BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of AT&T Communications of the Midwest, Inc. of Denver, Colorado Petitioning for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 to establish an Interconnection Agreement with GTE of the Midwest, Inc.	Application No. C-1400 Interconnection Agreement Approved in Part and Rejected In Part Entered: April 14, 1997

APPEARANCES:

For AT&T:
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BY THE COMMISSION:

AT&T Communications of the Midwest, Inc. (AT&T) requested to negotiate an interconnection agreement with GTE of the Midwest (GTE) on March 12, 1996. Pursuant to Section 252(b)(1) of the Act, AT&T filed a petition for arbitration with the Commission on August 16, 1996. GTE filed its reply to the petition on September 10, 1996. Both parties filed motions seeking protection of confidential information. The motions were granted.

On August 8, 1996, the Federal Communications Commission (FCC) issued Order 96-325 promulgating rules regarding Sections 251 and 252 of the Act. On October 15, 1996, pursuant to Iowa Utilities Board, et. al. v. Federal Communications Commission, et. al., Case No. 96-3321, et. seq., the U.S. Court of Appeals, Eighth Circuit stayed the implementation of the FCC rules relating to pricing and the "pick and choose" provisions. On November 12, 1996, the United States Supreme Court issued a decision declining to set aside the stay. As of the date of this order, the stay remains in effect.

On August 27, 1996, the Commission entered Progression Order No. 3 in Docket C-1128

establishing the policies to be implemented concerning Section 252 arbitrations. The Commission voted to utilize outside arbitrators and directed the parties to select a mutually acceptable arbitrator. The parties in this docket selected James Sharpe to arbitrate the proceeding.

Hearings were held before the Arbitrator from November 6 through 8 and 11 through 13, 1996. On November 25, 1996, parties submitted post-hearing briefs and last best offers. On December 12, 1996, the Arbitrator rendered an initial decision in this docket. Subsequently, on December 20, 1996, the Arbitrator filed a supplemental and clarifying decision pursuant to the request of both parties.

On January 17, 1997, GTE filed an appeal with the Nebraska Federal District Court on the Arbitrator's Recommended Decision, Civil Action No. 4:97-CV-3026. GTE alleges the Arbitrator's Recommended Decision is a final determination of the Commission and that the decision unconstitutionally takes GTE's property. The State of Nebraska has subsequently filed a motion to dismiss the appeal. As of this date, the appeal remains pending.

On February 24, 1997, the Arbitrator filed a proposed interconnection agreement in this docket. In accordance with the Commission's policy set forth in C-1128, interested parties were allowed to submit written comments on the interconnection agreement on or before March 12, 1997. GTE and AT&T filed a joint motion requesting permission to submit their comments beyond that deadline. The motion was granted and comments were received from GTE and AT&T on March 14, 1997. Comments were also filed by the Nebraska Independent Telephone Association.

A hearing was held to approve or reject the proposed interconnection agreement pursuant to Section 252(e) of the Act in the Commission Hearing Room on March 21, 1997. Appearances were made by Jim Stroo, Ed Warrin, Thomas Kelley and Tom Singer for GTE, by Andrew Pollock and Mary Tribby for AT&T and by Deonne Bruning for the Commission staff. The Arbitrator, James Sharpe, was also present at the hearing.

DECISION

Section 252(e)(1) of the Act requires that any interconnection agreement adopted by arbitration be submitted to the State commission for approval. Section 252(e)(2)(B) provides that State commissions may reject an agreement (or any portion thereof) adopted by arbitration only "if it finds that the agreement does not meet the requirements of Section 251, including the regulations prescribed by the Commission pursuant to Section 251, or the standards set forth in subsection (d) of this section." Section 252(e)(3) further provides that a State commission may utilize and enforce state law in its review of agreements.

The Commission has reviewed the Arbitrator's decision, the proposed interconnection agreement and the parties' exceptions using the standards set out above. Except as indicated below, we conclude that the Arbitrator's decision comports with the requirements of the Act, applicable FCC rules and relevant state laws and regulations. We have provided clarification or additional explanation of the Arbitrator's decision where appropriate.

AT&T's Exceptions:

Issue A. The Arbitrator's decision to adopt GTE's Modified Avoided Cost Model. AT&T raised their objection to using GTE's "modified MCI Methodology" and the resulting wholesale discount. AT&T claims GTE's model is flawed because (1) it is based on national retail cost data collected from GTE's work centers, (2) it does not include avoided costs for operator services or product management expenses and (3) it improperly calculates the portion of the indirect costs which will be avoided . We disagree and find the Arbitrator's ruling to be consistent with the Act and state law. Further, the Arbitrator's decision is supported when examining the record.

We acknowledge that avoided cost models can produce widely varying results, therefore, the Commission has opened Docket C-1416 to establish an appropriate cost model for GTE. If the determinations in Docket C-1416 support different pricing conclusions than those addressed in this proceeding, those changes should be incorporated into the interconnection agreement. We further believe that a retroactive true-up should be implemented after the conclusion of C-1416, as recommended by the Arbitrator, to correct any pricing errors. We therefore are unpersuaded that the Arbitrator's findings violate state or federal law or unconstitutionally take either parties' property without just compensation. Since Docket C-1416 is pending at this time and we cannot accurately predict a completion date, we find it reasonable to limit the period to "true-up" rates in this proceeding retroactively to one year.

Issue B. The Arbitrator's decision not to require GTE to provide Local Exchange Routing Guide (LERG) as a part of interim number portability. AT&T claims the Arbitrator erred by not requiring GTE to offer LERG as a means of providing interim number portability. We agree with the Arbitrator's decision. The Act requires telecommunications carriers to provide, to the extent technically feasible, number portability in accordance with the requirements prescribed by the FCC (see Section 251(b)(2)). The record supports GTE's claim that it is not technically feasible to offer LERG at this time.

Issue C. The Arbitrator's decision regarding resale:

(1) to not require GTE to offer public payphone, semi-public payphone or COCOT coin and coinless lines for resale at the wholesale discount rate. AT&T claims the Arbitrator erred by not requiring public payphone lines, semi-public payphone lines, COCOT coin lines and COCOT coinless lines be made available at a wholesale discount rate. The Act

requires incumbent local exchange carriers (ILECs) to offer for resale at wholesale rates any telecommunications service that the carrier provides at retail to subscribers who are not telecommunications carriers (see Section 251(c)(4)). GTE does not currently offer payphone services at retail. It sold its payphone operations to Mid-America Pay Phones of Omaha, Nebraska pursuant to terms approved in Commission Order C-1270 on January 9, 1996. We, therefore, agree with the Arbitrator's decision. If however, GTE offers such services in the future at retail, the interconnection agreement should be amended.

(2) to not require resale of short-term promotions. AT&T asserts that services promoted for 90 days or less should be offered for resale and that the Arbitrator's decision is incorrect. We agree with the Arbitrator's decision. The Act imposes the duty on ILECs to not prohibit, and not to impose unreasonable or discriminatory conditions or limitations on the resale of telecommunications services (Section 251(c)(4)). We believe, consistent with the FCC's interpretation regarding promotional offerings and wholesale discounts, that it is unreasonable to mandate GTE offer resold services that are available for less than 90 days.

Issue D. The Arbitrator's decision not to require GTE to deaverage its unbundled network element prices. AT&T claims that failure to establish wholesale prices for the unbundled loop will give a significant competitive advantage to the ILEC. We disagree and uphold the Arbitrator's decision. While we acknowledge that costs and rates may differ based on population density and other factors, we believe the record supports the finding that the cost evidence does not sufficiently support deaveraging.

Issue E. The provision in the Recommended Agreement limiting remedies available for failure to meet service quality standards. AT&T argues that the proposed agreement restricts AT&T to using minimal remedies to obtain relief which in turn does not sufficiently motivate GTE to comply with the agreement. The interconnection agreement submitted to the Commission for approval on February 24, 1997 has been modified in several areas, by agreement of both parties. Upon reviewing the latest version of the agreement (dated March 17, 1997), the language to which AT&T objects has been removed. The new language, in our opinion, eliminates AT&T's concern regarding the reference to "sole and exclusive remedy". Therefore, the March 17, 1997 draft is approved.

Issue F. The provisions in the Recommended Agreement pertaining to branding of Operator Services and Directory Assistance (OS/DA) which:

(1) Limit GTE's branding obligations to OS/DA GTE provides itself. AT&T claims it should not be limited to branding that GTE provides itself. The FCC has not made a finding on the technical feasibility of providing branded or unbranded services (see FCC Order 96-325, Para. 537). The parties agree that as of the date of this order, GTE does not provide OS/DA to itself and that GTE procures OS/DA service from US West. AT&T requests that GTE be required to cooperate with AT&T in its effort to reach a contractual agreement with US West

to brand OS/DA for AT&T at parity with the branding provided GTE. We believe AT&T is capable of negotiating with US West on it own and further, we find no such requirement in federal or state law. We agree with the Arbitrator.

(2) Restrict AT&T to the exclusive use of GTE for branding OS/DA for the entire term of the Interconnection Agreement. AT&T asserts that it is anti-competitive to mandate it use GTE for branding OS/DA for the entire term of the agreement. We agree with AT&T and find that the interconnection agreement should be amended. While we believe that GTE should be able to recover the incremental costs associated with accommodating AT&T's request to brand OS/DA, we find it overly expansive to mandate AT&T use GTE for the length of the contract. Instead, we believe that AT&T should use GTE for branding OS/DA until GTE is able to recover the incremental costs that are associated with any network upgrades that are necessary to implement AT&T's request to brand OS/DA. Such costs shall be recovered in a competitively neutral manner. Once such costs are recovered, AT&T may utilize any carrier for OS/DA services. In no event should this period of time exceed the length of the contract. Section 18.4 should be rewritten accordingly.

Issue G. The Arbitrator's decision to require a retroactive true-up of the Agreement's interim rates once permanent rates are established. See resolution of "Issue A" above.

Issue H. The omission of language from the Recommended Agreement that cost recovery be cost-based and non-discriminatory. We agree with the Arbitrator and find such language unnecessary. Section 251(c)(2) of the Act sets forth explicit standards regarding pricing; specifically, interconnection rates shall be just, reasonable and non-discriminatory. Further, pursuant to Section 252(d), rates must be cost-based and non-discriminatory. The section is in compliance with state and federal laws..

Issue I. The omission of language from the Recommended Agreement that GTE provide local service to AT&T at parity to the service GTE provides itself. We agree with the Arbitrator and find such language unnecessary. Section 251(c)(2) of the Act sets forth requirements on ILECs to provide interconnection that is equal in quality to that which it provides itself and its subsidiaries. The section is in compliance with state and federal laws.

Issue J. The collocation rates set forth in the Recommended Agreement are excessive and unreasonable. AT&T objects to the building modification fee and the physical engineering fee. Further, AT&T asserts that the recommended rates are not supported by evidence indicating they were based on cost. While there is little support offered by either party for their proposed rates, we agree with the Arbitrator's decision. GTE is entitled to recover the costs it incurs in providing collocation and the prices herein do that based on information placed in the record. We believe that collocation prices should be set at the Total Element Long Run Incremental Cost (TELRIC), plus a reasonable allocation of forward-looking common costs.

We also find the decision made by the Arbitrator regarding building construction and physical engineering fees to be consistent with state and federal law. If GTE incurs additional costs to build or modify its facilities for the benefit of AT&T and those costs are not included in existing TELRIC collocation rates, GTE is entitled to recover such costs. We find GTE has the burden of showing that any claimed additional costs are not already recovered. If GTE demonstrates it is entitled to recover additional costs, it is able to recover those costs through nonrecurring charges. GTE must allocate non-recurring charges among all requesting carriers in a competitively neutral manner.

The Commission uses the terminology "competitively neutral" throughout this order. The Commission defines a competitively neutral standard to mean minimizing the impact of a particular pricing or costing structure on the ability of the various participants (Competitive Local Exchange Carriers (CLECs) including AT&T) within a given market to compete with each other and the ILEC. It is not intended to deprive GTE of revenue to which it is legally entitled and should recover from its wholesale customers.

GTE's Exceptions:

Issue A. The Hatfield Model should not be used because it does not accurately calculate GTE's costs. See resolution of AT&T's "Issue A" above.

Issue B. GTE's Avoided Cost Model should not be used. See resolution of AT&T's "Issue A" above.

Issue C. GTE should not be required to unbundle dark fiber. GTE alleges that dark fiber should not be unbundled. We disagree and uphold the Arbitrator's decision. The FCC has declined to address whether dark fiber should be unbundled and has left that decision to State commissions (see FCC Order 96-325, Para. 450). The FCC states however, there is a presumption in favor of unbundling if it is technically feasible (see FCC Order 96-325, Para. 281). Dark fiber is nothing more than fiber installed under a cable sheath that is not currently connected to the electronics that make it functional. To the extent that dark fiber is available and to the extent that it is technically feasible, GTE shall offer dark fiber as an unbundled network element. This section is approved.

Issue D. The Arbitrator should not have recommended using the Most Favored Nations (MFN) Clause. GTE asserts that the MFN clause should not be included in the interconnection agreement. We agree. The MFN clause in FCC Order 96-325, Section 51.809 has been stayed by the Eight Circuit on the basis that it would harm the negotiation process required under the Act. The Eighth Circuit is going to resolve this issue on the merits and the decision whether the contract should contain such a clause should be made after the court's ruling. Until that time, the contract should not contain the disputed clause. We agree with GTE and conclude that the decision should be modified accordingly.

Issue E. Several contractual terms are unreasonable and discriminatory and therefore, the contract should be rejected. GTE claims that the interconnection agreement submitted by the Arbitrator should be rejected. GTE argues the agreement contains numerous provisions which violated GTE's due process and that GTE was not afforded an opportunity to present evidence or argument in support of the disputed contract language it presented to the Arbitrator. We do not find merit in these claims. We disagree that ex parte conversations took place between AT&T and the Arbitrator to discuss disputed issues. We further disagree that the entire agreement must be rejected. In fact, both parties agreed on the record that the Commission should review the contractual language. We will review the exceptions GTE raised in its written comments and approve or reject them on an issue-by-issue basis. We believe this will cure any violations of due process that GTE alleges took place. Where appropriate, we insert new or additional language to make the agreement consistent with the standards of Section 252(e).

Sixth Whereas Paragraph. Arbitrated Agreement. We agree with GTE that this is an arbitrated agreement, also referred to as an award, and that as such the interconnection agreement should be modified by inserting the word "arbitrated" in front of the word "agreement" where appropriate. The contract should be accordingly modified.

Section 6 - 8. Environmental Liabilities. We agree with GTE and determine that AT&T should be responsible for environmental liabilities that result due to AT&T's activities on GTE's premises, if such work is required by AT&T. AT&T shall not be liable however, when such costs are part of the predetermined TELRIC rate or the liabilities result from GTE's negligence. Disputes regarding this section should be addressed through the dispute resolution process provided in this agreement. The change makes the section comport with the requirements of Section 252(d). This section should be rewritten accordingly.

Section 9.3 and 9.4. Regulatory Matters. See resolution of "Sixth Whereas Paragraph" above.

Section 10.2. Liabilities of GTE. We agree with GTE that access charges exceed the scope of liability that GTE owes AT&T. These validly incurred charges cannot be considered as part of the dispute resolution process for compliance with the Act. The agreement should be modified accordingly.

Section 10.3. Consequential Damages. We agree with the Arbitrator that the language regarding consequential damages is reasonable. This section complies with federal and state laws.

Section 10.5. Obligation to Defend. We agree with the Arbitrator that the language regarding this section is reasonable. This section complies with federal and state laws.

Section 11.5. Service Parity and Standards. We agree with the Arbitrator and find the language "prorated in a competitively neutral manner" to be reasonable and in compliance with

federal and state laws.

Section 20. Required cooperation. See resolution of AT&T's "Issue F" above.

Section 23.3. Arbitrated agreement. See resolution of "Sixth Whereas Paragraph" above.

Section 23.9. Jurisdiction over agreement. We agree with the Arbitrator and find the agreement to be reasonable and in compliance with federal and state laws. We recommend one change. The words "State commission" should be referenced in the section to clearly reflect that disputes over the interconnection agreement may be remitted to this body for review. Such change is consistent with federal and state laws. The interconnection agreement should be accordingly modified.

Section 23.12 and 23.15. OSS is not a network element. We agree with GTE that the contract language should be changed to reflect that OSS "may" be offered, as opposed to "shall". If the companies are unable to negotiate acceptable terms, the dispute resolution process provided in the agreement will apply. This change is consistent with the federal law. The section should be accordingly modified.

Section 24. Resale services. We agree with the Arbitrator. The interconnection agreement is reasonable and not in violation of any federal or state laws.

Section 25.3. Resale restrictions. Neither GTE nor AT&T object to this section. It is approved.

Section 26.6. Telephone Relay Service. The parties have reached agreement on the language in this section. It is approved.

Section 26.7. Voice Mail Related Services. We agree with GTE that the features of voice mail are not required to be offered for resale. Pursuant to the Act, resale services are those offered at retail to end users (251(c)(4)). If such services are included in GTE's tariff, they shall be provided to AT&T for resale.

Sections 28.1 through 28.4 and 28.7.1 and 27.7.2. Routing to OS/DA and Repair Service at Incremental Costs. We agree with the Arbitrator that GTE is entitled to recover the incremental costs associated with providing routing for services. GTE raises the argument that it is entitled to recover "all" costs associated with providing unbundled network elements, collocation, resale and interconnection services to AT&T. GTE proposes to include in "all" costs the following cost elements: unrecovered embedded costs, incremental costs and lost revenues resulting from lost sales to CLECs. We disagree. Instead, GTE is entitled to recover its costs as reflected by the Hatfield Model rates, plus any unrecovered incremental costs associated with providing each service. The unrecovered incremental costs are those additional costs which will be incurred by

GTE to provide unbundled network elements, resale services, collocation and interconnection services which are not included in or recovered through the rates developed by the Hatfield Model. We find that recovering incremental costs is consistent with all applicable state and federal laws.

Section 28.4. Routing. The parties have modified the text of this section. Upon reviewing the changes, we find this section to be in compliance with state and federal laws.

Section 28.6. Emergency Services. We agree with the Arbitrator and find this section to be in compliance with state and federal laws.

Section 32.4. Unbundled Network Elements. We agree with the Arbitrator and find this section to be in compliance with state and federal laws.

Section 32.7. Recovering Costs of Unbundling Network Elements. We agree with the Arbitrator and find this section to be in compliance with state and federal laws.

Section 32.8. Recovering Costs for Combining Network Elements. We agree with the Arbitrator and find this section to be in compliance with applicable state and federal laws.

Section 32.10.3.1. GTE reporting requirements regarding service quality. We agree with GTE that the present language provides excessive authority and opportunity for AT&T to ask for expansive service quality reports. Therefore, we adopt GTE's proposed language, but note that it should be modified in two places to make it reasonable and consistent with the public interest. First, we find it necessary to alter the second sentence from stating GTE will provide information "(W)ithin a reasonable time" to read "(W)ithin 30 days". We also find it unreasonable to limit the information to that which parties "mutually agree" is necessary and sufficient. This would effectively restrict AT&T from obtaining any service quality information that GTE did not want to provide. This section should be modified accordingly.

Section 32.10.3.2. Network Elements. We agree with GTE that this language is unnecessary and that it should be rejected. Pursuant to federal laws, GTE must cooperate with AT&T in providing services to customers. This section should be deleted.

Sections 34.1. Ancillary Functions/Services. We agree with GTE that this language is unnecessary and that it should be rejected. Pursuant to state and federal law, services must be just, reasonable and nondiscriminatory. This section should be deleted.

Section 34.2. Interconnection Points. We agree with GTE that the interconnection agreement satisfactorily addresses interconnection points in other sections. This section is unnecessary, confusing and is, therefore, rejected. It should be deleted.

Section 34.3. The Use of Ancillary Functions. We agree with GTE that AT&T's use of ancillary functions should not exceed that permitted by federal or state law. We find the agreement to grant AT&T with excessive power and that this section must be rejected and deleted.

Section 35.2. Service Level of Ancillary Functions. We agree with GTE and approve their proposed language. However, the section should reflect that GTE makes functions available that are equivalent to that which it provides itself, as well as to its affiliates and other competitive local exchange carriers. This section should be modified accordingly.

Section 35.3. GTE Reporting Requirements Regarding Service Quality. See resolution of Section 32.10.3.1 above.

Section 35.4. Service Quality of Ancillary Functions. See resolution of Section 35.2 above.

Section 37.8. Interconnection at Incremental Costs. See resolution of Section 28.1 through 28.4 and 28.7.1 and 28.7.2 above.

Section 37.10.1. PSAP 10 Digit Numbers. We agree with the Arbitrator and find that such information shall be provided to AT&T. For AT&T to offer emergency services, this information must be made available. To the extent that GTE experiences costs in providing this information, it is permitted to recover the incremental costs associated therewith. The section is in the public interest and complies with state and federal laws.

Section 37.10.3.6. Overflow 911 Traffic. We agree with the Arbitrator and find that overflow routing of 911 traffic must be made available. GTE's argument that the caller should simply keep trying to dial 911 is nonsensical. If 911 service is unavailable, the operator shall provide assistance to end users. This conclusion is consistent with the public interest and with state and federal laws.

Section 43.3.5. Interim Number Portability Switching Costs. We agree with GTE in part on this issue. Both GTE and AT&T should be able to recover shared switching costs that are experienced during interim number portability. GTE is not, however, entitled to recover the RIC and CCL charges, as it does not experience such costs. However, we find GTE experiences costs in transporting traffic and, therefore, should be entitled to reasonable compensation. The interconnection agreement should be accordingly modified to be consistent with federal laws.

Section 43.3.6.4. We agree with the Arbitrator and find the section to be in compliance with state and federal laws.

Section 43.3.6.5. This section is no longer included in the latest interconnection agreement.

Section 43.3.6.6. This section is no longer included in the latest interconnection agreement.

Attachment 2

Sections 4.2.1.3, 4.2.1.6 and 4.2.1.9. Routing to OS/DA and Repair Service at Incremental Costs. See resolution of "Interconnection Agreement Section 28.1 through 28.4 and 28.7.1 and 28.7.2" above.

Section 4.2.2.1. Interface Requirements. We agree with GTE and find that inserting the words "i.e. ports" to be reasonable and in compliance with state and federal laws. This section should be modified accordingly.

Section 5.1.1. Interface Requirements. We agree with GTE and find that adding the words "where technically feasible" to be reasonable and in compliance with state and federal laws. The section should be changed accordingly.

Sections 5.1.2., 5.1.2.15 and 6.2.2. Operator Services. GTE asserts that the parties have narrowed their disputes in these sections. However, GTE states concerns remain that AT&T compensate GTE for expenses incurred in reconfiguring its network. See resolution of AT&T's "Issue F" above.

Section 8.2.10. 24 Hour Access, 7 Days a Week. We agree with GTE in part on this issue. To the extent GTE provides access for AT&T to GTE's wire centers outside normal business hours, AT&T should be obligated to pay the incremental costs associated therewith. We find that the cost of providing access during normal business hours is a reasonable service that should be included in the collocation rate that AT&T is already paying GTE. Such changes make the section consistent with federal and state laws and specifically Section 252(e). This section should be modified accordingly.

Section 8.2.12. Electronic Provisioning Control of Dedicated Transport. We agree with the Arbitrator and do not find this section to be in violation of federal or state laws.

Section 11.7.1.3. Recovery of Costs for Testing. We agree with the Arbitrator and find that the costs associated therewith are included in the TELRIC price. If however, GTE is able to demonstrate that it experiences additional costs not recovered by the TELRIC rate, it is permitted to file with this Commission a cost recovery application and ask for further review.

Figure 2 (and all other final figures). Use of AT&T's figures. We agree with GTE in part on this issue. The figures may remain in the Arbitrated Agreement, however, a caveat shall be included stating that the figures are for illustrative purposes only. This change is consistent with applicable federal and state laws. The agreement should be accordingly altered.

modified accordingly.

Attachment 8

Sections 2.1, 2.3 and 2.3.1. FLEX Direct Inward Dialing. We agree with GTE. Upon reviewing the record, we find including Flex DID to be inconsistent with the Arbitrator's order. It should be modified accordingly.

Section 2.4. Portability Hub Route Indexing. We agree with GTE. Upon reviewing the record evidence, we find the language regarding Portability Hub Route Indexing to be in error and inconsistent with the Arbitrator's order. This section should be modified accordingly.

Section 3.7. Verification Fee for 911 Ported Numbers. We agree with the Arbitrator. His ruling is in compliance with all applicable state and federal laws.

Attachment 9

Section 2.1. Revenue Protection. We agree with GTE in part on this section. However, we believe that modifying the Arbitrator's present language is preferable to adopting GTE's proposed language. We determine that the last sentence shall read "GTE shall provide access to fraud prevention, detection, and control functionality." While the requirement to provide access remains in the agreement, the parties shall negotiate the specific means in which access is provided. If the parties are unable to reach agreement, the terms of dispute resolution provided herein shall be used. Such change is consistent with state and federal laws.

Sections 2.2 through 2.4. Uncollectible Revenues. We agree with the Arbitrator and find the proposed language to be reasonable and in compliance with federal and state laws.

Attachment 11

The definition of "Interconnection". We agree with GTE that Interconnection is "between" networks, not "within" networks. The agreement should be accordingly modified.

Attachment 14

Section 4.2. Collocation Costs. We agree with the Arbitrator and find this section to be competitively neutral, nondiscriminatory and in compliance with state and federal laws.

Section 7. Rights-of-Way, Conduits, Ducts and Pole Attachments. We agree with the Arbitrator and find no basis in state or federal law to require AT&T to pay interest to GTE. We further find this section to be competitively neutral and nondiscriminatory. It is approved.

Appendix 2. Collocation Rates. We agree with the Arbitrator and find the Appendix to be in compliance with all applicable state and federal laws.

Attachment 15

Application of the RIC and the CCL. We agree with the Arbitrator and find that there is no evidence in the record to support GTE's argument. If GTE develops and files a cost study which attempts to demonstrate its position, this Commission will review this section of the agreement.

The changes ordered herein should be reflected in a final interconnection agreement to be submitted to the Commission on or before May 2, 1997. To enable the Commission to ensure the changes are made as ordered, the agreement should become effective May 6, 1997.

ORDER

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the Arbitrator's Recommended Decision is approved in part and rejected in part.

IT IS FURTHER ORDERED that an Interconnection Agreement consistent with this Order be filed on or before May 2, 1997, to become effective May 6, 1997, pending the Commission's review.

MADE AND ENTERED at Lincoln, Nebraska this 14th day of April, 1997.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONER CONCURRING:

//s//Rod Johnson
//s//Frank E. Landis
//s//Daniel G. Urwiller
//s//Anne C. Boyle

Chairman

ATTEST:

Executive Director