	There should be cross-connect charges.
B(1) – Generally: Modification of Technical Publications	SWBT should not be allowed to impose unilateral, substantive modifications to its technical publications that affect the terms and conditions of the interconnection agreement between the parties.	In order to efficiently manage its network and ensure network reliability, SWBT claims that it must have the ability to make substantive changes to its technical publications and have those changes apply consistently to all CLECs.

COVAD'S PROPOSED

APPENDIX DSL

COVAD'S PROPOSED
ATTACHMENT 21: DSL

Digital Subscriber Line ("DSL")-Capable Loops

I. The term digital subscriber line ("ISDN/DSL") describes various technologies and services. SWBT's unbundled ISDN/DSL loop offerings are set forth below for CLECs to use in conjunction with their desired DSL technologies and equipment to provision DSL services to their end-user customers. The parties will comply with the FCC's rules on spectrum compatibility and management that enable the reasonable and safe deployment of advanced services prior to the development of industry standards.

II. Unbundled DSL-Capable Loop Offerings:

A. Loop types: SWBT will provide a 2-wire ISDN/xDSL capable loop. A 2-wire ISDN/xDSL is a 2 wire loop for the transmission of digital services having no greater loss than 38 db end-to-end, measured at 40,000 Hz with 135 ohms at the central office POI and 135 ohms at the MPOE; mid-span repeaters may be required. To the extent that bridge taps limit the ability of the loop to perform to the specification, they will be eliminated. The loop will not have any load coils.

B. Spectrum Management:

1) Covad will inform SWBT what kind of DSL technology that Covad intends to deploy on a given loop.
2) Covad will only deploy DSL technologies that are permitted under the FCC order or that SWBT deploys itself.
3) No more than once a quarter Covad may request SWBT to provide a list of all DSL technologies that are currently deployed on the outside plant.
4) SWBT will not deny any ISDN/xDSL loops to Covad based on a spectrum management program that discriminates between DSL technologies. SWBT will not perform any kind of binder group management.

III. Pre-qualification of Loops

A. SWBT will make available the capability for Covad to pre-qualify loops on a mechanized basis through enhancements to Verigate/Data Gate OSS interfaces. The pre-qualification process will permit a database query, which will result in the retrieval of an indicator with limited loop length and facility data. Loop makeup and spectrum inventory data are not available through this process. This is an optional service at no cost to Covad.

IV. Loop Qualification

A. The Loop Qualification process provides loop make-up data, such as loop length and existence of load coils, repeaters, and bridge tap. If Covad is required to order loops in accordance with SWBT's DSL Appendix, SWBT will provide spectrum inventory data (i.e. disturber occurrence) to Covad to the extent that SWBT captures such data.

B. SWBT will provide loop qualification data and a FOC date within 24 hours of the order.

C. Loop Qualification data will be provided at no charge to CLEC.

V. Maintenance

On loops, regardless of length, where CLEC has requested that no conditioning be performed, SWBT's maintenance will be limited to verifying loop suitability for POTS. For loops having had partial or extensive conditioning performed at CLEC's request, SWBT will verify continuity, the completion of all requested conditioning, and will repair at no charge to CLEC any gross defects which would be unacceptable for POTS and which do not result from the loop's modified design.

VI. Provisioning and Installation

A. The provisioning and installation interval for DSL loops that are materially the same, as defined above, where no conditioning is requested, will be five (5) to seven (7) business days after Covad places the order, or the provisioning and installation interval applicable to SWBT's tariffed DSL-based services, whichever is less. The provisioning and installation intervals for DSL Capable Loops where conditioning is requested will be ten (10) business days or the provisioning and installation interval applicable to SWBT's tariffed DSL-based services where conditioning is required, whichever is less. The provisioning and installation intervals for DSL Capable Loops where no facilities exist will be fifteen (15) business days or the provisioning and installation interval applicable to SWBT's tariffed DSL-based services, whichever is less

VII. Rates for DSL Capable Loops and Associated Charges

The rates for DSL Capable Loops, and associated charges, are set forth on Attachment 1, which is attached hereto and incorporated herein by reference.

Covad's Proposed
Schedule 1
Attachment DSL – Pricing
Missouri

	Recurring	Nonrecurring Initial	Additional
2-Wire ADSL Capable Loop			
Zone 1	$ 12.71	$ 26.07	$ 11.09
Zone 2	$ 20.71	$ 26.07	$ 11.09
Zone 3	$ 33.29	$ 26.07	$ 11.09
Zone 4	$ 18.23	$ 26.07	$ 11.09
2-Wire Very Low-band Symmetric Technology Capable Loop			
Zone 1	$ 12.71	$ 26.07	$ 11.09
Zone 2	$ 20.71	$ 26.07	$ 11.09
Zone 3	$ 33.29	$ 26.07	$ 11.09
Zone 4	$ 18.23	$ 26.07	$ 11.09
Uses Standard 2-Wire Digital Loop (2-Wire ISDN Loop) (Rates as shown if the underlying Agreement does not include a rate for a 2-wire Digital Loop)			
2-Wire Mid-band Symmetric Technology Capable Loop			
Zone 1	$ 12.71	$ 26.07	$ 11.09
Zone 2	$ 20.71	$ 26.07	$ 11.09
Zone 3	$ 33.29	$ 26.07	$ 11.09
Zone 4	$ 18.23	$ 26.07	$ 11.09
4-Wire Mid-band Symmetric Technology Capable Loop			
Zone 1	$ 19.79	$ 28.77	$ 11.09
Zone 2	$ 35.35	$ 28.77	$ 11.09
Zone 3	$ 61.16	$ 28.77	$ 11.09
Zone 4	$ 30.08	$ 28.77	$ 11.09
**Loop Qualification Process (a/o 8-1-99)	N/A		$ 0.00

DSL Conditioning Options

Removal of Repeaters	N/A	$ 0.00	$ 0.00
Removal of Bridged Taps and Repeaters	N/A	$ TBD	$ TBD
Removal of Bridged Taps	N/A	$ 0.00	$ 0.00
Removal of Bridged Taps and Load Coils	N/A	$ TBD	$ TBD
Removal of Load Coils	N/A	$ 0.00	$ 0.00
Conditioning for loops over 17,500 ft	N/A	TBD	TBD

**Effective August 1, 1999, the rates for Loop Qualification reflect SWBT's planned implementation of partial mechanization. SWBT agrees to notify CLEC of any additional changes in the Loop Qualification process and any associated rate modifications. Upon CLEC's receipt of such notification by SWBT, the Parties will meet for the sole purpose (unless otherwise agreed to by both Parties) of negotiating rates, terms and conditions for CLEC's use of the modified Loop Qualification process.

The Parties acknowledge and agree that the provision of these DSL-Capable Loops and the associated rates, terms and conditions set forth above are subject to any legal or equitable rights of review and remedies (including agency reconsideration and court review). Any reconsideration, agency order, appeal, court order or opinion, stay, injunction or other action by any state or federal regulatory body or court of competent jurisdiction which stays, modifies, or otherwise affects any of the rates, terms and conditions herein, specifically including those arising with respect to the Petition of Broadspan Communications, Inc. for Arbitration of Unresolved Interconnection Issues Regarding ADSL with Southwestern Bell Telephone Company before the Missouri Public Service Commission, Case No. TO-99-370, or any other proceeding, the Parties shall expend diligent efforts to arrive at an agreement on conforming modifications to this Agreement. If negotiations fail, disputes between the Parties concerning the interpretation of the actions required or the provisions affected shall be handled under the Dispute Resolution procedures set forth in this Agreement.

DigiLine(SM) ISDN Service Pricing for Missouri

	PKG 1	PKG 2	FLAT
BRI/ISDN Feature	$45.50	$45.50	$45.50
FLAT/B Channel			$17.25
1 MB	N/A	N/A	N/A
Rate/Package		$18.00	
Minutes w/Package	600	7200	
Rate/Minute	$0.04	$0.02	
EUCL and Port Charge	$7.66	$7.66	$7.66
Number Portability Service Charge	$0.48	$0.48	$0.48
Monthly Sub Total w/o Usage	$53.64	$71.64	$88.14
[illegible]			
BRI	$250.00	$250.00	$250.00
1 Year Agreement	$125.00	$125.00	$125.00
2 Year Agreement	$0.00	$0.00	$0.00
1 MB	$0.00	$0.00	$0.00
Link Extension Equipment	$36.00	$36.00	$36.00
Link Extension Facility	$8.80	$8.80	$8.80
Installation Charge - LE	$0.00	$0.00	$0.00
[illegible]			
B Channel Packet (Permanent)	$45.00	$45.00	$45.00
On-Demand B Channel Packet	$25.00	$25.00	$25.00
D Channel Packet	$5.00	$5.00	$5.00
Packet Usage	$0.005 Per Call Set-up $0.20 Per Kilosegment		
Packet Installation	N/A	N/A	N/A

Monthly transport charges (DigiLine) are additional. Usage charges may apply in Missouri, Kansas, Oklahoma, and Arkansas depending on the option chosen. A flat rate option is also available in those states.

Call 1-800-SWB-ISDN
for more information

APPENDIX DSL

ATTACHMENT 21: DSL

Digital Subscriber Line ("DSL")-Capable Loops

I. The term digital subscriber line ("DSL") describes various technologies and services. SWBT's unbundled DSL loop offerings are set forth below for CLECs to use in conjunction with their desired DSL technologies and equipment to provision DSL services to their end-user customers. The parties will comply with the FCC's rules on spectrum compatibility and management that enable the reasonable and safe deployment of advanced services prior to the development of industry standards. SWBT shall publish Technical Publications for the purpose of communicating current standards and their application within the PSTN, as set forth in paragraph 72 of FCC Order 99-48 (rel. March 31, 1999) CC Docket No. 98-147.

II. Unbundled DSL-Capable Loop Offerings:

A. DSL-Capable Loops used with DSL Technology which complies with Existing Industry Standards:

All loops listed in this category support technologies which conform to the current ANSI draft standard for spectrum management T1E1.4/99-002(R4). CLEC's transmission rate over these DSL Capable Loops shall not be limited, except as may be required to conform to the power and spectrum parameters set forth in the ANSI draft standard. Each PSD referenced below is intended to include all parameters of its representative Spectrum Management Class, as found in the ANSI draft standard.

1. **PSD #1 Capable Loop** - 2-Wire Very Low-band Symmetric Technology (PSD #1 VLS Capable Loop) supports:

   a. 2-Wire Digital "ISDN Digital Subscriber Line" ("IDSL") technology: Separate charges relating to loop qualification and optional conditioning will not apply to these loops since they are ordered and designed under the current 2-Wire Digital Loop offering (which complies with ANSI standard T1.601), as found in Appendix UNE of this Agreement.

   b. 2-Wire Copper "Symmetric Digital Subscriber Line" ("SDSL") at some operating speeds used to provision SDSL: Loop Qualification and optional conditioning as described below are applicable to this 2-Wire VLS Capable Loop for which a copper only facility is ordered.

2. **PSD #2 Capable Loop** - 2-Wire Low-band Symmetric Technology (PSD #2 LS Capable Loop): The PSD #2 LS Capable Loop supports some operating speeds of technologies used to provision SDSL. Loop Qualification and optional conditioning as described below are applicable to the PSD #2 LS Capable Loop.

3. **PSD #3 Capable Loop** – Mid-band Symmetric Technology (PSD #3 MS Capable Loop) supports:

   a. 2-Wire Mid-band Symmetric Technology (PSD #3 2-Wire MS Capable Loop): The PSD #3 2-Wire MS Capable Loop supports various 2-Wire HDSL technologies and some operating speeds of non-standard technologies used to provision SDSL. Loop Qualification and optional conditioning as described below are applicable to the PSD #3 2-Wire MS Capable Loop.

   b. 4-Wire Mid-band Symmetric Technology (PSD #3 4-Wire MS Capable Loop): The PSD #3 4-Wire MS Capable Loop supports various 4-Wire HDSL technologies and some operating speeds of non-standard technologies used to provision SDSL. Loop Qualification and optional conditioning as described below are applicable to the PSD #3 4-Wire MS Capable Loop.

4. **PSD #4 Capable Loop** – 2 Wire High-band Symmetric Technology (PSD #4 HS Capable Loop): The PSD #4 HS Capable Loop supports 2-wire HDSL-2 technologies. Loop Qualification and optional conditioning as described below are applicable to the PSD #4 HS Capable Loop.

5. **PSD #5 2-Wire Capable Loop** - 2-Wire Asymmetrical Digital Subscriber Line Technology (PSD #5 ADSL-Capable Loop): The PSD #5 ADSL Capable Loop supports the transmission of ADSL technologies which comply with current national standards (ANSI T1.413-1998). Although the current national standard provides for the use of echo cancellation in some situations, ANSI T1E1.4 has determined that echo canceled ADSL systems interfere with other echo canceled and non-echo canceled systems, thus reducing the reach of all DSL services. Therefore, SWBT and CLEC agree that echo-cancellation will not be deployed on the 2-Wire ADSL Capable Loop. Loop Qualification and optional conditioning as described below are applicable to the PSD #5 ADSL Capable Loop.

6. **PSD #7 2-Wire Capable Loop** – 2-Wire Short Reach Very High-band Symmetric Technology (PSD #7 SRVHS Capable Loop): The PSD #7 SRVHS Capable Loop supports 2-wire SDSL technologies operating above

784kbps. CLEC shall use the PSD #7 SRVHS Capable Loop in a manner consistent with ANSI T1E1.4/99-002 (R4). Loop Qualification and optional conditioning as described below are applicable to the PSD #7 SRVHS Capable Loop.

7. Other Industry Standard DSL-capable loops: If an industry standards body adopts other national standard technologies (PSDs) for which SWBT does not have an existing supporting loop as defined above, SWBT will provide a loop capable of supporting the new technology for CLEC as follows:

   If the new technology requires the use of a 2-wire or 4-wire loop materially the same as described above, with materially the same loop conditioning, then SWBT will provide CLEC a loop capable of supporting the new technology at the same rates listed for the appropriate 2-wire and 4-wire loops and associated loop conditioning as needed. SWBT will supply CLEC with the appropriate ordering procedures within 15 business days of CLEC's request for a loop capable of supporting the new technology.

   If the new technology requires a loop type that materially differs from the existing 2-Wire and/or 4-Wire loops defined above (e.g. different loop design, different conditioning, significantly different spectrum impact, etc.), the Parties shall expend diligent efforts to arrive at an agreement as to the rates, terms and conditions for an unbundled loop capable of supporting the proposed technology. If negotiations fail, disputes between the Parties concerning the rates, terms and conditions for an unbundled loop capable of supporting the proposed technology shall be resolved pursuant to the dispute resolution process provided for in this Agreement.

B. Non-Standard DSL-Capable Loops:

1. Approved or successfully deployed non-standard DSL technologies:

   In addition to DSL capable loops referenced in subsection A above, non-standard DSL technologies which have been approved by the FCC or any state commission or which have been successfully deployed by any carrier without significantly degrading the performance of other services are presumed acceptable for deployment. SWBT will provide a loop capable of supporting a new, non-standard technology approved by a commission or successfully deployed for the CLEC as follows: If the new technology requires the use of a 2-Wire or 4-Wire loop materially the same as described above, with materially the same loop conditioning, then SWBT will provide CLEC a loop capable of supporting the new technology at the same rates listed for the appropriate 2-Wire and 4-Wire loops and associated loop conditioning as needed. SWBT will

supply CLEC with the appropriate ordering procedures within 15 business days of CLEC's request for a loop capable of supporting the new technology.

If the new technology requires a loop type that materially differs from the existing 2-Wire and/or 4-Wire DSL Capable Loops defined above (e.g. different loop design, different conditioning, significantly different spectrum impact, etc.), the Parties shall expend diligent efforts to arrive at an agreement as to the rates, terms and conditions for an unbundled loop capable of supporting the proposed technology and for loop qualification and conditioning if needed. If negotiations fail, dispute between the Parties concerning the rates, terms and conditions for an unbundled loop capable of supporting the proposed technology, shall be resolved pursuant to the dispute resolution process provided for in this Agreement.

2. Other non-standard DSL technologies: CLEC may deploy new technologies that do not conform to the national standards and have not yet been approved by a standards body (or otherwise authorized by the FCC, any state commission or which have not been successfully deployed by any carrier without significantly degrading the performance of other services) if the CLEC can demonstrate to the state commission that the particular technology will not significantly degrade the performance of other advanced services or traditional voice band services. In this situation, there would be no presumption in favor of deployment and the burden would be on the CLEC to make the appropriate showing.

   Upon request by CLEC, SWBT will cooperate in the testing and deployment of new technologies or may direct the CLEC, at CLEC's expense, to a third party laboratory for such evaluation.

   If it is demonstrated that the new technology will not significantly degrade the other advanced services or traditional voice based services, SWBT will provide a loop to support the new technology for CLEC under the same terms and conditions as set forth in subsection 1 above.

3. Each party agrees that should it cause any non-standard DSL technologies described in Sections II.B.1 and II.B.2 above to be deployed or used in connection with or on SWBT facilities, that Party ("the Indemnifying Party") will assume full and sole responsibility for any damage, service interruption or other telecommunications service degradation affects and will indemnify the other Party ("the Indemnified Party") for any damages to the Indemnified Party's facilities, as well as any other claims for damages, including but not limited to direct, indirect or consequential damages made upon the Indemnified Party by any provider of telecommunications services or telecommunications user (other than any claim for damages or losses alleged by an end-user of the Indemnified

Party for which the Indemnified Party shall have sole responsibility and liability), when such arises out of, or results from, the use of such non-standard DSL technologies by the Indemnifying Party. Further, the Indemnifying Party agrees that it will undertake to defend the Indemnified Party against and assume payment for all costs or judgments arising out of any such claims made against the Indemnified Party.

4. For such non-standard DSL technologies deployed under sections II.B.1 and II.B.2 above, once national ANSI standards are adopted, CLECs shall begin the process of bringing its deployed DSL technologies into compliance with such new standards within thirty (30) calendar days and shall complete the transition within 180 calendar days.

5. Until such time the FCC defines the term more precisely, "significantly degrade" is defined as an action that noticeably impairs a service from a user's perspective. FCC Order 99-48, Paragraph 66.

III. Pre-qualification of Loops

A. SWBT will make available the capability for CLECs to pre-qualify loops on a mechanized basis through enhancements to Verigate/Data Gate OSS interfaces. In order to obtain access to this OSS functionality, CLEC must have the applicable rates, terms and conditions for such OSS in its Agreement. PSD #1 Capable Loops which are ordered as 2-wire digital loops will not require or benefit from this process as they are qualified for use on any facility designed to support ISDN. The pre-qualification process will permit a database query, which will result in the retrieval of an indicator with limited loop length and facility data. Loop makeup and spectrum inventory data are not available through this process. This is an optional service at no cost to the CLEC.

B. In the event CLEC desires a manual pre-qualification arrangement, SWBT will negotiate a rate, along with terms and conditions for handling such inquiries on a manual basis.

IV. Loop Qualification

A. SWBT will use a loop qualification process ("Loop Qualification") in connection with provisioning DSL Capable Loops requiring spectrum management and "copper only" facilities with specific physical characteristics. The Loop Qualification process examines the available loop facilities for suitability in terms of physical characteristics and spectrum compatibility based upon the conditions set forth in industry standards. The Loop Qualification process provides loop make-up data, such as loop length and existence of load coils, repeaters, and bridge tap. Spectrum management analysis is also performed, and spectrum

inventory data (i.e. disturber occurrence) is also provided. SWBT will provide loop qualification data and conditioning recommendations for the requested technology. CLEC shall pay the rate set forth below for each Loop Qualification performed by SWBT, whether or not any loop is identified which will support the desired technology.

B. Until a mechanized process is in place for Loop Qualification, requests for Loop Qualification shall be submitted to SWBT on a manual basis. A standard Loop Qualification interval of 3-5 business days is available for requests in markets where the Loop Qualification process is currently in place.

C. If the results of the Loop Qualification indicate that the loop is less than 12,000 feet and meets the Technical Parameters for PSD #5 ADSL Capable Loop without additional conditioning, CLEC will be notified, provided loop makeup data and the charges set forth below for the DSL Capable Loop and Cross-Connect will apply if such loop is ordered by CLEC. Should the loop meet SWBT design requirements but not function as desired by CLEC, CLEC may request, and must pay for, any requested conditioning at the rates set forth below. Loops less than 12,000 feet that do not meet SWBT's design criteria for the PSD #5 ADSL Capable Loop, but that could be conditioned to meet the minimum requirements defined in the associated SWBT Technical Publications through the removal of load coils, bridged taps and/or repeaters will be so conditioned at no charge to CLEC.

D. If the results of the Loop Qualification indicate that conditioning is recommended to permit use of such loop for a requested PSD, CLEC will be provided conditioning recommendations and the associated loop makeup data. The charges set forth in the Pricing Schedule for conditioning, the DSL Capable Loop and the associated Cross-Connect will apply if such loop is ordered by CLEC as recommended. The CLEC may order the loop without conditioning if desired.

V. Service Performance

A. If the results of the Loop Qualification indicate: (i) that the loop is between 12,000 feet and 17,500 feet and does not meet the Technical Parameters for the PSD #5 ADSL Capable Loop, but will do so with optional conditioning and CLEC elects to order such loop without all the recommended conditioning; or (ii) that the loop is between 12,000 feet and 17,500 feet and does not meet the Technical Parameters for the PSD #5 ADSL Capable Loop and will not do so even with optional conditioning and CLEC elects to order such loop with some or all of the conditioning; or (iii) that the loop exceeds 17,500 feet and CLEC elects to order the loop with or without any of optional conditioning; then SWBT will not apply maintenance performance measures to the loop, nor will SWBT be held responsible for any service-related issues on such loop; provided, however,

SWBT will maintain electrical continuity and line balance on the loop at parity with SWBT's tariffed POTS services. CLEC will not hold SWBT responsible and will indemnify and hold SWBT harmless from any claims by CLEC and/or CLEC's end-users for any damages arising from SWBT's provision of such loop.

B. Unconditioned or partly conditioned loops in excess of 12,000 feet for which SWBT has recommended conditioning, will not be included in any service performance measurements. No DSL Capable Loops in excess of 17,500 feet will be included in any performance measurements.

C. If the CLEC specifies non-shielded cross connects and tie cables be used on a PSD #5 ADSL Capable Loop request, SWBT will not apply maintenance performance measures to the loop, nor will SWBT be held responsible for any service-related issues on such loop; provided, however, SWBT will maintain electrical continuity and line balance on the loop at parity with SWBT's tariffed POTS services. CLEC will not hold SWBT responsible and will indemnify and hold SWBT harmless from any claims by CLEC and/or CLEC's end-users for any damages arising from SWBT's provision of such loop.

VI. Maintenance

Maintenance, other than assuring loop continuity and balance, on unconditioned or partially conditioned loops in excess of 12,000 feet will only be provided on a time and material basis as set out elsewhere in this Agreement. On loops where CLEC has requested that no conditioning be performed, SWBT's maintenance will be limited to verifying loop suitability for POTS. For loops having had partial or extensive conditioning performed at CLEC's request, SWBT will verify continuity, the completion of all requested conditioning, and will repair at no charge to CLEC any gross defects which would be unacceptable for POTS and which do not result from the loop's modified design.

VII. Provisioning and Installation

A. The provisioning and installation interval for DSL loops that are materially the same, as defined above, where no conditioning is requested, will be five (5) to seven (7) business days after the Loop Qualification process is complete, or the provisioning and installation interval applicable to SWBT's tariffed DSL-based services, whichever is less. The provisioning and installation intervals for DSL Capable Loops where conditioning is requested will be fifteen (15) business days for loops up to 17,500 feet, or the provisioning and installation interval applicable to SWBT's tariffed DSL-based services where conditioning is required, whichever is less. A DSL Capable Loop in excess of 17,500 feet where conditioning is requested will have a provisioning and installation interval agreed upon by the Parties for each instance of special construction. PSD #1 VLS

Capable Loops using the ISDN standard will be ordered and provisioned under the terms of the 2-Wire Digital Loop as described in Appendix UNE of this Agreement.

B. Subsequent to the initial order for a DSL Capable Loop, additional conditioning may be requested on such loop at the rates set forth below and the applicable service order charges will apply; provided, however, when requests to add or modify conditioning are received within 24 hours of the initial order for a DSL Capable Loop, no additional service order charges shall be assessed, but may be due date adjusted as necessary. The provisioning interval for additional requests for conditioning pursuant to this subsection will be the same as set forth above.

C. CLEC requests for expedited provisioning of DSL loops will be managed under as a coordinated cut project with due dates negotiated by the parties as described in the underlying agreement.

VIII. Spectrum Management

A. In order to protect the integrity of the network, CLEC agrees to use the DSL Capable Loops in a manner consistent with the industry standards referenced above. CLEC agrees not to exceed the power levels or other technical parameters specified in such industry standards without the specific written consent of SWBT.

B. Spectrum management, defined to include binder/cable administration as well as deployment practices (e.g. the rules for testing and implementing DSL- based and other advanced services), is essential to the success of advanced services deployment (FCC Order 99-48, Paragraphs 70-77). SWBT provides CLECs with nondiscriminatory access to its spectrum management procedures and policies through the publication of Technical Publications as referenced above and periodic forums.

For spectrum management purposes, SWBT will inventory a PSD #5 ADSL Capable Loop at the operating speed range for which it was qualified, solely for purposes of inventory and maintenance assurance, and not for the purpose of limiting CLEC's transmission speeds over such loop. SWBT may use a selective feeder separation method to manage the spectrum. As such a method is implemented or modified, SWBT shall comply with any appropriate national standards. SWBT shall apply such program fairly and equally to SWBT unbundled DSL Capable Loops and to SWBT's tariffed DSL-based services. SWBT agrees that CLEC's order for a PSD #5 ADSL Capable loop will not be delayed by any lack of availability of a specific binder group. Rather, SWBT will provision the loop and may later reconfigure the loop into a designated binder

group. Other DSL Capable Loops will not require the use of a specific binder group or selective feeder separation. However, if appropriate spectrum cannot be found in any available facility (i.e., the loop is incapable of supporting DSL-based services due to interference measured in accordance with the standards set forth in ANSI T1E1 99/002(R4), SWBT will not provision the loop. In such case, SWBT will disclose to CLEC the specific reason for rejecting the CLEC's loop request including the number of loops using advanced services technology within the binder and the type of technology deployed on those loops. Should a national standard for spectrum management be developed that differs from SWBT's Technical Publications, SWBT shall modify its Technical Publications, and the Parties will negotiate the method for managing interference consistent with such national standard.

C. CLECs use of any SWBT network element, or of its own equipment or facilities in conjunction with any SWBT network element, will not materially interfere with or impair service over any facilities of SWBT, its affiliated companies or its connecting and concurring carriers involved in its services, cause damage to their plant, impair the privacy of any communications carried over their facilities or create hazards to the employees of any of them or the public. Upon reasonable written notice and opportunity to cure, SWBT may discontinue or refuse service if CLEC violates this provision, provided that such termination of service will be limited to CLEC's use of the element(s) causing the violation.

IX. Rates for DSL Capable Loops and Associated Charges

SWBT's rate for DSL Capable Loops, and associated charges, are set forth on Schedule 1, which is attached hereto and incorporated herein by reference.

X. The Parties acknowledge and agree that the provision of these DSL-Capable Loops and the associated rates, terms and conditions set forth above are subject to any legal or equitable rights of review and remedies (including agency reconsideration and court review). Any reconsideration, agency order, appeal, court order or opinion, stay, injunction or other action by any state or federal regulatory body or court of competent jurisdiction which stays, modifies, or otherwise affects any of the rates, terms and conditions herein, specifically including those arising with respect to the Federal Communications Commission (whether from the Memorandum Opinion and Order, and Notice of Proposed Rulemaking, FCC 98-188 (rel. August 7, 1998), in CC Docket No. 98-147, or the FCC's First Report and Order and Further Notice of Proposed Rulemaking, FCC 99-48 (rel. March 31, 1999), in CC docket 98-147, or any other proceeding, the Parties shall expend diligent efforts to arrive at an agreement on conforming modifications to this Agreement. If negotiations fail, disputes between the Parties concerning the interpretation of the actions required or

the provisions affected shall be handled under the Dispute Resolution procedures set forth in this Agreement.

XI. SWBT's provision of UNEs identified in this Agreement is subject to the provisions of the Federal Act, including but not limited to, Section 251(d). Both Parties reserve the right to dispute whether any UNEs identified in the Agreement must be provided under Section 251(c)(3) and Section 251(d) of the Act, and under this Agreement. In the event that the FCC, a state regulatory agency or a court of competent jurisdiction, based upon any action by any telecommunications carrier, finds, rules and/or otherwise orders ("order") that any of the UNEs and/or UNE combinations provided for under this Agreement do not meet the necessary and impair standards set forth in Section 251(d)(2) of the Act, the affected provision will be invalidated, modified or stayed as required to immediately effectuate the subject order upon written request of either Party. In such event, the Parties shall expend diligent efforts to arrive at an agreement on the modifications required to the Agreement to immediately effectuate such order. If negotiations fail, disputes between the Parties concerning the interpretations of the actions required or the provisions affected by such order shall be handled under the Dispute Resolution Procedures set forth in this Agreement.

XII. Applicability of Other Rates, Terms and Conditions

This appendix, and every interconnection, service and network element provided hereunder, shall be subject to all rates, terms and conditions contained in this Agreement or any other appendices or attachments to this Agreement which are legitimately related to such interconnection, service or network element; and all such rates, terms and conditions are incorporated by reference herein and as part of every interconnection, service and network element provided hereunder. Without limiting the general applicability of the foregoing, the following terms and conditions of the General Terms and Conditions are specifically agreed by the Parties to be legitimately related to, and to be applicable to, each interconnection, service and network element provided hereunder: definitions, interpretation and construction, notice of changes, general responsibilities of the Parties, effective date, term, termination, disclaimer of representations and warranties, changes in end user local exchange service provider selection, severability, intellectual property, indemnification, limitation of liability, force majeure, confidentiality, audits, disputed amounts, dispute resolution, intervening law and miscellaneous.

Schedule 1
Attachment DSL – Pricing
Missouri

	Recurring	Nonrecurring Initial	Additional
2-Wire ADSL Capable Loop			
Zone 1	$ 12.71	$ 26.07	$ 11.09
Zone 2	$ 20.71	$ 26.07	$ 11.09
Zone 3	$ 33.29	$ 26.07	$ 11.09
Zone 4	$ 18.23	$ 26.07	$ 11.09
2-Wire Very Low-band Symmetric Technology Capable Loop			
Zone 1	$ 25.79	$ 57.77	$ 30.22
Zone 2	$ 42.10	$ 57.77	$ 30.22
Zone 3	$ 58.44	$ 57.77	$ 30.22
Zone 4	$ 41.44	$ 57.77	$ 30.22
Uses Standard 2-Wire Digital Loop (2-Wire ISDN Loop) (Rates as shown if the underlying Agreement does not include a rate for a 2-wire Digital Loop)			
2-Wire Mid-band Symmetric Technology Capable Loop			
Zone 1	$ 12.71	$ 26.07	$ 11.09
Zone 2	$ 20.71	$ 26.07	$ 11.09
Zone 3	$ 33.29	$ 26.07	$ 11.09
Zone 4	$ 18.23	$ 26.07	$ 11.09
4-Wire Mid-band Symmetric Technology Capable Loop			
Zone 1	$ 19.79	$ 28.77	$ 11.09
Zone 2	$ 35.35	$ 28.77	$ 11.09
Zone 3	$ 61.16	$ 28.77	$ 11.09
Zone 4	$ 30.08	$ 28.77	$ 11.09
**Loop Qualification Process (a/o 8-1-99)	N/A	$15.00	
ADSL Shielded Cross Connect to Collocation	$ .80	$ 19.96	$ 12.69
2-Wire Analog Cross-Connect to Collo (Rates as shown if the underlying Agreement does not include a rate for a 2-wire analog cross-connect w/o testing)	$ .31	$ 19.96	$ 12.69

2-Wire Digital Cross-Connect to Collo	$ .31	$ 19.96	$ 12.69

(Rates as shown if the underlying Agreement does not include a rate for a 2-wire digital cross-connect w/o testing)

4-Wire Analog Cross-Connect to Collo	$ .63	$ 25.38	$ 17.73

(Rates as shown if the underlying Agreement does not include a rate for a 4-wire analog cross-connect w/o testing)

DSL Conditioning Options

Removal of Repeaters	N/A	$289.51	$ TBD
Removal of Bridged Taps and Repeaters	N/A	$ TBD	$ TBD
Removal of Bridged Taps	N/A	$484.19	$ TBD
Removal of Bridged Taps and Load Coils	N/A	$ TBD	$ TBD
Removal of Load Coils	N/A	$797.78	$ TBD
Conditioning for loops over 17,500 ft	N/A	TBD	TBD

**Effective August 1, 1999, the rates for Loop Qualification reflect SWBT's planned implementation of partial mechanization. SWBT agrees to notify CLEC of any additional changes in the Loop Qualification process and any associated rate modifications. Upon CLEC's receipt of such notification by SWBT, the Parties will meet for the sole purpose (unless otherwise agreed to by both Parties) of negotiating rates, terms and conditions for CLEC's use of the modified Loop Qualification process.

The Parties acknowledge and agree that the provision of these DSL-Capable Loops and the associated rates, terms and conditions set forth above are subject to any legal or equitable rights of review and remedies (including agency reconsideration and court review). Any reconsideration, agency order, appeal, court order or opinion, stay, injunction or other action by any state or federal regulatory body or court of competent jurisdiction which stays, modifies, or otherwise affects any of the rates, terms and conditions herein, specifically including those arising with respect to the Petition of Broadspan Communications, Inc. for Arbitration of Unresolved Interconnection Issues Regarding ADSL with Southwestern Bell Telephone Company before the Missouri Public Service Commission, Case No. TO-99-370, or any other proceeding, the Parties shall expend diligent efforts to arrive at an agreement on conforming modifications to this Agreement. If negotiations fail, disputes between the Parties concerning the interpretation of the actions required or the provisions affected shall be handled under the Dispute Resolution procedures set forth in this Agreement.