Issue:	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
	agreed to provide this information via electronic interface for resale pre-ordering. *See* Attachment 2, Section 1.4. The FCC itself has said that, "to the extent that customer service representatives of the incumbent have access to . . . service interval information during customer contacts, the incumbent must provide the same access to competing providers." FCC Order at ¶ 523. SWBT's refusal to make this pre-ordering information available to AT&T via electronic interface cannot be justified under the Act. SWBT has commented in defense of its position that it does not "order UNEs" or "provide UNE service" to itself, so that its failure to provide such information is not discriminatory. If SWBT is serious about this position, it misapprehends the fundamental nature of the 251(c)(3) requirement that UNEs must be provided on terms that are nondiscriminatory. The FCC expressly admonished that the Act requires ILECs to provide access to UNEs that is not only equal as between all carriers requesting access, but also "must be at least equal-in-quality to that which the incumbent LEC provides to itself." FCC Order at ¶ 312. This more broad nondiscrimination requirement is necessary to protect against the ILEC's "incentive to discriminate against its competitors by offering them less favorable terms and conditions" than it provides itself. *Id.* at ¶ 218 (addressing interconnection; same concern referenced with regard to UNE access at ¶ 312, note 675).						

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Bold represents language proposed by SWBT and opposed by AT&T.
Italicized represents new or revised language agreed on by AT&T and SWBT.

Issue:	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
	The Act's nondiscrimination requirement cannot be evaded by the facile contention that SWBT does not use unbundled elements for itself. SWBT has and does use unbundled elements -- i.e., facilities and equipment used to provide a telecommunications service (the definition of a network element at 47 C.F.R. § 51.5). The FCC's interpretation of the nondiscrimination requirement is directed at ILEC's such as SWBT. The requirement would be meaningless if ILECs could avoid it by saying that they do not order or use "unbundled network elements" as such. The only other explanation for SWBT's refusal to agree to provide pre-ordering information on due date and dispatch requirements electronically (as it will do for resale) is that its decision to treat all UNE orders as "designed circuit" orders will result in SWBT administering these orders under systems that do not provide electronic access to this information. SWBT's business discretion, however, does not extend to avoiding the requirements of the Act. This information is available to SWBT customer service representatives providing pre-order services to prospective POTS customers, customers who will be served by a combination of SWBT local switches, loops, and its common network. When AT&T performs pre-order services for prospective POTS customers whom it may serve through those same facilities ordered as unbundled network elements, the Act entitles it to the same information. AT&T's proposed Section 2.1 should be accepted in its entirety.						

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Issue:	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
	The same reasons compel acceptance of AT&T's proposed language for Section 4.7 (Attachment 2: Ordering & Provisioning-Resale) and 9.1 (Attachment 7: Ordering & Provisioning). In each instance AT&T's language is intended to provide AT&T with nothing more than what SWBT provides to itself. Section 6.7 requires SWBT to provide electronic notification when any UNE due date is in jeopardy of not being met no later than January 1998 or as agreed to by the Parties. Section 9.1 requires SWBT to provision UNE orders within the intervals currently outlined in the LCUG Service Quality Measurement document. All of these OSS functions are functions that SWBT provides to itself. All are important to AT&T's ability to compete meaningfully with the incumbent. All these contract provisions should be accepted in order to require SWBT to make nondiscriminatory OSS access a reality.						
3. Ordering and Provisioning: No Service Interruption *AT&T Statement of Issue:* Should SWBT provide AT&T with parity in pre-ordering, ordering, and provisioning processes without service interruption? *SWBT Statement of Issue:* Can AT&T circumvent the resale provision of the Act?	Yes. SWBT has made a "business" and "policy" decision to move all UNE elements to its designed service system. This will cause a service interruption to AT&T UNE customers when AT&T orders a loop and switch port from SWBT to offer POTS service. Because of its decision to serve UNEs as a designed service, SWBT will take those loops out of the current system, which has an automated testing component, and move it to their SARTS system, which does not As a result, SWBT will interrupt service on loops (by its own account, for approximately 30 minutes), to install a SMAS test point. This disadvantages AT&T customers served by UNEs, as this service outage will not	No. The Act (Section 251(c)(3)) requires only that SWBT allow the LSP to combine UNEs. However, this requirement regarding the combination of UNEs is not a proxy for AT&T also to require that SWBT provide design and coordination support. Although AT&T can order UNEs in combinations, it must enumerate each element, feature, function, option, etc. In addition, AT&T must designate how any two (or more) elements ordered at the same time are to be combined or provisioned so that the derivative service meets its expectations. Fulfillment of these responsibilities by SWBT, does not amount to design and coordination support. There is no corollary requirement that SWBT, as part	**Attachment 7-Ordering & Provisioning,** Sections 6.12.1, 6.12.2.	6.12.1 **"Contiguous Network Interconnection of Network Elements" includes, without limitation, conversion of a SWBT end-user customer or an AT&T (or other LSP) resale customer to service provided by AT&T through unbundled Network Elements, in those situations when AT&T orders all the SWBT Network Elements required to provide service to that customer without any change in features or functionality from the service that was being provided by SWBT (or by AT&T or other LSP on a resale basis) at the time of the order (including existing testing capabilities). There will be no interruption of service to the end-user**	(SWBT opposes inclusion of AT&T language.)		

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Bold represents language proposed by SWBT and opposed by AT&T.
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Issue:	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
	occur to SWBT customers. The Arbitrator recommended that "SWBT must provide access to the ... unbundled network elements without restriction. LSPs may not be required to own or control any of their own local exchange facilities before they can purchase or use unbundled elements to provide a telecommunications service." (Order at III.A.1) As mentioned above, one likely use of unbundled network elements for a new entrant is to order from the ILEC the complete combination of elements needed in order to deliver telecommunications service to a retail customer through a physical configuration of network facilities that is unchanged from the facilities that serve the customer today. By ordering the local loop and local switch port that serve that customer and using those elements in combination with the common network elements to which they are already interconnected (e.g., common transport, signaling and databases, tandem switching), the new entrant can deliver the same end-to-end service that had been provided by the ILEC. Through such a UNE "platform", AT&T (and other CLECs) may obtain the benefits of cost-based pricing, creating the opportunity for more competitive retail pricing offers, and giving it the flexibility to design customized offers, particularly for vertical services. A UNE platform also is the means by which a new entrant may offer services that are differentiated from the ILEC's services, without having to duplicate the ILEC's existing network at	of this UNE combining, provide engineering or design counsel to AT&T. AT&T's motivation is no secret. It wants to use SWBT's network at extremely low, unbundled rates as a substitute for complying with the resale provisions in the Act and in this Commission's rules so it can avoid making its own investments and building its own network. Design and coordination support are not "network elements" as defined in FTA96, Section 3 (29). In its Interconnection Order at §262, the FCC elaborated on this "network element" definition. Provision of design and coordination support would involve designing new and customized services or solutions to customer requests. These activities do not fit the definition for "network element." In fact, these are actually marketing and retailing activities. Nor do these activities fit within the broad scope of what constitutes a "network element," as established by the FCC in the Interconnection Order. SWBT has designed its UNEs to comply with the requirements imposed by this Commission and by the FCC (*i.e.*, each UNE is offered separately for a separate charge). SWBT's obligation is to provide the UNEs as required by the FCC in the Interconnection Order. Contrary to AT&T's assertion, SWBT is not obligated to develop back office and other support parameters for the local telecommunications service. That is		**<u>customer in connection with orders covered by this section.</u>** 8.12.2 **<u>"Contiguous Network Interconnection of Network Elements" also includes, without limitation, the situation when AT&T orders all the SWBT Network Elements required to convert a SWBT end-user customer or an AT&T resale customer to AT&T unbundled Network Elements service without any change in features or functionality that was being provided by SWBT (or by AT&T on a resale basis) at the time of the order, except for the change needed to route the customer's operator service and directory assistance calls to the AT&T OS/DA platform via customized routing and/or changes needed in order to change a local switching feature, e.g., call waiting. (This section only applies to orders involving customized routing after customized routing has been established to an AT&T OS/DA platform from the relevant SWBT local switch, including AT&T's payment of all applicable charges to establish that routing.) There will be no interruption of service to the end-user customer in connection with orders covered by this section, except for processing time that is technically necessary to execute the appropriate recent change order in the SWBT local switch. SWBT will treat recent change orders necessary to provision AT&T orders under this section at parity with recent change orders executed to serve SWBT end-user customers, in terms of scheduling necessary service</u>**			

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IV. UNE PARITY
CONTRACTUAL DISPUTED ISSUES MATRIX
AT&T-SWBT INTERCONNECTION AGREEMENT - TEXAS

Issue:	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
	The same reasons compel acceptance of AT&T's proposed language for Section 4.7 (Attachment 2: Ordering & Provisioning-Resale) and 9.1 (Attachment 7: Ordering & Provisioning). In each instance AT&T's language is intended to provide AT&T with nothing more than what SWBT provides to itself. Section 6.7 requires SWBT to provide electronic notification when any UNE due date is in jeopardy of not being met no later than January 1998 or as agreed to by the Parties. Section 9.1 requires SWBT to provision UNE orders within the intervals currently outlined in the LCUG Service Quality Measurement document. All of these OSS functions are functions that SWBT provides to itself. All are important to AT&T's ability to compete meaningfully with the incumbent. All these contract provisions should be accepted in order to require SWBT to make nondiscriminatory OSS access a reality.						
3. **Ordering and Provisioning: No Service Interruption** *AT&T Statement of Issue:* Should SWBT provide AT&T with parity in pre-ordering, ordering, and provisioning processes without service interruption? *SWBT Statement of Issue:* Can AT&T circumvent the resale provision of the Act?	Yes. SWBT has made a "business" and "policy" decision to move all UNE elements to its designed service system. This will cause a service interruption to AT&T UNE customers when AT&T orders a loop and switch port from SWBT to offer POTS service. Because of its decision to serve UNEs as a designed service, SWBT will take those loops out of the current system, which has an automated testing component, and move it to their SARTS system, which does not. As a result, SWBT will interrupt service on loops (by its own account, for approximately 30 minutes), to install a SMAS test point. This disadvantages AT&T customers served by UNEs, as this service outage will not	No. The Act (Section 251(c)(3)) requires only that SWBT allow the LSP to combine UNEs. However, this requirement regarding the combination of UNEs is not a proxy for AT&T also to require that SWBT provide design and coordination support. Although AT&T can order UNEs in combinations, it must enumerate each element, feature, function, option, etc. In addition, AT&T must designate how any two (or more) elements ordered at the same time are to be combined or provisioned so that the derivative service meets its expectations. Fulfillment of these responsibilities by SWBT, does not amount to design and coordination support. There is no corollary requirement that SWBT, as part	**Attachment 7- Ordering & Provisioning,** Sections 6.12.1, 6.12.2.	As revised and reflected in AT&T Exhibit 17, AT&T's proposed language for 6.12.1, replacing the AT&T language found under Matrix Issue IV-3, now reads (bold and underlined typeface indicates SWBT has not agreed to this language): 6.12.1 **<u>"Contiguous Network Interconnection of Network Elements" includes, without limitation, the situation when AT&T orders all the SWBT Network Elements required to convert a SWBT end-user customer or an AT&T resale customer to AT&T unbundled Network Elements service (a) without any change in features or functionality that was being provided by SWBT (or by AT&T on a resale</u>**	(SWBT opposes inclusion of AT&T language.)		

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Issue:	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	...T's ...age Accepted
	occur to SWBT customers. The Arbitrator recommended that "SWBT must provide access to the ... unbundled network elements without restriction. LSPs may not be required to own or control any of their own local exchange facilities before they can purchase or use unbundled elements to provide a telecommunications service." (Order at III.A.1) As mentioned above, one likely use of unbundled network elements for a new entrant is to order from the ILEC the complete combination of elements needed in order to deliver telecommunications service to a retail customer through a physical configuration of network facilities that is unchanged from the facilities that serve the customer today. By ordering the local loop and local switch port that serve that customer and using those elements in combination with the common network elements to which they are already interconnected (e.g., common transport, signaling and databases, tandem switching), the new entrant can deliver the same end-to-end service that had been provided by the ILEC. Through such a UNE "platform", AT&T (and other CLECs) may obtain the benefits of cost-based pricing, creating the opportunity for more competitive retail pricing offers, and giving it the flexibility to design customized offers, particularly for vertical services. A UNE platform also is the means by which a new entrant may offer services that are differentiated from the ILEC's services, without having to duplicate the ILEC's existing network at	of this UNE combining, provide engineering or design counsel to AT&T. AT&T's motivation is no secret. It wants to use SWBT's network at extremely low, unbundled rates as a substitute for complying with the resale provisions in the Act and in this Commission's rules so it can avoid making its own investments and building its own network. Design and coordination support are not "network elements" as defined in FTA96, Section 3 (29). In its Interconnection Order at §262, the FCC elaborated on this "network element" definition. Provision of design and coordination support would involve designing new and customized services or solutions to customer requests. These activities do not fit the definition for "network element." In fact, these are actually marketing and retailing activities. Nor do these activities fit within the broad scope of what constitutes a "network element," as established by the FCC in the Interconnection Order. SWBT has designed its UNEs to comply with the requirements imposed by this Commission and by the FCC (*i.e.*, each UNE is offered separately for a separate charge). SWBT's obligation is to provide the UNEs as required by the FCC in the Interconnection Order. Contrary to AT&T's assertion, SWBT is not obligated to develop back office and other support parameters for the local telecommunications service. That is		**<u>basis) at the time of the order or (b) with only the change needed to route the customer's operator service and directory assistance calls to the AT&T OS/DA platform via customized routing and/or changes needed in order to change a local switching feature, e.g., call waiting. (This section only applies to orders involving customized routing after customized routing has been established to an AT&T OS/DA platform from the relevant SWBT local switch, including AT&T's payment of all applicable charges to establish that routing.) There will be no interruption of service to the end-user customer in connection with orders covered by this section, except for processing time that is technically necessary to execute the appropriate recent change order in the SWBT local switch. SWBT will treat recent change orders necessary to provision AT&T orders under this section at parity with recent change orders executed to serve SWBT end-user customers, in terms of scheduling necessary service interruptions so as to minimize inconvenience to end-user customers.</u>** 6.12.2 **<u>"Contiguous Network Interconnection of Network Elements" also includes, without limitation, the situation when AT&T orders all the SWBT Network Elements required to convert a SWBT end-user customer or an AT&T resale customer to AT&T unbundled Network Elements service without any change in features or functionality that was being provided by SWBT (or by AT&T on a resale</u>**			

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Issue	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	[illegible]T's [illegible]age Accepted
	the time of entry. With time and development of the customer base, the new entrant can substitute its own facilities more broadly. The UNE platform creates an economic, marketing, and technical basis for transition to facilities-based competition. SWBT has aggressively opposed the UNE platform in this arbitration and others . It has appealed the Texas award, complaining that it authorizes "sham unbundling." SWBT's legal opposition to the UNE platform has carried over into contract negotiations. SWBT has been unwilling to agree to reasonable contract provisions that will enable AT&T to implement UNE platform purchases, and it has adopted an operational plan for implementing UNE service that will place CLECs who use the UNE platform at a significant competitive disadvantage. In attempting to put into contract terms AT&T's right to order the complete combination of network elements needed to provide end-to-end service to a customer, the Parties have reached two chief areas of disagreement. The first is SWBT's assertion that it may collect nonrecurring charges for orders that do not cause SWBT any one-time expenses other than service order processing expenses. The second is SWBT's unwillingness to commit that it will not interrupt service to customers who convert to AT&T UNE service, even though interruption is technically unnecessary. Under SWBT's approach, any local	AT&T's obligation as a telecommunications carrier. When AT&T purchases UNEs from SWBT, it is responsible for the design and inventory of the components used to provide its own telecommunications service. SWBT is prohibited, under Section 251(d)(2)(B) of the Act, from taking action with respect to unbundling of network elements that would impair AT&T's ability to provide its contemplated telecommunications services. SWBT's decision to forego providing design and coordination support, as part of its unbundling network elements, would not impair AT&T's proposed implementation of local service. AT&T is fully capable of providing the ancillary design and coordination support requested. However, if AT&T seeks SWBT's assistance, SWBT could agree to provide that support services at negotiated market rates. The basic issue is whether SWBT should implement a provisioning process that will allow the movement of SWBT customer lines to AT&T using UNEs without any service interruption. SWBT does not believe that it is possible to convert a line from SWBT service to UNE based services without some minimal service interruption. This will normally involve a translation change that is routinely performed in SWBT switches during off hours (these changes begin at 2:00 a.m. to 6:00 a.m. along with all other SWBT changes). When the change is made, there will be a		**basis) at the time of the order, except for the change needed to route the customer's operator service and directory assistance calls to the AT&T OS/DA platform via customized routing and/or changes needed in order to change a local switching feature, e.g., call waiting. (This section only applies to orders involving customized routing after customized routing has been established to an AT&T OS/DA platform from the relevant SWBT local switch, including AT&T's payment of all applicable charges to establish that routing.) There will be no interruption of service to the end-user customer in connection with orders covered by this section, except for processing time that is technically necessary to execute the appropriate recent change order in the SWBT local switch. SWBT will treat recent change orders necessary to provision AT&T orders under this section at parity with recent change orders executed to serve SWBT end-user customers, in terms of scheduling necessary service interruptions so as to minimize inconvenience to end-user customers.**			

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Issue	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
	"92-99" record. Rather than insert a brand new NPA-NXX (which is the billing result of requiring the LSP to obtain a new NXX code for each SWBT rate center), SWBT can use existing fields in SWBT's billing records. Use of the "Originating LEC NECA Code Field" and "Traffic Type Field," SWBT can identify the LSP to bill and whether to bill the call as local or access. The added benefit of AT&T's suggestion is that it also prepares SWBT's billing platform for long-term local number portability and forms of interim number portability (*e.g.*, Flex DID).						
23. *SWBT Statement of Issue:* As a result of this arbitration request in Docket 17579 should changes to the General Terms and Conditions from the original contract approved in Docket 16226 be modified? *AT&T's Statement of Issue:* How should the results of this further Arbitration proceeding be incorporated into the current Texas Interconnection Agreement?	AT&T proposes that the results of this arbitration proceeding be incorporated into the current Texas Interconnection Agreement in such a manner that does not affect the current force and effect of the existing contract. AT&T proposes that language be added to the General Terms and Conditions of the existing Interconnection Agreement that: (1) indicates that the results of this further arbitration will be an amendment to the Agreement; (2) the current Interconnection Agreement will remain in full force and effect, except as specifically amended; and (3) the Agreement and the amendments to the agreement will be incorporated into a single document for convenience of the parties. AT&T opposes SWBT's proposed language because it is unnecessarily ambiguous and could be misconstrued. AT&T's proposed language accomplishes the apparent intent of SWBT's, but is	No. SWBT's proposed paragraph memorializes that SWBT and AT&T have already entered into an operational interconnection agreement in Texas, which has been approved by the Commission. The paragraph further points out that the subsequent document is merely an addendum to, and does not supersede, the original agreement.		**<u>SWBT and AT&T have already entered into an interconnection agreement in Texas which has been approved by the Texas Public Utility Commission and on file with the Texas Commission since January 22, 1997 ("Agreement"). This document is an amendment to the Agreement, and except as otherwise provided herein, the Agreement remains in full force and effect. For the convenience of the parties, the parties have separately prepared a document that includes the operative terms of the Agreement and this amendment ("Conforming Agreement"), and the parties agree that the Conforming Agreement accurately reflects all the terms of the Agreement, as amended.</u>**	**SWBT and AT&T have already entered into an operational interconnection agreement in Texas, which has been approved by the Texas Public Utility Commission. This document is merely an addendum to, and does not supersede, the original agreement. Language from the original agreement may be repeated herein for the convenience of the parties.**		

Key: **<u>Bold & underline represents language proposed by AT&T and opposed by SWBT.</u>**
Bold represents language proposed by SWBT and opposed by AT&T.
Italicized represents new or revised language agreed on by AT&T and SWBT.
Triple bracketed language represents existing contract language which SWBT proposes to delete but AT&T opposes such deletion.

Issue:	AT&T Reason wt y language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
	above.						
5. <u>Ordering and Provisioning: Parity of Provisioning Intervals</u> *AT&T Statement of Issue:* Should SWBT provide parity between provisioning intervals for its end users and provisioning intervals for AT&T end users receiving the same service as they received from SWBT? *SWBT Statement of Issue:* See Issue 1 of this matrix.	Yes. AT&T customers receiving service from UNEs should not have to wait longer for their service than SWBT or resale customers. SWBT should not put AT&T at a competitive disadvantage by not providing to AT&T the same level of performance that they provide to their end users for equivalent services (e.g. SWBT POTS customer vs. AT&T POTS customer served via UNE Loop and Port). For example, SWBT will offer a 2-day interval to its own or resale customers for POTS service, but offers a five-day interval to UNE users. SWBT has been unable or unwilling to explain why, when the same function is being performed, it takes longer to provide service on UNEs.	This is yet another attempt by AT&T to circumvent the resale provisions of the Act. See discussion in Issue 1, above.	**Attachment 7: Ordering & Provisioning, Section 5.6**	5.6 SWBT will provide AT&T with standard provisioning intervals for all unbundled Network Elements **<u>and combinations as compared to SWBT customers for equivalent service</u>**.	(SWBT opposes inclusion of additional AT&T language.)		
7. <u>Ordering and Provisioning: Provisioning of Databases</u> *AT&T Statement of Issue:* Should SWBT be required to provision collect calling, 3rd number billing, credit card number and other information provided by AT&T on the UNE order within its LIDB in the same manner as it provisions 911, directory listings, UNE elements and features when ordered?	Absolutely! In order for AT&T to receive full functionality of the switching element, SWBT provisions several databases. AT&T views LIDB as simply another database to be provisioned in order for AT&T to receive full functionality of the unbundled local switch, much as the switch database, directory listing database, and 911 database are agreed-upon as being provisioned by SWBT for UNEs today. SWBT should provide to AT&T the same flow through provisioning process that it provides to itself and that it provides to AT&T for all other unbundled elements and databases when AT&T purchases UNE switching. The LIDB update consists of updating collect calling, 3rd number billing, and credit card information linked to the customer	No. The FCC required SWBT to provide AT&T with equivalent access to the SWBT LIDB SMS so that AT&T, at AT&T's own identified need (see paragraph 94), could create, modify, and update its own records. SWBT has expended considerable efforts to meet these requirements – and SWBT has done so. AT&T now seeks to burden SWBT with AT&T's responsibility for ensuring that its customer records are correctly administered in the call-related database. AT&T is asking that SWBT create a bundled, unequal access method for SWBT to administer the AT&T data in the LIDB. This process will not meet SWBT's requirements under the Interconnection Order. This process will create opportunities for AT&T to gain an unfair competitive advantage because it will give AT&T access to (through the	**Attachment 6: UNE, Section 9.4.2.6.2** **Attachment 7: Ordering & Provisioning, Section 1.7.1.1**	<u>**Attachment 6. UNE**</u> 9.4.2.6.2 *In the event that AT&T is using SWBT's OS platform, until otherwise agreed, no charge is made for such Validation queries other than applicable OS charges under Appendix Pricing UNE - Schedule of Prices labeled "Operator Services Call Completion Services" and all subparts thereunder.* <u>**Attachment 7: O&P**</u> 1.7.1.1 **<u>When AT&T utilizes UNE switching, SWBT will populate its LIDB database with customer information using information provided by AT&T using standard</u>**	<u>**Attachment 6: UNE**</u> 9.4.2.6.2 *In the event that AT&T is using SWBT's OS platform, until otherwise agreed, no charge is made for such Validation queries other than applicable OS charges under Appendix Pricing UNE - Schedule of Prices labeled "Operator Services Call Completion Services" and all subparts thereunder.* **This paragraph does not address issues involving creation or population of the database in a Resale, UNE, or facilities based environment.** <u>**Attachment 7: O&P**</u> (SWBT opposes inclusion of AT&T language.)		

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Issue:	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
SWBT Statement of Issue: Should SWBT be required to input AT&T's customer record information into the LIDB database?	information provided to SWBT on the UNE switching order. In negotiations, SWBT stated that it will remove such information from the database on a "change as is order", then require AT&T to re-enter the data. SWBT also should not be allowed to clear all such functionality of a customer that migrates to AT&T service.	unbundled SMS interfaces AT&T has agreed to) all the records in LIDB that SWBT has created (including the customer records of resale LSPs). Contrary to AT&T's assertion, LIDB is not "simply another database to be provisioned". Neither AT&T nor the FCC took that approach in CC Dockets 96-98 and 95-185. Call-related databases and their service management systems were sufficiently distinct from other databases and their update methods that they were separately addressed and separate requirements were imposed upon the incumbent LECs. If AT&T did not want the ability to directly administer its own data in LIDB, it should not have argued so insistently for it. SWBT has met the requirements of the Order and should not now be required to change direction at the end of the course. AT&T appears to use as support, language from Attachment 6, Section 9.4.2.6.2. This section has nothing whatsoever to do with the issue AT&T presents here. This section acknowledges the fact that database message identify the query originator based on the network owner of the switch platform that launched the query. The industry has not yet selected a means of identifying service providers who reside on another company's switching platform. Therefore, when AT&T uses SWBT's OS platform to launch LIDB queries, those queries will be identified to SWBT's LIDB as SWBT-originated queries. SWBT does not create bills for itself. Additionally, when the query is directed to a foreign LIDB, that LIDB owner will		**<u>OBF fields as defined in the LSOG (Local Service Ordering Guide).</u>**			

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		think that SWBT generated the query and bill SWBT for the database access. Since no network in the nation can identify the presence of AT&T as the true query originator, SWBT cannot directly bill AT&T for those queries. Instead, SWBT will use its OS pricing to recover the costs of AT&T's LIDB usage. SWBT opposes inclusion of AT&T language. SWBT cannot meet its Interconnection Order obligations by providing AT&T the service it requests.					
8. Maintenance: Automated testing *AT&T Statement of Issue:* Should SWBT provide AT&T with automated testing of the switch port? *SWBT Statement of Issue:* Should SWBT provide AT&T with the testing capabilities only currently available on SWBT retail and resale services?	Yes. AT&T, like SWBT should be able to test the loop using automated testing through the switch port. SWBT's "business decision" to treat all UNE elements as designed services precludes the option of automated testing. Not only does this cause the service interruption noted above, it also disadvantages AT&T customers in terms of speed of response to troubles. Automated testing through MLT ensures that a quick response can be given to service options. Manual testing with SARTS requires that a technician set up the test, causing unnecessary work and delays in testing. Further, the Texas Commission has ordered that when AT&T orders local loops from SWBT, it can order loops with and without automated testing. Again, SWBT attempts to limit the intent of the order by taking a very narrow reading of the order. SWBT agrees that when AT&T wishes to combine an unbundled local loop with its own facilities, it has no need for SWBT to provide automated testing. AT&T will supply its own loop testing in those	No. SWBT has fully implemented the Commissions Award in Docket 16226 regarding loops with and without automated testing. The type of testing being requested by AT&T is not currently available in SWBT's network for unbundled network elements. For additional information, see Issue III - 8 and IV -1, above.	**Attachment 6: UNE,** Section 11.3	11.3 Cross connects to the cage associated with unbundled local loops are available with or without automated testing and monitoring capability. If AT&T uses its own testing and monitoring services, SWBT will treat AT&T test reports as its own for purposes of procedures and time intervals for clearing trouble reports. **<u>When AT&T orders a switch port, or local loop and switch port in combination, SWBT will, at AT&T's request, provide automated loop testing through the Local Switch rather than install a loop test point.</u>**	11.3 Cross connects to the cage associated with unbundled local loops are available with or without automated testing and monitoring capability. If AT&T uses its own testing and monitoring services, SWBT will treat AT&T test reports as its own for purposes of procedures and time intervals for clearing trouble reports.		

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	circumstances. However, in cases where AT&T orders a switch port, or a local loop and switch port in combination, SWBT holds fast to their "business decision" to insert SMAS testing points, rather than using the more efficient MLT testing system that is an integral part of the switch port. To obtain access to loop and switch combinations at parity with SWBT itself, and to receive full functionality of the switch itself, AT&T should be able to specify that those combinations will continue to be tested through the local switch's remote testing capability, rather than through installation of a loop cross connect test point.						
9. Combinations of Element, Services and Facilities *AT&T Statement of Issue:* May SWBT restrict AT&T from connecting or combining unbundled network elements (UNEs) with access services or tariffed services? *SWBT Statement of Issue:* Can AT&T require SWBT to connect or combine its tariffed services with its unbundled network elements?	No. In negotiations, SWBT has taken the position that, under the Act, AT&T may not combine or connect UNEs to access services or tariffed services provided by SWBT. This constitutes a restriction on AT&T's use of UNEs, creates inefficient networks, and should be rejected by the Commission. Section 251(c)(3) of the Act requires SWBT to provide access to unbundled network elements "in a manner that allows requesting carriers to combine" such elements in order to provide" a telecommunications service. The FCC has held "that this language bars incumbent LECs from imposing limitations, restrictions, or requirements on requests for, or the sale or use of, unbundled network elements that would impair the ability of requesting carriers to offer telecommunications services in the manner that they intend." FCC Order at ¶ 292.	AT&T's proposal is without merit for several reasons. First, under Section 251(c)(3) of the Act, SWBT is required only to provide access to UNEs; it is not required to combine such elements with tariffed services. Second, AT&T's proposal is another thinly veiled attempt to establish a competitive advantage for itself because it would be able to pay lower UNE rates instead of tariffed rates. Third, provision of tariffed services in conjunction with UNEs could be inconsistent with the underlying tariffs, a practice which is prohibited by this Commission and by the Act. SWBT will provide UNEs separately for a separate cost-based charge, without restrictions, in compliance with Sections 251(c)(3) and 252(d) of the Act. It will not place restrictions on what UNEs may be purchased and reconfigured for AT&T. Similarly, SWBT will provide UNEs for AT&T to use with its own facilities.	Attachment 6: UNE, Section 2.2.	2.2 **AT&T may combine any unbundled Network Element with any other element, equipment, or facility in its network, without restriction or limitations, regardless of whether that other element, equipment, or facility is owned or managed by AT&T, for the provision by AT&T of a telecommunications service, provided that the combination is technically feasible and would not impair the ability of other carriers to obtain access to other unbundled Network Elements or to interconnect with SWBT's network.**	2.2 **AT&T may combine any unbundled Network Element with any other element without restriction. Unbundled Network Elements may not be connected to or combined with SWBT access services or other SWBT tariffed service offerings with the exception of tariffed collocation services. This paragraph does not limit AT&T's ability to permit IXCs to access ULS for the purpose of terminating interLATA and intraLATA access traffic or limit AT&T's ability to originate interLATA or intraLATA calls using ULS consistent with Section 5 of this attachment. Further, when customized routing is used by AT&T, pursuant to section 5.2.4 of this Attachment, AT&T may direct local, local operator services, and local directory assistance traffic to dedicated transport whether such transport is purchased through the access tariff or otherwise.**		

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	SWBT's position is contrary to the Act and the FCC Order. The Act permits CLECs, including AT&T, to use UNEs without restriction, however they deem appropriate to provide a telecommunications service. To take one example, a CLEC may purchase an unbundled DS1 loop and cross-connect that loop to SONET facilities purchased out of the STN tariff. Through this combination the CLEC can provide private line service to a customer. Nothing in the Act authorizes or justifies SWBT's attempt to foreclose such combinations. Under the Act, AT&T must be able to combine unbundled elements in many different ways in order to meet the needs of its end user customers. AT&T should have the ability to combine access services and tariffed services with unbundled elements for its local customers just as SWBT can provide access and other tariffed services for its local customers. AT&T has proposed contract language that would recognize its unqualified right to combine UNEs with other equipment and facilities, whether owned or managed by AT&T or third parties, for the provision of a telecommunications service. AT&T's proposed language should be included in the contract because it is consistent with the Act and will provide for implementation of the network unbundling previously ordered by the PUCT without unnecessary disputes.	However, SWBT is not obligated to, and will not, combine UNEs with tariffed services for AT&T. It is clear, under Section 251(c)(3) of the Act, that SWBT is required only to provide "nondiscriminatory access to network elements on an unbundled basis." While SWBT does not here challenge the Commissions previous decision that AT&T should be allowed to order and use unbundled network elements without restriction, there is no requirement in the Act extending such an obligation to the combination of network elements with network services. *See also* 47 C.F.R. § 51.307 (1997). Under these rules, UNEs are to be offered separately and for a separate charge. SWBT has designed its UNE offerings, developed ordering and other operational support systems and performed the requisite cost studies, all based upon this fundamental concept of unbundling, which Congress clearly intended in Section 251(c)(3) of the Act. The language in Section 251(c)(3) of the Act encompasses SWBT's duties only regarding network *elements*; it does not impose any requirement to combine these elements with *services*. Elements can thus be thought of as "pieces" of the network. In contrast, a tariffed "telecommunications service" is defined in Section 153(43) of the Act to mean the "offering of telecommunications," which is defined in Section 153(46) of the Act to involve the "transmission" of information. Because of these distinctions, AT&T has no statutory basis to require that SWBT combine or connect UNEs with tariffed					

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		services. Under the Act, LSPs like AT&T are given unfettered access to LEC services available for resale and to network elements. However, Congress clearly intended that LECs provide network elements under requirements and pricing structures that are *different* from those applying to services for resale. *Compare* Section 251(c)(3) with Section 251(c)(4) of the Act. Availability of UNEs and resale services does not give AT&T the right to use the lower-priced network elements as a surrogate for obtaining the otherwise higher-priced network services for resale. Permitting AT&T to combine UNEs with tariffed services would allow it to "cherry-pick" the most advantageous rates. Nor does the availability of UNEs and the availability of service resale opportunities give AT&T the right to compel SWBT to bundle network elements with tariffed services. Indeed, in the <u>Interconnection Order</u> at ¶ 341, the FCC refused to permit an LSP, like AT&T, to offer "a combination of unbundled elements and services available for resale." When SWBT developed and obtained approval for the rates, terms and conditions in the tariffed services that AT&T now wants available for combination with UNEs, SWBT neither contemplated nor accounted for such configurations. The tariffs simply do not address provision of the related service in combination with UNEs. Such arrangements could be inconsistent with the tariff requirements in this Commission's rules and in the Act. *See*,					

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IV. UNE PARITY
CONTRACTUAL DISPUTED ISSUES MATRIX
AT&T-SWBT INTERCONNECTION AGREEMENT - TEXAS

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		47 U.S.C. § 203 (1997). SWBT can prohibit AT&T from connecting or combining UNEs with its tariffed services, except for tariffed collocation. Under Section 251(c)(3) of the Act, SWBT is required to provide access to UNEs; it is not required to combine unbundled network *elements* (*i.e.*, "pieces of the network") with tariffed network *services*. Instead, SWBT only is required to provide UNEs separately for a separate cost-based charge, without restriction. While the Act permits AT&T to order and use UNEs in any combination that it deems appropriate for the provision of service, there is no requirement extending such an obligation to the combination of network *elements* with tariffed network services. 47 U.S.C. §251(c)(3) (1997); 47 C.F.R. §51.307 (1997). There is no evidence in this proceeding that prohibiting AT&T from combining UNEs with tariffed services would impair its ability to provide a competitive local telecommunications service. Indeed, AT&T's strategy is transparent. It wants to exploit price arbitrage by picking and choosing the most favorable piece parts of SWBT's tariffed services to combine with UNEs, while circumventing the terms and conditions of the tariffs. For the foregoing reasons, AT&T's request must be denied. The Commission should adopt SWBT's language and reject that of AT&T.					
10. Maintenance: Forward-looking	Yes. Proposed Section 3.4 allows AT&T the opportunity to negotiate with SWBT	No. SWBT is entitled to run its own network operations. Of course, SWBT	**Attachment 8: Maintenance, Section**	3.4 **<u>SWBT agrees to notify AT&T of upgrades to existing test systems and</u>**	(SWBT opposes inclusion of AT&T language.)		

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Testing Systems *AT&T Statement of Issue:* Should AT&T be informed when SWBT introduces new test systems? Should they be allowed access to such systems? *SWBT Statement of Issue:* Should SWBT be required to perform for AT&T what it does not perform for itself and dictate to SWBT when it must develop new standards and deploy new test systems?	should new upgrades to existing test systems be developed. SWBT must provide parity of systems; especially when those systems directly affect the quality of service provided to the end user. This is a reasonable, limited measure to provide some assurance that SWBT will not abandon a system that is less capable for an upgraded testing system, yet force AT&T to remain on the less capable test system. AT&T's request is reasonable and therefore, AT&T's language should be accepted.	has a vested interest in ensuring that the Public Switched Network continues to run efficiently and trouble-free. However it is unreasonable for AT&T to dictate to SWBT when it must develop new standards and deploy new test systems?	3.4	**<u>the deployment of new test systems within SWBT and to negotiate with AT&T to allow AT&T to use such systems through a controlled interface</u>.**			
11. Maintenance: Automated testing through EBI? AT&T Statement of Issue: Should AT&T have the capability to interactively initiate and receive test results? *SWBT Statement of Issue:* Should SWBT be required to perform for AT&T what it does not perform for itself?	Yes. SWBT has agreed to work with AT&T to create four out of five capabilities through electronic bonding. It has refused to provide the capability to initiate and receive test results in the future, much in the same way that it currently refuses to provide automated testing through MLT today (Section 5.2.6). AT&T should have the capability to provide online testing to its end users for the same services that SWBT provides such testing to its end users. By refusing to agree to this language, SWBT seeks to perpetuate the deficiency it seeks to create in AT&T's use of UNEs.	No. At the present time SWBT's operations support systems do not have this ability to perform mechanized loop testing of unbundled elements, nor do the Electronic Communications Implementation Committee (ECIC) standards permit requesting and recieving tests through EBI. To simplify the matter, SWBT's systems do not have the ability to interface with AT&T's systems in order to receive requests for testing or to transmit test results through EBI. However, SWBT is willing to consider a request by AT&T to develop this type of testing capability.	**Attachment 6: UNE,** Section 5.2.6 **Attachment 8: Maintenance**, Section 3.3 a-e	**<u>Attachment 6: UNE</u>** 5.2.6 SWBT will perform testing through the Local Switching element for AT&T customers in the same manner and frequency that it performs such testing for its own customers **<u>for an equivalent service</u>.** **<u>Attachment 8: Maintenance</u>** 3.3 SWBT and AT&T agree to work together to develop new or modify existing standards for Phase II of EBI (specific date by which said development is to be completed to be jointly agreed upon) which will provide AT&T the following capabilities, including, but not limited to : a) performing feature and line option	5.2.6 SWBT will perform testing through the Local Switching element for AT&T customers in the same manner and frequency that it performs such testing for its own customers.		

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				verification and request corrections; b) performing network surveillance (e.g., performance monitoring); c) **<u>initiating and receiving test results;</u>** d) receiving immediate notification of missed appointments; e) identifying existing cable failures (by <u>cable and pair numbering</u>).			
12. <u>Performance Data</u> *AT&T Statement of Issue:* Should the contract be amended to incorporate specific UNE performance measurement requirements, developed with industry input, so that the parties are able to determine whether the elements provided to AT&T perform at parity with the elements provided by SWBT to other LSPs and to itself? *SWBT Statement of Issue:* Should AT&T be allowed to rearbitrate issues that we thoroughly addressed in Docket No 16226?	Yes. In order to consistently deliver the level of service that AT&T will offer to customers, AT&T must have reliable performance measurements from SWBT. This goes beyond the installation and maintenance data awarded in the prior arbitration. Attachment 6, Section 2.16.7 of the existing Interconnection Agreement (section 2.17.7 of the proposed amended agreement) incorporated this Commission's ruling on maintaining and reporting data that compares installation intervals and maintenance/response times provided by SWBT to the customers of AT&T, other LSPs, and SWBT itself. *See* Arbitration Award at p. 14. The section goes on to provide that "SWBT and AT&T will jointly define performance data to be provided to AT&T to measure whether unbundled Network Elements are provided at least equal in quality and performance which SWBT provides to itself and other LSPs." This latter section was part of a compromise reached between the parties concerning technical performance requirements applicable to the elements	This issue was litigated in Docket No. 16226 and should not be revisited in this request.	Attachment 6: UNE, Section 2.17.7	2.17.7 At AT&T's request, SWBT will: (1) maintain data that compares the installation intervals and maintenance/service response times experienced by AT&T's customers to those experienced by SWBT customers and the customers of other LSPs; and (2) provide the comparative data to AT&T on a regular basis. SWBT will not levy a separate charge for providing this information. Additionally, SWBT and AT&T will jointly define performance data to be provided to AT&T to measure whether unbundled Network Elements are provided at least equal in quality and performance to that which SWBT provides to itself and other LSPs. Such performance data will be defined by the Parties no later than March 1, 1997. **<u>The performance data to be measured will be according to the Supplier Performance Metrics in accordance with the Local Competitive User Group (LCUG) recommendations, and any such future LCUG revisions, which includes but is not limited to network elements, pre-ordering and provisioning, maintenance, billing, operator services/ directory assistance, as incorporated herein to</u>**	2.17.7 At AT&T's request, SWBT will: (1) maintain data that compares the installation intervals and maintenance/service response times experienced by AT&T's customers to those experienced by SWBT customers and the customers of other LSPs; and (2) provide the comparative data to AT&T on a regular basis. SWBT will not levy a separate charge for providing this information. Additionally, SWBT and AT&T will jointly define performance data to be provided to AT&T to measure whether unbundled Network Elements are provided at least equal in quality and performance to that which SWBT provides to itself and other LSPs. Such performance data will be defined by the Parties. The Parties will review the measures three months after AT&T's first purchase of a SWBT network element to determine if (1) the information meets the needs of the Parties and (2) the information can be gathered in an accurate and timely manner. SWBT will not be held accountable for performance comparisons based on the data until after the three month review or longer as the Parties may agree.		

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	themselves. During negotiations, AT&T had proposed detailed performance criteria for the elements, based on Bellcore documents and other industry standards. SWBT had categorically refused to commit that its network elements would meet any such criteria, offering instead only to provide "parity" and to meet regulatory requirements. By way of compromise, the parties agreed that the elements would conform to Technical Publications to be issued by SWBT, with opportunity for input from AT&T, and that the parties would jointly define performance data to be measured and reported in order to give some "teeth" to the parity requirement. AT&T has proposed to amend the Agreement to incorporate specific performance measurements being developed by the Local Competition User's Group (LCUG), an industry group that includes competitive local exchange carriers and prospective local service providers. The supplier quality measurements developed by LCUG include measurements of network performance parity (e.g., subscriber loop loss, signal to noise ratio, dial tone delay, post dial delay), unavailability of network elements (e.g., ratio of minutes loop unavailable to total minutes), and performance of individual network elements (e.g., post dial delay for calls routed to CLEC OS/DA platforms). Use of the LCUG criteria will provide AT&T with reasonable means to determine that SWBT is meeting its commitment to provide elements that "are at least equal in quality and performance as that which SWBT provides to itself." Agreement,			**<u>this Agreement. These performance measurements will be measured and reported to AT&T on a monthly basis by SWBT for both AT&T customers and SWBT customers.</u>** The Parties will review the measures three months after AT&T's first purchase of a SWBT network element to determine if (1) the information meets the needs of the Parties and (2) the information can be gathered in an accurate and timely manner. SWBT will not be held accountable for performance comparisons based on the data until after the three month review or longer as the Parties may agree.			

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	section 2.16.1 (proposed amended Agreement, section 2.17.1). Using the LCUG criteria also will address SWBT's concern that it not be required to measure different performance criteria for different LSPs; these criteria should provide performance data that will be responsive to the needs of LSPs generally.						
13. Performance Measurements: Provisioning Intervals *AT&T Statement of Issue:* Should SWBT be required to provide to AT&T (and 200 other competitive telecommunications companies that are members of CompTel) the quality measurements that are agreed to between all of these companies? *SWBT Statement of Issue:* Should AT&T be allowed to rearbitrate issues that we thoroughly addressed in Docket No 16226?	Yes. The Local Competition Users Group(LCUG) has developed a set of reasonable performance metrics to be expected when ordering Unbundled Network Elements. These performance metrics are in most cases the same as those SWBT provides itself for equivalent services.	This issue was litigated in Docket No. 16226 and should not be revisited in this request.	Attachment 7: Ordering & Provisioning, Section 9.1, Attachment 8: Maintenance, Section 2.1	Attachment 7: O&P 9.1 **SWBT will provide AT&T with the provisioning intervals as currently outlined in the LCUG Service Quality Measurements document, or as may be revised from time to time.** Attachment 8: Maintenance 2.1 SWBT will provide maintenance for all unbundled Network Elements and Combinations ordered under this Agreement at levels equal to the maintenance provided by SWBT in serving its end user customers **for an equivalent service**, and will meet the requirements set forth in this Attachment. Such maintenance requirements will include, without limitation, those applicable to testing and network management. **For maintenance of UNE and UNE combinations, for example, loop and switch port, the service must be supported by all the functionalities provided to SWBT's local exchange service customers. This will include but is not limited to, MLT testing, dispatch scheduling, and real time repair commitments. The maintenance to support these services will be provided in an efficient manner which meets or exceeds the**	Attachment 7: O&P **9.1 SWBT will provide AT&T with the provisioning intervals as specified below:** (See SWBT Table in Attachment 7, Section 9.1) Attachment 8: Maintenance (SWBT opposes inclusion of AT&T language.)		

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IV. UNE PARITY
CONTRACTUAL DISPUTED ISSUES MATRIX
AT&T-SWBT INTERCONNECTION AGREEMENT - TEXAS

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				<u>**performance metrics SWBT achieves when providing the equivalent end user services to an end user.**</u>			
14. <u>Performance Measurements: Network Outages</u> *AT&T Statement of Issue:* Should SWBT provide to AT&T performance measurements for network outages compared between equivalent services (e.g. SWBT POTS customer vs. AT&T POTS customer served via UNE)? Also should SWBT provide to AT&T "out of service" performance measurements that affect AT&T customers? *SWBT Statement of Issue:* Should AT&T be allowed to rearbitrate issues that we thoroughly addressed in Docket No 16226?	Yes, SWBT should treat AT&T customers served via UNEs in the same manner that they treat their customers for an equivalent service. AT&T would be at a competitive disadvantage if SWBT did not provide the same performance for maintenance to AT&T UNE customers that its provides its own end users for an equivalent service.	This issue was litigated in Docket No. 16226 and should not be revisited in this request.	Attachment 8: Maintenance, Sections 8.8 and 8.9	8.8 For network outages other than emergency outages, the following performance measurements will be taken with respect to restoration of Unbundled Network Elements and Combinations service: (See Table in Attachment 8: Maintenance, Section 8.8) 8.9 The above performance measurements will be measured and reported to AT&T on a monthly basis by SWBT for both AT&T customers and SWBT customers <u>**for an equivalent service**</u>. If the quality of service provided to AT&T customers based on these measurements is less than that provided to SWBT customers for three consecutive months, or if the average quality of service for a six month period is less than that provided to SWBT customers, AT&T may request a service improvement meeting with SWBT.	(SWBT opposes inclusion of AT&T language.)		
15. <u>Access to Equipment to Allow AT&T to Utilize Full Functionality of UNEs</u> a. <u>Optical Multiplexing</u> *AT&T Statement of Issue:* Should the Agreement provide AT&T with	This group of issues concern various types of equipment that AT&T believes are part of UNEs, to which the Commission ordered AT&T to have access. SWBT takes a far more limited view and seeks to "fence off" portions of its network from required unbundling; instead it may, in some cases, offer these items as a "business decision", but not at TELRIC prices.	AT&T proposes language entitling it to order additional multiplexing/demultiplexing. SWBT is willing to consider requests for additional types of "muxing" under the Special Request procedure set out in ¶¶2.21 *et seq.* Muxing will be offered at rates which recover the costs of each request. However, because these installations will vary considerably as to their functionality and capacity, no generic rate can be set.	Attachment 6: UNE, Section 8.2.1.5.1, 8.2.1.5.2	8.2.1.5.1 *SWBT will provide multiplexing/demultiplexing for Voice Grade to DS1 and DS1 to DS3 conversions.* <u>**SWBT will provide all technically feasible types of multiplexing / demultiplexing and grooming on the same basis as is available to SWBT for the purpose of providing telecommunications service.**</u>	8.2.1.5.1 *SWBT will provide multiplexing/demultiplexing for Voice Grade to DS1 and DS1 to DS3 conversions.* **Other types of multiplexing/demultiplexing are available through the Special Request Process. Through the Special Request Process**		

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Issue:	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
access to optical multiplexing on the same basis SWBT provides to itself? *SWBT Statement of Issue:* How is SWBT required to provide AT&T with additional, non-specific multiplexing/demultiplexing capabilities?	Yes. Access to optical multiplexing allows AT&T access to SWBT's forward looking SONET technology. The denial of this supplement to AT&T constitutes a refusal to allow full functionality to the dedicated transport element, which the Commission ordered SWBT to unbundle. AT&T has proposed contract language that would provide AT&T with the ability to use SWBT optical multiplexing facilities as part of dedicated transport, equivalent to SWBT's ability to use those facilities for the provision of telecommunications services. SWBT has opposed that language and asserted that multiplexing facilities are not part of any network element. SWBT maintains that it has no obligation under the Act to offer AT&T or other CLECs access to multiplexing. SWBT has agreed to offer electronic multiplexing (Attachment 6, section 8.2.1.5.1), but is unwilling to offer access to optical multiplexing at parity with its own access to such facilities. SWBT has offered no more than uncertain and discriminatory access to such facilities through a special request process. Multiplexing is required to interconnect unbundled local loops or lower bandwidth dedicated transport to higher bandwidth dedicated transport. Multiplexing is necessary to take advantage of economies of scale of higher bandwidth transport. SWBT's position is contrary to the Act and would deny AT&T the ability to implement contractually the nondiscriminatory access to unbundled interoffice transport that the Texas	Each installation must be priced on a individual case basis. The vague language proposed by AT&T does not take into consideration the need to evaluate the different and varied kinds of installations that could be requested. Accordingly, the AT&T language is inappropriate. It is simply unfair and unrealistic to bind SWBT to a broad and unspecified obligation without the companion obligation to pay for the installation ordered. This kind of ambiguity is unwise because it could very easily lead to future disputes about the scope of SWBT's duties. Finally, AT&T is quite vague about what kind of muxing it will require. SWBT is willing to offer Voice Grade to DS1 and DS1 to DS3 muxing. *See* Attachment 6, ¶ 8.2.1.5.2. SWBT is willing to consider requests for additional types, but AT&T needs to specify exactly what it wants. The truth is that SWBT has offered specific forms of multiplexing required by the FCC and additional multiplexing now generally available on SWBT's system. SWBT has also offered additional forms of multiplexing under the "special request" provisions of the contract. As pointed out in SWBT's Initial Comments, SWBT cannot be more specific as to these additional forms until it knows exactly what kind of multiplexing AT&T needs. SWBT does not believe that optical multiplexers are appropriately classified as a part of the interoffice dedicated		8.2.1.5.2 *AT&T will pay rates and charges for Voice Grade to DS1 and DS1 to DS3 multiplexing and demultiplexing that are in addition to Dedicated Transport rates and charges. These charges are shown in Appendix Pricing - UNE - Schedule of Prices labeled "Multiplexing".* **<u>The multiplexing / demultiplexing and grooming associated with optical multiplexing is included in the optical interoffice dedicated transport price.</u>**	8.2.1.5.2 *AT&T will pay rates and charges for Voice Grade to DS1 and DS1 to DS3 multiplexing and demultiplexing that are in addition to Dedicated Transport rates and charges. These charges are shown in Appendix Pricing - UNE - Schedule of Prices labeled "Multiplexing".*		

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Issue:	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
	Commission ordered. Multiplexing certainly meets the regulatory definition of a network element as a "facility or equipment used in the provision of a telecommunications service." 47 C.F.R. §51.5. Multiplexing is a part of the transmission facilities between SWBT switches and wire centers, or between such SWBT locations and those of other carriers. As such, it forms part of the element identified by the FCC as "interoffice transmission facilities," one of the elements ordered unbundled by the Texas Commission. 47 C.F.R. § 51.319(d). SWBT's refusal to provide AT&T access to multiplexing facilities that SWBT uses to provide local service in Texas today violates the Act's requirement that it provide access to unbundled network elements on terms that are just, reasonable, and nondiscriminatory. Since AT&T learned of SWBT's position that it has no obligation under the Act to offer access to multiplexing, it has presented that issue to two state commissions. Both the Kansas and Arkansas Commissions have rejected SWBT's position and confirmed that SWBT must provide multiplexing as part of dedicated transport. In Kansas, the Arbitrator found that "SWBT is required to provide all technically feasible types of multiplexing, demultiplexing, grooming, DCS bridging, broadcast, test and conversion features to the extent such services and features are available to SWBT." AT&T/SWBT Kansas Arbitration Order at 45; *see also* AT&T/SWBT Arkansas Arbitration Order at 31.	transport UNE. In addition, SWBT believes that the provisioning of optical multiplexers as demanded by AT&T constitutes virtual collocation since the equipment must be dedicated to AT&T and can not be used or shared by SWBT or other LSPs. In the case of large capacity transport requirement that justify the use of optical transport, the large variation in the type of input circuits make it unreasonable to develop a price model that will properly determine the costs for all locations. For instance, an interoffice transport that is delivered to SWBT's multiplexer as a single OC3 circuit will have significantly different costs from that of three DS3 circuits or DS1 circuits. However, each of these combinations, with the same capacity, could be transported on the same interoffice facility after being multiplexed in a ADM. SWBT's proposed contract wording offers to develop rates for additional types of multiplexing through the Special Request Process. AT&T's proposed language for paragraphs 8.2.1.5.1 and 8.2.1.5.2 be rejected and that SWBT's proposed language offering other types of multiplexing through the Special Request Process be adopted. This will allow proper costs recovery since the cost in each instance will be based upon the actual type of multiplexing required. AT&T's proposed language appears to be a bundling of network elements, rather than an unbundling of those elements.					

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Issue:	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
	AT&T's proposed contract language provides AT&T with no more access to multiplexing than the access that SWBT provides to itself for similar purposes. AT&T's language should be accepted in order to implement nondiscriminatory access to unbundled dedicated transport.						
15. Access to Equipment to Allow AT&T to Utilize Full Functionality of UNE b. Input/Output Port Should AT&T have access to capabilities such as voice mail capability requiring Input/Output switching ports?	Yes. Sections 5.3.1.1 through 5.3.1.8 of Attachment 6 define certain local switching ports that SWBT will make available to AT&T and which are priced on Appendix Pricing UNE - Schedule of Prices (the prices themselves are disputed). Section 5.3.1.9 provides that AT&T may request additional port types through the Special Request process. This structure is acceptable to AT&T so long as it has reasonable assurance that the parties have included in the "standard" ports a complete list of the ports necessary to utilize the switching functionality that will meet its projected needs for the life of the contract. During recent negotiations AT&T requested that SWBT include "input/output" ports in the list of ports available under Attachment 6 without special request. Third-party voice mail providers use a type of input/output port called an "SMDI" port to make voice mail functions available through local switching. Not all switches, however, use the name "SMDI" for the port that provides this functionality. Accordingly, AT&T has proposed that the contract recognize the more generic "input/output port." This functionality is available to SWBT for	No. AT&T demands that SWBT include contract wording that provides unlimited access to input and output ports on central office switches with no consideration to the cost or use of such ports. In its arguments supporting the proposed contract wording AT&T discusses its need for Simplified Message Desk Interface ("SMDI"). However, the requested contract wording is much more broad and encompasses many more types of access ports to the switch. SMDI provides an Enhanced Service Provider ("ESP") client delivery of originating call information from the network, as well as allowing network receipt of Message Waiting Indication activation and deactivation messages from the ESP. SWBT offers this as tariffed services called Subscriber Line Information ("SII") and Network Subscriber Information Interface. The service is used by voice mail service providers to activate the stutter dial tone on a client's line when a message has been received in the customer's voice mail box. It is also used to remove the stutter dial tone when the message has been retrieved. The service requires a port on the switch and a data link to the ESP switch for the signaling and a multiline hunt group of	Attachment 6: UNE, Section 5.3.1.6	5.3.1.6 Input/Output (I/O) Port: **Provides access to the switch for a variety of functions including but not limited to voice mail functions (e.g., SMDI Port).**	(SWBT opposes inclusion of AT&T language.) 5.3.1.9 AT&T may request additional port types from SWBT through the Special Request process.		

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Issue:	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
	use in providing voice mail service to its local customers. Parity requires that it be available to AT&T as well. AT&T should not have to specify the name of every type of port that SWBT may have in its network, matching the arcane labels employed by various switch vendors, in order to obtain the full functionality of local switching. SWBT should be required to provide the input/output port without special request; permanent rates for this port should be established in the current price proceedings. AT&T believes that, during the price proceedings, the Commission may find that the cost of input/output ports is already included in the SWBT switching cost study. If this is the case, then there should be no additional charges for input/output port functionality. Alternatively, the Commission should order that all functionality of SWBT's unbundled local switching will be available to AT&T during the life of the Interconnection Agreement, without any charge apart from the local switching charges to be established in the current price proceedings. Under this approach, any port types that SWBT has failed to identify and price separately under Attachment 6 would be available to AT&T, without special request or separate charge.	lines for the voice messages. AT&T's contract language should be rejected and that AT&T be directed to use the Special Request process to obtain the use of additional types of ports on the switch. This will allow a proper determination of the costs for activating and using the ports. If the Commission decides that this docket should be extended to allow time for the development of additional UNE prices, then only the price for a SMDI port and associated equipment and data link should be developed rather than a broad range of unidentified types of ports that have different configurations.					
15. <u>Access to Equipment to Allow AT&T to Utilize Full Functionality of UNEs</u> c. <u>Digital Cross Connect</u>	AT&T accepts SWBT's proposed language. AT&T requests that the Arbitrators approve SWBT's proposed language.	AT&T demands that DCS be offered as part of the unbundled dedicated transport element. In this way, AT&T hopes to impose additional DCS requirements for its cross-connect systems beyond those required by the FCC and without any obligation to pay.	**Attachment 6: UNE,** Sections 8.2.4.1, 8.2.4.4	AT&T accepts SWBT's proposed language in the next column.	8.2.4.1 SWBT will offer Digital Cross-Connect System (DCS) as part of the unbundled dedicated transport element with the same functionality that *is* offered to interexchange carriers, or additional functionality as the Parties may agree. **8.2.4.4 AT&T may use the DCS to**		

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Issue:	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
AT&T Statement of Issue: Should AT&T have access to Digital Cross Connect System functionality, including SONET capability, at parity with SWBT's own access to DCS? *SWBT Statement of Issue:* Should SWBT be compelled to provide to AT&T Digital Cross Connect Systems (DCS) with capabilities in excess of those SWBT offers to IXCs? Should SWBT be obligated to provide "SONET-Capable" Digital Cross-Connect Systems (DCS) as an unbundled network element before that functionality is available on its network and before AT&T specifies what its requirements are?		DCS is a sophisticated, computerized multiplexing system that is used to arrange and organize digital signals across a cross connection. SWBT now offers DCS to IXCs, but under separate DCS access tariffs. AT&T wishes to obtain DCS at rates which are more favorable and with functionality beyond that which is provided to IXCs. The FCC has specifically decided that incumbent LECs like SWBT have the obligation to offer DCS to LSPs in the same manner as that element is offered to IXCs in § 51.319 Specific Unbundling requirements. SWBT is willing to offer to AT&T DCS access in the same manner in which it offers this element to IXCs. AT&T is seeking language in the contract that will obligate SWBT to provide "SONET-Capable" DCS. SONET is the "Synchronous Optical Network," which is an operating protocol for fiber systems. The contract language AT&T proposes is inappropriate for two primary reasons. First, SWBT does not now provide SONET capabilities in DCS. This functionality is simply not in the network at the present time. Accordingly, it is not offered to IXCs and AT&T is not entitled to any DCS functionality that is not offered to IXCs. Second, the vague language proposed by AT&T does not define the rights or duties of the parties with enough particularity to be meaningful. The resulting ambiguity could easily result in further disputes about what AT&T is entitled to purchase. The "right" to			directly access and control AT&T's 45 Mbps or 1.544Mbps facilities or unbundled Dedicated Transport, subtending channels, and Intermodal Facilities (the facilities that connect a DCS in one central office with a DCS in another central office). DCS devices will perform 3/3, 3/1, and 1/0 type functions.		

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Issue:	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
		purchase SONET capability from SWBT is like specifying that AT&T has the "right" to purchase a new car. Such a right is fraught with ambiguity unless the agreement specifies the kind of car and the options needed. The ambiguity is further aggravated where, as here, the product is not even available at the present time. This issue is yet another example of AT&T's strategy to purchase a Lexus at a Volkswagen price. When and if SONET-Capable DCS is offered to IXCs, SWBT will offer the same to AT&T in the same manner it is offered to IXCs, as mandated by the FCC. 47 C.F.R. § 51.319(d)(2)(iv) (1997). Until then, SWBT is willing to consider a *specific* AT&T request for additional DCS capabilities under the "Special Request" process where provisioning is subject to reasonable cost recovery. AT&T's request is premature and contrary to law. AT&T argues that SWBT should be required to provide SONET-capable DCS, even though SWBT does not offer the same to IXCs. AT&T's argument is with the FCC, not with SWBT. The Interconnection Order and the regulations promulgated under it specifically limit the obligation of SWBT to provide DCS. 47 C.F.R. § 51.319(d)(2)(iv) (1997). SWBT is required to offer DCS capabilities only in the same manner as it offers them to IXCs. As described in SWBT's Initial Comments, SWBT has no further obligation and AT&T's invitation to ignore the FCC's regulations should be rejected.					

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Issue:	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
		Meanwhile, SWBT is willing to consider a specific AT&T request for additional DCS capability under the "Special Request" process. The Commission should reject the AT&T language and adopt that of SWBT.					
15. Access to Equipment to Allow AT&T to Utilize Full Functionality of UNEs d. Switch Capability *AT&T Statement of Issue:* Should the Contract Require SWBT to Provide AT&T with Information on Switch Capability that is available to SWBT? *SWBT Statement of Issue:* May AT&T dictate to SWBT how SWBT should run its business and obtain SWBT's proprietary switch and software information without any legitimate business justification?	Yes. Here, AT&T seeks to differentiate its service and avail itself of the full functionality of the UNE switching element, not just those features that SWBT currently provides its customers. AT&T has proposed contract language that will require SWBT to provide it with a detailed list of all services, features, functions and capabilities of each local switch, by switch CLLI and NPA NXX. SWBT opposes providing information about any switch service or feature capabilities that are not currently activated and working. SWBT's position again denies AT&T full access to UNE functionality and the information necessary to provide competitive services to customers through unbundled network elements. SWBT's position is self-contradictory and cannot be sustained. SWBT complains (incorrectly) that the UNE platform is "sham unbundling" and nothing more than resale service. Then, when AT&T requests to include a contract provision that is important to its ability to create services that are differentiated from the incumbent's, SWBT resists. SWBT is wrong on both counts. AT&T is entitled to know what the capabilities of the unbundled local switches are, so that it may plan and design competitive services. That information is available to SWBT. It should be available to AT&T.	No. In Paragraph 3.8.4, AT&T has proposed language which would require SWBT to provide to AT&T upon request "a list of all services and features, functions and capabilities of each switch that SWBT may use to provide a Local Switching Element, by switch CLLI and NPA NXX, including, but not limited to, type of switching equipment installed, version of software generic, secured features, identification of any software or hardware constraints or enhancements, and a means to reliably correlate a customer address with the data...." This is yet another example of AT&T dictating to SWBT how it should run its business, coupled with an effort to obtain proprietary information regarding SWBT's switch and its software. SWBT has proposed similar language in Paragraph 3.8.4 which provides that SWBT would provide AT&T with "a list of all services and features activated and working for each switch....," but that does not include any requirement that SWBT disclose to AT&T a list of all services, features, functions and capabilities of each switch. It is SWBT position that this information has no bearing on the ordering and provisioning of UNEs. The agreed to language in Paragraphs 4.2 and 4.2.1 already provides that when ordering UNEs, AT&T will have access to	Attachment 7: Ordering & Provisioning, Section 3.9.1	3.9.1 **<u>a list of all services and features, functions and capabilities of each switch by switch CLLI and NPA NXX, including, but not limited to, type of switching equipment, installed version of software generic, secured features, identification of any software or hardware constraints or enhancements, and a means to reliably correlate a customer address with the data. Within ten (10) business days after the Effective Date of this agreement, SWBT will provide AT&T an initial electronic copy of this information. SWBT will provide complete refreshes of this data to AT&T electronically as changes are made to the SWBT data base or as AT&T may otherwise request. SWBT will send the initial batch feed electronically via the Network Data Mover Network using the Connect:direct protocol;</u>**	3.9.1 **a list of all services and features activated and working for each switch that SWBT may use to provide a Local Switching Element, by switch CLLI and NPA NXX. Within ten (10) business days after the Effective Date of the Agreement, SWBT will provide AT&T an initial electronic copy of this information. SWBT will provide a complete update of the information to AT&T electronically on a quarterly basis, or as AT&T may otherwise request. If AT&T requests more than one update in any quarter, a charge may apply for each such additional request. The Parties agree to negotiate in good faith whether and to what extent such a charge should apply.**		

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	AT&T's proposed Section 3.8.4 should be accepted.	a pre-order electronic gateway provided by SWBT which will allow AT&T to "obtain SWBT customer information, including customer name, billing address and residence or business address, billed telephone numbers and features and services available in the end office where the customer is provisioned." AT&T does not need any other information. Rather, LSPs, through the preordering process, can reference those retail features and services that are available from SWBT's switch and compare that with what features and services are possible via UNEs under their Interconnection Agreement with SWBT. To the extent that the LSP desires a feature which is not listed on the retail availability list, SWBT will investigate the LSPs request on an individual customer basis to determine if the feature is technically feasible from that switch. AT&T has not established any legitimate justification for seeking the requested information and it appears that its underlying intent is to gain access to SWBT's proprietary information concerning its switches and software. For these reasons, the Arbitrator should adopt SWBT's proposed language and reject AT&T's proposed language.					
15. Access to Equipment to Allow AT&T to Utilize Full Functionality of UNEs e. Expedited Special Request Process *AT&T Statement of Issue:*	Yes. During the life of the contract, AT&T may request an element that has not been provided for under the Agreement (i.e., a request for unbundling some facility or functionality not previously recognized as a distinct unbundled element). An expedited process is needed to fulfill those requests when the request is either for an element that exists in the network but is not	No. SWBT has offered a special request process to allow AT&T to request new or modified network elements. That process has shorter and more specific time frames than those required by the Act. Despite this, AT&T demands an even more expedited process. Under AT&T's proposed section 2.22.11, the parties have twenty (20) days to agree on the price of an unpriced network element	Attachment 6: UNE, Sections 2.22.11 and 2.22.12.	2.22.11 **<u>Whenever AT&T requests to purchase a particular SWBT Network Element that is operational at the time of the request but for which no unbundled Network Element price has been established or agreed by the Parties, AT&T's request will be considered as follows: SWBT will provide a price quote for the Element, consistent with the Act, within ten (10)</u>**	(SWBT opposed this language without offering competing language.)		

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Issue:	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
Should the special request process provide reasonable procedures for expedited requests? *SWBT Statement of Issue:* Can a schedule for arbitration of disputed requests for unbundled network elements be imposed on SWBT when it is in conflict with that of the Act?	priced, or for a modification to an existing element. Sections 2.21 through 2.21.10 of Attachment 6 in the proposed Agreement describe a "Special Request Process." The standard process provides for a 30-day preliminary feasibility determination by SWBT; it then provides an additional 90 days for developing a price quote and more detailed description of how the request would be implemented. The process requires the Parties to act "promptly" and to develop a quote "as soon as feasible," but specifies only the 30 and 90-day deadlines for action by SWBT. AT&T has agreed to this process and these time frames for requests that are truly for "new elements." However, the Agreement also refers other kinds of requests to the Special Request Process. For a number of the elements that the PUCT ordered to be unbundled (e.g., local loops), it became apparent during prior negotiations that SWBT was prepared only to offer certain types on a standard basis. Thus, section 4.2 of Attachment 6 provides for a 2-wire analog loop, with and without conditioning, a 4-wire analog loop, and 2-wire (BRI) and 4-wire (PRI) digital loops. Section 4.3 provides that AT&T may request additional loop types through the Special Request Process. Other provisions of the Agreement refer other types of requests to this process, including requests to modify an element or requests to provide an element performing with greater or lesser quality than SWBT provides to itself. The 120-day time frames provided for	before arbitration can be demanded. The arbitration hearing is then to be held within sixty (60) days after demand is made. *See* General Terms and Conditions, § 9.6.1. The AT&T proposed dispute resolution schedule is far too short. SWBT will not agree to it, and SWBT is not required to accept an Arbitration Schedule that is substantially shorter than that mandated by the Act. SWBT has a ". . . duty to provide . . . nondiscriminatory access to network elements on an unbundled basis . . . on rates, terms and conditions that are just, reasonable, and nondiscriminatory *in accordance . . . with the requirements of this section and section 252 of this title.*" 47 U.S.C. §251(c)(3) (emphasis added). SWBT has no duty to provide Unbundled Network Elements (UNEs) on such a short schedule. Under AT&T's proposed section 2.22.12, the parties have ten (10) days to agree to a schedule for processing an AT&T request for a new or modified unbundled network element. SWBT's schedule for processing AT&T's request could not exceed ninety (90) days without AT&T's approval. For all the reasons stated previously in discussing paragraph 2.22.11, the Arbitrator should not impose an Arbitration Schedule on SWBT that is substantially shorter than that mandated by the Act and the Commission Rules. Therefore, the Arbitrator should delete AT&T's proposed section 2.22.12 from the agreement. The Commission should reject AT&T's		**days following SWBT's receipt of AT&T's request. If the Parties have not agreed on a price for the Element within ten (10) days following AT&T's receipt of the price quote, either Party may submit the matter for Dispute Resolution as provided for in the General Terms and Conditions of this Agreement.** 2.22.12 **Whenever AT&T submits a request that is not a request for an additional unbundled Network Element subject to sections 2.22.1 through 2.22.10 and is not a request for a currently operational Network Element subject to section 2.22.11 (e.g., modification to an existing element), the Parties will agree within ten (10) working days on a schedule and procedure for processing the request that is appropriate for the particular request. That schedule will not exceed the maximum timeframes provided for in sections 2.22.1 through 2.22.10, unless both Parties agree.**			

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Issue:	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
	processing special requests under section 2.21 through 2.21.10 (not materially different from the 135-day period required to invoke arbitration under the Act) will not be appropriate for some types of requests, but will serve as an anticompetitive barrier. If AT&T requests an element that is in place and serving a SWBT customer whom AT&T has won (e.g., a loop that is in place and functional but is not one of the standard types priced under the Agreement), there is no need for feasibility analysis. All that requires development is a price. Allowing an extended time for "analysis" of the request in these circumstances will certainly delay delivery of AT&T service to the end-user customer and may well deny AT&T the opportunity to win the customer. AT&T has proposed language that would require SWBT to provide a price quote within 10 days of receiving a request for an element that is within one of the recognized categories of elements and is operational at the time of the request. SWBT's intended scope of application for a Special Request Process did not become apparent until post-hearing Texas interconnection agreement negotiations. Since that time AT&T has presented these timing concerns directly to the Arkansas and Kansas Commissions. Both of those Commissions have found AT&T's 10-day price quote procedure, and the other scheduling requirements proposed here, to be reasonable and have ordered the parties to follow them. *See* Arkansas Arbitration Order, February 28, 1997, at	proposed section 2.21.11.					

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Issue:	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
	p. 29-30 ("The time frame proposed by AT&T appears to be reasonable and SWBT's unwillingness to agree to any schedule is unreasonable.") AT&T's proposed language should be accepted in order that the Special Request Process does not deny AT&T nondiscriminatory, just and reasonable access to the network elements that the PUCT has ordered SWBT to unbundle.						

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[illegible]	[illegible]	Attachment/Section [illegible]	AT&T Language [illegible]	SWBT Language [illegible]	AT&T's Language Accepted	SWBT's Language Accepted
	Paragraph 9.4.8, which AT&T presents as SWBT's proposed language, should not be considered by the Commission. That section was presented in negotiations as a compromise but was rejected by AT&T, and SWBT withdrew it. Paragraph 9.4.8 is presented here by AT&T, not by SWBT. It should not be considered. Rather, SWBT urges the Commission simply to reject AT&T's proposed language. AT&T Position: No. AT&T's proposed LIDB pricing, which uses one per-query charge (LIDB Validation Query) to recover all relevant costs, should be approved. SWBT has not provided any TELRIC-based cost study to support these additional changes; accordingly SWBT's proposal should be rejected.			~~**monthly basis as a credit on AT&T's bill. The monthly settlement will include the number of queries by query type. Either party reserves the right to renegotiate the terms and conditions of the commission structure. SWBT will not have the technical ability to identify ownership of all line records in LIDB prior to December 31, 1997, SWBT and AT&T will develop mutually agreeable methods for a true-up procedure. SWBT will waive the non recurring charges for the initial establishment of LIDB Validation Service and CNAM Service Query. Subsequent requests for service will incur the nonrecurring charges for the activity requested. No other rates or charges will apply for data storage and administration, fraud monitoring, and reasonable report development. To the extent AT&T elects a lower SWBT rate, which it is free to do, this section will not apply and other charges for LIDB Services may apply.**~~		
2p. Should the contract include language stating that AT&T will pay LIDB Validation Administration System (LVAS) charges, when the proposed charge is "zero"?	SWBT Position: **Assuming the final contract includes rate elements for data storage and administration, SWBT will recover those costs through the per-query and per-query transport rates. Provided SWBT receives the rate structure proposed, SWBT will agree to remove the information from the pricing schedule.** AT&T Position: No. SWBT's proposed statement that AT&T will pay certain charges for its use of the LIDB Validation Administration System is unnecessary and misleading. SWBT's proposed price for use of LVAS, as shown on Appendix Pricing UNE - Schedule of Prices, is $ 0.00. As part of its determination of LIDB pricing in this arbitration, the Commission should explicitly find that, based on	**Attachment 6: UNE, Section 9.4.4.3.2**	(AT&T requests that SWBT's language be stricken in its entirety.)	9.4.4.3.2 SWBT has agreed to delete this paragraph.		

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[illegible]	[illegible]	[illegible]	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
	SWBT's proposal, there will be no charges to AT&T for its use of LVAS, separate and apart from LIDB validation and CNAM query charges. Accordingly, SWBT's proposed reference to LVAS charges in the contract language and on the price schedule should be deleted.					
2q. Should AT&T be required to pay SWBT's proposed CNAM Query Transport and Service Order charges?	**SWBT Position:** **See SWBT response to Issue 2o above.** AT&T Position: No. AT&T's proposed CNAM pricing, which uses one per-query charge (CNAM Query) to recover all relevant costs, should be approved in the current price proceedings. SWBT has not provided any TELRIC-based cost study to support these additional charges; accordingly SWBT's proposal should be rejected.	Attachment 6, Section 9.5.1.1.1	9.5.1.1.1 **<u>CNAM Service Query will be priced as shown on Appendix Pricing - UNE - Schedule of Prices labeled "CNAM Service Query". There is no separate charge for CNAM Query Transport or CNAM Service Order Charge. Each Party will bear its own costs for Point Code Addition.</u>**	9.5.1.1.1 CNAM Service Query will be priced as shown on Appendix Pricing - UNE - Schedule of Prices labeled "CNAM Service Query". Query transport will be charged on a per query basis at the rate shown on Appendix Pricing UNE - Schedule of Prices labeled "Query Transport". A service order charge for CNAM Service Query will be charged at the rate reflected on Appendix Pricing UNE - Schedule of Prices labeled as "CNAM Service Order Charge". A non recurring charge for activating a point code will be charged at a rate reflected on the Appendix Pricing UNE - Schedule of Prices labeled "Point Code Addition" reflected under the heading of "Unbundled Signaling".		
2r. What price should apply to the Loop Cross Connect - Digital Loop to Multiplexer/Interoffice - 4 Wire PRI?	**SWBT Position:** **AT&T seeks an additional element, but the costs of this item were not included in the interim rates established in Docket No. 16226. SWBT is entitled to recover all of its costs. SWBT's proposed cost-based rate is in compliance with the TELRIC methodology specified by the Commission in the Initial Arbitration.** AT&T Position: Permanent TELRIC-based pricing for 4-wire digital loop cross-connect should be established in this arbitration (which includes the cost proceeding).	Appendix Pricing UNE - Schedule of Prices, "Loop Cross Connects," "Digital Loop to Multiplexer / Inter-office," "4-Wire PRI"	(See Appendix Pricing UNE - Schedule of Prices.)	(See Appendix Pricing UNE - Schedule of Prices.)		
2s. Should AT&T be required to pay SWBT's proposed Subloop Cross Connect charges, in addition to other	**SWBT Position:** **Certain sub-loop unbundling was ordered by the Commission in the Initial Arbitration. SWBT did not propose rates nor rate elements**	Attachment 6-UNE, Section 11.4	(AT&T does not propose competing language on this issue and request the Commission to reject SWBT's proposed language.)	11.4 SWBT offers the choice of three types of cross connects with subloop elements. SWBT will charge AT&T the appropriate rate as shown on Appendix Pricing UNE - Schedule of Prices labeled		

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** SWBT has developed and is developing proposed rates based on TELRIC studies, where applicable. SWBT will propose rates when it files testimony subject to SWBT's legal position on actual cost.

[illegible]	[illegible]	Attachment/Section	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
subloop charges?	**for the sub-loop cross connects because SWBT did not propose rates nor rate elements for sub-loops. SWBT thoroughly explained the need for loop cross connects during the Initial Arbitration and as a matter of course when a new loop type (that is sub-loop) was established, SWBT established the appropriate loop cross connects. The costs of this item are not included in the rate proposed for the sub-loop elements. SWBT is entitled to recover all of its costs. SWBT's proposed cost-based rate is in compliance with the TELRIC methodology specified by the Commission in the Initial Arbitration.** AT&T Position: No. SWBT very recently injected into the negotiations its proposed requirement that AT&T order and pay for "subloop cross connects" when it orders subloop elements. This item, which apparently is distinct from the loop cross connect at the central office but otherwise is ill-defined, appears to be a contrivance that will add to the difficulty, and boost the cost of subloop unbundling. SWBT's proposed subloop cross-connects should be rejected. AT&T believes that the subloop elements defined by the Commission in the Arbitration Award include the equipment necessary to meet connecting facilities. SWBT's proposed rates should be rejected because: (1) SWBT is recovering all costs associated with cross connect in its subloop charges; and (2) SWBT has not to date provided any TELRIC-based cost study to support the non-recurring charge. Notwithstanding rejection of the non-recurring charge, in the event the PUC deems it appropriate to establish a subloop cross connect charge,	Appendix Pricing UNE - Schedule of Prices		"Subloop Cross Connect". The applicable cross connects are as follows: 1. Two wire 2. Four wire 3. Dark Fiber		

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[illegible]	[illegible]	[illegible]	AT&T Language	SWBT Language	AT&T's Language Accepted	Language Accepted
	SWBT should be required to: (1) produce a TELRIC-based cost study to support the charge; and (2) back-out all related costs for its subloop to avoid double recovery.					
21. Should AT&T be required to pay SWBT's proposed Dedicated Transport Cross Connect charges, in addition to other dedicated transport charges?	SWBT Position: **AT&T seeks an additional element, but the costs of this item were not included in the interim rates established in Docket No. 16226. SWBT is entitled to recover all of its costs and this element should not be ordered without the rates proposed by SWBT. SWBT's proposed cost-based rate is in compliance with the TELRIC methodology specified by the Commission in the Initial Arbitration.** **AT&T's position is unclear. Nevertheless, SWBT assumes that the dispute here is with the unbundled dedicated transport that was not arbitrated in Docket No. 16226 (e.g., OC3, OC12, OC48). If so, both the interoffice transport and the associated cross-connects should be priced on an individual case basis. AT&T did not request OC3, 12 and 48 in Docket No. 16226. Nevertheless, SWBT has agreed to provide unbundled dedicated transport at these speeds on an individual case basis. It is unreasonable that AT&T would claim that costs for these cross-connects are recovered in a rate that has never been developed.** AT&T Position: No. SWBT also has proposed that AT&T be required to order and pay separately for cross-connects at either end of unbundled dedicated transport facilities. While SWBT's published rates for this unnecessary rate element have been "no charge" at all transport levels from voice grade through DS3 transport in other states, SWBT's proposed rate now is "ICB", and SWBT has	Attachment 6, Section 11.5, 11.5.1, 11.5.2; Appendix Pricing UNE - Schedule of Prices	**11.5 When AT&T orders Dedicated Transport, it will be provided any cross-connects required at either end of the facility without any rate or charge in addition to the Dedicated Transport rates and charges referenced in section 8.2.1.**	11.5 Cross connects must also be ordered with Unbundled Dedicated Transport (UDT). 11.5.1 The Cross Connect being requested must have a compatible interface to each of the elements which the Cross Connect is joining together. 11.5.2 SWBT will charge AT&T the applicable rates as shown on Appendix Pricing UNE - Schedule of Prices labeled "Dedicated Transport Cross Connect". The following cross connects are available with UDT: 1. Voice Grade 2. DS0 3. DS1 4. DS3 5. OC3 6. OC12 7. OC48		

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	indicated that it may propose a price with a positive value in Texas. Neither SWBT's proposed rate element nor any proposed price, other than zero, can be or have been justified. AT&T has proposed contract language that would require SWBT to include cross-connects when AT&T orders dedicated transport, without separate charge. SWBT should be rejected because: (1) SWBT is recovering all costs associated with dedicated transport cross connect in its dedicated transport charges; and (2) SWBT has not to date provided any TELRIC-based cost study to support the non-recurring charge. Notwithstanding rejection of the non-recurring charge, in the event the PUC deems it appropriate to consider establishing a dedicated transport cross connect charge, SWBT should be required to: (1) produce a TELRIC-based cost study to support the charge; and (2) back-out all related costs for its dedicated transport rates to avoid double recovery.					
2u. Should AT&T be required to pay SWBT's proposed Dark Fiber Cross Connect charges, in addition to other dedicated transport charges?	SWBT Position: **Certain dark fiber elements were ordered by the Commission in the Initial Arbitration. SWBT did not propose rates nor rate elements for the dark fiber cross connects because SWBT did not propose rates nor rate elements for sub-loops. SWBT thoroughly explained the need for loop cross connects during the initial Arbitration and as a matter of course when a new element was established, SWBT established the appropriate loop cross connects. The costs of this item are not included in the rates proposed. SWBT is entitled to recover all of its costs. SWBT's proposed cost-based rate is in compliance**	Attachment 6, Section 11.6	(AT&T requests that SWBT's language be stricken in its entirety.)	11.6 When AT&T purchases interoffice dark fiber, AT&T will pay the charges shown on Appendix Pricing UNE - Schedule of Prices labeled "Dark Fiber to Collocation Cross Connects".		

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[illegible]	Reason Why Language Should Be Included or Excluded	Attachment/Section	AT&T Language	SWBT Language	AT&T's Language Accepted	Language Accepted
	with the TELRIC methodology specified by the Commission in the Initial Arbitration and should be adopted. AT&T Position: No. SWBT now proposes requirement that AT&T pay for "Dark Fiber to Collocation Cross Connects" whenever it purchases interoffice dark fiber. SWBT's dark fiber cross connect charge, should be rejected because: (1) SWBT is recovering all costs associated with dark fiber cross connects in its other dedicated transport charges; and (2) SWBT has not to date provided any TELRIC-based cost study to support the non-recurring charge. Notwithstanding rejection of the non-recurring charge, in the event the PUC deems it appropriate to establish a Dark Fiber Cross Connect Exchange, SWBT should be required to: (1) produce a TELRIC-based cost study to support the charge; and (2) back-out all related costs for its dedicated transport rates to avoid double recovery.					
2v. What non-recurring charges should apply to UNE purchases?	SWBT Position: **SWBT has provided extensive cost studies to document both the recurring and non-recurring costs associated with unbundled network elements. SWBT is entitled to recover all of its costs. SWBT's proposed cost-based rates for recurring as well as non-recurring are in compliance with the TELRIC methodology specified by the Commission in the Initial Arbitration and should be adopted.** AT&T Position: SWBT should be required to submit any and all non-recurring charges for UNEs, with appropriate	Appendix Pricing UNE, Section 3.1 Appendix Pricing UNE - Schedule of Prices	3.1 **Non-recurring costs for unbundled Network Elements are included in the recurring charges on Appendix Pricing UNE - Schedule of Prices. Except as specifically listed on the Schedule of Prices, there are no nonrecurring charges associated with AT&T's use of unbundled Network Elements.**	(SWBT opposes the inclusion of AT&T's language.)		

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[illegible]	[illegible] Rationale	[illegible] Section	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
	cost documentation, for review and determination in the current price proceedings or, alternatively, in this arbitration. As AT&T will demonstrate, SWBT's proposed non-recurring charges should be largely or entirely rejected, because SWBT's own cost studies show that the nonrecurring charges proposed are actually captured in the recurring element rates proposed by SWBT. If the Commission determines that any non-recurring charges should apply to UNE purchases, those charges will be reflected in the final version of Appendix Pricing UNE - Schedule of Prices. It will then be appropriate for the contract to make explicit that the only non-recurring charges applicable to UNE purchases are represented on the pricing schedule. Proposed Section 3.1 of Appendix Pricing UNE makes that statement and should be adopted.					
2w. What service order charges, if any, should apply to AT&T orders for unbundled network elements?	**SWBT Position:** **AT&T's reference to a service order charge for new service is another example of its refusal to recognize the distinction between resale and UNE under the FTA.** **Furthermore, when AT&T requests service order activity, which imposes costs on SWBT, SWBT is entitled to recover those costs. Any type of order activity that requires action by SWBT and imposes cost on SWBT is subject to a charge.** **In its July 2, 1997 filing SWBT submitted cost studies for UNE service order charges. SWBT is entitled to recover all of its costs. SWBT's proposed cost-based rates are in compliance with the TELRIC methodology specified by the Commission in the Initial Arbitration and**	**Appendix Pricing UNE, Section 3.3;** **Attachment 7: Ordering and Provisioning, Sections 5.1 and 8.1**	3.3. *SWBT offers the following order types.* **<u>No service order charge applies to these orders.</u>** *New Service: This will apply when an end user customer initiates service with AT&T and AT&T elects to serve the customer using unbundled Network Elements.* **<u>This order type does not apply when an existing SWBT or other LSP customer or resale customer converts to an AT&T UNE customer.</u>** *Change: This will apply when an AT&T customer's existing service is being physically or logically altered in some way* **<u>(e.g., addition of features, loops, ports).</u>** *Record: This will apply when there is no physical or logical work required and all that is necessary is the update of SWBT's internal records.*	3.3. *SWBT offers the following order types* **When AT&T issues service orders, AT&T will pay the applicable service order charges contained in Appendix Pricing UNE - Schedule of Prices labeled "Service Order Charges - Unbundled Element."** *New Service: This will apply when an end user customer initiates service with AT&T and AT&T elects to serve the customer using unbundled Network Elements.* *Change: This will apply when an AT&T customer's existing service is being physically or logically altered in some way.* *Record: This will apply when there is no physical or logical work required and all that is necessary is the update of SWBT's internal records.* *Disconnect: This will apply when an existing*		

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	should be adopted. AT&T Position: SWBT should be required to submit any and all service order charges for UNEs, with appropriate cost documentation, for review and determination in the current price proceedings or, alternatively, in this arbitration. As indicated on Appendix Pricing UNE - Schedule of Prices, AT&T's proposed pricing for operations support systems, including any service order charges, is under development and will be submitted in the current price proceedings. The contract should conform to the outcome of those proceedings. The parties have largely agreed to definitions of those service order types in Section 3.3 of Appendix Pricing UNE. However, the parties disagree as to whether a charge should be associated with these service orders. Once the Commission establishes the TELRIC-based service order charges, if any, that will apply to unbundled network element orders, the price schedule should be adjusted to reflect those rulings. AT&T's proposed section 3.3 should be adopted, with any changes necessary to conform to Commission rulings on UNE service order charges. For the same reasons, SWBT proposed references in Attachment 7 (Ordering and Provisioning - UNE) to service order charges for "suspend/restore" orders and for "expedited" orders to be rejected, pending cost documentation and determination of TELRIC-based charges, if any.		*Disconnect: This will apply when an existing service is being completely disconnected.* *Suspend: This will apply when a functionality is to be suspended until further notice* *Restore: This will apply when a previously suspended functionality is to be restored* *Expedited: This will apply when the requested due date is less than the standard interval.* *Customer Change Charge: This will apply when an end user customer of Resale services* **<u>or UNE services</u>** *changes from one LSP (including SWBT) to another LSP (including SWBT).* 5.1 (AT&T requests that SWBT's language be stricken in its entirety.) 6.1 (AT&T requests that SWBT's language be stricken in its entirety.)	*service is being completely disconnected.* *Suspend: This will apply when a functionality is to be suspended until further notice* *Restore: This will apply when a previously suspended functionality is to be restored* *Expedited: This will apply when the requested due date is less than the standard interval.* *Customer Change Charge: This will apply when an end user customer of Resale services changes from one LSP (including SWBT) to another LSP (including SWBT).* *Customer Not Ready Charge: Charges equal to the actual service order charge will apply when SWBT is prepared to turn service over to AT&T on the due date and AT&T or the end user customer is not ready to accept the service.* *Cancellation/Modification/Due Date Change Charge: This will apply when the due date is changed or the service order is canceled or modified within 2 days prior to the due date.* *Conditioning Service (only applicable if ordered separately): This service order applies only when AT&T orders conditioning separately from the unbundled loop (e.g., 2-wire analog loop in place and conditioning ordered at a later date).* *Analog or Digital Port (only applicable if ordered separately): This service order applies when an analog or digital port is ordered at a later date than the unbundled local loop.*		

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[illegible]	[illegible]	Attachment/Section	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
				5.1 Upon AT&T's request through a Suspend/Restore order, SWBT will suspend or restore the functionality of any unbundled Switched Port for any AT&T local service customer. In such instances, all unbundled Network Elements provided by SWBT will remain intact. SWBT will implement any restoration priority for unbundled Local Switching in a manner that conforms with AT&T requested priorities and any applicable regulatory policy or procedures. The charge for a Suspend/Restore order is reflected in Attachment 6, Appendix Pricing UNE - Schedule of Prices labeled "Service Order Charges - Unbundled Element." 8.1 When AT&T places an LSR, AT&T will specify a requested Due Date (DD), and SWBT will specify a DD based on the applicable intervals. In the event AT&T's requested date is less than the standard interval, AT&T will contact SWBT and the Parties will negotiate an expedited DD. This situation will be considered an expedited order and applicable charges will apply as reflected in Attachment 6, Appendix Pricing UNE Schedule of Prices labeled "Service Order Charges - Unbundled Element Expedited". SWBT will not complete the order prior to the DD or later than the DD unless authorized by AT&T.		
3. <u>Carrier Change Charge</u> Are the only charges applicable to change a customer to resale service the local service Carrier Change Charge as determined by the price proceedings?	SWBT Position: **No. AT&T language is too broad. Non-recurring charges for vertical services may be considered "service connection charges." These charges, established in SWBT's retail tariffs and discounted by the appropriate resale discount, are applicable at any time an LSP seeks to add a service to an account. This "addition" can occur during a new connect, a conversion or at any subsequent**	Attachment 1: Resale, Section 3.2	*3.2 If an AT&T end user customer adds features or services when the end user customer changes their resold local service from SWBT or another LSP to AT&T, SWBT will charge AT&T the Primary Local Exchange Carrier Selection Charge and any applicable wholesale non-recurring charges for the features or services added.* **<u>The Primary Local Exchange Carrier Selection Charge will apply in lieu of service connection charges.</u>**	(SWBT opposes inclusion of AT&T language.)		

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Issue	[illegible]	[illegible]	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
	time. In any event, connection charges for those services are applicable. **Furthermore, when AT&T requests service order activity, which imposes costs on SWBT, SWBT is entitled to recover those costs. Any type of order activity that requires action by SWBT and imposes cost on SWBT is subject to a charge.** AT&T Position: Yes. AT&T's language limiting the charges that apply to convert a customer to resale services should be adopted. When a customer chooses AT&T for local service, neither AT&T nor the end-user customer should be charged with additional rates for choosing AT&T, outside of the understood industry Carrier Change Charge. AT&T does not deny that an applicable Carrier Change Charge may apply. However, it is unnecessary, and inappropriate, for SWBT to impose on AT&T numerous wholesale non-recurring charges/service connection charges for features and/or services added. Throughout negotiations it has been unclear what charges SWBT will indeed pass-along to LSPs. AT&T's concern is that SWBT will disguise various types of charges, in addition to the local carrier change charge, as part of the Texas Local Carrier Selection Process. For example, in addition to a change charge, SWBT is stating it intends to charge AT&T for feature non-recurring charges. Additionally, SWBT has alluded to other service order charges that may apply. As with UNE, SWBT should be required to submit all upfront charges that SWBT proposes to collect when a customer converts to resale service. The Texas Commission should require SWBT to					

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[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	AT&T's Language Accepted	SWBT's Language Accepted
	identify and justify any proposed wholesale non-recurring charges, service charges, or any other type of miscellaneous expenses they intend to charge AT&T and other LSPs when a customer chooses another provider for local telephone service in Texas. In the absence of TELRIC-based studies, for each of these charges, AT&T's proposed language limiting those charges to the Carrier Change Charge should be adopted.					
4. <u>Pricing: other than found on UNE schedule of Prices:</u> **SWBT Statement of Issue: Are all prices that may be contained in an interconnection agreement subject to the pricing standards for arbitration under FTA, section 252(d) or TELRIC?** AT&T Statement of Issue: Should the prices contained throughout the interconnection agreement be cost-justified and subject to the permanent price proceedings to be consolidated with this arbitration?	SWBT Position: **No. The price standards under the FTA are contained in 252(d)(1). These price standards under the Act are specifically limited to "Interconnection and Network Element Charges". AT&T seeks to expand the requirements of the Act and this Commission's pricing rules. Not all proposed rates contained in the interconnection agreement must be "TELRIC justified".** **SWBT is willing to provide items in the interconnection agreement that are beyond the requirements of the FTA at negotiated and agreed to rates.** AT&T Position: Yes. The prices ordered for services other than UNE were clearly ordered as interim prices and adopted by the parties in the Texas Interconnection Agreement. These prices are subject to the permanent price proceedings to be determined by the PUC (AT&T requests that the cost proceeding be consolidated with this arbitration). All proposed rates affecting AT&T's entry into the marketplace must be TELRIC-justified to support competition. The prices listed below include: Branding of OS/DA, Rate Quotation, White Pages (Resale and Other), E911, and services included when utilizing SWBT's OS/DA in a facilities environment. The					

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[illegible]	[illegible]	[illegible]	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
	prices contained in the current Texas Interconnection Agreement are interim and must be replaced with cost based permanent prices.					
4a. What should be the primary local exchange carrier selection charge?	SWBT Position: **In Docket 16226 SWBT was ordered to provide a TELRIC cost study that develops the costs of changing customers from SWBT to a competing LSP, and vice versa. SWBT filed this study on January 15, 1997. However, SWBT does not believe that this item is subject to the price standards of 252(d), nor the Commission price rules. SWBT proposes that its rates are just, reasonable and non-discriminatory and should be adopted. In any event, this is an appropriate subject for Docket 16226, not this proceeding.** AT&T Position: The TELRIC-based permanent prices for the Primary Local Exchange Carrier Selection Charge should be established in this arbitration (which includes the cost proceeding).	**Attachment 1: Resale** Section 3.1.1 - 3.1.3	**3.1.1 <u>Primary Local Exchange Carrier Selection Charge: under development</u>**	3.1.2 Electronic: $5.00 3.1.3 Manual: Simple: $21.50 Complex: $112.90		
4b What should be the rates for access to SWBT's Operation Support System?	SWBT Position: **In Docket 16226 SWBT was ordered to provide a TELRIC cost study that develops the costs for access to SWBT's Operation Support Systems. SWBT filed this study on January 15, 1997. SWBT's proposed cost-based rates are in compliance with the TELRIC methodology specified by the Commission in the Initial Arbitration and should be adopted. In any event, this is an appropriate subject for Docket 16226, not this proceeding.** AT&T Position: Any application of TELRIC-based permanent	**Appendix Services/ Pricing** Sections 15.0 - 15.1.2.2	**15.0 <u>Operational Support Systems Pricing under development</u>**.	15.0 Price for access to Operational Support Systems (OSS). 15.1 The prices to access OSS are as follows 15.1.1 System access charge $3,200.00 per month 15.1.2 Remote access facility charge: 15.1.2.1 Direct Connection $1,505.00 per port per month 15.1.2.2 Dial up Connection $301.00 per port per		

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			AT&T Language	SWBT Language	AT&T Language Accepted	Language Accepted
	prices to access SWBT's Operation Support Systems should be established in this arbitration (which includes the cost proceeding).			month		
4c. What should be the rates for OS/DA Branding?	SWBT Position: **In its July 2, 1997 filing SWBT submitted cost studies for OS/DA Branding. SWBT is entitled to recover all of its costs. SWBT's proposed cost-based rates are in compliance with the TELRIC methodology specified by the Commission in the Initial Arbitration and should be adopted.** AT&T Position: TELRIC-based permanent pricing for Branding of AT&T OS/DA calls should be established in this arbitration, whether AT&T utilizes SWBT's OS/DA platform in a Resale or Facilities environment. (Similar prices are proposed on the UNE schedule of prices and are also subject to the price proceedings.) It is imperative that these prices be TELRIC-cost-justified. Due to the price barriers in customized routing imposed by SWBT, AT&T recently requested to utilize SWBT's OS/DA on an interim basis. In doing so, SWBT would require AT&T to pay for the loading of AT&T's branding phrase and for each call that is subsequently branded. Utilizing the proposed rates, AT&T calculates the total cost (multiplied by TOPS switch) to be $50,000 just for the initial loading of the AT&T brand. Branding was clearly awarded, and should a price be applicable, it should be cost-justified and determined in this arbitration (which includes the cost proceeding).	**Appendix DA-Resale Sections 5.2, 5.2.1, 5.2.2, 5.2.3, 5.2.4 Attachment 6: UNE Section 7.2.3 Appendix OS-Resale Sections 13.2, 13.2.1, 3.2.2, 13.2.3, 13.2.4 Attachment DA-Fac. Section 7.3 Attachment OS-Fac. Section 7.2**	**<u>Appendix DA-Resale</u>** **<u>5.2 Pricing for branding of AT&T DA calls are as follows:</u>** **<u>Rate elements for branding: under development</u>** <u>Attachment 6: UNE</u> 7.2.3 Call Branding/*Rate Reference* - The process by which an Operator, either live or recorded, will identify the operator service provider as being AT&T. In all cases the rates quoted to the customer and those applied to the call will be AT&T's. SWBT will offer Call Branding of Operator Services in the name of AT&T. *When AT&T uses Call Branding, the applicable prices contained on Appendix Pricing - UNE - Schedule of Prices and labeled "Call Branding (DA/OS)" will apply.*	<u>Appendix DA-Resale</u> 5.2 The pricing for branding of AT&T DA calls are as follows: 5.2.1 Rate for branded call: $0.02 5.2.2 Rate for initial loading (coding for mechanized branding): $2,975.00 Per TOPS Switch 5.2.3 Rate for subsequent change (phraseology): $2,975.00 Per TOPS Switch 5.2.4 In the event that the Phraseology for branding DA calls is the same phraseology for branding OS calls, only one $2,975.00 charge will apply per initial loading or subsequent change <u>Attachment 6: UNE</u> 7.2.3 Call Branding - The process by which an Operator, either live or recorded, will identify the operator service provider as being AT&T. SWBT will offer Call Branding of Operator Services in the name of AT&T. *When AT&T uses Call Branding, the applicable prices contained on Appendix Pricing - UNE - Schedule of Prices and labeled "Call Branding (DA/OS)" will apply.* In the event that SWBT provides Call Branding to AT&T prior to deployment of the AIN solution, SWBT will provide OS/DA services to AT&T pursuant to the terms in the 6/18/97 Further Stipulation. 7.2.4 <u>Appendix OS-Resale</u>		

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[illegible]	Reason Language Should be Included or Excluded	Attachment and Section	AT&T Language	SWBT Language	AT&T's Language Accepted?	SWBT's Language Accepted?
			<u>Appendix OS-Resale</u> **<u>13.2</u> <u>Pricing for branding of AT&T OS calls are as follows:</u>** **<u>Rate elements for branding: under development</u>** **<u>Attachment DA-Fac.</u>** **<u>7.3 Pricing for branding of AT&T DA calls are as follows:</u>** **<u>Rate elements for branding: under development</u>** **<u>Attachment OS-Fac.</u>** **<u>7.2 Pricing for branding of AT&T OS calls are</u>**	13.2 Pricing for branding of AT&T OS calls are as follows: 13.2.1 rate per branded call: $0.02 13.2.2 rate for initial loading (coding for mechanized branding) $ 2,975.00 Per TOPS Switch 13.2.3 rate for subsequent change (phraseology): 13.2.4 In the event that the phraseology for branding OS calls is the same phraseology for branding DA calls, only one $2,975.00 charge will apply per initial loading or subsequent change. <u>Attachment DA-Fac.</u> 7.3 Call Branding An initial non-recurring charge applies per trunk group for the establishment of Call Branding. Rate per initial load: $2,975.00 Rate per load for subsequent change: $2,975.00 Rate per branded call: $0.02 <u>Attachment OS-Fac.</u> 7.2 Call Branding An initial non-recurring charge applies per trunk group for the establishment of Call Branding. Rate per initial load: $2,975.00		

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[illegible]	[illegible]	[illegible]	AT&T Language	SWBT Language	AT&T Language Accepted	SWBT Language Accepted
			<u>as follows:</u> **<u>Rate elements for branding: under development</u>**	Rate per load for subsequent change: $2,975.00 Rate per branded call: $0.02		
4d. What should be the rates for OS/DA-Rate Quotation?	SWBT Position: **In its July 2, 1997 filing SWBT submitted cost studies for OS/DA-Rate Quotation. SWBT is entitled to recover all of its costs. SWBT's proposed cost-based rates are in compliance with the TELRIC methodology specified by the Commission in the Initial Arbitration and should be adopted.** AT&T Position: AT&T proposes to quote its own rates for OS/DA. (see Customized Routing/OS/DA matrix.) In the event the PUC deems it appropriate to establish a price for SWBT's handling of AT&T Rate Quotation, SWBT should be required to produce a TELRIC-based study to support the charge in this arbitration (which includes the cost proceeding).	**Appendix DA-Resale** **Sections 5.3, 5.3.1, 5.3.2, 5.3.3** **Appendix OS-Resale** **Sections 13.3, 13.3.1, 13.3.2, 13.3.3** **Appendix DA-Fac.** **Sections 7.4.1-7.4.3**	(AT&T opposes the inclusion of SWBT's language.)	<u>Appendix DA-Resale</u> 5.3 Pricing for rate quotations are as follows: 5.3.1 Rate per initial load: $5,100.00 per TOPS Switch 5.3.2 Rate per subsequent rate change: $4,100.00 per TOPS Switch 5.3.3 Rate per subsequent reference change: $4,100.00 per TOPS Switch <u>Appendix OS-Resale</u> 13.3 Pricing for rate quote: 13.3.1 rate per initial load: $5,100.00 Per TOPS Switch 13.3.2 rate per subsequent rate change: $4,100.00 Per TOPS Switch 13.3.3 rate per subsequent reference change: $4,100.00 Per TOPS Switch <u>Appendix DA-Fac.</u> 7.4.1 rate per initial load: $4,975.00 7.4.2 rate per subsequent rate change: $4,025.00 7.4.3 rate per subsequent reference change: $4,025.00		

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[illegible]	[illegible]	[illegible]	AT&T Language	SWBT Language	AT&T Language Accepted	SWBT Language Accepted
4e. What should be the rates for White Pages-Resale?	**SWBT Position:** **In Docket 16226 SWBT was ordered to provide a TELRIC cost study that develops the costs for White Pages. SWBT filed this study on January 15, 1997. However, SWBT does not believe that this item is subject to the price standards of 252(d), nor the Commission price rules. In any event, this is an appropriate subject for Docket 16226, not this proceeding.** AT&T Position: Interim prices for White Pages-Resale were awarded TELRIC-based permanent rates should be established in this arbitration.	**Appendix WP Resale** Sections 4.2, 4.2.1	4.2 *Pricing* for Informational Pages: 4.2.1 Any one book covering a geographic area per page per year: **<u>Under development</u>**	4.2 *Pricing* for Informational Pages: 4.2.1 Any one book covering a geographic area per page per year: $1,938.74		
4f. What should be the mutual compensation arrangement?	**SWBT Position:** **In Docket 16226 SWBT was ordered to provide a TELRIC cost study that develops the costs for mutual compensation. SWBT filed this study on January 15, 1997. Although SWBT disagrees with the Award's proscribed mutual compensation arrangement, and has appealed the same, if rates are to be set under such arrangement, they should be as proposed by SWBT. In any event, this is an appropriate subject for Docket 16226, not this proceeding.** AT&T Position: Bill and Keep will be the method for mutual compensation throughout at least the initial nine months of traffic; however, if it is no longer applicable, the rates for Tandem switching, Common Transport, and End Office Switching as determined in the Permanent Price Proceeding will apply as applicable.	**Attachment 12: Compensation** Section 3.4	**<u>3.4 Local Interconnect: These prices for the termination of local traffic, where Bill and Keep is not applicable, are as follows:</u>** **<u>Tandem Switching:</u>** Prices **<u>$0.00069/MOOU</u>** **<u>Common</u>** **<u>Zone A $0.000068/MOU</u>** **<u>Zone B $0.000068/MOU</u>** **<u>Zone C $0.00068/Mou</u>** **<u>End Office Switching: $0.00056/MOU</u>**	<u>Tandem Switching:</u> <u>Prices</u> $0.001378/MOU Tandem Transport Terminating per MOU: $.000351 Facility per MOU per mile: $.00000924 End Office Switching $0.004436/Mou		
4g. What should be the rates for Transit Traffic Rates/Tandem	**SWBT Position:** **In Docket 16226 SWBT was ordered to provide**	**Attachment 12: Compensation**	4.2 <u>Transit Traffic:</u> <u>Prices</u>	4.2 <u>Transit Traffic:</u> <u>Prices</u>		

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[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	AT&T Language Accepted	Language Accepted
Switching?	**a TELRIC cost study that develops the costs for transit traffic rates/tandem switching. SWBT filed this study on January 15, 1997. Although SWBT disagrees with the Award's proscribed for transit traffic rates/tandem switching arrangement, and has appealed the same, if rates are to be set under such arrangement, they should be as proposed by SWBT. In any event, this is an appropriate subject for Docket 16226, not this proceeding.** AT&T Position: The TELRIC-based permanent rates associated with transit traffic will be the rate for tandem switching as established in this arbitration.	Section 4.2	Tandem Switching **<u>$0.00089/MOU</u>**	<u>Tandem Switching:</u> <u>Prices</u> $0.001378/MOU Tandem Transport Terminating per MOU: $.000351 Facility per MOU per mile: $.00000924 End Office Switching $0.004436/Mou		
4h. SWBT Statement of Issue: What is the appropriate rate for SWBT to provide the connection to the E911 PSAP? AT&T Statement of Issue: What should be the E911 rates?	**SWBT Position: Rates for E911 were proposed by SWBT in Docket 16226. The Commission did not order these rates to be submitted in the cost docket. SWBT does not believe that this item is subject to the price standards of 252(d), nor the Commission price rules. SWBT proposes that its rates are just, reasonable and non-discriminatory and should be adopted. In any event, this is an appropriate subject for Docket 16226, not this proceeding.** AT&T Position: Interim prices for E911 were awarded. TELRIC-based permanent rates should be established in this arbitration.	Attachment 16: E911 Section 5.0 - 5.1	**5.0 <u>Basis of Compensation</u>** **<u>5.1 Pricing for E911 service: Under development. This will be a replacement for Sections 5.2 through 5.4 and Addenda I and II.</u>**	**SWBT requests that AT&T's proposed language amendments to the existing approved Texas Interconnection Agreement be stricken in its entirety.**		
4I. What should be the rates for Non-published Emergency Message?	**SWBT Position: There was no interim rate awarded in Docket 16226 for non-published Emergency Message. SWBT does not believe that this item is required for local interconnection, nor subject to the price standards of 252(d), nor the Commission price rules. SWBT proposes that its rates are just, reasonable and non-discriminatory and should be adopted.**	Attachment 18: DLI Section 8.2	8.2 *Non-published Emergency Message Service:* **<u>$1.20.</u>**	8.2 *Non-published Emergency Message Service:* $2.10.		

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[illegible]	[illegible]	Attachment and Section	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
	AT&T Position: Interim prices for Non-published Emergency Message Service were awarded. TELRIC-based permanent rates should be established in this arbitration.					
4j. What should be the rates for White Pages-Other?	SWBT Position: **In Docket 16226 SWBT was ordered to provide a TELRIC cost study that develops the costs for White Pages-Other. SWBT filed this study on January 15, 1997. However, SWBT does not believe that this item is subject to the price standards of 252(d), nor the Commission price rules. SWBT proposes that its rates are just, reasonable and non-discriminatory and should be adopted. In any event, this is an appropriate subject for Docket 16226, not this proceeding.** AT&T Position: Interim prices for White pages were awarded in Attachment 19: WP-Other. TELRIC-based permanent rates should be established in this arbitration.	Attachment 19: WP-Other Section 4.5 - 4.5.2	**4.5 <u>The Rates for White Pages will be as Follows:</u>** 4.5.1 Listing, Book, Delivery: Per copy **<u>Under Development</u>** Delivery cost per copy **<u>Under Development</u>** Cost of listing updates per copy **<u>Under Development</u>** Total per AT&T customer per copy **<u>Under Development</u>** 4.5.2 Informational Pages: Any one book covering a geographic area per page per year: **<u>Under Development</u>**	4.5 Pending approval by the PUC of the rates developed as set forth in this Section, the interim rates for White Pages will be as follows: 4.5.1 Listing, Book, Delivery: Per copy $2.5487 Delivery cost per copy $0.4985 Cost of listing updates per copy 0.2541 Total per AT&T customer per copy $3.3013 4.5.2 Informational Pages: Any one book covering a geographic area per page per year: $1,938.74		
4k. SWBT Statement of Issue: What should be the rate for the unbundled network element "Directory Assistance"? What should be the rate for the service (not unbundled network element) "Directory Assistance Call Completion"? AT&T Statement of Issue: What should be the rates for Directory Assistance Services and Operator Services?	SWBT Position: **In Docket 16226 SWBT was ordered to provide a TELRIC cost study that develops the costs for Directory Assistance. SWBT filed this study on January 15, 1997. The price specified is in compliance with that Commission-ordered study and should not be rearbitrated. In any event, this is an appropriate subject for Docket 16226, not this proceeding.** **Directory Assistance Call Completion is not an unbundled network element. SWBT does not believe that this item is required for local interconnection, nor subject to the price standards of 252(d), nor the Commission price rules. SWBT proposes that its rates are just,**	Attachment 22: DA-Fac. Sections 7.1.1, 7.1.2 Attachment 23-OS-Fac. Sections 7.1 - 7.1.1 and 7.1.2	**<u>7.1.1 a charge per DA call: $0.22 (volume and term discounts apply);</u>** **<u>7.1.2</u>** a charge for each DA call: **<u>that has been completed to the requested number; $0.026</u>**	7.1.1 Directory Assistance (DA) Rate per DA call: $0.353 7.1.2 (DACC) Directory Assistance Call Completion Rate per completed call: $0.24		

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[illegible]	[illegible]	[illegible]	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
	reasonable and non-discriminatory and should be adopted. AT&T Position: Interim prices associated with Directory Assistance Services and Operator Services were awarded. TELRIC-based permanent rates should be established in this arbitration.					
5. Dual Party Relay Services **SWBT Statement of Issue: Should AT&T be allowed to insert language that endangers the competitive neutrality of the USF Dual Party Relay assessments?** AT&T Statement of Issue: Should the Agreement contain provisions which preclude double recovery of USF Dual Party Relay assessments?	**SWBT Position: SWBT supports the concept that each party be responsible for its own USF assessments. AT&T's proposed language does not accomplish this, however. While at first blush, it may appear to assign USF responsibility to each party, the language actually only limits SWBT's ability to collect from AT&T USF assessments assigned to SWBT based in resold lines. Should SWBT receive an assessment for access lines resold to AT&T, those assessments would be unrecoverable from AT&T or anyone else. SWBT would prefer language, as agreed to in Oklahoma, committing SWBT and AT&T to work in conjunction with the Commission to avoid dual assessments.** AT&T Position: Yes. AT&T's proposed language ensures that each party is responsible for paying and remitting its USF Dual Party Relay assessments to the appropriate authority and that SWBT will not seek to recover its associated assessment liability by surcharging or otherwise passing on it to AT&T in the resale services AT&T purchases from SWBT. The PUC's Substantive Rule 23.56 governs the procedures to be followed for Dual Party Relay services assessments. As between local exchange carriers, an annual count of each LEC's access lines is a key factor in determining its	Attachment 1: Resale, Appendix Services/ Pricing, Section 7.2	**7.2 AT&T and SWBT each will be solely responsible for payment of their respective Universal Service Fund assessments related to Dual Party Relay Service under Texas PUC Substantive Rule Section 23.56 directly to the appropriate taxing authority. SWBT will not surcharge or otherwise pass on to AT&T any of SWBT's assessment liability related to Dual Party Relay Service under said Rules for these services provided by SWBT pursuant to this Attachment. AT&T may, however, surcharge its end user customers in order to recover its assessment, as provided in Section 23.56 l) of Rule 23.56.**	7.2 Once the Commission establishes a mechanism for USF assessments, the Parties will work cooperatively to ensure implementation of those mechanisms in a competitively neutral manner.		

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[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	assessment for a given year. When AT&T purchases services for resale, the access lines associated with those services should thereafter be included in the count applicable to AT&T, and AT&T intends to pay and remit such assessment to appropriate authority as provided in Rule 23.56. Rule 23.56(l) then permits carriers to recover their assessments from their customers. The language proposed by AT&T is needed to ensure that SWBT does not surcharge or otherwise pass on to AT&T SWBT's assessment liability associated with the resale services AT&T purchases from SWBT. Otherwise, SWBT could be surcharging AT&T for access line assessments that AT&T is, in fact, paying and remitting to the appropriate authority, leading to potential double recovery.					
6. <u>NXX Migration</u> **SWBT Statement of Issue: Should AT&T be allowed to categorize NXX Migration as an "interim number portability solution" in order to avoid paying the appropriate non-discriminatory rate?** AT&T State of Issue: Will NXX Migration be provided by the Parties as an interim number portability solution, with each party to bear its own costs?	**SWBT Position: No. The functions that SWBT has offered to provide that have been characterized as "NXX Migration" is <u>not</u> a form of Interim Number Portability. SWBT has proposed to extend to AT&T the arrangement previously agreed to in a Commission-approved Texas Interconnection Agreement with another LSP at the same non-discriminatory rates, terms and conditions. AT&T simply seeks to obtain this function from SWBT for free by characterizing it as "interim number portability". This item is not required for local interconnection, nor subject to the price standards of 252(d), nor the Commission price rules. SWBT proposes that its rates are just, reasonable and non-discriminatory and should be adopted.** AT&T Position: Yes. NXX migration should be provided as part of Interim Number Portability and therefore no charge should apply.	**Attachment 14: INP Sections 8.0 - 8.1 (for AT&T's language) Attachment 21: Numbering** Sections 2.0 - 3.1 (for SWBT language)	**Attachment 14: INP** **8.0 <u>NXX Migration (LERG Reassignment)</u>** **8.1 <u>Where a Party has activated more than half of an NXX and the remaining numbers in that NXX are either unassigned or reserved for future use, at the request of that Party it may elect to employ NXX Migration. NXX Migration will be provided by utilizing reassignment of the NXX to the requesting Party through the Local Exchange Routing Guide (LERG).</u>**	Attachment 21: Numbering 2.0 NXX Migration (LERG Reassignment) 2.1 Where a Party has activated more than half of an NXX and the remaining numbers in that NXX are either unassigned or reserved for future use, at the request of that Party it may elect to employ NXX Migration. NXX Migration will be provided by utilizing reassignment of the NXX to the requesting Party through the Local Exchange Routing Guide (LERG). 3.0 <u>Pricing</u> 3.1 The Party to whom the NXX is migrated will pay an NXX migration charge to the other Party as follows: 3.1 NXX Migration: $10,000.00 per NXX.		

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** SWBT has developed and is developing proposed rates based on TELRIC studies, where applicable. SWBT will propose rates when it files testimony subject to SWBT's legal position on actual cost

[illegible]	[illegible] Excluded	[illegible]	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
	SWBT will agree to AT&T's language as written in sections 8.0 and 8.1 if the sections were contained in Attachment 21: Numbering. SWBT proposes this relocation based on its desire to charge for NXX migration should it not be considered an INP solution. In the original arbitration, AT&T proposed that NXX Migration (LERG Reassignment) should be used as an INP solution. SWBT agreed. The Arbitration Award requires that both SWBT and AT&T absorb their own costs of providing INP. SWBT proposes to charge $10,000 per NXX without any cost justification.					
7. **SWBT Statement of Issue: Should the temporary ULS rate structure be eliminated prior to SWBT's and the industry's ability to measure and bill the long term structure?** AT&T Statement of Issue: Should SWBT's temporary ULS rate structure, under which AT&T will pay for unbundled switching and common transport based on a surrogate formula rather than actual usage due to SWBT's inability to measure terminating usage, be subject to a certain end date and reasonable audit provisions?	SWBT Position: **No. The Public Switched Network was not designed to accommodate multiple local service providers in the same switch. In an effort to comply with the spirit and letter of the law, however, SWBT has been working to make modifications to accommodate the needs of such local service providers who choose to use SWBT's UNE switching rather than their own facilities to provide local exchange service. SWBT plans to address it's current inability to measure terminating usage and certain originating usage through the use of it's AIN platform. This development work is in progress and SWBT's objective remains to complete the new capabilities by year end 1997. SWBT does not believe, however that should its effort be delayed, it should be denied the ability to continue to bill via the temporary structure. It should also be recognized that AIN will not work at all in SWBT switches which are not SS7 capable or on certain types of services. To the extent that such limitations exist, SWBT should be permitted to bill via the interim structure until industry solutions are identified. If the interim rate structure is eliminated prior to SWBT and**	Appendix Pricing UNE, Sections 5.3.1 and 5.3.5	5.3.1 *As of the Effective Date of this Agreement, SWBT is unable to measure terminating usage associated with unbundled Local Switching and in certain circumstances originating usage associated with unbundled Local Switching. Once SWBT has the ability to measure such usage, the standard rate structure for ULS described above will become effective. During the time period prior to the implementation of the Standard Rate Structure the following temporary ULS Rate structure will apply.* **<u>By December 31, 1997, or by another date as the Parties may otherwise agree, SWBT will cease to use the temporary ULS Rate Structure.</u>** 5.3.5 **<u>SWBT will provide access to information necessary to verify the accuracy of the bills that AT&T receives.</u>**	5.3.1 *As of the Effective Date of this Agreement, SWBT is unable to measure terminating usage associated with unbundled Local Switching and in certain circumstances originating usage associated with unbundled Local Switching. Once SWBT has the ability to measure such usage, the standard rate structure for ULS described above will become effective. During the time period prior to the implementation of the Standard Rate Structure the following temporary ULS Rate structure will apply.*		

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[illegible]	[illegible]	Attachment and Section	AT&T Language	SWBT Language	AT&T Language Accepted	SWBT Language Accepted
	the industry's ability to measure and bill the long term structure, AT&T would receive unbundled local switching for free. This would contravene the cost-based pricing standards in the FTA. **Specifically with respect to AT&T proposed paragraph 5.3.5, the General Terms and Conditions contain fully adequate audit procedures agreed to by the parties making this provision unnecessary and overly burdensome on SWBT. AT&T should not be allowed to negotiate a full audit arrangement and then bring up "specialty" audit issues before this Commission.** AT&T Position: Yes. According to SWBT, its systems development has not yet progressed to the point that it is able to measure terminating usage associated with unbundled local switching and, in some circumstances, originating usage. See Appendix Pricing UNE, Section 5.3.1. SWBT has expressed confidence that it will have completed the systems development to achieve those capabilities prior to the end of 1997. Meanwhile, however, SWBT states that it is unable to implement the interim rate structure that the parties have otherwise agreed to (with certain exceptions) for applying usage sensitive UNE charges when AT&T has purchased unbundled local switching (this structure is the "Standard Interim Rate Structure for ULS" provided for in Section 5.2 of Appendix Pricing UNE). SWBT has proposed a "Temporary ULS Rate Structure" for use until it develops the capability to measure the terminating and originating usage referred to above. Under the proposed temporary structure, AT&T will pay a surrogate charge for all					

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	completed calls originated from an unbundled switch port purchased by AT&T and terminating at a different switch. This formula consists of the following: two times the local switching rate, plus one times the common transport rate, plus .3 times the tandem switching rate, for each minute of use. *See* Attachment 6, Section 5.3.3. This surrogate formula is undesirable as anything more than a short-term patch. To the extent it prevents AT&T from billing terminating access charges that it is entitled to under the Act, it will improperly restrict AT&T's use of the UNE elements it purchases. These problems notwithstanding, AT&T has agreed to try the Temporary ULS Rate Structure in Texas as a short-term compromise. However, AT&T should receive some corresponding assurance that this structure will indeed be short-term. AT&T has proposed contract language that would require SWBT to cease use of this rate structure by December 31, 1997, unless the parties agree to another date. A year-end deadline is consistent with SWBT's stated expectations of when it will change over from the temporary structure to the interim standard structure. That mutual expectation should be given force in the contract. Because of its concerns about the accuracy and application of the formula, AT&T also has included language that will provide it access to any information needed to verify related billing. Because the temporary ULS rate structure is a unique structure that will only last a short time, it is reasonable to provide for this limited audit capability, apart from the annual audit provisions in the General Terms and Conditions.					

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[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	AT&T's Language Accepted	SWBT's Language Accepted
8 SWBT Statement of Issue: See Item 7, above. AT&T Statement of Issue: Should a blended transport rate apply to AT&T's usage of common transport and tandem switching, based on average tandem usage within the SWBT network, rather than requiring the parties to track and verify usage of tandem switching for AT&T local customer traffic?	SWBT Position: **SWBT has agreed to a temporary ULS rate structure pending the ability to measure and bill the *long term* structure.** AT&T Position: Yes. AT&T's proposed Blended Transport rate will provide full cost-based compensation to SWBT while saving both parties the effort and expense of tracking actual tandem usage for all AT&T local customer traffic. As discussed in Issue 6, above, in connection with SWBT's proposed temporary ULS rate structure, it is important that SWBT measure AT&T's actual usage of originating and terminating unbundled switching, and the AT&T be billed accordingly. Otherwise, AT&T access to unbundled switching is improperly limited. However, AT&T has proposed a Blended Transport rate that should save SWBT the effort and expense of measuring actual tandem usage for AT&T local customer traffic, and it will save AT&T the effort and expense of verifying SWBT's billing in this regard. SWBT has agreed that, when AT&T uses unbundled common transport, its traffic will be routed over SWBT's common network according to the same criteria that SWBT traffic is routed. Thus, tandem usage for AT&T local customer traffic should mirror SWBT tandem usage for comparable traffic. AT&T has proposed a formula that should accurately reflect the average combination of common transport and tandem switching usage that will apply to its local customer traffic. This formula (as well as the underlying common transport and tandem switching rates) will be presented for review and determination in the pending price proceedings. AT&T's proposed contract language referencing	Appendix Pricing UNE, section 5.2.2.1.1.1.1	5.2.2.1.1.1.1 **<u>The Parties agree that, for calls originated over unbundled local switching and routed over common transport, SWBT will not be required to record and will not bill actual tandem switching usage. Rather, AT&T will pay the rate shown on Appendix Pricing UNE - Schedule of Prices labeled "Blended Transport," for each minute of use of unbundled common transport, whether or not the call actually traverses the tandem switch.</u>**	This issue is covered in SWBT's proposed language for 5.3.1 as discussed in issue 7, above.		

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	the Blended Transport rate, contained in section 5.2.2.1.1.1.1 of Appendix Pricing UNE, should be adopted along with AT&T's proposed pricing.					
9. What rates should apply to the Time and materials, Maintenance of Service, Non-Productive Dispatch activities provided for under the contract?	SWBT Position: **In its July 2, 1997 filing SWBT submitted cost studies for Maintenance of Service Charges, Time and Materials Charges and Non-Productive Dispatch Charges (covered by the maintenance of service charge study). SWBT notes that Time and Material Charges is not an unbundled network element and is not covered by the requirements of FTA96. SWBT filed this study to update its proposed rates.** **SWBT is entitled to recover all of its costs. SWBT's proposed cost-based rates are in compliance with the TELRIC methodology specified by the Commission in the Initial Arbitration and should be adopted.** AT&T Position: Permanent, cost-based rates for these activities should be established in this arbitration (which includes the cost proceedings). Proposed Sections 4.0 through 4.9 of Appendix Pricing UNE would define the application of three types of special labor/materials charges that could come into play with AT&T's use of unbundled network elements – "Maintenance of Service," "Time and Materials," and "NonProductive Dispatch" (collectively "Time and Materials" charges). These charges would apply, for example, when AT&T reported failure of a network element, SWBT dispatched a technician in response, and the trouble in fact was not caused by SWBT's facilities or equipment. Appendix Pricing UNE, Section 4.3, 4.4. AT&T has agreed	Appendix Pricing-UNE, Sections 4.0 - 4.9	**4.0 Maintenance of Service, Time and Materials, and NonProductive Dispatch Charges** **4.1 If AT&T requests or approves a SWBT technician to perform special installation, maintenance, or conversion services for Unbundled Network Elements excluding services which SWBT is required to provide under Attachment 6, Attachment 8, or otherwise under this Agreement, AT&T will pay Maintenance of Service and/or Time and Material Charges for such services as are reasonably required, including requests for installation or conversion outside of normally scheduled working hours.** **4.2 Consistent with Attachment 8 Maintenance UNE, if AT&T determines that trouble has occurred in SWBT's equipment and/or facilities, AT&T will issue a trouble report to SWBT.** **4.3 AT&T will pay Maintenance of Service charges for technicians' time reasonably required when AT&T reports a suspected failure of a network element and SWBT dispatches personnel to the end user's premises or a SWBT central office and trouble was not caused by SWBT's facilities or equipment. Maintenance of Service charges will include all technicians dispatched, including technicians dispatched to other locations for purposes of testing.** **4.4 AT&T will pay Maintenance of Service charges for technicians' time reasonably**	(SWBT opposes the inclusion of AT&T's language.)		

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	that such charges also would apply if AT&T issues a trouble report allowing SWBT access to end user premises but the dispatched SWBT personnel are denied access to the premises. Appendix Pricing UNE, Section 4.5. AT&T has proposed that such charges should apply to cooperative testing of unbundled network elements and to other special installation, maintenance, or conversion services for UNEs that AT&T might request. Attachment 6, Section 12.3.1 (agreed except as to pricing) and Appendix Pricing UNE, Section 4.1 SWBT has objected to all of the Time and Materials provisions proposed by AT&T (Appendix Pricing UNE, Sections 4.0 through 4.9), because the parties disagree over the rates to be charged for these activities. Most of the language of these sections has been agreed to by SWBT in other states, so long as there was no pricing dispute. Based on information provided to AT&T in the SWBT cost studies (though there is no direct cost study for Time and Materials charges), SWBT's proposed rates, as set forth on the pricing schedule, do not appear to be cost-based. When AT&T advised SWBT in recent Texas negotiations that Time and Materials rates were in dispute, SWBT objected to the entirety of the proposed Time and materials provisions. AT&T's proposed contract language concerning Time and Materials charges should be approved, and cost-based rates for these activities should be established. The Arbitration Award provided that, if LSP testing of UNEs produces incorrect information that results in an unnecessary dispatch, the LSP must pay SWBT the "cost" of the unnecessary trip. Arbitration Award at p. 8. That result should apply to all the activities covered by the proposed Time and Materials		**required when AT&T reports a suspected failure of a network element and SWBT dispatches personnel and the trouble is in equipment or communications systems provided by an entity other than SWBT or in detariffed CPE provided by SWBT, unless covered under a separate maintenance agreement.** **4.5 If AT&T issues a trouble report allowing SWBT access to the end user's premises and SWBT personnel are dispatched but denied access to the premises, then Non Productive Dispatch charges for technicians' time reasonably required will apply. Subsequently, if SWBT personnel are allowed access to the premises, the NonProductive Dispatch charges will still apply.** **4.6 Time and Materials and/or Maintenance of Service and/or NonProductive Dispatch charges apply on a first and additional basis for each half hour or fraction thereof, except where the Schedule of Prices provides for per dispatch charges. If more than one technician is dispatched in conjunction with the same trouble report, the total time for all technicians dispatched will be aggregated prior to the distribution of time between the "First Half Hour or Fraction Thereof"; and "Each Additional Half Hour or Fraction Thereof" rate categories. Basic Time is considered to be Monday through Friday 8 a.m. to 5 p.m. which is SWBT's normally scheduled work day. SWBT's normally scheduled work week is Monday through Saturday. Overtime applies when work is out of a normally scheduled work day during a normally scheduled work week (i.e., weekday nights and/or Saturdays). Premium time is time worked outside of SWBT's normally scheduled work week and includes Sundays and Holidays.**			

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	provisions - AT&T should pay for the activity, but at cost.		**<u>Any time not consecutive with SWBT's normally scheduled work day may be subject to a minimum charge of two hours if dispatch of an off duty SWBT employee is necessary.</u>** **<u>4.7 SWBT will bill AT&T Time and Materials, NonProductive Dispatch and/or Maintenance of Service Charges only pursuant to AT&T's authorization, including authorizing a dispatch, consistent with procedures outlined in this Agreement.</u>** **<u>4.8 SWBT will manage costs of Time and Materials, NonProductive Dispatch and Maintenance of Service Charges activities charged to AT&T in a manner that is consistent with SWBT's internal management of those costs.</u>** **<u>4.9 Charges for services contained in this section are listed in Appendix Pricing UNE - Schedule of Prices labeled "Maintenance of Service Charges", "Time and Materials Charges", and "Non Productive Dispatch Charges".</u>**			

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1. <u>UNE Pricing</u> **SWBT Statement of Issue:** **For additional UNEs, features and functionalities that AT&T seeks, what rates should apply? That is, if no rate is specified for UNEs referenced in Attachment 6, should the contract provide that the parties will negotiate prices for that element?** AT&T Statement of Issue: Should the interconnection agreement include a comprehensive set of all prices that will apply to AT&T's purchase of unbundled network elements (UNE) over the life of the contract, or should SWBT retain the discretion to identify new "rate elements" and withhold access to UNEs until AT&T agrees to pay whatever charge SWBT establishes for the new rate elements?	SWBT Position: **AT&T asserts that the "Commission should require SWBT to identify, once and for all, the universe of rates and charges that it proposes to apply to AT&T's UNE purchases" and "AT&T must have a complete UNE pricing schedule that it can rely on for the life of the contract." However, AT&T continues to identify new unbundled network elements never before requested (for example, see IV-15b), as well as additional work activities AT&T wants SWBT to perform on AT&T's behest. SWBT is entitled to recover costs incurred, plus a reasonable profit, for these items. An appropriate rate must be established for any unbundled network element, or work activities associated with an unbundled network element. If such a rate is not established, the parties should negotiate a rate. AT&T's proposed language could force SWBT to provide elements, features or functions to AT&T for free without recovery of its costs in violation of the Act.** **AT&T argues that where it seeks additional UNEs, features or functionalities, SWBT should be forced to provide them for free.** **Having arbitrated specific rates for specific UNEs, AT&T has now considered additional UNEs and additional features and functionalities it would like to order. Rather than negotiate rates for these additional items, AT&T argues that the interim rates previously adopted cover these items and that no additional rates are needed.** **AT&T also advances a position that because it**	Appendix Pricing UNE, Section 1.4; Appendix Pricing UNE - Schedule of Prices	(The existing contract language dealt with interim pricing, the revisions proposed are for permanent pricing.) 1.4 Except for requests that are expressly made subject to the Special Request process described in section 2.22 of Attachment 6 ("Special Request Elements"), AT&T may order, and SWBT will provide, all Attachment 6 Elements on the basis of the attached Schedule of Prices. **<u>The Parties agree that the Appendix Pricing UNE - Schedule of Prices contains a complete list of rate elements and charges associated with AT&T's ordering, provisioning, billing, maintenance, and use of the unbundled Network Elements that SWBT is required to provide under the Act (other than the items that are subject to the special request process).</u>** This paragraph does not limit or expand the use of the Special Request Process. (See also Appendix Pricing UNE - Schedule of Prices.)	1.4 Except for requests that are expressly made subject to the Special Request process described in section 2.22 of Attachment 6 ("Special Request Elements"), AT&T may order, and SWBT will provide, all Attachment 6 Elements on the basis of the attached Schedule of Prices. The Parties agree that the Appendix Pricing UNE - Schedule of Prices contains a complete list of rate elements and charges associated with unbundled Network Elements and other items, if any, offered by SWBT pursuant to this Attachment. In the event that any charge contained in or referenced to in this Attachment 6 are not listed in the attached Appendix Pricing Schedule, SWBT and AT&T will negotiate prices, terms and conditions. This paragraph does not limit or expand the use of the Special Request Process. (See also Appendix Pricing UNE - Schedule of Prices.)		

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	did not specify a particular type of element, it should have that element free of charge. It assumes that SWBT should have anticipated what AT&T *might* want, in addition to the UNEs AT&T actually requested. AT&T concludes that because SWBT did not present a rate for these unrequested items, they should now be free. **AT&T is wrong. Some of the items here in dispute were *not* covered in the interim rates previously set. AT&T knows this. It has not and cannot point to anything in the cost studies or testimony supporting those rates indicating that any of the costs of the elements, features or functions AT&T now wants were included. To the contrary, none of these costs have been presented heretofore. The Act gives SWBT the right to recover its costs and the efforts of AT&T to receive these items free of charge should be rejected as unreasonable and unlawful.** **AT&T accuses SWBT of "identifying" additional rates and charges to be assessed. SWBT believes that it is AT&T, not SWBT, that has identified additional elements, features and functions that AT&T now wishes to have. Nevertheless, regardless of who "identified" these items, the undisputed fact remains that their costs were not included in the cost studies forming the basis of the rates set in the first arbitration.** **AT&T repeatedly accuses SWBT of refusing to submit these new items for analysis in a cost docket and causing "duplicative arbitrations." This is another of AT&T's misrepresentations. It is AT&T that has brought these issues to arbitration by demanding the disputed items**					

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	free of charge. SWBT, on the other hand, first sought to negotiate cost-based rates. AT&T accuses SWBT of offering a UNE rate structure that is "highly disaggregated." SWBT is only following the mandates of the FCC, which obligate SWBT to offer UNEs separately, at separate prices. The Act requires this and AT&T should expect no less. AT&T brings up several other elements for which rates were not considered last fall. While it apparently agrees that some rate should apply to these elements, AT&T refuses to accept SWBT's cost-based proposals. AT&T first takes SWBT to task because its "interim price proposals did not include a rate for some relatively common types of element." There should be no mistake that the duty to request UNEs is that of the LSP, not the incumbent LEC. In an arbitration under the Act, the petitioner is obliged to identify the issues to be arbitrated. *See* Section 252(b)(2)(A)(i). SWBT cannot anticipate what UNEs AT&T may wish to purchase. In the more than 100 interconnection agreements that SWBT has negotiated and arbitrated, not every LSP wants exactly the same UNEs. SWBT has no duty to guess at what AT&T will want. Finally, AT&T asserts that because of the dispute over these rates, AT&T is somehow denied access to the elements in question. This is another red herring. The issue is not access to UNEs; the issue is the rate for those elements. AT&T cannot claim that only by agreeing to AT&T proposed rates, or no rate, can SWBT comply with its obligation under the					

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	Act to offer access to UNEs. The arbitration in Docket No. 16226 was limited to those issues AT&T raised. *See* Section 252(b)(2)(A)(i). AT&T cannot complain if it failed to raise issues in that arbitration it now would like to have resolved. For example, should SWBT be entitled to price Cross Connects on an Individual Case Basis? AT&T objects to SWBT proposed language that makes it clear that each Cross Connect must have a compatible interface to the elements to which it joins. Of course, such a compatible interface is required for the Cross Connect to work properly. The function of the Cross Connect is to join together UNEs. These UNEs will be of varied type and function. They may include switch ports, multiplexing, digital cross connects, interoffice transport, as well as different bandwidths of capacity (e.g., DS1 and DS3). These connections will be very different depending on the facility and AT&T's requirements. What AT&T is really up to by objecting to this language is to force a single, generic rate which does not include the costs of specific types of installations. Such a strategy is contrary to the Act, which requires that UNEs be cost-based. For all the above reasons, the Commission should accept the proposed rates of SWBT. AT&T Position: Yes. AT&T must have a complete UNE pricing schedule that it can rely on for the life of the contract in order to develop and to execute any					

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	plan to provide competitive local service using UNEs. AT&T has exhaustively explained its UNE requirements to SWBT. With the conclusion of the pending price proceedings and this arbitration, any and all UNE price disputes should be resolved. Once the Commission's price determinations are incorporated into the contract price schedule, the UNE price schedule must be explicitly complete. Neither party should be able to change or add to that price schedule unilaterally. Through negotiations to date, SWBT has continued to identify multiple new charge after new charge that it contends should apply to UNE purchasing, over and above the rate elements that were the subject of the interim rates established in the Arbitration Award. SWBT asserts a unilateral right to add these new charges to AT&T's usage of UNE elements. With each new proposed charge, SWBT offers AT&T the choice of either acquiescing in an unreviewed charge, without benefit of cost documentation, or being denied access to the subject network element. No business can plan to enter a market in such circumstances. The Commission should require SWBT to identify, once and for all, the universe of rates and charges that it proposes to apply to AT&T's UNE purchases and to provide appropriate cost documentation for those rates and charges as required by the Act. Then, having determined the final set of rates and charges that will apply to AT&T's UNE purchases for the life of this contract, the Commission should adopt AT&T's proposed section 1.4 of Appendix Pricing UNE, which will foreclose price changes or additions during the contract term, except by agreement of the parties. As a final, yet important step, the Agreement should explicitly state that the UNE price schedule is complete and neither party may add to, subtract					

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	from or change any of the prices without agreement of the other party. SWBT's proposed additional rates fall into two categories. First, most additional rates reflect SWBT's evolving, preferred UNE rate structure which is highly disaggregated and provides specific rates and charges, including many non-recurring charges, for particular functionalities, subcomponents, or specialized usage of the elements. In those cases, SWBT is proposing to charge AT&T different and additional rates and charges for elements that were the subject of the interim rates ordered by this Commission. SWBT continues to offer up new these UNE charges and rate elements to this day. For example, SWBT identified new charges for elements that were the subject of last fall's arbitration as late as the week of June 2, when AT&T and SWBT last met in face-to-face negotiations. At that time, SWBT offered two new rate element cross-connects: the "subloop cross-connect," for which meaningful definition was not available, and a "dark fiber cross connect" (these are discussed separately below). SWBT also proposed yet another nonrecurring additive to the loop nonrecurring charges SWBT had proposed on the pricing schedule. As to the second category of new prices, for some of the elements that the Commission ordered SWBT to unbundle, SWBT's interim price proposals did not include a rate for some relatively common types of that element, and AT&T had not proposed a specific rate for that element type. The parties agree that these element types should be made available at standard prices (*i.e.*, individualized case basis pricing is not					

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	appropriate). However, the parties have not agreed on a permanent price for the element. Further, SWBT will not agree that any price for these items, including its own proposed permanent prices, could be reviewed in the current price proceedings. AT&T has proposed or will propose a permanent price for each of these items in the current price proceedings (a few prices remain under development, where AT&T has not had access to cost studies). AT&T's proposed contract language, recognizing the price schedule as complete, should be approved. SWBT's proposal, while similar in part, contains vague language (reflected in bold type) that would require the parties to engage in additional price negotiations for any charge "contained in or <u>referenced to</u>" in Attachment 6 that is not listed on the price schedule (emphasis added). SWBT's language would allow for continuation of the pattern seen in negotiations to date – SWBT will remain free to advise AT&T from time to time that it has discovered some additional charge implicit in the requirements of Attachment 6, which AT&T must accept ("negotiate") if it wishes to obtain the affected element or functionality.					
2a. What price should apply to the 4-wire analog loop?	SWBT Position: **SWBT was ordered to file a separate four-wire TELRIC loop study in the Commissions ruling in the initial arbitration proceeding. The price specified is in compliance with that Commission-ordered study and should not be re-arbitrated.** AT&T Position: Permanent, TELRIC-based pricing for the 4-wire	Appendix Pricing UNE - Schedule of Prices	(See Appendix Pricing UNE - Schedule of Prices)	(See Appendix Pricing UNE - Schedule of Prices)		

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	analog loop should be established in this arbitration (which includes the cost-proceedings).					
2b. Should AT&T be required to pay SWBT's proposed feature activation charges, in addition to local switching port and usage charges?	SWBT Position: **Yes, AT&T wants additional features activated but does not want to pay the cost of this activation. The cost studies submitted in Docket No. 16226, which the unbundled local switch interim rate is based, did not include the cost for this item. AT&T should not get it free of charge. SWBT's proposed cost-based rate is in compliance with the TELRIC methodology specified by the Commission in the Initial Arbitration.** AT&T Position: No. AT&T should not be required to pay a separate non-recurring charge for feature activation because: (1) SWBT is recovering all costs associated with feature activation in its local switching port and usage charges; and (2) SWBT has not to date provided any TELRIC-based cost study to support the non-recurring charge. Notwithstanding rejection of the non-recurring charge, in the event the PUC deems it appropriate to consider establishing a feature activation charge, SWBT should be required to: (1) produce a TELRIC-based cost study to support the charge; and (2) back-out all related costs for its local switching port and usage rates to avoid double recovery.	**Appendix Pricing UNE - Schedule of Prices.**	(See Appendix Pricing UNE - Schedule of Prices)	(See Appendix Pricing UNE - Schedule of Prices)		
2c. Should AT&T be required to pay SWBT's proposed Centrex-like System Charges, in addition to local switching port and usage charges?	SWBT Position: **Yes, This is one of the items AT&T wishes to order but which it wants free of charge. SWBT cannot be required to provide this item without recovering its costs. The Act requires cost-based rates and does not require elements free of charge. SWBT has proposed cost-based rates which should be adopted. SWBT's proposed cost-based rate is in compliance**	**Appendix Pricing UNE - Schedule of Prices**	(See Appendix Pricing UNE - Schedule of Prices.)	(See Appendix Pricing UNE - Schedule of Prices)		

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	with the TELRIC methodology specified by the Commission in the Initial Arbitration. AT&T Position: No. AT&T should not be required to pay a separate non-recurring charge for Centrex-like systems because: (1) SWBT is recovering all costs associated with Centrex-like systems in its local switching port and usage charges; and (2) SWBT has not to date provided any TELRIC-based cost study to support the non-recurring charge. Notwithstanding rejection of the non-recurring charge, in the event the PUC deems it appropriate to consider establishing a feature activation charge, SWBT should be required to: (1) produce a TELRIC-based cost study to support the charge; and (2) back-out all related costs for its local switching port and usage rates to avoid double recovery.					
2d. What price should apply to the analog (DID) trunk port?	SWBT Position: **This is one of the elements AT&T did not request in Docket No. 16226. SWBT's proposed cost-based rate is in compliance with the TELRIC methodology specified by the Commission in the Initial Arbitration.** AT&T Position: Permanent, TELRIC-based pricing for the analog (DID) trunk port should be established in this arbitration (which includes the cost proceeding).	**Appendix Pricing UNE - Schedule of Prices**	(See Appendix Pricing UNE - Schedule of Prices)	(See Appendix Pricing UNE - Schedule of Prices)		
2e. What price should apply to the DS1 trunk port?	**SWBT Position:** **This is one of the elements AT&T did not request in Docket No. 16226. SWBT's proposed cost-based rate is in compliance with the TELRIC methodology specified by the Commission in the Initial Arbitration.**	**Appendix Pricing UNE - Schedule of Prices**	(See Appendix Pricing UNE - Schedule of Prices)	(See Appendix Pricing UNE - Schedule of Prices)		

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	AT&T Position: Permanent, TELRIC-based pricing for the DS1 trunk port should be established in this arbitration (which includes the cost proceeding).					
2f. SWBT Statement of Issue: Should SWBT be compensated for providing a two-way toll free EAS arrangement in conjunction with a UNE environment? AT&T Statement of Issue: Should SWBT be artificialty compensated for EAS revenues it once received from customers that have moved to AT&T?	**SWBT Position:** **When AT&T utilizes an NXX equipped for two-way toll free EAS, this Commission has previously found in its award that SWBT is entitled to compensation. The situation presented here involving UNE, namely that AT&T receives the benefit of two-way toll free calling as a result of requesting an SWBT NXX specially equipped entities SWBT to the proposed compensation. If AT&T's proposal were adopted, AT&T would receive the benefits of toll free calling analogous to an 800 service. Under AT&T's proposal, SWBT would waive toll charges to SWBT end users calling AT&T end users and SWBT would receive no off setting compensation for this arrangement - - clearly another something for nothing argument.** AT&T Position: No. SWBT's proposed EAS Port Additive is not cost-based and should be rejected. SWBT seeks to introduce the concept that in a UNE, TELRIC -based environment, it is entitled to a regulatory-style "make-whole" element: the EAS Port Additive. Specifically, SWBT seeks to charge an additional $12.50 per month for any switching port serving a customer that previously provided EAS revenues to SWBT. SWBT seeks to assess this charge, over and above the port and usage charges that otherwise apply, despite the fact that there is no additional equipment or work required to supply such a port. This EAS	**Attachment 6, Section 5.3.1.8**	(AT&T proposes no competing language on this subject and requests the Commission to reject SWBT's proposed language.)	**5.3.1.8 When AT&T requests a telephone number with a NXX which has an expanded area calling scope (EAS) in a SWBT end office, AT&T will pay the charge contained on Appendix Pricing UNE - Schedule of Prices labeled "EAS Port Additive".**		

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	Port Additive rate, one of a number of prices unveiled for the first time during negotiations in June of this year, is not reflected in any cost studies that SWBT has provided, and is clearly not part of the cost of providing unbundled local switching. SWBT should not be allowed to recoup any make whole additive for a customer no longer on its network. In the event the Commission determines that an additive would be established, SWBT should be required to: (1) produce a TELRIC-based cost study to support the change; and (2) back-out all related costs from its switching costs.					
2g. **SWBT Statement of Issue: What is the rate for Entrance Facilities?** AT&T Statement of Issue: Should AT&T be required to pay SWBT's proposed Entrance Facility charges, in addition to other dedicated transport charges?	**SWBT Position:** **In the first arbitration case, AT&T identified that it wanted only "interoffice transport" (that is, transport between two SWBT offices). Now AT&T wants transport from SWBT's office to AT&T's office. As SWBT's largest customer for interstate switched access tariff, it is inconceivable that AT&T would be surprised by the rates and/or rate structures SWBT proposed in compliance with the FCC rules in 96-98.** **AT&T apparently may want to order entrance facilities, an additional element, while claiming that the rate for this element is already included in the interim rates for Interoffice Transport. That transport rate was based on the currently effective interstate access charges for the same transport functions that will be used to transport AT&T's local traffic. This was in keeping with the FCC directives in the <u>Interconnection Order</u>, (¶ 821) to use the interstate dedicated switched transport tariff as the default proxy for the interoffice transport UNE rates. However, SWBT's tariff**	**Appendix Pricing UNE - Schedule of Prices**	(See AT&T's proposed rates under the heading "Dedicated Transport - Interoffice Transport" (between SWBT facilities or between SWBT and AT&T facilities).)	(See SWBT proposed rates under the heading "Dedicated Transport - Entrance Facility" and "Dedicated Transport - Interoffice Transport.")		

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	(FCC 73, ¶ 6) specifies entrance facilities at a rate *in addition to* the interoffice transport rate. Clearly then, the Interim Interoffice Transport rate does *not* include a rate for entrance facilities. SWBT's proposed cost-based rate is in compliance with the TELRIC methodology specified by the Commission in the Initial Arbitration. AT&T Position: No. AT&T's proposed pricing for dedicated transport - interoffice transport with one set of rates and charges applying to dedicated transport facilities, whether they connect SWBT offices or a SWBT office and an AT&T office, should be approved in the current price proceedings. A separate non-recovery charge should not be established because: (1) SWBT is recovering all costs associated with entrance facility in its dedicated transport charges; and (2) SWBT has not to date provided any TELRIC-based cost study to support the non-recurring charge. Notwithstanding rejection of the non-recurring charge, in the event the PUC deems it appropriate to consider establishing an entrance facility charge, SWBT should be required to: (1) produce a TELRIC-based cost study to support the charge; and (2) back-out all related costs for its dedicated transport rates to avoid double recovery.					
2h. What prices should apply to electronic multiplexing?	SWBT Position: **Subject to AT&T clarifying this issue as requested in the letter of June 26, 1997, SWBT will propose cost-based rates that are in compliance with the TELRIC methodology specified by the Commission in the Initial Arbitration.**	**Appendix Pricing UNE - Schedule of Prices**	(See Appendix Pricing UNE - Schedule of Prices)	(See Appendix Pricing UNE - Schedule of Prices)		

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Issue Statement	Reason Why Language Should Be Included or Excluded	Attachment Section	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
	AT&T Position: Permanent, TELRIC-based pricing for electronic multiplexing should be established in this arbitration (which includes the cost proceeding).					
2i. **SWBT Statement of Issue: Should SWBT be mandated to develop a standardized rate for an item which it currently does not have deployed as part of its dedicated transport facilities?** AT&T Statement of Issue: What prices should apply to optical multiplexing?	**SWBT Position:** **No. Optical multiplexing is not currently a standard part of SWBT's dedicated transport network. However, SWBT will provide optical multiplexing associated with dedicated transport on an unbundled basis through the Special Request process.** AT&T Position: Permanent, TELRIC-based pricing for optical multiplexing should be established in this arbitration (which includes the cost proceeding). AT&T's proposed optical dedicated transport prices include the cost of associated optical multiplexing which includes multiplexing.	**Appendix Pricing UNE - Schedule of Prices**	(See Appendix Pricing UNE - Schedule of Prices)	(See Appendix Pricing UNE - Schedule of Prices)		
2j. **SWBT Statement of Issue: Should SWBT be compelled to provide Digital Cross Connect Systems (DCS) with capabilities in excess of those SWBT offers to IXCs beyond the requirements of the FCC <u>Interconnection Order</u>?** What price should apply when AT&T specifically orders use of Digital Cross Connect System for its own control?	**SWBT Position:** **The definition of DCS rate elements are directly from SWBT's long-standing Interstate tariff and are in full compliance with FCC rules.** **AT&T continues its efforts to get DCS free of charge. As its sole authority for this position, AT&T quotes language from ¶ 444 of the <u>Interconnection Order</u> that Incumbent LECs must offer DCS "as a condition of offering unbundled interoffice facilities."** **SWBT is required to offer DCS only in the same manner as it is offered to IXCs. In quoting language from ¶ 444 of the <u>Interconnection Order</u>: "Therefore, we require incumbent LECs to offer DCS capabilities in the same manner that they offer such capabilities to IXCs that purchase transport services." SWBT offers these capabilities to**	**Attachment 6-UNE, Section 8.2.4.1.1, 8.2.4.1.1.1-8.2.4.1.1.4; Appendix Pricing UNE - Schedule of Prices**	(AT&T requests that SWBT's language be removed in its entirety.)	8.2.4.1.1 *When AT&T specifically orders the DCS, the applicable prices contained on Appendix Pricing - UNE - Schedule of Prices and labeled "Digital Cross Connect Systems" will apply.* SWBT proposes the following rate structure: 8.2.4.1.1.1 DCS Port Charge - A DCS rate per month applies per port requested. The three types of port configurations are as follows: DS0 channel port termination. DS1 channel port termination DS3 channel port termination. 8.2.4.1.1.2 DCS Establishment Charge - This charge applies for the initial setup of the AT&T database. The database setup is a grid, built by SWBT, that contains all of the unbundled dedicated transport circuits that AT&T will be able to control and reconfigure. Security, as well as circuit		

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	IXCs at access tariff rates and offers the same to AT&T as an LSP. This is completely in accord with the <u>Interconnection Order</u>. **The rates proposed by SWBT for DCS comply with the FCC's <u>Interconnection Order</u> (¶ 444), which requires SWBT to offer DCS "in the same manner" offered to IXCs. The rates proposed here by SWBT are based on the interstate special access rates, which the FCC found to be relatively close to costs.** AT&T Position: Permanent, TELRIC-based pricing should be established for SWBT's unbundled Digital Cross Connect System functionality when AT&T specifically orders the DCS for its own control. Furthermore, SWBT should not be allowed to define DCS rate elements because SWBT has not provided <u>any</u> cost study to support rates or the definition of rate elements.			Inventory, is built into the grid, permitting AT&T to control its own circuits. Also included is initial training on the system. 8.2.4.1.1.3 Database Modification Charge - This charge applies each time AT&T requests a modification of its database. A modification can be an addition or deletion of circuits terminating on a DCS, or a rearrangement of the database. 8.2.4.1.1.4 Reconfiguration Charge - This charge applies per termination point per DCS each time the routing of an AT&T circuit is changed. As an example, if AT&T has a circuit routing from their premise "A" through two DCS offices to their premise "B" and want to reconfigure this circuit so that it is routed from "A" through two different DCS offices to premise "C", four reconfiguration charges would apply. Two charges would apply for disconnecting from the original DCS offices and two charges would apply for connecting at the new DCS offices.		
2k. What pricing should apply to Signaling Link Transport - STP Access Link - 56 Kbps?	**SWBT Position:** **SWBT is surprised at AT&T's request for Signaling Link Transport-STP Access Link 56 Kbps, as AT&T has repeatedly advised SWBT that it has no applications for this circuit. There was no reason for SWBT to perform a cost study on this element. In the event that AT&T would request Signaling Link Transport-STP Access Link 56 Kbps circuits, then SWBT is willing to perform a study.** AT&T Position: Permanent, TELRIC-based pricing for this item should be established in this arbitration (which includes the cost proceeding).	**Attachment 6, Section 9.1.1.4, Appendix Pricing UNE - Schedule** of Prices	(See Appendix Pricing UNE - Schedule of Prices)	(See Appendix Pricing UNE - Schedule of Prices)		
2l. What pricing should apply to Signaling Link Transport - STP Access - Connection - 1.544	**SWBT Position:** **SWBT's proposed cost-based rate is in compliance with the TELRIC methodology**	**Attachment 6, Section** 9.1.1.3, **Appendix Pricing UNE - Schedule of Prices**	(See Appendix Pricing UNE - Schedule of Prices)	(See Appendix Pricing UNE - Schedule of Prices)		

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** SWBT has developed and is developing proposed rates based on TELRIC studies, where applicable. SWBT will propose rates when it files testimony subject to SWBT's legal position on actual cost.

[illegible]	[illegible]	[illegible]	AT&T Language [illegible]	SWBT Language [illegible]	AT&T's Language Accepted	SWBT's Language Accepted
Mbps?	**specified by the Commission in the Initial Arbitration, see also 2g.** AT&T Position: Permanent, TELRIC-based pricing for this item should be established in this arbitration (which includes the cost proceeding). This element is identical to a DS-1 dedicated transport facility. AT&T should only pay applicable DS-1 interoffice transport rates, without SWBT's proposed entrance facility charges. For further discussion, see issue 2g.					
2m. Should each party bear its own cost of adding signaling point code and Global Title Translation Type information as needed to enable communication between their local signaling networks?	SWBT Position: **AT&T's position that "each party should bear its own cost" is simply not in compliance with the Act, the FCC Rules, or the Texas Rules. SWBT is entitled to recover its costs incurred on behalf of AT&T irrespective of what it costs AT&T to enter the local market. When SWBT enters the long distance market, it will not be demanding that AT&T bear part of the cost of our entry into their oligopoly.** **AT&T here seeks global title translation as an additional element. The costs of this element were not included in the interim rate set for signaling. Nevertheless, AT&T seeks this element at no further cost. SWBT's proposed cost-based rate is in compliance with the TELRIC methodology specified by the Commission in the Initial Arbitration.** AT&T Position: Yes. As AT&T deploys its own switches and STPs for local service, SWBT will need to add signaling point codes associated with the AT&T facilities, so that SWBT's signaling network will recognize messages from, and route messages to, the new AT&T signaling addresses. Similarly, SWBT will be required to develop Global Title	**Attachment 6: UNE** Sections 9.1.4, 9.1.4.1, 9.2.2.2, and 9.5.1.1.1	9.1.4 AT&T will identify to SWBT the Signaling Point Codes (SPCs) associated with the AT&T set of links. **<u>When establishing new Signaling Point Codes, each party will bear its own costs.</u>**	9.1.4 AT&T will identify to SWBT the Signaling Point Codes (SPCs) associated with the AT&T set of links. AT&T will pay a non-recurring charge per STP pair when AT&T requests SWBT to add a signaling point code at the rate reflected on the Appendix Pricing UNE - Schedule of Prices labeled "Point Code Addition" reflected under the heading of "Unbundled Signaling". This charge also applies to point code information provided by AT&T allowing other telecommunications providers to use AT&T's SS7 signaling network. If either Party believes the new Point Code would be mutually beneficial, each Party agrees to negotiate at the request of the other Party. If pursuant to the negotiations, the Parties agree that the Point Code Addition is mutually beneficial, SWBT will pay the lesser of AT&T's tariff rate, if any, or the charges identified herein. 9.1.4.1 When SWBT requests AT&T to add a signaling point code, SWBT will pay a non-recurring charge per STP pair at the lesser of AT&T's tariff rate, if any, or the charge reflected on the Appendix Pricing UNE - Schedule of Prices labeled "Point Code Addition" reflected under the heading of "Unbundled Signaling". This charge also applies to point code information provided by SWBT allowing other telecommunications		

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[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	AT&T's Language Accepted	SWBT's Language Accepted
	Translation Type information for message routing. AT&T will be required to undertake similar development work within its signaling network. These point code additions and Global Title Translations are mutually beneficial undertakings, necessary in order for the signaling networks to communicated with one another. These costs are transitional to a competitive local service environment. Each party should bear its own costs in this regard, as reflected in AT&T's proposed sections 9.1.4, 9.2.2.2, and 9.5.1.1.1. (Issues related to CNAM pricing, other than point code addition, are discussed separately below.)			providers to use SWBT's SS7 signaling network. If either Party believes the new Point Code would be mutually beneficial, each Party agrees to negotiate at the request of the other Party. If pursuant to the negotiations, the Parties mutually agree that the Point Code Addition is mutually beneficial, AT&T will pay the charges identified herein.		
			9.2.2.2 The Parties will indicate to each other the signaling point codes and other screening parameters associated with each Link Set ordered by AT&T at the SWBT STPs, and each Party will provision in accordance with these parameters where technically feasible. AT&T may specify screening parameters so as to allow transient messages to cross the SWBT SS7 Network. The Parties will identify to each other the Global Title and Translation Type information for message routing. **<u>Each party will bear its own costs of developing global title translations.</u>**	9.2.2.2 The Parties will indicate to each other the signaling point codes and other screening parameters associated with each Link Set ordered by AT&T at the SWBT STPs, and each Party will provision in accordance with these parameters where technically feasible. AT&T may specify screening parameters so as to allow transient messages to cross the SWBT SS7 Network. The Parties will identify to each other the Global Title and Translation Type information for message routing. Unless the Parties agree that the Global Title Translation is mutually beneficial, AT&T will pay a non-recurring charge when AT&T requests SWBT to add Global Title Translation Type information for message routing, in connection with its use of unbundled signaling. These charges are identified in the Appendix Pricing UNE - Schedule of Prices as "Global Title Translation Addition".		
			9.5.1.1.1 **<u>CNAM Service Query will be priced as shown on Appendix Pricing - UNE - Schedule of Prices labeled "CNAM Service Query". There is no separate charge for CNAM Query Transport or CNAM Service Order Charge. Each Party will bear its own costs for Point Code Addition.</u>**	9.5.1.1.1 CNAM Service Query will be priced as shown on Appendix Pricing - UNE - Schedule of Prices labeled "CNAM Service Query". Query transport will be charged on a per query basis at the rate shown on Appendix Pricing UNE - Schedule of Prices labeled "Query Transport". A service order charge for CNAM Service Query will be charged at the rate reflected on Appendix Pricing UNE - Schedule of Prices labeled as "CNAM Service Order Charge". A non recurring charge for activating a point code will be charged at a rate reflected on the Appendix Pricing UNE -		

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** SWBT has developed and is developing proposed rates based on TELRIC studies, where applicable. SWBT will propose rates when it files testimony subject to SWBT's legal position on actual cost.

[illegible]	[illegible]	[illegible]	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
				Schedule of Prices labeled "Point Code Addition" reflected under the heading of "Unbundled Signaling".		
2n <u>SS7 Signaling</u> What average octet rate should be used to develop a signaling charge per call when AT&T uses SWBT's SS7 signaling network in connection with unbundled local switching?	SWBT Position: **SWBT proposes 200 octets. SWBT has identified that use of signaling in connection with SWBT unbundled local switching requires signaling to establish direct and tandem routed trunk groups for each call originating, and in addition, includes the use of signaling for features and database queries. SWBT has calculated the average number of octets per originating call (no charge is levied for a terminating call). The parties have agreed that there is no technically feasible means to measure actual octet usage for these functions. AT&T has not supplied any studies to support its proposal of 130 octets.** AT&T Position: 130 octets. The parties agree that, when AT&T uses unbundled local switching, it will not be required to separately order use of the SS7 signaling network. The parties further have agreed that AT&T should pay for SS7 signaling usage associated with calls originated over unbundled local switching, based on a price per octet times the average number of octets transmitted in the signaling for such calls. AT&T believes that 130 octets is a better approximation of the average than the 200 octets proposed by SWBT. Permanent, TELRIC-based pricing for SS7 signaling should be established in this arbitration (which includes the cost proceeding).	**Attachment 6: UNE** Section 9.2.1.1.3	9.2.1.1.3 Signaling for AT&T utilizing SWBT's Local Switching Unbundled Network Element (UNE): Use of SWBT's SS7 signaling network will be provided as set forth in an order for the Local Switching unbundled network element. AT&T does not separately order SS7 signaling under this method. AT&T will be charged for the use of the SWBT SS7 signaling *on a per call basis at the interim rate of* ***<u>130</u>*** *times the octet rate contained on Appendix Pricing UNE - Schedule of Prices and labeled as "SS7 Transport Rate". This per call rate is also shown as SS7 Signaling in the Appendix Pricing UNE - Schedule of Prices.*	9.2.1.1.3 Signaling for AT&T utilizing SWBT's Local Switching Unbundled Network Element (UNE): Use of SWBT's SS7 signaling network will be provided as set forth in an order for the Local Switching unbundled network element. AT&T does not separately order SS7 signaling under this method. AT&T will be charged for the use of the SWBT SS7 signaling *on a per call basis at the interim rate of 200 times the octet rate contained on Appendix Pricing UNE - Schedule of Prices and labeled as "SS7 Transport Rate". This per call rate is also shown as SS7 Signaling in the Appendix Pricing UNE - Schedule of Prices.*		
2o SWBT Statement of Issue: Should AT&T be allowed the use of SWBT's Line Information Database and	SWBT Position: **SWBT's Line Information Database ("LIDB") contains information relating to the lines on the SWBT network. SWBT's Calling Name**	**Attachment 6, Section 9.4.1, 9.4.8; Appendix Pricing UNE - Schedule of Prices.**	9.4.1 Definition: The Line Information Data Base (LIDB) is a transaction-oriented database that functions as a centralized repository for data storage and retrieval. LIDB is accessible through	9.4.1 Definition: The Line Information Data Base (LIDB) is a transaction-oriented database that functions as a centralized repository for data storage and retrieval. LIDB is accessible through		

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** SWBT has developed and is developing proposed rates based on TELRIC studies, where applicable. SWBT will propose rates when it files testimony subject to SWBT's legal position on actual cost.

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[illegible]	[illegible] excluded [illegible]	[illegible]	AT&T Language [illegible]	SWBT Language [illegible]	AT&T's Language Accepted	[illegible] Language Accepted
Calling Name Delivery Service without paying for them? AT&T Statement of Issue: Should AT&T be required to pay SWBT's proposed LIDB Query Transport and Service Order Charges?	**Delivery Service allows a called party with the compatible equipment to identify the calling party by name displayed on the equipment before the call is answered. This service employs a Calling Name ("CNAM") Service Query and requires the use of the LIDB to look up the number electronically and translate it to a name.** **For each of these items, there is a two-part rate: (1) a Query rate to recover the cost of using the database and (2) a Query Transport rate that covers the transport of the query on SWBT's signaling system. There is also a Service Ordering Charge to recover the cost of ordering and processing the service requests necessary for AT&T to activate LIDB and CNAM Service Query from AT&T switches. These costs are not recovered under any other rate element.** **SWBT is willing to offer these elements to AT&T, but AT&T refuses to pay either the Query Transport rate or the Service Ordering Charge. According to the Act, SWBT has no duty to offer unbundled network elements free of charge. Section 251 imposes a duty to offer such elements, but "on rates, terms and conditions that are just, reasonable, and nondiscriminatory in accordance with . . . the requirements of . . . section 252 [requiring that network element charges be based on cost]."** **AT&T should not be allowed to obtain a valuable element from SWBT without paying for the cost of that element. The AT&T contract language providing that AT&T "will not be required to pay" the rates necessary to recover the costs of this element should be rejected.**		Common Channel Signaling (CCS) networks. It contains records associated with customer Line Numbers and Special Billing Numbers. LIDB accepts queries from other Network Elements and provides return result, return error and return reject responses as appropriate. LIDB queries include functions such as screening billed numbers that provides the ability to accept Collect or Third Number Billing calls and validation of Telephone Line Number based non-proprietary calling cards. The interface for the LIDB functionality is SWBT's regional STP. LIDB also interfaces with a service management system as defined below. *When AT&T uses LIDB validation, it will pay the charges labeled "Validation Query" on a per query basis shown on Appendix Pricing UNE - Schedule of Prices.* **<u>There will be no additional charges for Query Transport or Service Order Charge.</u>**	Common Channel Signaling (CCS) networks. It contains records associated with customer Line Numbers and Special Billing Numbers. LIDB accepts queries from other Network Elements and provides return result, return error and return reject responses as appropriate. LIDB queries include functions such as screening billed numbers that provides the ability to accept Collect or Third Number Billing calls and validation of Telephone Line Number based non-proprietary calling cards. The interface for the LIDB functionality is SWBT's regional STP. LIDB also interfaces with a service management system as defined below. *When AT&T uses LIDB validation, it will pay the charges labeled "Validation Query" on a per query basis shown on Appendix Pricing UNE - Schedule of Prices.* In addition, AT&T will pay the charges labeled "Query Transport" on a per query basis and "Service Order Charge" shown on Appendix Pricing UNE - Schedule of Prices. ~~9.4.8 The following terms are offered as a package and are contingent upon AT&T's acceptance of the following rates:~~ ~~Validation Service Query — $.026 per query~~ ~~CNAM Service Query — $.0115 per query~~ ~~Query Transport — $.0045 per query~~ ~~(Query Transport applies to all query types)~~ ~~SWBT will pay a commission to AT&T for queries against AT&T's data stored in SWBT's LIDB as set forth following. The data stored is for subscriber records provided through means other than resale of SWBT services. The commission for non-SWBT queries will be 30% of the rate SWBT charges to the query originator. Commissions of SWBT-originated queries to AT&T records will be paid at 30% of the rate charged to AT&T as a query originator. The commission will be paid on a~~		

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Issue:	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
1. *AT&T Statement of Issue:* Whether interconnection between AT&T and SWBT's network should be designed to promote Network Efficiency for the competitive industry by reflecting least-cost, most efficient network design principles? *SWBT Statement of Issue:* Should AT&T be allowed to utilize local interconnection to circumvent access charges?	Yes. This issue is the overall policy issue to be decided. The specific implementation issues related to this overarching issue are listed and discussed below with specific contract language.	No. The interconnection trunking negotiated between the parties is being established to connect two networks for mutual exchange of local traffic. What AT&T proposes in these issues is not "network efficiency" but instead is simply another attempt to avoid access charges.					
2. Flexibility in Establishing Trunk Groups: *AT&T Statement of Issue:* Should AT&T be allowed to combine all forms of traffic on its trunks, rather than creating (and paying for) underutilized, redundant facilities? *SWBT Statement of Issue:* Should SWBT be compelled to carry AT&T's local intraLATA, and InterLATA traffic in a single trunk group if to do so would allow AT&T to avoid its obligation to pay access charges for its inter-exchange traffic?	The FCC order made it clear that UNEs may be used for exchange access services. The FCC has recognized that section 251 (c) (3) of the Act permits requesting telecommunications carriers to purchase UNEs for the purpose of offering exchange access services, or for the purpose of providing exchange access services to themselves in order to provide interexchange services to consumers. FCC Order, para. 356. SWBT seeks to limit AT&T's use of UNES by requiring that traffic continues to be segmented as it has traditionally been: Local and intraLATA on one trunk group, with InterLATA traffic (previously segregated as "access traffic") on a separate trunk group. It is important for AT&T to be able to utilize full functionality of trunking arrangements when interconnecting its network to SWBT.	AT&T seeks to compel SWBT to make available a single trunk group to carry local, IntraLATA and InterLATA traffic. The purpose of this request it to avoid the payment of access charges on inter-exchange traffic. The AT&T proposal should be rejected for six principal reasons: First, this issue was the subject of a specific stipulation in the original arbitration. The parties agreed that SWBT would combine traffic on a single trunk group, but only for IntraLATA and local traffic, *not* for InterLATA traffic. See Stipulation 27. AT&T now seeks to attack that stipulation with the demand that the trunk group carry *all* its traffic. Second, this issue was addressed in the original arbitration by Mr. Loehman in his direct testimony, pp. 52-57, where he explained why it would be inappropriate to change the method of applying intrastate access charges at this time.	**Attachment 11:NIA Appendix: ITR** Section 1.3, 2.1, 2.1.1, 2.1.2, 2.2	1.3 **SWBT will allow AT&T to use the same physical facilities (e.g., dedicated transport access facilities, dedicated transport UNE facilities) to provision trunk groups that carry Local, IntraLATA and InterLATA traffic. By December 31,1997, SWBT and AT&T may establish a single two way trunk group to provisioned to carry IntraLATA (including local) and InterLATA traffic. AT&T may have administrative control (e.g., determination of trunk size) of this combined two way trunk group. Prior to December 31,1997 as referenced above, when traffic is not segregated according to a traffic type the Parties will provide a percentage of jurisdictional use factors or an actual measurement of jurisdictional traffic.** 2.1 **InterLATA Toll**, Local Traffic and IntraLATA Interexchange (Toll) Traffic: 2.1.1 AT&T Originating (AT&T to SWBT)	1.3 SWBT proposes *no* new language. This issue was agreed to by AT&T and SWBT and is covered by Attachment 11:NIA, Appendix ITR paragraphs 2.1,2.1.1,.2.1.2, and 2.2 of the existing interconnection agreement. See also Stip. 27 from the first arbitration. 2.1 Access Toll Connecting Traffic, Local		

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VI. NETWORK EFFICIENCY
CONTRACTUAL DISPUTED ISSUES MATRIX
AT&T-SWBT INTERCONNECTION AGREEMENT - TEXAS

Issue:	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
	In the process of implementing interconnection between AT&T and SWBT networks, SWBT has resisted AT&T's attempts to optimize its network by allowing all types of traffic on a trunk group. Currently, SWBT is unable to measure different types of traffic on a given trunk group; it expects to be able to perform those measurements by the end of the year. Prior to the end of the year, SWBT seeks to use this lack of capability as a roadblock to efficient networks; it requests AT&T to build separate trunk groups for InterLATA traffic, rather than utilizing a PLU (Percent Local Usage factor). By the end of the year, SWBT expects to be able to measure this traffic. However, even when it has billing capability to match the potential full utilization of mixed traffic on trunks, SWBT restricts the introduction of interLATA toll into the mix except in the limited case of " Access Toll Connecting Traffic". Access Toll Connecting Traffic is traffic that crosses SWBT's network to connect to an IXC. This function, while important, is but a portion of the total interLATA traffic. It has become apparent that SWBT attempts to restrict AT&T's use of trunk groups and require AT&T to establish inefficient, redundant trunk groups. SWBT may have already been too successful in its efforts; AT&T teams seeking to implement interconnection in Texas are finding that SWBT's access tandems are becoming "full": yet another barrier to entry for AT&T. AT&T seeks to implement an efficient, flexible network in the following ways:	His testimony cites the FCC's Interconnection Order, which says in ¶1034 that reciprocal compensation provisions for transport and termination of traffic "*do not apply to the transport and termination of interexchange traffic.*" Third, AT&T seeks to avoid the payment of access charges for its interexchange traffic. This result is contrary to Section 252(g) of the Act and the FCC's Interconnection Order. In the Order (¶¶ 30, 358), the FCC made it clear that the collection of access charges by a LEC from an IXC *was not to change*. AT&T is still obligated to pay access charges for its interexchange traffic. By seeking to require a single trunk for local, intraLATA and interLATA traffic, AT&T would make it impossible for SWBT to accurately charge and collect access charges for interexchange portion of the traffic over that trunk. Access for AT&T's interexchange traffic to SWBT's network continues to be available through SWBT's access tariff. AT&T proposes a percent local usage factor approach as a "solution" to this problem. SWBT has seen this factor approach in the access world where it has not been uncommon to see 100% of the traffic allocated to the lower rate. In addition, AT&T's proposal would require SWBT completely to redesign its industry standard billing systems beyond any requirement of the Act. Fourth, AT&T seeks to force SWBT to share the cost of AT&T's connections with its interexchange facilities. In its access tariffs, SWBT includes a facilities charge by which an IXC like AT&T pays for all the facilities necessary for its		**<u>:Subject to Section 1.0 above, InterLATA toll traffic and</u>** intraLATA toll traffic may be combined with local traffic on the same trunk group when AT&T routes traffic to either a SWBT access tandem which serves as a combined local and toll tandem or directly to a SWBT end office. When mutually agreed upon traffic data exchange methods are implemented as specified in Section 5.0 of this Appendix, direct trunk group(s) to SWBT end offices will be provisioned as two-way and used as two-way. When there are separate SWBT access and local tandems in an exchange, a separate local trunk group will be provided to the local tandem and a separate intraLATA toll trunk group will be provided to the access tandem. When there are multiple SWBT combined local and toll tandems in an Exchange Area, separate trunk groups will be established to each tandem. Such trunk groups may carry [[both]] local, intraLATA toll, **<u>and InterLATA toll</u>** traffic. Trunk groups to the access or local tandem(s) will be provisioned as two-way and used as one-way until such time as it becomes technically feasible to use two-way trunks in SWBT tandems. Trunks will utilize Signaling System 7 (SS7) protocol signaling when such capabilities exist within the SWBT network. Multifrequency (MF) signaling will be utilized in cases where SWBT switching platforms do not support SS7. 2.1.2 AT&T Terminating (SWBT to AT&T): Where SWBT has a combined	Traffic and IntraLATA Interexchange (Toll) Traffic: 2.1.1 Access Toll Connecting Traffic and IntraLATA toll traffic may be combined with local traffic on the same trunk group when AT&T routes traffic to either a SWBT access tandem which serves as a combined local and toll tandem or directly to a SWBT end office. When mutually agreed upon traffic data exchange methods are implemented as specified in Section 5.0 of this Appendix, direct trunk group(s) to SWBT end offices will be provisioned as two-way and used as two-way. When there are separate SWBT access and local tandems in an exchange, a separate local trunk group will be provided to the local tandem and a separate intraLATA toll trunk group will be provided to the access tandem. When there are multiple SWBT combined local and toll tandems in an Exchange Area, separate trunk groups will be established to each tandem. Such trunk groups may carry [[both]] local, intraLATA toll, traffic. Trunk groups to the access or local tandem(s) will be provisioned as two-way and used as one-way until such time as it becomes technically feasible to use two-way trunks in SWBT tandems. Trunks will utilize Signaling System 7 (SS7) protocol signaling when such capabilities exist within the SWBT network. Multifrequency (MF) signaling will be utilized in cases where SWBT switching platforms do not support SS7.		

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Issue:	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
	AT&T seeks to utilize its existing network interconnections, where spare facilities are available, to provide trunking for all types of calls: local, IntraLATA, and interLATA. AT&T seeks to combine InterLATA, IntraLATA, and Local traffic on a single trunk group. SWBT has indicated that it will be able to recognize and account for different trunking types by the end of 1997. AT&T has requested that this arrangement be captured in contract terms. AT&T seeks, prior to the end of 1997 (as indicated above), to be able to combine InterLATA, IntraLATA, and local traffic on a single trunk group by using a "PLU", or percentage of local use factor, similar to the "PIU/LUP" ("percent interstate usage/local usage percentage) factor used today in SWBT's relationship to AT&T as an access provider. SWBT's current position would require AT&T to: Buy new facilities, rather than utilize spare capacity on existing facilities. When setting up new trunking arrangements, buy separate and, at least during startup, underutilized trunk groups for InterLATA traffic than would be used for InterLATA and local traffic. SWBT has already agreed to mix IntraLATA and local traffic, and the reason for their reluctance here to add InterLATA traffic to the mix is not clear. Although SWBT may apply these inefficient network designs to its own network it should not be allowed to require AT&T to use these inefficient	interexchange connections. On the other hand, when an interconnection for AT&T's *local* traffic is made, the cost of the facilities is shared by the interconnecting carriers. For example, the FCC has required facility arrangements such as "meet points", which involve shared costs. Fifth, AT&T's position ignores the fact that SWBT has local tandems in some market areas. These local tandems were placed as the most efficient means to handle "local" traffic and to de-load access tandems. SWBT uses these local tandems for all of its local traffic and requires that LSPs also send their local traffic to this local tandem. AT&T is requesting preferential consideration in this matter, whereas SWBT is obligated to provide non-discriminatory treatment of all LSPs. AT&T knows that it will be able to shift its interconnection cost to SWBT by demanding that a single interconnection facility be used for both local service and interexchange traffic. This is so because AT&T can thus take advantage of SWBT's obligation to share in the cost of that interconnection. Meanwhile, AT&T can migrate its interexchange traffic to the jointly funded facility and away from the interexchange facility for which it is solely responsible. AT&T's proposal is an effort to wire around the provisions of Section 251(g) and the cited sections of the FCC's <u>Interconnection Order</u>. These provisions make it abundantly clear that AT&T remains obligated to pay access rates for its interexchange traffic and for the		local and access tandem, SWBT will combine the local **<u>InterLATA</u>** and the IntraLATA toll traffic over a single trunk group to AT&T. The trunk groups will be provisioned as two-way and used as one-way until such time as it becomes technically feasible to use two-way trunks. When SWBT has separate access and local tandems in an exchange area, a separate trunk group will be established from each tandem to AT&T. As noted in Section 2.1.1, direct trunk group(s) between AT&T and SWBT end offices will be provisioned as two-way and used as two-way. Trunks will utilize SS7 protocol signaling unless the SWBT switching platform only supports MF signaling. 2.2 Access Toll Connecting Traffic: Access Toll Connecting Traffic will be transported between the SWBT access tandem and AT&T over a "meet point" trunk group separate from local, IntraLATA toll, **<u>and InterLATA toll</u>** trunk group. This trunk group will be established for the transmission and routing of Exchange Access traffic between AT&T's end users and interexchange carriers via a SWBT access tandem. When SWBT has more than one access tandem within an exchange, AT&T may utilize a single "meet point" access toll connecting trunk group to one SWBT access tandem within the exchange. This trunk group will be set up as two-way and will utilize SS7 protocol signaling. Traffic destined to and from multiple interexchange carriers (IXCs) can be combined on this trunk group. **<u>This arrangement is subject to the timeframes referenced in Section 1.0.</u>**	(2.1.2 SWBT opposes inclusion of AT&T language.) (2.2 SWBT opposes inclusion of AT&T language.)		

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Issue:	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
	designs in its network. The implementation teams continue to work these issues; however, as of the date of the filing of this contract, SWBT's language would force AT&T to create redundant and inefficient networks. The Texas Commission should rule in AT&T's favor in order to expedite the process of bringing local competition to the State of Texas. In order to become a facilities based provider, AT&T must utilize its resources to combine traffic (in ways consistent with the Act and applicable laws). One efficient and effective possibility is to carry local and interLATA traffic on one trunk group when providing service to our customers. AT&T's proposed language should be included in order to avoid the inefficient trunking arrangements proposed by SWBT. SWBT's proposed trunking would only serve to increase costs to AT&T and to AT&T's end user customers.	facilities necessary to deliver that traffic to SWBT. Forcing SWBT to carry all AT&T traffic over a single trunk would allow AT&T to avoid this obligation. AT&T's proposal also is an attempt to circumvent the existing access charge structure as provided in the Commission's Arbitration Order. AT&T's proposal thus must be rejected as contrary to the Commission's Arbitration Order, the Federal Act and the State Act.] Sixth, the recent Eighth Circuit CompTel decision supports SWBT's position.					
3. Percentage Local Usage (PLU) Should the PLU provision ordered by the Commission in the Arbitration Award apply to the measurement of all traffic types?	Yes. PLU should be the appropriate method for measuring all types of traffic, including intraLATA, in those instances where either party is unable to produce the necessary information for billing and compensation. In the Arbitration Award, the Texas PUC **ordered** the PLU method as an alternative measuring methodology for those circumstances where Parties are unable to agree upon a measurement and billing method. AT&T's additional language is intended to expand the application of such method to all types of	Not applicable. The Parties have agreed that inter-company compensation for local, transit, optional and intraLATA toll will be based on originating records. PLU is not appropriate because SWBT has a method in place to measure the traffic on a per minute of use basis versus self-reporting what percentage for the traffic is local. See issue #2 above.	**Attachment 12: Compensation,** Section 7.0	7.0 **Billing Arrangements for Compensation for Termination of IntraLATA (prior to dual PIC), Local, Transit, and Optional Calling Area Traffic** (AT&T has added the clause **(prior to dual PIC)**, to expand the application of the PLU method to all types of traffic.)	SWBT requests that AT&T proposed language amendments to the existing approved Texas Interconnection agreement be stricken in its entirety.		

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Issue:	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
	traffic. In certain situations, such as the proposed language in Issue 1a, above where all types of traffic may be combined on a single trunk group, PLU may be necessary for billing and measurement purposes as an interim solution until both Parties are able to effectively establish a mechanism for measuring traffic. The Commission understood previously that PLU was necessary for this very reason. SWBT objects to the inclusion of interLATA toll traffic as part of the mix for the same reasons listed in the previous issue. SWBT resists, at every turn, the elimination of artificial boundaries separating interLATA toll traffic (and with this segregation, the implication of retention of access revenues for SWBT) from all other sorts of traffic. The telecommunications industry is experiencing a collapsing of all sorts of borders and categories: customers are now making long distance calls over the Internet; in the near future flat rates may be charged for all calls, regardless of arcane "LATA" boundaries. Any continued retention of these boundaries works to SWBT's favor; the reality is that the elimination of these boundaries creates more opportunities for effective network design and creative solutions. The Texas Commission ordered the use of a PLU to bill for traffic as a fair means of billing between the parties. In order for AT&T to establish efficient interconnection with SWBT, it must be able to combine all types of traffic on mutual compensation trunk groups.						

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Issue:	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
	There is no reason for InterLATA traffic to be excluded from the mix of traffic to be segmented by the PLU.						

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SWBT RESPONSE
VII. COMPENSATION
CONTRACTUAL DISPUTED ISSUES MATRIX
AT&T-SWBT INTERCONNECTION AGREEMENT - TEXAS

[illegible]	[illegible] Excluded	Attachment [illegible]	AT&T [illegible]	SWBT [illegible]	AT&T's Language Accepted	SWBT's Language Accepted
	mutual compensation rates established in Section 3.2 or 3.4 of this Attachment would also apply to Optional EAS. Regardless, the cost studies ordered by the Commission should stand and section 5.1.1 adopted to reflect the Commission's determination.					
3. Access traffic: (i) Whether both interstate and intrastate traffic should be compensated at the applicable access rates; (ii) whether Optional Calling Area traffic should be included in this category.	SWBT Position: (i) **SWBT agrees that both applicable tariff rates should apply to both interstate and intrastate traffic. SWBT objects, however, to the inclusion of the phrase "post dual PIC." AT&T apparently is seeking avoidance of applicable access charges during the "pre dual PIC" environment.** (ii) **SWBT's objections to this item are noted in its response in question VII-2.** AT&T Position: (i) Yes, AT&T believes that applicable tariff rates should apply to both interstate and intrastate traffic. (ii) No, Optional Calling Area traffic should not be subject to the access tariff rates but should be subject to the mutual compensation rates established in Section 5.1. The current language specifically addresses interstate interLATA intercompany traffic. Intrastate interLATA traffic is not currently specifically referred to in this Compensation Attachment but should be included in this section. Also, intraLATA, specifically post dual PIC, should also be included. AT&T's language is attempting to clarify the traffic that will be subject to the access tariff rates. Section 5.1 of Attachment 12, Compensation, addresses Optional Calling Area Traffic. As mentioned in issue above, the mutual compensation rates for Optional Calling Area compensation are to be determined by the PUC. Therefore, this language clarifies that access rates will not apply when traffic is contained in such	Attachment 12: Compensation Section 6.1	*6.1* For interstate **and intrastate** interLATA traffic **and IntraLATA traffic (post dual PIC)**, compensation for termination of intercompany traffic will be at access rates as set forth in each Party's own applicable interstate **or intrastate** access tariffs. **When such traffic is contained in Optional Calling Areas, compensation will be applied pursuant to Section 5.1 above.**	SWBT opposes inclusion of the phrase "post dual PIC" in this paragraph.		

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SWBT RESPONSE
VII. COMPENSATION
CONTRACTUAL DISPUTED ISSUES MATRIX
AT&T-SWBT INTERCONNECTION AGREEMENT - TEXAS

[illegible]	[illegible]	[illegible]	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
	Optional Calling Areas. This issue was clearly arbitrated and the language in this section is to clarify for what traffic the tariffed access rates will be applicable.					
4. <u>EAS additive:</u> Whether the EAS additive is necessary when cost based rates for EAS are established.	SWBT Position: **Yes. The Commission has addressed this issue in its initial Arbitration Award (16226). When SWBT ports a 2-way Optional EAS number (i.e., there are unique NXXs for two way calling plans) to AT&T, SWBT forfeits toll revenues. SWBT end users will continue to be able to call AT&T's ported end user on a toll free basis. This service is not subject to a cost study. SWBT does not recover this thru inter-company compensation. Inter-company compensation is for the use of a Party's network and is independent of any retail arrangement that either Party may establish. In addition, this Commission has already found it proper to require payment of an EAS additive when such additive represents compensation for lost toll. See Docket No. 16630.** AT&T Position: No. Although sections 9.7 and 9.8 are found in the Texas Interconnection Agreement, the Agreement is silent as to whether such additive is permanent or interim, and thus, not applicable once cost-based rates for optional EAS are established. On page 23, issue 59, the Commission orders that "in the interest of promoting competition, the interconnection rates for extended area traffic should be <u>cost justified</u> using the cost standards adopted in this proceeding." In the next issue (issue 60, page 24) "the Arbitrators order that the additive (Optional EAS/EMS additive proposed by SWBT) be in the amount of $6.25." Once a cost based rate for Optional EAS is established, there is no justification for also having an additive regarding INP in extended area service. SWBT would be	Attachment 12: Compensation Section 9.9	<u>**9.9 Once the Public Utility Commission has established cost based rates for the termination of traffic in Optional EAS or Optional EAS-like areas pursuant to paragraph 59 of the PUC's arbitration award in Docket 16226, Sections 9.7 and 9.8 above, will not apply.**</u>	(SWBT opposes inclusion of AT&T language.)		

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SWBT RESPONSE
VII. COMPENSATION
CONTRACTUAL DISPUTED ISSUES MATRIX
AT&T-SWBT INTERCONNECTION AGREEMENT - TEXAS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	AT&T's Language Accepted	SWBT's Language Accepted
	recovering for the same area twice (INP and Compensation). Such double-recovery is anticompetitive and violates the principles of cost-based rates established by the Commission. Therefore, AT&T's language should be adopted, making the EAS additive inapplicable following the determination of permanent prices.					

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SWBT RESPONSE
VII. COMPENSATION
CONTRACTUAL DISPUTED ISSUES MATRIX
AT&T-SWBT INTERCONNECTION AGREEMENT - TEXAS

[illegible]	[illegible] Excluded	Attachment and Section	AT&T Language	SWBT Language	AT&T Language Accepted	SWBT Language Accepted
1. <u>Mutual Compensation:</u> When in a UNE environment, must AT&T pay the mutual compensation charge or the UNE rate for common transport.	SWBT Position: **AT&T must pay common transport. AT&T apparently is attempting to arbitrage what it pays SWBT for use of SWBT facilities by "declaring" at what point it will hand off its traffic using SWBT facilities. AT&T also confuses common transport (used by multiple carriers) with dedicated transport, which does involve determination of the point of termination.** AT&T Position: AT&T should <u>only</u> be required to pay the UNE rate for common transport. AT&T should be able to function as a local carrier does in determining applicable compensation. In a facilities environment, the Parties have agreed at what point the networks will interconnect for the hand- off of traffic (e.g. interconnecting at a tandem or at the end office). In a UNE environment, AT&T wants the ability to use common transport to terminate calls to all other LSPs, including SWBT in the same manner that a facilities-based carrier would terminate calls. There is no logical basis for treating transport differently based upon whether AT&T is using UNE or its own facilities. If AT&T uses common transport, purchased as a UNE, AT&T would not pay mutual compensation for that traffic just as a facilities-based LSP would not pay mutual compensation for such traffic. However, SWBT wants to change mutual compensation in lieu of charging common transport.	Attachment 12: Section 2.5	2.5 **<u>The originating Party will determine at what point it will hand off the call to the terminating Party</u>**.	(SWBT opposes inclusion of AT&T language.)		
2. <u>Optional Calling Area</u> Whether the cost based rate for extended area traffic should be the local interconnection rates established by the	SWBT Position: **The FCC Interconnection Order provides that traffic which is not part of the "local calling area" is not subject to local interconnection rates or reciprocal compensation obligations. In the mega-arbitration, the Commission expressly found optional EAS <u>not</u> part of the**	Attachment 12: Section 5.1.1	**<u>5.1.1 The cost-based rates as determined by the PUC in Sections 3.4 or 4.2 of this Attachment, as appropriate, will apply as permanent rates for the termination of optional calling area traffic.</u>**	**5.1.1 The cost-based rates as determined by the PUC in Sections 3.4 or 4.2 of this Attachment, as appropriate, will apply as the termination of optional calling area traffic pending SWBT's appeal regarding the applications of reciprocal cost-based rates for interexchange traffic not part of local calling**		

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SWBT RESPONSE
VII. COMPENSATION
CONTRACTUAL DISPUTED ISSUES MATRIX
AT&T-SWBT INTERCONNECTION AGREEMENT - TEXAS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	AT&T's Language Accepted	SWBT's Language Accepted
Commission.	**local calling area. Accordingly, cost-based local interconnection rates are not applicable to optional EAS traffic.** **The Commission established as interim rates $0.0183/MOU based on similar rates established through negotiations between ILECs. This interim rate should be adopted as final. However, in order to comply with the 11/7/96 Award SWBT reluctantly submits the proposed language.** AT&T Position: Yes, AT&T's language should be adopted because once permanent cost-based rates are established by the PUC, the rates for Optional EAS contained in section 5.1 will not apply. The Arbitration Award clearly states on page 23, issue number 59, "However, in the interest of promoting competition, the interconnection rates for extended area traffic should be cost justified using the cost standards adopted in this proceeding." SWBT is maintaining that the interim rate established by the Commission should remain. "When cost-based interconnection rates for EAS are established, LSP traffic in SWBT's EAS areas shall be subject to the lesser of the cost-based interconnection rates established in this preceding or the interconnection rates in effect between SWBT and other incumbent LECs for such traffic." (page 24, issue 59) The Commission's Award held that Mandatory EAS traffic between SWBT exchanges shall be treated as local traffic for purposes of reciprocal compensation. AT&T believes that the cost-based rate for optional EAS areas will prove to be the same as the rates for mandatory EAS. Any variance in transport will be so minor that the			**areas.**		

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VIII. PERFORMANCE CRITERIA
CONTRACTUAL DISPUTED ISSUES MATRIX
AT&T-SWBT INTERCONNECTION AGREEMENT - TEXAS

Issue:	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
1. Performance Criteria: *AT&T Statement of Issue:* Should "Customer - Affecting" Specified Activities be specifically identified? If so, and the activities are not administered by SWBT correctly, what penalties should apply? *SWBT Statement of Issue:* Should AT&T be allowed to rearbitrate issues that we thoroughly addressed in Docket No 16228?	Yes, AT&T maintains that it is imperative for specific customer affecting activities to be identified so that SWBT's liability for liquidated damages is clear if SWBT fails to meet its obligations as defined in Attachment 17. The Agreement should include provisions identifying "Customer-Affecting" Specified Activities and establishing when SWBT's liability for a Specified Performance Breach will commence. AT&T views performance metrics as a critical bond to ensure a service guarantee, not only concerning service between AT&T and SWBT, but also so that AT&T can commit to provide Quality service to our future Texas Local customers. This language in Attachment 17 delineates the specific activities, or functions, performed by SWBT that have a direct correlation to AT&T's ability to provide reliable telecommunication service. In the specific areas of pre-ordering, ordering and provisioning, maintenance, usage, billing, and network systems, AT&T must establish performance criteria to measure the quality and reliability of specified activities which are customer-affecting. The requested language is needed to assure that such criteria are developed and applied to SWBT's performance. Failure to adequately provide and measure Specified Activities would result in inferior service provided to end-user	This issue was litigated in Docket No. 16226 and should not be revisited in this request.	Attachment 17: Performance Criteria Sections 1.1.2, 1.1.3 Matrix Illustration.	1.1.2 Specified Activity means any activity performed under this Agreement as to which the Agreement sets forth Performance Criteria, or processes designed to formulate Performance Criteria **as described more fully in Section 1.1.3 below.** 1.1.3 **Various portions of this Agreement contain provisions covering Performance Criteria and related performance data or measures associated with Specified Activities covered by this Agreement. In some cases specific Performance Criteria and/or data have been set forth in the Agreement. In other cases (e.g., unbundled Network Elements), the Parties have agreed jointly to define Performance Criteria by a date certain. In all cases the Parties have agreed to review the same three months after AT&T first purchases the associated service or function and that SWBT will not be held accountable for a Specified Performance Breach based on such Performance until after the three month review is completed.** (AT&T matrix: attached hereto pages 2 and 3 of 6 from Attachment Performance Criteria.)	(SWBT objects to inclusion of AT&T's language.) (SWBT objects to inclusion of AT&T's language.) (SWBT matrix: Attached hereto page 4 of 6 from Attachment Performance Criteria.)		

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Issue:	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
	customers, and jeopardize many AT&T customer relationships. As outlined above, and to further elaborate, the purpose of the language in 1.1.3 is to establish the means for developing Performance Criteria to ensure AT&T's ability to offer parity local service to its customers. This language must be included to ensure <u>all</u> processes are measured in order to guarantee that AT&T receives service meeting the parity standards established in the Agreement. The language also establishes that AT&T will receive all the necessary data to provide world-class customer satisfaction. Under the Agreement, <u>both</u> AT&T and SWBT must provide high quality service on their respective portions of a call in order for the end-user customer to have quality service. Because of this, metrics and penalties must be established in order to "guarantee" a quality commitment on both Parties' behalf. If SWBT fails to meet the performance criteria, it should be subject to the liquidated damages provisions of the Agreement. AT&T submitted a Matrix as part of Attachment 17 that carefully outlines the key Customer Affecting Specified Activities that are critical to monitoring reliability and quality service standards. The Texas Commission should review this matrix and understand how failure on SWBT's behalf to live up to these standards will greatly impact AT&T's ability to meet expectations of a competitive Texas marketplace.						

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Issue:	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
	Southwestern Bell has proposed a very different Matrix that *does not* capture all of the critical customer-affecting specified activities necessary to execute reliable local service. The more specific language proposed by AT&T should be adopted, so that Texas consumers can be assured of at least a minimal level of quality service regardless of which competition they select as their LSP.						
2. Performance Data *AT&T Statement of Issue:* Should the contract be amended to incorporate specific UNE performance measurement requirements, developed with industry input, so that the parties are able to determine whether the elements provided to AT&T perform at parity with the elements provided by SWBT to other LSPs and to itself? *SWBT Statement of Issue:* Should AT&T be allowed to rearbitrate issues that we thoroughly addressed in Docket No 16226?	Yes. The Commission ruled that SWBT should provide these performance measurements. In order to understand the level of service that AT&T is offering to customers, AT&T must have performance measurements from SWBT. Attachment 6, Section 2.16.7 of the existing Interconnection Agreement (section 2.17.7 of the proposed amended agreement) incorporated this Commission's ruling on maintaining and reporting data that compares installation intervals and maintenance/response times provided by SWBT to the customers of AT&T, other LSPs, and SWBT itself. *See* Arbitration Award at p. 14. The section goes on to provide that "SWBT and AT&T will jointly define performance data to be provided to AT&T to measure whether unbundled Network Elements are provided at least equal in quality and performance that which SWBT provides to itself and other LSPs." This latter section was part of a compromise reached between the parties concerning technical performance requirements applicable to the elements themselves. During negotiations, AT&T	This issue was litigated in Docket No. 16226 and should not be revisited in this request.	Attachment 6: UNE, Section 2.17.7; Attachment 7: Ordering and Provisioning, Section 8.5.	2.17.7 At AT&T's request, SWBT will: (1) maintain data that compares the installation intervals and maintenance/service response times experienced by AT&T's customers to those experienced by SWBT customers and the customers of other LSPs; and (2) provide the comparative data to AT&T on a regular basis. SWBT will not levy a separate charge for providing this information. Additionally, SWBT and AT&T will jointly define performance data to be provided to AT&T to measure whether unbundled Network Elements are provided at least equal in quality and performance to that which SWBT provides to itself and other LSPs. Such performance data will be defined by the Parties no later than March 1, 1997. **The performance data to be measured will be according to the Supplier Performance Metrics in accordance with the Local Competitive User Group (LCUG) recommendations, and any such future LCUG revisions, which includes but is not limited to network elements, pre-ordering and provisioning, maintenance, billing, operator services/ directory assistance, as incorporated herein to**	(SWBT opposes inclusion of AT&T language.)		

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Issue:	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
	had proposed detailed performance criteria for the elements, based on Bellcore documents and other industry standards. SWBT had categorically refused to commit that its network elements would meet any such criteria, offering instead only to provide "parity" and to meet regulatory requirements. By way of compromise, the parties agreed that the elements would conform to Technical Publications to be issued by SWBT, with opportunity for input from AT&T, and that the parties would jointly define performance data to be measured and reported in order to give some "teeth" to the parity requirement. AT&T has proposed to amend the Agreement to incorporate specific performance measurements being developed by the Local Competition User's Group (LCUG), an industry group that includes competitive local exchange carriers and prospective local service providers. The supplier quality measurements developed by LCUG include measurements of network performance parity (e.g., subscriber loop loss, signal to noise ratio, dial tone delay, post dial delay), unavailability of network elements (e.g., ratio of minutes loop unavailable to total minutes), and performance of individual network elements (e.g., post dial delay for calls routed to CLEC OS/DA platforms). Use of the LCUG criteria will provide AT&T with reasonable means to determine that SWBT is meeting its commitment to provide elements that "are at least equal in quality and performance as that which SWBT provides to itself." Agreement, section 2.16.1 (proposed amended			**<u>this Agreement. These performance measurements will be measured and reported to AT&T on a monthly basis by SWBT for both AT&T customers and SWBT customers.</u>** The Parties will review the measures three months after AT&T's first purchase of a SWBT network element to determine if (1) the information meets the needs of the Parties and (2) the information can be gathered in an accurate and timely manner. SWBT will not be held accountable for performance comparisons based on the data until after the three month review or longer as the Parties may agree. **8.5 <u>The performance data to be measured for pre-ordering, ordering, and provisioning services will be according to the Supplier Performance Metrics in accordance with the Local Competitive User Group (LCUG) recommendations, and any such future LCUG revisions. These performance measurements will be measured and reported to AT&T on a monthly basis by SWBT for both AT&T customers and SWBT customers. If the quality of service provided to AT&T customers based on these measurements is less than that provided to SWBT customers for three consecutive months, or if the average quality of service for a six month period is less than that provided to SWBT customers for three consecutive months, or if the average quality of service for a six month period is less than that provided to SWBT customers for equivalent services. AT&T may request a service</u>**			

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Issue:	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
	Agreement, section 2.17.1). Using the LCUG criteria also will address SWBT's concern that it not be required to measure different performance criteria for different LSPs; these criteria should provide performance data that will be responsive to the needs of LSPs generally.			**<u>improvement meeting with SWBT.</u>**			
3. <u>Performance Measurements: Provisioning Intervals</u> *AT&T Statement of Issue:* UNE Ordering and Provisioning – Should SWBT be required to provide to AT&T (and 200 other competitive telecommunications companies that are members of CompTel) the quality measurements that are agreed to between all of these companies? *SWBT Statement of Issue:* Should AT&T be allowed to rearbitrate issues that we thoroughly addressed in Docket No 16226?	Yes. The Local Competition Users Group(LCUG) has developed a set of reasonable performance metrics to be expected when ordering Unbundled Network Elements. These performance metrics are in most cases the same as those SWBT provides itself for equivalent services.	This issue was litigated in Docket No. 16226 and should not be revisited in this request.	Attachment 7: O&P-UNE, Section 9.1, Attachment 8: Maintenance-UNE, Section 2.1	**<u>7. O&P - UNE</u>** **<u>9.1 SWBT will provide AT&T with the provisioning intervals as currently outlined in the LCUG Service Quality Measurements document, or as may be revised from time to time.</u>** **<u>8. Maintenance-UNE</u>** 2.1 SWBT will provide maintenance for all unbundled Network Elements and Combinations ordered under this Agreement at levels equal to the maintenance provided by SWBT in serving its end user customers **<u>for an equivalent service</u>**, and will meet the requirements set forth in this Attachment. Such maintenance requirements will include, without limitation, those applicable to testing and network management. **<u>For maintenance of UNE and UNE combinations, for example, loop and switch port, the service must be supported by all the functionalities provided to SWBT's local exchange service customers. This will include but is not limited to, MLT testing, dispatch scheduling, and real time repair commitments. The maintenance to support these</u>**	**<u>7. O&P - UNE</u>** **9.1 SWBT will provide AT&T with the provisioning intervals as specified below:** **<u>8. Maintenance-UNE</u>** (SWBT opposes inclusion of AT&T language.)		

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Issue:	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
				<u>services will be provided in an efficient manner which meets or exceeds the performance metrics SWBT achieves when providing the equivalent end user services to an end user.</u>			

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X. SWBT ONLY
CONTRACTUAL DISPUTED ISSUES MATRIX
AT&T-SWBT INTERCONNECTION AGREEMENT - TEXAS

Issue:	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
1. Customized Routing - Resale Should SWBT be required to provide Customized Routing for Resale and the terms and conditions that accompany provision of this service?	Yes. The current Texas contract, approved by the PUC, includes Appendix Customized Routing-resale. SWBT now objects to Appendix Customized Routing-Resale in its entirety in Texas. SWBT proposes to reference all provisions concerning this issue to Attachment 6: UNE. The agreed to Appendix Customized Routing - Resale should remain in the Interconnection Agreement as is and SWBT's proposal should be rejected. AT&T and SWBT **originally had agreement** on Resale - Appendix Customized Routing as early as November of 1996. The signed Texas Interconnection Agreement contains this appendix and is currently being utilized by both AT&T and SWBT to implement Customized Routing for AT&T. AT&T understood that the parties were in agreement on this issue. SWBT has since altered its position. AT&T plans to utilize its own OS/DA platforms in a resale environment, as the first step to providing customized AT&T service to its customers. SWBT's sudden determination to entirely discard this Appendix came as a surprise and a potential hazard to AT&T's business plans, and is unreasonable. AT&T pursued establishing the separate attachments for both Resale and UNE consistent with the FCC Order which required customized routing for both situations. *See*, FCC Order, ¶ 536. Without this Appendix in the Resale, the	Yes. In an attempt to simplify contract language, SWBT proposed in several instances to cross reference provisions rather than duplicate identical contract language. This is one such instance. SWBT has agreed to and remains committed to making Customized Routing available in both the UNE and the RESALE environments. If AT&T prefers to have identical contract terms duplicated throughout the contract, SWBT will raise no objections.	**Attachment 1: Resale Appendix Customized Routing-Resale**, Section 5.0.	AT&T requests that SWBT's proposed language amendments to the existing approved Texas Interconnection Agreement be stricken in its entirety.	(SWBT proposes to delete in its entirety Appendix Customized Routing-Resale to the current Texas contract.) 5.0 All provisions, terms and conditions concerning customized routing are set forth in Attachment 6: UNE to this Agreement.		

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Issue:	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
	question of AT&T's ability to obtain unbundled DA and OS and customized routing from SWBT in a Resale environment is, at best, unclear. Although there is some overlap with certain sections of Attachment 6: UNE, the overall structure of the Interconnection Agreement, divided as it is into Resale, UNE and "other-type" sections, makes the continued inclusion of a specific appendix in the Resale portion dealing with customized routing very important. Its absence from the Resale section makes it unclear that SWBT is required to unbundle directory assistance and operator services from other Resale services, and to provide those features and functionalities via customized routing in the Resale services environments as required by the Act.						
3. <u>SWBT's Right to Judge the Lawfulness of Interconnections with AT&T Under the Agreement</u> *AT&T Statement of Issue:* Should the Agreement contain additional SWBT language which qualifies AT&T's interconnection rights according to SWBT's assessment of their "lawfulness? *SWBT Statement of*	No. SWBT wants to add the phrase "in any lawful manner" into agreed-to Section 1.2 of the Terms and Conditions previously approved by the Commission. Section 1.2 assures AT&T's rights to connect the services provided under the Agreement with other services provided by SWBT, or to network components provided by AT&T or another vendor. SWBT's additional language at first appears to be innocuous. However, AT&T is concerned that this very broad and general language could be employed by SWBT in a variety of ways to unfairly limit AT&T's rights under the Agreement. SWBT could, for example, attempt to use	Yes. SWBT's proposed language would merely limit AT&T's use of SWBT's resold services and network elements to lawful purposes. The intent is to ensure, for example, that AT&T will not violate valid use restrictions. If a use is valid, SWBT's language will not prohibit it.	Terms & Conditions, Section 1.2	AT&T requests that SWBT's proposed language amendments to the existing approved Texas Interconnection Agreement be stricken in its entirety.	1.2 The Network Elements, Combinations or Resale services provided pursuant to this Agreement may be connected **in any lawful manner** to other Network Elements, Combinations or Resale services provided by SWBT or to any network components provided by AT&T itself or by any other vendor. Subject to the requirements of this Agreement, AT&T may at any time add, delete, relocate or modify the Resale services, Network Elements or Combinations purchased hereunder.		

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CONTRACTUAL DISPUTED ISSUES MATRIX
AT&T-SWBT INTERCONNECTION AGREEMENT - TEXAS

Issue:	AT&T Reason why language should be included or excluded	SWBT Reason why language should be included or excluded	Attachment and Sections	AT&T Language	SWBT Language	AT&T's Language Accepted	SWBT's Language Accepted
Issue: Should the agreement contain language that limits AT&T's use of SWBT resold services and network elements to any "lawful purpose"?	this language to assert tariff limitations which have otherwise been rejected by this Commission. Purported changes in the law and interpretations thereof by SWBT could also employed as a way to refuse to provide services or to allow connections.						
4. Limitation of Liabilities a. Should the parties' liability to each other be limited to an amount representing what AT&T is charged by SWBT under the contract for a year, or only the amount AT&T is charged by SWBT in a contract year for a particular service or business practice?	The existing section places appropriate liabilities. With one exception, AT&T and SWBT have agreed on language in Section 7.1.1 concerning "Limitation of Liabilities." SWBT's bolded language should be excluded because it would impose an unreasonably low overall limit of liability for SWBT. With SWBT's proposal included, the liability limit would only be what AT&T was charged by SWBT during a contract year for an affected service or business practice, rather than the entire amount that AT&T would be charged by SWBT under the Agreement during a contract year. The current agreement provision (which would apply if SWBT's language is rejected) is commercially reasonable. The amount will represent only a fraction of SWBT's revenues. Further, it may be difficult, if not impossible, to connect claims to an affected service or business practice.	Limiting liability to the charges "for the affected service or business practice" during the contract year allows SWBT to keep its rates low and thus insures affordable telephone service for all Texans. SWBT's proposed language is consistent with liability standards to which SWBT has been held in Texas. This issue was not arbitrated and not agreed to in the first arbitration and is appropriately addressed here.	**Terms & Conditions** Section 7.1.1	AT&T requests that SWBT's proposed language amendments to the agreed to language be stricken in its entirety.	7.1.1 *The Parties' liability to each other during any Contract Year resulting from any and all causes, other than as specified below in Sections 7.3.1 and 7.3.3, following, and for willful or intentional misconduct (including gross negligence), will not exceed the total of any amounts due and owing to AT&T pursuant to Section 45 (Performance Criteria) and the Attachment referenced in that Section, plus the amounts charged to AT&T by SWBT under this Agreement* **for the affected service or business practice** *during the Contract Year in which such cause accrues or arises. For purposes of this Section, the first Contract Year commences on the first day this Agreement becomes effective and each subsequent Contract Year commences on the day following that anniversary date.*		
4b. *AT&T Statement of Issue:* Should the liability of either party for third party end user claims be limited according to	No. The current approved provision regarding third party end user claim liability should not be modified. The effect of SWBT's language would require AT&T to indemnify SWBT against SWBT's own negligence if a suit is brought by an AT&T end user customer.	Yes. SWBT proposes this language which, except for losses claimed by end-users and except as otherwise provided in the specific appendices to this Agreement, apportions the responsibility of SWBT and AT&T for claimed losses of third parties jointly caused by both parties	**Terms & Conditions** Section 7.1.2	AT&T requests that SWBT's proposed language amendments to the existing approved Texas Interconnection Agreement be stricken in its entirety.	7.1.2 **Except for losses alleged or made by an end user of either Party, or except as otherwise provided in specific appendices, in the case of any loss alleged or made by a third party arising under the negligence or willful misconduct of both Parties,**		

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the degree of negligence of that party? *SWBT Statement of Issue:* Should each party bear its own share of liability to a third party (other than an end user of either party) resulting from the negligence or willful misconduct of both parties?	Specifically, this SWBT language would not allow AT&T to offset such claims by the amount of SWBT's negligence. Requiring AT&T to bear all risks of loss which are associated with SWBT's negligence is unreasonable and discriminatory.	to this Agreement so that neither party is required to pay more than its fair share of the loss. This provision further requires that the apportionment of the loss be agreed upon by the parties. This provision is entirely reasonable and should be adopted. In the case of claims against SWBT by AT&T's end-users, SWBT's existing tariff limitation of liability should be clearly made applicable to such claims or AT&T should be required to indemnify SWBT against such claims for the reasons set forth at length under the heading Indemnification and Limitation of Liability - Paragraph 7.3.1.1. This issue and language were not arbitrated and not agreed to in the first arbitration and is appropriately raised here.			**each Party shall bear, and its obligation under this section shall be limited to, that portion (as mutually agreed to by the Parties) of the resulting expense caused by its own negligence or willful misconduct or that of its agents, servants, contractors, or others acting in aid or concert with it.**		
5. <u>Indemnification</u> *AT&T Statement of Issue:* Should AT&T be required to indemnify SWBT for end user claims that are based on SWBT's negligence? *SWBT Statement of Issue:* Should each party indemnify the other party against claims made by the indemnifying party's end users except in cases of gross negligence or intentional or willful misconduct?	No. This issue is similar to Issue No. 4b, discussed above. Again, SWBT seeks to require AT&T to indemnify SWBT, without any limit of AT&T's liability, against SWBT's own negligence for end user claims. This is an unreasonable and discriminatory requirement. The effect is to leave AT&T entirely responsible for any claims that might be made against AT&T, SWBT or both, by AT&T's end users, that are caused by SWBT's negligence in providing the services under this Agreement. SWBT, not AT&T, controls the acts and omissions of its employees, agents, and contractors. Yet, under SWBT's proposed language, AT&T would bear the entire responsibility for SWBT's negligence in this respect. The agreed-on Terms and Conditions contract	Yes. SWBT's proposed language obligates SWBT to indemnify AT&T against claims made by SWBT's end-users against AT&T and obligates AT&T to indemnify SWBT against claims made by AT&T's end users against SWBT. The obligation to indemnify does not apply where the loss is due to gross negligence or the intentional or willful misconduct of the indemnified party. This provision is vital to SWBT and necessary if it is to continue providing service to its customers at affordable rates. Currently Paragraph 8.1 et. seq. of Section 23 of the General Exchange Tariff limits SWBT's liability in case of service outage to the pro rate part of the months flat-rate charges for the period of days and that portion of the service facilities rendered useless or inoperative. The retail rates	Terms and Conditions, Section 7.3.1.1	AT&T requests that SWBT's proposed language amendments to the existing approved Texas Interconnection Agreement be stricken in its entirety.	**7.3.1.1 In the case of any loss alleged or made by an end user of either Party, the Party whose end user alleged or made such loss (Indemnifying Party) shall defend and indemnify the other party (Indemnified Party) against any and all such claims or loss by its end users regardless of whether the underlying service was provided or unbundled element was provisioned by the Indemnified Party, unless the loss was caused by the gross negligence or intentional or willful misconduct or of breach applicable law of the other (Indemnified) Party.**		

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	section 7.3.1 previously referenced by AT&T represents the normal, commercially reasonable type of indemnification provision which should apply here.	charged for SWBT's services are based on this limitation of liability and do not cover the costs of protecting against the risk of virtually immeasurable liability resulting from a serious service outage which would exist absent this tariff protection. This limitation of liability is long standing and reflects the fundamental public policy of keeping telephone rates low and affordable. In an unregulated environment, no sensible company would voluntarily contract to provide telephone service to a customer, at current rates, without obtaining the customer's agreement to such a limitation of liability. SWBT is required to provide services to AT&T for resale at SWBT's retail rates less avoidable costs. If SWBT's tariff limitation of liability does not apply to claims of AT&T customers served by resale of SWBT services, SWBT's retail rates will have to increase substantially to cover the additional risk of such claims unless SWBT can look to AT&T for indemnification against them. AT&T can manage this problem, and mitigate its indemnification exposure, by including in its tariffs, or contracts with its customers, a limitation of SWBT's liability to the AT&T customer in the case of a service outage. The language proposed by SWBT merely allocates the risk of claims by AT&T customers due to service outages to the party best able to do something about it. Alternatively, the Commission could permit amendment of SWBT's tariffs, if necessary, to extend SWBT's limitation of liability for service					

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		outages to claims made by customers of other companies. The same argument applies in the case of AT&T customers served by AT&T'S use of SWBT unbundled network elements. The rates for use of these elements do not reflect the risk of claims against SWBT by AT&T customers unless SWBT's liability is limited in accordance with the tariffs applicable to SWBT customers or SWBT receives indemnity from AT&T as provided in SWBT's proposed language. The Indemnification obligations in SWBT's proposed provision are mutual and reciprocal. They apply equally to SWBT in the case of claims by SWBT customers against AT&T. The provision is entirely fair, and essential to facilitate the provision of telephone service on a competitive basis at or below the rates to which customers have become accustomed. This new issue, not previously addressed in arbitration, is appropriately addressed here.					
6. Interference with Other Contracts Should AT&T be required to attest that this Agreement does not interfere with any other contractual relationships it has with any other party, and	No. There is no justification for additional language. SWBT proposes language which would require AT&T to attest that the Agreement does not interfere with any contractual arrangement with any other party, and that it will indemnify SWBT if such a claim is brought. SWBT's proposal should be rejected. Under SWBT's proposed language, AT&T would be required to indemnify	Yes. SWBT will not know what kinds of contracts AT&T may have with other providers that may have language or provisions in conflict with SWBT and AT&T's contract (e.g., a third party's contractual right to be the exclusive provider of Service to AT&T.) SWBT's proposed language protects SWBT from possible litigation from third parties, should such conflicting arrangements	Terms and Conditions Section 7.3.5	AT&T requests that SWBT's proposed language amendments to the existing approved Texas Interconnection Agreement be stricken in its entirety.	**7.3.5 Each party represents that the terms of this agreement do not interfere with any other contractual arrangement(s) which each party may have with any third party. Each party to this agreement agrees to indemnify the other party to this agreement for any and all causes of action, claims, demands or suits which may be made or brought by a third party, claiming**		

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that it will indemnify SWBT against any such claims?	SWBT if the Interconnection Agreement is claimed by a third party to be an interference with some other contract SWBT might have had with that third party. Under the current Agreement, if a third party claims that this Agreement interfered with its contractual relationship against one of the parties, then that party can and should resist that claim by virtue of the Act's provisions, as the Act should override such claims. SWBT, however, would have AT&T act as an insurer against such claims; a proposition which is both unreasonable and contrary to the Act.	have been entered by AT&T exist. AT&T will have to indemnify SWBT for liabilities created as a result of contracts AT&T has entered, not as a result of contracts SWBT has entered with third parties. AT&T is in a better position than SWBT to know if such contracts exist and to take steps to insure the third party's rights are not violated. AT&T should not be able to shift this risk to SWBT. This is a new issue not previously addressed in the prior arbitration.			**that this agreement interferes with an existing contractual relationship between a third party and a party to this agreement.**		
7. <u>Local Exchange Carrier Selection/"Slamming"</u> Should the Agreement be amended to include provisions dealing with local exchange switching/slamming issues, prior to the FCC's or this Commission's adoption of rules governing those subjects?	No. It is premature to add further provisions. Consistent with P.U.C. Subst. Rule 23.97(l), previously agreed and approved Section 17.2 employs the current federal rules applicable to IXCs for local exchange purposes, until otherwise applicable local exchange rules are implemented. SWBT's new proposal following the end of Section 17.2 would allow end users notification to either AT&T or SWBT to allow the party receiving the request to immediately begin providing service. It also would permit SWBT to connect an end user to another LSP based on the LSP's request and assurance that end user authorization has been obtained. SWBT's proposed new Section 17.4 would oblige neither party to investigate allegations of slamming by the other or a third party, but would allow the parties to agree to make such investigations for a	Yes. Each party shall abide by the provisions of state regulations. Since Senate Bill 253 recently signed into law by Governor Bush is explicit in directing the PUC to adopt rules regarding obtaining end user authorization, it is appropriate that state rules, not federal rules, should be cited. The AT&T contract refers to the length of time a local service provider must retain end user authorization. Parties should not put restrictions in a contract on an issue the PUC will put into rules. Since end users are free to choose their local service provider in the competitive marketplace, only an end user can initiate a challenge to a change in local service provider and can switch their LSP at will. Since SWBT is the order taker, it should have the ability to ask for and obtain a copy of any LSP's end user authorization to investigate allegations of	Terms and Conditions, Section 17.2 and 17.4	AT&T requests that SWBT's proposed language amendments to the existing approved Texas Interconnection Agreement be stricken in its entirety.	17.2 Only an end user can initiate a challenge to a change in its local exchange service provider. In connection with such challenges each Party will follow procedures which conform with federal rules regarding challenges to changes of presubscribed interexchange carriers until such time as there are federal or state rules applicable to challenges to changes of Local Exchange Service Providers. Thereafter, the procedures each Party will follow concerning challenges to changes of local exchange service providers will comply with such rule. **If an end user notified SWBT or AT&T that the end user requests local exchange service, the Party receiving such request shall be free to immediately provide service to such end user. SWBT shall be free to connect the end user to any local service provider based upon the local service provider's request and assurance that proper end user**		

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