

# Alabama Public Service Commission

## Orders

**In the matter of the Arbitration between AT&T Communications of the South Central States, Inc. and BellSouth Telecommunications, Inc.**

**DOCKET 25703**

### **FURTHER ORDER ON ARBITRATION**

**BY THE COMMISSION:**

#### **I. Introduction**

On June 3, 1997, AT&T Communications of the South Central States, Inc. (AT&T), and BellSouth Telecommunications, Inc. (BellSouth), jointly filed an interconnection agreement with the Alabama Public Service Commission, (The Commission). The agreement submitted on June 3, 1997 was represented as incorporating the provisions of the Commission=s February 6, 1997 Arbitration Order (AT&T/BellSouth Order) in this cause as that Order was subsequently modified by the Commission=s May 14, 1997 Joint Order on Reconsideration (Joint Order) in Dockets 25703 and 25704. That agreement was not, however, executed by BellSouth or AT&T because the parties were unable to reach a consensus on the appropriate language to be included in the agreement. Accordingly, both AT&T and BellSouth submitted along with the June 3, 1997 proposed agreement a list of unresolved issues and the

language they proposed for those disputed matters. In addition, both parties filed statements in support of their respective positions on the language to be incorporated into the agreement.

Subsequent to the submission of the June 3, 1997 agreement, BellSouth and AT&T were successful in resolving at least one of the issues identified in their initial filing. On October 2, 1997, AT&T and BellSouth jointly filed a revised interconnection agreement, which the parties agreed to execute pending the Commission's final Order resolving the issues in the agreement which remained in dispute. The agreement jointly filed on October 2, 1997 included proposed language by the parties concerning the issues remaining in dispute, but the parties did not file separate statements in support of their recommended language.

The AT&T/BellSouth Arbitration Panel (The Panel) reviewed each of the unresolved issues set forth in the October 2, 1997 agreement, as well as each party's proposed contract language regarding those issues. The AT&T/BellSouth Arbitration Panel noted that the issues in dispute were not the subject of the Arbitration proceedings held before the Commission in December of 1996, but nonetheless made recommendations to the Commission on each such issue in a Further Arbitration Report, which was issued on October 17, 1997.

Although the Commission agreed with the Panel's overall assessment that the issues in dispute were not the subject of the arbitration proceedings between AT&T and BellSouth, the Commission nonetheless elected to render a decision on each of the unresolved issues in the interest of accelerating AT&T's entry into Alabama's local markets. The Commission concurred with and adopted the recommendations of the AT&T/BellSouth Arbitration Panel on each disputed issue as those recommendations were set forth in the Panel's Further Arbitration Report dated October 17, 1997. In an Order entered in this cause on November 20, 1997, AT&T and BellSouth were ordered to incorporate those recommendations into their interconnection agreement and to submit a revised, executed agreement to the Commission no later than December 8, 1997.

On December 8, 1997 the parties submitted their revised, executed agreement as ordered by the Commission. The Commission then began the process of reviewing that agreement with the intention of issuing a final Order either approving or rejecting the revised agreement within 30 days as required by ' 252(e)(4) of the Telecommunications Act of 1996 (The 1996 Act). Prior to the completion of that 30 day review process, AT&T filed an action for judicial review of the Commission's November 20, 1997 Order in the United States District Court for the Middle District of Alabama (The Federal District Court) pursuant to ' 252(e)(6) of the 1996 Act. The Commission then halted its process of reviewing the December 8, 1997 agreement due to the fact that AT&T's action removed jurisdiction over the matter from the Commission to the Federal District Court.

Pursuant to a mutual agreement of counsel for AT&T, BellSouth, and the Commission, the Federal District Court on March 18, 1998 issued a thirty-day stay of AT&T's action to allow the Commission to conduct further review of the agreement submitted by AT&T and BellSouth on December 8, 1997 and to enter a final Order approving or rejecting that agreement pursuant to ' 252(e)(4) of the 1996 Act. The Commission herein renders its determination on the December 8, 1997 agreement submitted by BellSouth and AT&T as required by ' 252(e)(4) of the Telecommunications Act of 1996 and the March 18, 1998 Order of the Federal District Court..

## **II. Discussion**

### **A. Background**

In conducting our further review of the December 8, 1997 agreement of the parties, we have determined that further revisions are necessary to bring the agreement of the parties into compliance with the terms of the 1996 Act and the implementing rules and regulations of the Federal Communications Commission (FCC). Our revisions are largely predicated on the interpretations of the 1996 Act and the FCC's rules and regulations as opined by the United States Court of Appeals for the Eighth Circuit in Iowa Utilities Board v. FCC 120 F.3d 753 (8th Cir. 1997). In its initial decision on July 18, 1997 the Eighth Circuit affirmed in part and vacated in part certain provisions of the FCC's First Report and Order In the matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, CC-Docket No. 96-98, 11 FCC Rcd 15499, wherein the FCC issued its rules governing local competition under the 1996 Act. On October 14, 1997 the Eighth Circuit entered its Order On Rehearing in Iowa Utilities Board, wherein certain matters, including the provision of Unbundled Network Elements, were addressed by the Court.

Our further review of the aforementioned decisions of the Eighth Circuit for purposes of this proceeding has led us to the conclusion that certain determinations made in our AT&T/BellSouth Order, and our Joint Order, must be revisited due to the fact they are in conflict with the subsequent holdings of the Eighth Circuit. Those conflicting provisions in our prior Orders are driving certain provisions in the December 8, 1997 agreement submitted by BellSouth and AT&T which we find unacceptable. Those provisions and our problems therewith are addressed with more specificity below.

## **B. Unbundled Network Elements**

The December 8, 1997 agreement specifies under Item 1.A of the General Terms and Conditions Section that:

A...AT&T may purchase Unbundled Network Elements for the purpose of combining network elements, whether those elements are its own or are purchased from BellSouth in any manner that it chooses to provide service. AT&T will be permitted to purchase Network Elements from BellSouth pursuant to the cost based pricing standards of 47 U.S.C. ' 252(d)(1) when such elements are used in conjunction with AT&T=s own Network Elements to provide new, similar or different services from those offered by BellSouth. If, however, AT&T simply recombines Network Elements purchased from BellSouth without utilizing AT&T=s own Network Elements to provide substantial functionalities or capabilities, AT&T must pay the retail rate for such replicated service less the wholesale discount. For purposes of this Section 1A, ancillary services such as operator services are not considered a substantive functionality or capability. AT&T=s purchase and recombination of Unbundled Network Elements to produce a service available in BellSouth=s retail tariff as it exists on the Effective Date will create a presumption that AT&T is reselling an existing BellSouth service for purposes of pricing, collection of access and subscriber line charges, use and user restrictions in BellSouth=s retail tariff and the joint marketing restrictions of the Act. AT&T may overcome this presumption by demonstrating that, in addition to Network Elements purchased from BellSouth, it is utilizing its own substantive functionalities and capabilities to provide service. Substantive functionalities and capabilities are herein defined to be features such as loop, switch, transport or signaling links. BellSouth and AT&T understand that, upon BellSouth=s receipt of in-region interLATA authority, the Alabama Public Service Commission will revisit the provisions of this Section 1A.@

The above provision is consistent with the Commission=s AT&T/BellSouth Order, and the Commission=s Joint Order, which pre-dated the July 18, 1997 and October 14, 1997 Decisions of the Eighth Circuit. More specifically, the AT&T/BellSouth Order held, and the Joint Order affirmed, that AT&T would be permitted to purchase Unbundled Network Elements from BellSouth pursuant to the cost based pricing standards of ' 252(d)(1)of the 1996 Act when such elements were used in conjunction with AT&T=s own Network Elements to provide new, similar or different services from those offered by BellSouth. However, in instances where AT&T simply recombined Unbundled Network Elements purchased from BellSouth without utilizing their own Network Elements to provide substantial functionalities or capabilities, AT&T was required to pay the retail rate for such replicated services less the wholesale discount. The Commission reasoned that in those instances, AT&T would be essentially reselling the same retail service offered by BellSouth and should accordingly pay the 1996 Act=s ' 251(c)(4) resale rate. The Joint Order provided that the Commission would revisit this determination upon BellSouth=s receipt of In-Region interLATA authority pursuant to ' 271 of the 1996 Act.

The intent of the Commission in adopting the aforementioned provisions of the AT&T/BellSouth Order and the Joint Order was to preserve the careful distinction drawn in the 1996 Act between the resale of Telecommunication services at wholesale rates, and the provision of Telecommunications services via Unbundled Network Elements at cost based rates. It was the opinion of the Commission that allowing AT&T to purchase, in an already combined platform, the Unbundled Network Elements necessary to provide a BellSouth retail service offering was tantamount to resale unless AT&T provided some substantive portion of the service in question via its own facilities. In instances where AT&T did not provide substantive functionalities, the Commission reasoned that AT&T should pay the retail rate minus the wholesale discount for the replicated service in order to preserve the distinction in the 1996 Act between the wholesale rates established by ' 251(c)(4) for resale, and the cost based rates established by ' 251(d)(1) for Unbundled Network Elements.The Commission was also of the opinion that such a position would encourage facilities based competition.

In its July 18, 1997 decision in Iowa Utilities Board, the Eighth Circuit provided some guidance regarding Unbundled

Network Elements. In that decision, the Eighth Circuit stressed the importance of the utilization of Unbundled Network Elements by competitive local exchange carriers (CLECs) as a distinct method of entering the local market under the 1996 Act. The Eighth Circuit also emphasized that ' 251(c)(3) of the 1996 Act allowed requesting carriers to achieve the capability to provide Telecommunications service completely through access to the Unbundled Network Elements of an incumbent local exchange carrier=s (ILEC=s) network, without the necessity of having to own or control some portion of the network itself. Although the Eighth Circuit initially ruled that the language of ' 251(c)(3) of the 1996 Act did not require ILEC=s to combine Unbundled Network Elements for requesting carriers, confusion ensued on the issue of rebundling because the Eighth Circuit did not expressly vacate 47 C.F.R. ' 51.315(b)-(f), the FCC=s regulation which established that Aexcept upon request, an incumbent LEC shall not separate requested Network Elements that the incumbent LEC currently combines.@

It was not until the Eighth Circuit issued its October 14, 1997 Order on Rehearing in Iowa Utilities Board that the issue of whether ILECs or CLECs must combine Network Elements was crystallized. In its Order on Rehearing, the Eighth Circuit made it clear that ' 251(c)(3) of the 1996 Act requires an ILEC to provide access to the elements of its network only on an Unbundled, as opposed to a combined or bundled, basis. The Eighth Circuit clearly stated that ' 251(c)(3) of the 1996 Act does not permit a new entrant to purchase the ILEC=s assembled platform(s) of Combined Network Elements, (or any lesser existing combination of two or more elements), in order to offer competitive Telecommunications services. The Eighth Circuit reasoned that allowing CLECs to acquire already combined elements at the cost based rates for unbundled access would obliterate the careful distinctions Congress had drawn in ' 251(c)(3) and (4) between access to Unbundled Network Elements on the one hand, and the purchase at wholesale rates of an ILEC=s Telecommunications retail services for resale on the other. In its October 14, 1997 decision, the Eighth Circuit vacated 47 CFR ' 51.315(b)-(f) due to the fact that those provisions permitted new entrants to access the Network Elements of an ILEC on a bundled rather than an unbundled basis.

In light of the clarity of the Eighth Circuit=s October 14, 1997 Order on Rehearing with regard to the issue of rebundling, it now appears that the provisions of our AT&T/BellSouth Order and our Joint Order requiring AT&T to pay resale rates when recombining Unbundled Network Elements purchased from BellSouth in replication of BellSouth retail services are no longer necessary. The Eighth Circuit has clearly drawn the distinction between resale and service provided via Unbundled Network Elements. We accordingly amend our AT&T/BellSouth Order and our Joint Order to reflect that AT&T may indeed purchase Unbundled Network Elements from BellSouth pursuant to the cost based pricing Standards of ' 252(d)(1) of the 1996 Act, and recombine those Unbundled Network Elements in any manner it sees fit. It will not be necessary for AT&T to utilize substantive network functionalities of its own to avail itself of the ' 252(d)(1) cost based pricing standards for Unbundled Network Elements when it recombines Unbundled Network Elements it has purchased from BellSouth.

Based on the foregoing, we must reject the December 8, 1997 agreement submitted by AT&T and BellSouth. The language in Item 1.A of the General Terms and Conditions Section of that agreement includes language which is no longer appropriate given our ruling herein.

### **C. Vertical Features and Functions.**

In a matter closely related to the rebundling of Unbundled Network Elements, we concluded in our AT&T/BellSouth Order, that BellSouth would not be required to provide the vertical switching features, such as caller ID, call forwarding, and call waiting as part of the local switching element. We agreed with the finding of the AT&T/BellSouth Arbitration Panel that those functions were technically provided in the central office and thus were not local switching functions. In short we adopted in the AT&T/BellSouth Order the conclusion of the AT&T/BellSouth Arbitration Panel that such vertical features and functions were themselves retail services and should accordingly be priced at their respective retail prices less the wholesale discount.

In our May 14, 1997 Joint Order, we revisited the conclusions regarding vertical services that were reached in our AT&T/BellSouth Order. We concluded in our Joint Order, that the Act clearly established that vertical services were part of the local switching network element as defined by the 1996 Act at ' 153(29). As such, we reasoned that the local switching element included the features, functions, and capabilities that are provided by means of the switch. We concluded that when local switching was purchased as an Unbundled Network Element pursuant to ' 251(c)(3) of the 1996 Act, the pricing provisions of ' 252(d)(1) of the 1996 Act would apply and vertical services would be included in the price of the unbundled switching element at no additional charge.

We did, however, recognize one notable exception to the holding in our Joint Order set forth immediately above. More specifically, we concluded that in situations where AT&T purchased Unbundled Network Elements from BellSouth and recombined those elements to replicate a BellSouth retail service, AT&T's purchase of the unbundled local switching element would not include the vertical features and functions of the switch. In such a scenario, we found that AT&T would be subject to the retail pricing provisions of ' 252(d)(3) of the Act and would be required to pay the retail rate for all tariffed vertical services less the wholesale discount. We noted, however, that vertical services which were not in the retail tariff of BellSouth but which could nonetheless be provided by the switch, would be available to AT&T at no additional charge. We also noted that the above described exception to our conclusion regarding vertical services would be revisited at such time as the Commission decided that it was no longer necessary for AT&T to pay retail prices minus the wholesale discount when it recombined Unbundled Network Elements purchased from BellSouth in a manner that replicated a BellSouth retail service.

As noted in our earlier discussion regarding the issue of rebundling, we now believe that the rulings of the Eighth Circuit in Iowa Utilities Board regarding rebundling have sufficiently preserved the 1996 Act's pricing distinctions between the resale of retail service offerings of ILECs, and service provided by CLECs using Unbundled Network Elements purchased from ILECs. We accordingly deem it appropriate to revisit the vertical services restriction we placed on AT&T when it purchases Unbundled Network Elements from BellSouth and recombines them to replicate an existing BellSouth retail service. More specifically, we conclude herein that in all instances where AT&T purchases Unbundled Network Elements from BellSouth, including the local switching element, and itself recombines those Unbundled Network Elements to provide service, AT&T's purchase of the unbundled local switching element (or port) will include all the vertical features and functions of said switch. We note, however, that in determining the appropriate pricing of the unbundled local switching element, all costs specifically applicable to the provision of those vertical features and functions should be included in the cost of the switch.

In light of the foregoing conclusions, we find that the December 8, 1997 agreement must be rejected. The agreement contains references regarding vertical services at page 57 that are no longer appropriate given our conclusions herein.

#### **D. Contract Service Arrangements.**

We have also concluded from our review of " 24.3 and 25.5 of the December 8, 1997 agreement submitted by BellSouth and AT&T that certain clarification regarding the resale of Contract Service Arrangements (CSA's) is necessary. In particular, we are concerned that our December 22, 1997 Order entered in Docket 25677, the Commission's Generic Resale Docket, may create interpretational difficulties with regard to the BellSouth/AT&T agreement under review herein.

Specifically, our December 22, 1997 Order in Docket 25677 incorrectly established a three-tiered approach for the resale of Contract Service Arrangements. The December 22, 1997 Order noted that: all CSAs executed prior to February 6, 1997 need not be resold; all CSAs executed between February 6, 1997 and May 13, 1997 must be made available for resale, but without the applicable wholesale discounts; and all CSAs executed on or after May 14, 1997 must be made available for resale with the applicable wholesale discount. The operational dates of February 6, 1997 and May 14, 1997 correspond to the dates of our Orders in the AT&T/BellSouth Arbitration and the Joint Order, respectively.

Upon further review of the aforementioned three-tiered approach to the resale of CSAs, we feel compelled to herein reaffirm our holding in the May 14, 1997 Joint Order on Reconsideration. Specifically, we hold that all CSAs must be made available for resale minus the appropriate wholesale discount due to the fact that such services are indeed retail service offerings. The obligation to resell CSAs has been imposed on BellSouth and GTE since the May 14, 1997 effective date of the Joint Order. The May 14th date of the Joint Order was never intended by the Commission to serve as the starting point for the resale of CSA such that only CSAs executed after that date were required to be made available for resale by BellSouth and GTE at the appropriate wholesale discount.

We are cognizant that, unlike the Commission's Joint Order, the Generic Resale Order in Docket 25677 governs LECs other than BellSouth and GTE. We have accordingly addressed the three-tiered approach set forth in the December 22, 1997 Generic Resale Order with an Order on Reconsideration specific to that Docket. We merely clarify herein the Commission's position regarding CSAs in this Docket and Docket 25677 in an effort to avoid further confusion on the CSA issue.

We note, however, that we do not in this Docket or Docket 25677 intend to alter our position that CSAs may only be resold to the customers for which they were designed. Both BellSouth and GTE have established that CSAs are customer specific contracts which take into consideration the varying circumstances of the customers for which they are developed. This demonstration alone is sufficient to overcome any presumption that the restriction limiting the resale of CSAs to the customers for which they were developed is unreasonable or discriminatory pursuant to FCC Regulation 47 C.F.R. ' 51.613(b)-(f). We, in fact, hold that the customer specific nature of CSAs renders the restriction limiting their resale to the customers for which they were developed reasonable and non-discriminatory. We note, however, that no termination penalties should be imposed on CLECs who undertake to resell CSAs to the customers for which they were designed subject to the existing terms and conditions of those CSAs.

Given the interpretations regarding CSAs set forth above, we do not see the need for revisions to the language of the December 8, 1997 agreement as it relates to CSAs. The Commission is of the opinion that the existing CSA language of " 24.3 and 25.5 is acceptable provided it is construed in a manner that is consistent with our position as stated herein.

### **E. Integrated Digital Loop Carrier**

Item 3 of Attachment 2 to the December 8, 1997 Agreement submitted by AT&T and BellSouth relates to the provision of the Unbundled Network Element Integrated Digital Loop Carrier (IDLC). Specifically, the agreement states:

When BellSouth uses integrated Digital Loop Carrier (DLCs) systems to provide the local loop, BellSouth will make alternative arrangements to permit AT&T to order a contiguous unbundled local loop. These arrangements must provide AT&T with the capacity to serve all of BellSouth's customers at the same level BellSouth provides itself. @

Although the above language is consistent with the requirements of our May 14, 1997 Joint Order, we had concerns that our decision in the Joint Order not to require BellSouth to actually provide IDLC on an unbundled basis was contrary to the general requirements of ' 251(c)(3) of the 1996 Act. We accordingly conducted a review of the holding in our Joint Order concerning this issue.

By way of background, we originally held in our AT&T/BellSouth Order that ' 251(c)(3) of the 1996 Act made it clear that local exchange carriers must provide unbundled access to Network Elements where it is technically feasible to do so. We also found that the evidence showed that it was technically feasible for BellSouth to provide unbundled access to the local loop using Integrated Digital Loop Carrier (IDLC). We accordingly ordered BellSouth to make such access available on an unbundled basis.

Following the entry of the AT&T/BellSouth Order, BellSouth petitioned the Commission for clarification of the IDLC issue as addressed in the AT&T/BellSouth Order. BellSouth noted in its request for clarification that it had proposed two different methods by which the loops served by IDLC could be made available to AT&T. Where copper facilities were available, BellSouth noted that it would, upon request from AT&T, move loops from its IDLC equipment on to copper facilities. BellSouth also pledged to use its Next Generation Digital Loop Carrier (NGDLC) where it was installed to accommodate AT&T's request for unbundled IDLC loops. BellSouth asserted that the two methods it proposed would allow AT&T access to approximately 88% of BellSouth's loops in Alabama.

BellSouth further asserted that the methods of IDLC unbundling proposed by AT&T would have the direct effect of lowering the quality of customer service. BellSouth concluded that the methods AT&T recommended were, therefore, not technically feasible means of providing local loop access.

Upon further review, we have determined that the holding in our May 14, 1997 Joint Order was indeed appropriate pursuant to the requirements of ' 251(c)(3) of the 1996 Act. The decision in our Joint Order to allow BellSouth to offer AT&T alternative local loop facilities as a means of serving BellSouth customers currently served by IDLC was premised on the underlying decision that it is, in fact, not technically feasible to unbundle IDLC.

The typical Digital Loop Carrier (DLC) configuration consists of a remote field terminal which receives distribution lines from customers and multiplexes the signals over feeder cable to the serving switch where the signals are demultiplexed. The remote field terminal can multiplex signals from up to 24 incoming customer distribution lines over only 4 copper feeder pairs or over optical fiber feeder to the switch. Using DLC, other than Integrated Digital Loop

Carrier (IDLC), the multiplexed signal terminates into a demultiplexer before the signals are sent to the switch. With IDLC, however, the multiplexing function is integrated into the switch itself. The multiplexed customer channels are terminated into the switch and only then are they separated internally into individual channels. This configuration is economical to the provider because it eliminates the requirement for separate demultiplexing equipment. However, it makes the unbundling of individual channels technically infeasible if not impossible.

Based on the foregoing, we affirm the holding in our May 14, 1997 Joint Order, wherein BellSouth was not required to provide IDLC on an unbundled basis. BellSouth must, however, continue to offer the alternative means of providing local loop facilities to AT&T for customers served by IDLC as set out in our Joint Order. Given the fact that the language in the December 8, 1997 Agreement between the parties which addresses IDLC accommodates this holding, said language meets with our approval and the requirements of ' 251(c)(3) of the 1996 Act.

#### **F. All Other Terms and Condition of the December 8, 1997 Agreement**

Although we herein reject the December 8, 1997 agreement for the reasons set forth in the preceding sections of this Order, we note that the AT&T/BellSouth Arbitration Panel has reviewed all other terms and conditions set forth in the December 8, 1997 agreement, and found them acceptable. We have also reviewed those provisions and concur in the recommendation of the panel in that regard. We are hopeful that this information will provide valuable assistance to the parties in the filing of future agreements which they are invited and encouraged to submit.

### **III. Ordering Clauses**

IT IS, THEREFORE, ORDERED BY THE COMMISSION, That our AT&T/BellSouth Arbitration Order entered in Docket 25703 on February 6, 1997 and our May 14, 1997 Joint Order on Reconsideration in Joint Dockets 25703 and 25704 are amended to reflect that AT&T may indeed purchase unbundled network elements from BellSouth pursuant to the cost based pricing standards of ' 252(d)(1) of the Telecommunications Act of 1996 and recombine those Unbundled Network Elements in any manner it sees fit. It will not be necessary for AT&T to utilize substantive network functionalities of its own to avail itself of the ' 252(d)(1) cost based pricing standards for Unbundled Network Elements when it recombines Unbundled Network Elements it has purchased from BellSouth. To the extent that the December 8, 1997 agreement between AT&T and BellSouth conflicts with this holding, it is hereby rejected.

IT IS FURTHER ORDERED BY THE COMMISSION, That our AT&T/BellSouth Arbitration Order entered in Docket 25703 on February 6, 1997 and our Joint Order on Reconsideration entered in Joint Dockets 25703 and 25704 on May 14, 1997 are hereby amended to reflect that in all instances where AT&T purchases Unbundled Network Elements from BellSouth, including the local switching element, and itself recombines those Unbundled Network Elements to provide service, AT&T's purchase of the Unbundled Local Switching Element will include all of the vertical features and functions of said switch. In determining the appropriate pricing of the Unbundled Switching Element, however, all cost specifically applicable to the provision of those vertical features and functions should be included in the cost of the switch. To the extent that the December 8, 1997 agreement between AT&T and BellSouth conflicts with this holding, it is hereby rejected.

IT IS FURTHER ORDERED BY THE COMMISSION, That all contract service arrangements of BellSouth Telecommunications, Inc. shall be made available for resale subject to the established wholesale discount. We find the existing provisions of the December 8, 1997 agreement between AT&T and BellSouth which address contract service arrangements acceptable so long as those provisions are construed in a manner consistent with our determinations set forth herein.

IT IS FURTHER ORDERED BY THE COMMISSION, That our holding in our Joint Order on Reconsideration entered in Joint Dockets 25703 and 25704 on May 14, 1997 relieving BellSouth of its obligation to unbundle Integrated Digital Loop Carrier is hereby affirmed. BellSouth shall, however, continue to offer the alternative means of providing local loop facilities to AT&T for customers served by IDLC as set forth in our May 14, 1997 Joint Order. The language in the December 8, 1997 agreement submitted by the parties which addresses Integrated Digital Loop Carrier is consistent with our holding herein and is hereby approved.

IT IS FURTHER ORDERED BY THE COMMISSION, That although the December 8, 1997 agreement between AT&T and BellSouth is hereby rejected for the above stated reasons, the Commission has reviewed all other terms and

conditions of the December 8, 1997 agreement and has found them to be acceptable. The parties are therefore invited to resubmit a revised arbitrated interconnection agreement in accordance with the findings set forth herein at their earliest convenience. It is the opinion of the Commission that this recommendation and our conclusions herein are consistent with the Telecommunications Act of 1996 and are in the public interest.

IT IS FURTHER ORDERED, That this Order shall be effective as of the date hereof.

DONE at Montgomery, Alabama, this 10th day of April, 1998.

ALABAMA PUBLIC SERVICE COMMISSION

Jim Sullivan, President

Jan Cook, Commissioner

Charles B. Martin, Commissioner

ATTEST: A True Copy

Walter L. Thomas, Jr., Secretary

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