

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 5th
day of November, 1997.

In the Matter of AT&T Communications of the)
Southwest, Inc.'s Petition For Arbitration)
Pursuant to Section 252(b) of the Tele-) **CASE NO. TO-97-40**
communications Act of 1996 to Establish an)
Interconnection Agreement with Southwestern)
Bell Telephone Company.)

ORDER APPROVING INTERCONNECTION AGREEMENT

The Commission issued its Arbitration Order Regarding Motions for Clarification and Reconsideration and Joint Motion for Expedited Resolution of Issues on October 2, 1997. That order directed the parties to file an interconnection agreement not later than October 14. On October 10 AT&T Communications of the Southwest Incorporated (AT&T) and Southwestern Bell Telephone Company (SWBT) filed their interconnection agreement (Agreement) for approval by the Commission. Pursuant to Section 252(e)(4) of the Telecommunications Act of 1996 (the Act), the Commission must approve or reject the Agreement within 30 days after submission by the parties. The Commission may only reject an agreement if it discriminates against a telecommunications carrier not a party to the agreement, if the implementation of such agreement is not consistent with the public interest, convenience, and necessity; or if the agreement does not meet the requirements of Section 251 or the pricing standards set out at 252(d) of the Act.

On October 24 the Telecommunications Department Staff (Staff) filed its memorandum in this case. Staff recommends approval of the

interconnection agreement as filed. Office of the Public Counsel (Public Counsel) has not taken a position on the interconnection agreement.

The Agreement is designed to become effective upon approval by the Commission and will remain in effect after a three-year initial term subject to two one-year extensions upon mutual agreement of the parties. The five categories addressed in the Agreement are resale, unbundled network elements, network interconnection architecture and compensation, ancillary functions, and other requirements. Attached to the Agreement, as Exhibit A, is a list of SWBT's telecommunications services available for resale to AT&T. This Agreement provides an overall discount of 19.2 percent to the telecommunications services and a wholesale discount of 13.91 percent for operator services only. Also, attached to the Agreement, as Exhibit B, is a list of other services available for resale to AT&T at various discounts. In addition, the Agreement sets out a \$5.00 customer change charge which SWBT will charge AT&T for switching an end user from SWBT to AT&T. If an end user adds features or services at the time the customer is switched from SWBT to AT&T, SWBT will also charge AT&T any applicable wholesale non-recurring charges for the features and services added.

The Agreement also includes an unbundled network element (UNE) attachment which sets forth the UNEs that SWBT agrees to offer to AT&T. On this particular issue, the appendix containing the pricing reflects the rates ordered by the Commission in the final arbitration order with one exception. The non-recurring charges for Type I Network Interface Device (NID) interconnection are not the rates ordered by the Commission. SWBT and AT&T had already agreed to NID interconnection pricing prior to the Commission's October 2 order and wanted to keep the prices at the amount

previously agreed to. All other prices are consistent with those specified by the Commission's final arbitration order.

The procedure for service disconnection in the event that AT&T should fail to make payments to SWBT are outlined on page 12 of the General Terms and Conditions. Under such circumstances, SWBT will disconnect and transfer AT&T's local customers 45 days after payment is due. Prior to that occurrence, the following conditions would be met.

Fifteen calendar days after the due date, SWBT will notify AT&T in writing that in order to avoid disconnection AT&T's payment must be made within 15 days.

Thirty days after the due date, SWBT will notify AT&T, the Commission and the interconnection companies (IXCs) of record in writing that unless charges are paid within 15 calendar days AT&T's service shall be disconnected and its end users shall be defaulted to SWBT service. AT&T must, at its own expense, notify its end users of the impending disconnection.

Forty-five days past the due date, SWBT shall disconnect AT&T and transfer all end users who have not selected another local service provider directly to SWBT's service. At that time, SWBT will inform the Commission and the end user's IXC of record of the names of all end users transferred by this process.

Fifty calendar days past the due date,

SWBT shall notify all affected end users that their local telephone service is now being provided by SWBT and that they have thirty days to select a new local service provider.

Staff states that the interconnection agreement is a complete resale agreement and a partial unbundled network element agreement. Approval of this agreement and subsequent approval of AT&T's basic local exchange tariff will allow AT&T to begin offering local service on a resale basis. The Agreement contains references to disputed language that has either been removed or agreed to on an interim basis. In both instances, the disputed language is intended to be resolved in AT&T's second compulsory arbitration request in Case No. TO-98-115. The Agreement specifically states that it will be amended to conform to the Commission's order in that case.

The Staff asserts that the interconnection agreement submitted by AT&T and SWBT meets the requirements of the Telecommunications Act of 1996. Specifically, the Staff states the Agreement does not discriminate against telecommunications carriers not a party to the Agreement nor does it appear to be against the public interest, convenience and necessity. Staff notes that although the contract period is different than the two-year contract period contained in the Commission's December 1996 arbitration order, Staff believes the proposed longer contract period is acceptable as both parties willingly agreed to this longer term. Staff recommends approval of the interconnection agreement as filed.

The last remaining issue which requires attention arises from the tariff issues as set out within Section E "tariff issues--SWBT" on page 8 of the Commission's Arbitration Order Regarding Motions for Clarification and Reconsideration and Joint Motion for Expedited Resolution of Issues issued on October 2. On February 11 SWBT submitted a Request for

Imposition of Use Limitations and Conditions of Tariffed Services which identified tariff restrictions and limitations that SWBT contends must apply to competitive local exchange companies (CLECs) using SWBT resold service. In the Commission's October 2 order it stated that "This proceeding is not the appropriate form to address such tariff issues." On November 4 SWBT submitted a letter in which it restated its belief that this issue must be resolved prior to providing service to AT&T. Failure to do so would create a situation in which AT&T could aggregate and resell SWBT services. In response to this issue, the Commission finds that this issue would more properly be addressed with AT&T's tariff filing. AT&T cannot provide service without an approved tariff. The use limitations pertain more properly to the tariff than to the interconnection agreement.

The Commission has reviewed the document captioned "Interconnection Agreement-Missouri Between Southwestern Bell Telephone Company and AT&T Communications of the Southwest, Inc," the Staff memorandum and the entirety of the file and finds that the interconnection agreement is appropriate for implementation pursuant to this order. The Commission finds that the interconnection agreement does not discriminate against any telecommunications carrier not a party to this agreement. The Commission finds that the implementation of this agreement is consistent with the public interest, convenience, and necessity and the Commission finds that adoption of this agreement meets the requirements of Sections 251 and 252(d) of the Telecommunications Act of 1996.

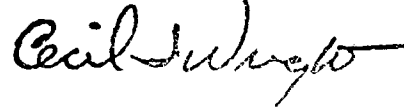
IT IS THEREFORE ORDERED:

1. That the Interconnection Agreement-Missouri Between Southwestern Bell Telephone Company and AT&T Communications of the Southwest, Inc., is approved.

2. That the aggregation and use limitations may be addressed in the tariff review process.

3. That this order shall be effective on November 5, 1997.

BY THE COMMISSION

A handwritten signature in cursive script, appearing to read "Cecil I. Wright".

Cecil I. Wright
Executive Secretary

(S E A L)

Lumpe, Ch., Crumpton,
Murray, and Drainer,
CC., Concur.

Roberts, Chief Regulatory Law Judge