Coalition recommends that the CLC have a right to specify the point(s) of interconnection and supply some or all of the interconnecting facilities. The Coalition believes the LEC should have the obligation to build or supply the remaining portion of the interconnection facilities. The Coalition proposes that the CLC and the LEC each be responsible for paying half of the total costs of construction or use of existing facilities. In order for the CLC to make the "build or buy" decision, the LEC will need to provide the CLC with what effectively will be a bid, consisting of either the cost for which the LEC is willing to construct the interconnecting facilities, the price for the use of existing facilities, or some combination of the two. The CLC will compare this bid with its cost to build or supply some or all of the interconnecting facilities, and will choose the lower-cost option.

The Coalition states that Pacific should be required to offer three options for Meet Point Billing, not just the single option being offered by Pacific, i.e., multiple bill, multiple tariff. The other two options the Coalition suggests the Commission require of Pacific are (1) single bill, single tariff; and (2) single bill, multiple tariff Meet Point arrangement.

The Coalition also states that GTEC would restrict the joint provisioning of interconnection facilities to situations where GTEC and a CLC reach mutual agreement. The Coalition would require GTEC to abide by the Coalition's interconnection model concerning the provisioning of interconnection facilities.

DRA

DRA recommends that there be at least two POIs per carrier in order to enhance network reliability. DRA believes that CLC customers must be assured that their telephone service will be as reliable as that of LEC customers, particularly in view of the critical public safety access provided by the public switched telephone network. DRA states that Pacific's tariff specified that the POI must be located within certain parameters and must be

mutually negotiated. DRA is concerned that if Pacific and the CLC cannot reach agreement, the Commission would be foreclosed from adjudicating any resulting complaint since Pacific would be violating its own tariffs if it accedes to a POI determined by any means other than negotiation between Pacific and the CLC.

DRA notes that interconnection between adjacent LECs has historically been accomplished via "meet-point arrangements." Under such an arrangement, each company constructed facilities on its side of the boundary and shared responsibility for the joint facilities. Although contractual meet-point arrangements worked well in the past, DRA is concerned that with the advent of competition, LECs and CLCs may not perceive themselves as having a common interest in providing access and interconnection to one another.

Discussion

Our overriding concern in addressing the issue of POI determination is that any governing rules create a level playing field for both CLCs and incumbent LECs and provide the incentive for the most efficient and economical outcome on an aggregate basis. The rules should not give an undue advantage to one party over another in terms of unilaterally dictating the number and location of POIs. The environment most conducive to a level playing field is one in which parties have the flexibility to negotiate terms and conditions for interconnection which are best suited to their specific needs. Accordingly, we will not require any fixed number of POIs that a CLC or LEC must have or dictate where the POIs must be located. We will instead adopt general criteria which shall apply to negotiations for POIs.

A competitor's decision on the number of POIs and their location will be influenced by how the cost involved in constructing and maintaining new facilities or installing new software and how the funding of such cost will be assigned between the parties. Regarding the determination of who is responsible for

paying for the construction and maintenance of new facilities required to accommodate the switching and transmission of traffic between the selected POIs, we consider the preferred method to be mutual negotiation of the parties involved.

Each negotiating party has an economic incentive to seek the most efficient and economical POI configuration. The Commission adopted a bill and keep structure in D.95-07-054 because we agreed with parties' theoretical argument that calling patterns would result, on average, in customers placing and receiving the same number of calls from or to a CLC's network. If reciprocal call termination rates were established between CLCs and LECs, for any CLC and LEC that interconnect, the two companies would charge each other the same total amount to complete all calls between the two carriers. The net flow of revenue between two companies would be zero. On or before December 31, 1996, the Commission will reexamine the validity of the parties' assertion that call traffic will be in balance between a LEC and a CLC.

The Commission did not intend bill and keep to imply that carriers should not fairly compensate each other for the interconnecting facilities between themselves and another carrier. If a carrier uses another carrier's facilities when interconnecting, the carrier should compensate the other for the portion of the facilities they use. Any contract between a CLC and LEC should clearly address this issue and demonstrate that parties are compensated appropriately. We expect each party to negotiate in good faith and recognize that the POI arrangement that optimizes overall efficiency for both sides has the best chances of being approved by the Commission.

In the November 28 technical workshop parties discussed three general arrangements for interconnection: collocation, special access facilities and jointly constructed facilities. Each of these arrangements represent the facilities that connect the switches of both the CLC and the LEC. Under any of these

arrangements, parties should develop compensation provisions that appropriately reflect the usage of facilities. As an illustrative example, when the CLC and LEC agree to use an existing special access facility that has been provisioned by the LEC, the CLC would compensate the LEC, at a mutually agreeable rate, for the portion of the facility the CLC uses to transport the local calls it intends the LEC to terminate.

In the event parties are unable to reach agreement on POIs, both the CLC and LEC should use the dispute resolution process discussed in this decision. Until the dispute is resolved by the Commission, parties may designate their own separate POIs for terminating local traffic on each other's networks, if mutually agreeable.

All parties agreed that at a particular traffic volume, it is more efficient to directly interconnect with the end office rather than route traffic through a tandem. We encourage parties to agree upon a cut-over traffic volume beyond which CLCs should directly interconnect with LEC end offices.

3. **One-Way versus Two-Way Trunking**

Parties' Position

Pacific

Pacific proposes one-way trunking arrangements for interconnection. According to Pacific, one-way trunking is preferable to two-way because it allows each party to deploy its intra-network trunking in the most efficient and economic way. Pacific also believes that one-way groups will help eliminate intercompany disputes regarding usage of any trunk group.

Pacific states that one-way trunking has the advantage of allowing accurate billing and bill validation. With two-way trunking, Pacific has no way to determine whether the CLC traffic being terminated is local or toll, an important consideration given the bill and keep for local traffic and access charges for toll.

Pacific states that one-way trunking is the norm in states where local interconnection is working.

Pacific is concerned that use of two-way trunks could be problematic if such trunks were built in proportion to demand forecasted by the CLC. According to Pacific, the CLC could use the added capacity of two-way trunks to meet any unforecasted demand, leaving Pacific in the unfair position of having to either build up capacity again or being unable to meet the needs of its own customers. With one-way trunking, each party is responsible for managing its own planning and capacity, alleviating this risk.

Pacific believes that one-way trunking will help it better adjust to shifts in customer calling and traffic patterns as Pacific's customers move to competitors. Pacific states it must have the ability to rebalance routes at the lowest cost. Pacific believes that a shared approach to engineering, as required by two-way trunks, will serve neither party well. One-way trunks, on the other hand, require each carrier to be responsible for the design and engineering of its own trunks and is appropriate in a competitive environment.

Pacific is also concerned about unresolved administrative problems associated with two-way trunking. For instance, with two-way trunking it is unclear which carrier handles coordination and turn up of new trunks, and coordination of repair for trunks. Coordination and administrative problems are much simpler with one-way trunking, according to Pacific.

Pacific disputes that two-way trunking is significantly more efficient than one-way trunking. Pacific states that it has determined that 1.2 one-way trunks would be required for every two-way trunk, substantially less than the two-to-one ratio alleged by the Coalition. As more trunks are added, the 1.2:1 ratio becomes even smaller. Pacific believes that the marginal saving afforded by two-way trunks is more than offset by the many other

efficiencies of one-way trunks, such as engineering efficiencies, ordering and provisioning efficiencies, and billing accuracy.

GTEC

GTEC states it has reached agreement with the Coalition regarding the use of one-way and two-way trunks to provide interconnection. GTEC states that this agreement provides that local and intraLATA toll may be combined on one trunk group, but that Feature Group D (FGD) common transport and trunking and FGD access trunking between GTE and CLCs carrying interexchange traffic must be on separate trunk groups. The agreement also covers certain tandem switching conditions, trunk forecasting requirements, the grade of service that must be maintained, and trunk servicing procedures.

Citizens

Citizens is opposed to Pacific's requirement that interconnection be limited to one-way trunks. Citizens believes that Pacific's proposal is inconsistent with the Commission's policy that interconnection should be accomplished in a technically and economically efficient manner. Since interconnection must be reciprocal, Citizens states that in most cases the most efficient interconnection facility is likely to be a two-way trunk group. Citizens believes Pacific's tariffs should require that two-way trunking be used unless it is infeasible or inefficient in a given instance. Regarding GTEC, Citizens recommends that GTEC's tariff be modified to require two-way trunking unless it is determined to be infeasible or inefficient on an individual case basis.

Citizens indicates that Pacific's proposal to block intraLATA toll traffic delivered by a CLC to a Pacific access tandem if the call is destined to an NXX served out of a different access tandem is arbitrary and perhaps discriminatory since tandem-to-tandem routing of intraLATA toll traffic is not unusual. Citizens believes this provision should be eliminated since it is inconsistent with the Commission's stated efficiency principle.

Coalition

The Coalition is opposed to Pacific's requirement that CLCs use only one-way trunks. The Coalition views one-way trunks as uneconomical at the low volumes of traffic which will likely be present as local competition begins. The Coalition states that GTEC proposes to establish trunk directionality by mutual negotiation. The Coalition is currently negotiating with GTEC to allow CLCs to utilize two-way trunks by right rather than by mutual agreement, and will report to the CPUC the results of these negotiations.

DRA

DRA finds that Pacific's proposed tariff appears to restrict CLCs to one-way trunking but not IECs, and states that some potential CLCs have indicated a preference for two-way trunking arrangements.

Discussion

Based on parties' comments and the November 28 technical workshop, we conclude that two-way trunking will be more conducive to efficient utilization of the total network within a competitive environment. Two-way trunks will generally be more efficient for the CLCs, particularly in the start-up period. Two-way trunking also provides for more flexibility in accommodating changes in the volume and direction of traffic flow than does one-way trunking in many circumstances. The increased efficiencies from using two-way trunks will be more pronounced in the start-up period when CLCs are building up a customer base from zero and will likely have lower traffic volumes. Consequently, we support the use of two-way trunks in the interests of removing impediments to the development of a competitive market.

While we expect our preferred outcome to lead parties generally to the use of two-way trunks, we do not intend to foreclose partis from mutually agreeing to alternative arrangements. However, if both parties to an interconnection

contract should voluntarily agree to use one-way trunks under a particular arrangement, we will approve it assuming no protests are filed.

In their comments and at the November 28 technical workshop, Pacific asserted that one-way trunks were necessary for them to differentiate and measure local and toll traffic for rating calls. At the same workshop, the Coalition and GTEC presented an alternative method of measuring and differentiating between local and toll traffic that relied on carriers exchanging information about the nature of their calls. Based on parties' discussion at the workshop, we understand that measurement of local and toll traffic when using a two-way trunk will require an exchange of information between the LECs and the CLCs. Those discussions also highlighted the need to verify the information LECs and CLCs exchange with each other and we address this issue below.

In both the workshop and their comments Pacific and GTEC discuss measurement of traffic over two-way trunks. Pacific assumes that the LEC would require complete control over the measurement of local traffic. Pacific explains that with a two-way trunk, its existing software would not accommodate measurement of incoming local traffic. GTEC explains that its system could measure total incoming traffic volume with two-way trunks, but it would be unable to measure the percentage attributable to local usage.

We appreciate Pacific's concern that a bill and keep rate structure for local calls and access charges for toll calls creates a strong incentive for parties to declare toll calls as local calls. We are not convinced, however, that alternative measurement systems to one-way trunks cannot be as effective. As GTEC suggested in the workshop, LECs could require CLCs to submit on a regular basis percentages that represent the amount of local traffic a CLC is terminating on the LEC's network. To address Pacific's concern that CLCs will avail themselves of the arbitrage

opportunity, we expect interconnection contracts to require percentage local usage (PLU) from both CLCs and LECs on a quarterly basis. The contract should include provisions to allow a party to dispute the other's PLU or to request an audit.

Although we have adopted bill and keep as an interim approach for mutual traffic termination for a one-year period, we have left open the option of subsequently considering the adoption of call termination charges following evidentiary hearings later in this proceeding. We need factual measurements of local traffic volumes to help us make that decision. In order to preserve the option of subsequently instituting billings for call termination, there must be some means of measuring local traffic under any adopted trunking arrangement. We shall direct each LEC and CLC to separately measure its own traffic and exchange results with any carrier with whom they interconnect as well as to CACD for monitoring purposes. We shall also provide for an independent consultant to review and verify the reported traffic statistics. The funding for the independent review shall be provided jointly by all certificated local exchange competitors. We will establish the details of the monitoring and verification program in a subsequent order.

The problems Pacific raises concerning the risks of misforecasting of demand can be accommodated through appropriate joint planning and forecasting measures with possible sanctions imposed for failure to provide reasonable forecasts. We shall direct the parties to work towards the development of joint forecasting responsibilities for traffic utilization over trunk groups.

Another measurement limitation with using two-way trunks relates to calls routed through more than one tandem. As GTEC identified in the November 28 workshop, calls that are routed through more than one tandem lose the identity of the originating network of the call. Thus, the volumes associated with these calls

cannot be measured or attributed correctly to the carrier on whose network these calls originated. To solve this problem, parties identified several solutions all of which had the common requirement that the interconnecting party must connect to each access tandem within a LATA from which calls originate. Therefore, tandem-to-tandem routing of local traffic is not required.

4. **Signalling Protocol**

Parties' Position

Citizens states that Pacific's tariff will have the practical result of requiring CLCs to provide data in the signaling message that does not now typically accompany a local or EAS call (such as a carrier CIC code), and which might require software changes to accomplish. Citizens also states that Pacific's tariff defines its local interconnection service in a manner which requires that SS7 signalling be available. Citizens believes this provision limits the practical possibility of local competition only to areas served by Pacific offices equipped with SS7 which Citizens finds inconsistent with D.95-07-054 which opened all of Pacific's and GTEC's service territories to competition.

The Coalition opposes Pacific's requirement that CLCs use SS7 signalling only. This restriction precludes the use of multi-frequency (MF) signalling by CLCs who want to use it, and also prevents Pacific from implementing interconnection at more than 70 switches that are not SS7 capable.

Discussion

Although certain parties object in principle to Pacific's exclusive offering of interconnection only through SS7, the disagreement is essentially only one of theory at this point. As a practical matter, there is no indication that any prospective CLC is presently seeking to deploy a new network using MF signalling. MF signalling has become anachronistic and no party attending the November 28 workshop actually expressed an intention to use MF signalling for interconnection purposes. (Workshop Tr. 114.)

Pacific indicated in the November 28 workshop that it would entertain connecting a CLC via MF signalling to its end offices that are not SS7 capable on an individual case basis if such a request was made. Likewise, GTEC indicated it could handle an MF arrangement though that is not its preference. Accordingly, in the unlikely event a CLC may desire an interconnection via MF signalling to a LEC end ofice that is not SS7 capable, the LECs are directed to accommodate such requests.

5. **Applicability of Bill and Keep to Different Traffic Types**

Parties' Positions

Citizens

Citizens reads Pacific's tariff as treating EAS and ZUM Zone 3 traffic as non-local traffic and not subject to the Commission's interim rules requiring bill and keep for terminating traffic. Citizens believes that these services should be treated as local traffic subject to the Commission's rules concerning bill-and-keep. Citizens also states that Pacific proposes to treat directory assistance, busy line verification, and emergency interrupt calls as non-local calls when originated by a CLC customer. Citizens states that such calls are handled on a bill and keep basis when originated by another LEC customer (e.g., when within an EAS area). Citizens recommends that CLCs and LECs be treated the same by Pacific.

Citizens recommends that all provisions relating to toll traffic termination should be eliminated from Pacific's tariff. Citizens believes that whether a call is terminated by a CLC, an intraLATA toll competitor, or an interLATA toll competitor, Pacific's switched access tariff provisions should apply to CLCs as well as other carriers. Incorporating special provisions for CLC call termination provides an opportunity for discrimination and should be disallowed.

DRA

DRA states that Pacific's LISA terms exclude interLATA traffic originating on a CLC network. This restriction could require such calls to be charged at switched access rates,

potentially contravening the ALJ ruling mandating bill and keep for mutual traffic exchange during the interim. DRA also states that Pacific's tariff appears to contemplate local switching and access charges in violation of the interim bill and keep mandated in D.95-07-054. DRA reads Pacific's proposed tariff to define directory assistance and 800 calls as non-local. DRA sees this as resulting in calls being charged to the CLC and thus contravene the bill and keep mandate. Regarding GTEC, DRA states that GTEC's tariff appears to contemplate local switching and transport charges, which would appear to violate the mandate of D.95-07-054 which required interim bill and keep arrangements for exchange of local traffic between LECs and CLCs.

Discussion

In our August decision establishing bill and keep for local calls we defined local calls by reference to the LECs' current definition. As parties comments have highlighted, this definition needs to be clarified. We intend that bill and keep will apply to all local calls including those within the 12-mile radius, EAS and ZUM Zone 3. Bill and keep will not be applied to directory assistance calls, 800 number calls, and busy line verification and emergency interrupt calls. We authorize LECs and CLCs to establish rates that recover their costs for these calls as appropriate.

In its tariffs and at the November 28 workshop, GTEC stated its intention of charging a tandem switch charge for local calls that pass through a GTEC tandem. Because the tandem switch was not designed to provide local switching to end offices, GTEC has defined any calls routed through the tandem switch to be subject to a tandem transiting charge. By contrast, Pacific interprets the bill and keep rule to apply to all local calls between a CLC network and its end office, even if routed through an access tandem.

We conclude that Pacific's interpretation is correct, and that GTEC is incorrect in seeking to avoid the bill and keep rule merely because an otherwise local call is routed through its tandem

switch. GTEC's approach would create a perverse incentive for CLCs to choose a less efficient connection merely to avoid the tandem switch charge.

If a CLC wants to use a LEC's tandem to route a call to another CLC, however, the LEC may impose a charge to compensate for the service. Parties who are unable to reach agreement on the amount of such charges may have the matter resolved through our Dispute Resolution Procedure.

We agree with Citizens that the LEC's switched access rates should apply to CLCs on the same basis as for other carriers. Since we are not adopting the LISA tariff for intraLATA toll calls, CLCs will pay terminating access charges based on the LEC's existing switched access tariffs.

C. **Non-Technical Terms and Conditions**

1. **Confidential Information**

Parties' Positions

Pacific proposes that all information that it supplies to a CLC must be treated as confidential while information furnished by the CLC to Pacific shall not be considered confidential unless conspicuously marked, in which case limited care will be exercised. Citizens disagrees and recommends that to the extent either carrier reasonably designates information as confidential, the other carrier should treat it as such. Citizens views Pacific's proposal as going far beyond any reasonable confidentiality provision, especially for information exchanged in association with a tariffed service.

The Coalition also recommends modification of Pacific's proposed tariff so as to require a symmetrical obligation that Pacific and CLCs treat each other's confidential information in a like manner.

Discussion

We agree that symmetrical rights and obligations must apply to LECs as well as CLCs in the exchange of information claimed to be confidential. Pacific's proposal that all information which it furnishes to CLCs be treated as confidential

is overly broad and burdensome. Each party shall be responsible for designating which information it claims to be confidential to other parties receiving the information. Reciprocal arrangements shall apply. If parties are unable to reach agreement over what information should be treated confidentially after reasonable efforts, they may seek resolution under the Commission's law and motion procedure.

2. **Liability**

Parties' Position

Citizens states that GTEC's tariff allows GTEC to assess damages from the CLC as deemed reasonable and necessary by GTEC. Citizens recommends that any damages or penalties beyond adjusted billings (and any associated late payment charges) should be subject to review by the Commission or a court of competent jurisdiction. Citizens also states that GTEC proposes that CLCs indemnify GTEC from any and all claims due to any action/inaction of the CLC. Citizens recommends that this be clarified to state that the CLC's liability should be no greater than GTEC's liability would have been had the claim arisen from GTEC's action/inaction.

The Coalition recommends that Pacific's tariffs be modified to require a symmetrical liability provision so that Pacific and the CLC will each be held responsible for the damage, injury, or outage to the other's network, employees, or customers resulting from the actions of the other company or company's customers.

Discussion

We agree with the comments of Citizens and the Coalition. Competitors should be subject to symmetrical risks and protections from legal liability vis-a-vis each other. Accordingly, CLCs' liability shall be no greater than the LECs' liability for any action or inaction resulting in a claim against a LEC. We do not establish liability limits at this time and leave the parties to establish the actual limits which must be symmetrical.

3. Termination of Interconnection

Parties' Positions

Citizens

Pacific's tariff allows Pacific to terminate service to the CLC if the CLC fails to timely pay for any rate or charge. Citizens objects to this provision and recommends that no termination should be allowed if the payment is in dispute, and the CLC should be given an opportunity to seek expedited Commission review or relief from a court of competent jurisdiction prior to any termination. Citizens also states that Pacific's tariff allows it to terminate service to the CLC if Pacific determines the CLC service is in conflict with any law, judicial ruling, or regulatory determination. Citizens recommends that Pacific should not have the right to make such a unilateral determination, and that adequate notice should be given to the CLC to afford an opportunity to seek expedited relief from the CPUC or court of competent jurisdiction. In addition, Citizens is concerned about Pacific's proposed tariff which allows Pacific to terminate its obligation to provide interconnection in the event of a disaster or if Pacific deems the central office unsuitable for use as a central office. Citizens recommends that this be modified to add that Pacific shall be obligated to make the same efforts to restore or reconfigure service to the CLC as it does for its own customers in such an event.

GTEC

GTEC's tariff allows it to terminate interconnection service if the CLC does not resolve any dispute or discrepancy to the satisfaction of GTEC. Citizens recommends that no termination should occur without sufficient notice being given to the CLC in order to allow the CLC to seek expedited Commission review or judicial relief.

Coalition

The Coalition recommends deleting from Pacific's proposed tariffs the provision that Pacific may unilaterally terminate CLC service immediately, without liability, at any time if in Pacific's sole opinion, the service is in conflict with any law, judicial ruling, or regulatory determination. The Coalition believes Pacific should not be allowed to substitute its judgment for that of judicial and regulatory authorities.

DRA

DRA states that Pacific's proposed tariffs allow it to terminate service to a CLC if Pacific chooses to close the central office to which the CLC is connected. Additionally, Pacific would not be liable for reimbursement of any expenditures the CLC had made to provide service from that central office. DRA worries that unilateral termination rights without reimbursement of sunk costs presents a high potential for abuse.

DRA also states that Pacific's tariff allows it to terminate service to the CLC at any time if Pacific believes the CLC is violating any law, judicial ruling, regulatory ruling, or tariff provisions. DRA believes unilateral termination by a competitor poses too many risks, and termination should require authorization from the Commission.

Discussion

We conclude that Pacific's and GTEC's proposed termination provisions are unreasonable and should be rejected. No competitor should have the unilateral power to terminate another carrier's service without prior notice or opportunity for proper recourse. If any LEC or CLC believes another CLC is in violation of the law, it shall provide adequate notice to the CLC first to afford it the opportunity to seek expedited relief. We shall provide for disputes of this nature to be handled through our expedited dispute procedures as discussed below.

D. Dispute Resolution

Parties' Positions

DRA believes that disputes between and among LECs and CLCs will inevitably arise, and recommends that the Commission create an expedited dispute resolution process to deal with complaints between competing providers of telephone service. DRA states that the existing complaint process is too slow and contentious to be suitable for these situations. DRA therefore supports a workshop/comment process to develop appropriate dispute resolution and complaint mechanisms.

Pursuant to the ALJ Ruling of November 16, 1995, a workshop was held on November 28 during which the topic of dispute resolution was addressed. Parties at the workshop identified a four-step dispute resolution process. The first step is good faith negotiations between parties to resolve the dispute, including escalation of the issue to the executive level of the companies involved in the dispute. If negotiations are unsuccessful, the second step is a meeting between parties to the dispute mediated by an ALJ and CPUC technical staff. If mediation is unsuccessful, the third step is for each party to file a short pleading with the ALJ who would then issue a written ruling. The final step is for a party dissatisfied with the ALJ ruling to file a formal expedited complaint. Workshop participants generally agreed that parties to a dispute should not be able to avail themselves of the expedited complaint process unless they had followed the preceeding informal steps. There was general consensus that the dispute resolution process should be relatively swift and encourage resolution of the dispute at the lowest and most informal level possible.

Discussion

In the interests of the rapid implementation of interconnection arrangements for competitive local exchange service, we agree that a streamlined process is needed to resolve disputes between parties who cannot reach agreement on the terms of interconnection. Likewise, once parties reach agreement on interconnection, there may be subsequent disputes over breach of

contract or interpretation of parties' rights and obligations. We shall adopt an expedited dispute resolution process which addresses both of these situations. We conclude that the four-step dispute resolution process identified by the workshop participants provides a useful framework for adopting a procedure for parties to follow.

Step 1: Informal Resolution Without Commission Intervention

We will require LECs and CLCs to negotiate in good faith in establishing interconnection contracts and to escalate any disputes to the executive level within each company before bringing disputes before the Commission for resolution. Parties to interconnection contracts shall continue to have a requirement to negotiate in good faith to resolve contractual disputes arising after the signing of the interconnection agreements. We shall require that any interconnection contract submitted to the Commission for approval contain a provision for dispute resolution in accordance with the procedures adopted herein.

Step 2: Dispute Resolution with ALJ Mediation

If parties are unable to informally resolve their interconnection dispute, one or more of the parties may file a motion to have the dispute mediated by an ALJ who in turn may be assisted by CACD staff. We will establish an expedited Dispute Resolution Procedure (DRP), within this docket, in which parties can file motions seeking mediation and an ALJ ruling on the merits of their case. All local carriers, including small and mid-sized LECs, will be parties to the DRP, and any local carrier with a valid CPCN may file a motion asking for an ALJ ruling to establish the time and place for mediation to occur.

As a condition of having an ALJ assigned to mediate, the parties must show that they have first attempted to resolve the dispute within their own companies through escalation to the executive level within each company.

Step 3: ALJ Ruling

If mediation fails, the ALJ will direct parties to submit short pleadings and issue a written ruling to resolve the dispute. The ALJ shall use our adopted preferred outcomes as guidelines under which disputes will be reviewed and resolved. If a party objects to the ALJ's ruling, it may then file a formal complaint under the Commission's expedited process described below.

Step 4: Expedited Complaint

Parties who wish to avail themselves of the expedited complaint process, must include in their complaint a showing that they have pursued each step of the dispute resolution process described earlier. Parties who choose to challenge an unfavorable ALJ ruling in the DRP will bear a heavy burden of proof in the expedited complaint proceeding. The expedited complaint process we establish today shall adhere to the same rules established for expedited complaints in Rule 13.2 of our Rules of Practice and Procedure, except that a court reporter may be present at the hearing, any Commission decision rendered may include separately stated findings of fact and conclusions of law, and if it does, the decision may be considered as precedent. Any written documents submitted by the parties as part of the dispute resolution process may be discoverable by parties to the expedited complaint proceeding. We generally intend for the expedited complaint docket to resolve only the narrow issues specific to the parties to the dispute. There may be instances, however, where the same parties have more than one expedited complaint proceeding before the Commission. In such instances, we may find it useful to establish a precedent.

General Guidelines

We will leave it to the discretion of the ALJ presiding over the DRP to schedule and conduct the dispute resolution process, to establish new service lists, and to determine the need for any written submittals in the proceeding. The motion requesting mediation need only be served on parties to the dispute,

the ALJ assigned to the DRP, and the Director of CACD. The motion should also be served on the Docket Office which will publish a notice of the motion in the Daily Calendar.

To facilitate the speedy resolution of disputes, we will generally discourage parties who are not part of the dispute from participating in the mediation process.[5] Any resolution that results from the informal dispute resolution process will generally be nonprecedential. However, if a dispute raises generic issues or affects others, the presiding ALJ may solicit comments and testimony from all parties to the dispute; and the Commission may issue decisions. Our normal rules of practice and procedures should be followed at all times during the DRP.

We believe the dispute resolution process we adopt today provides a mechanism that resolves interconnection disputes in a timely manner, encourages parties to resolve their disputes at the lowest possible level, minimizes formal Commission intervention, and protects parties' due process rights. To improve and refine our dispute resolution model, we will allow parties to file motions in the DRP suggesting methods for further improving and streamlining the dispute resolution model. These motions should be served on all parties in the docket.

E. Expedited Contract Approval Process

Historically, interconnection between LECs with adjacent service territories has been through contracts. These contracts were not required to pass GO 96-A review standards which were designed to reject contracts that are anticompetitive or unduly discriminatory. In large part, the exclusive franchise territories

5 To avoid a party's need to become part of the service list of a specific dispute in order to obtain an ALJ ruling on the merits of the dispute, we shall make copies of the ALJ ruling available through our Formal Files.

of the LECs reduced any anticompetitive behavior LECs may have exhibited toward each other. The contracts became effective when signed by the parties. In both their written comments and at the November 28 workshop, the Coalition and several CLCs expressed a strong desire to quickly enter into and receive approval of any interconnection contracts. However, parties expressed concerns that those contracts may be unduly discriminatory or anticompetitive.

The Commission must balance the desire of parties for expedited approval of contracts with concerns that require Commission staff to review contracts for outcomes that are not in the public's best interest. The expedited review process we establish here balances the obvious need that Commission review processes not impede competition with the equally important requirement of protecting the public interest by ensuring that contracts are not unduly discriminatory or anticompetitive. By limiting the content of the contracts to issues that we resolve in this decision and by establishing outcomes that should be in the public interest for individual technical issues, the review process can be expedited without jeopardizing the Commission's dual roles.

After parties have reached agreement on a contract, parties should file the contract and request expedited review under the following process. This process will only apply to issues relating to interconnection on each other's network. We will limit the scope of the expedited review process to these high priority features. Expedited review is appropriate to guard against the risk that the implementation process could otherwise by delayed. If contracts are submitted that address issues beyond the scope of interconnection, those contracts will be treated as GO 96-A contracts with the normal protest and response period.

At the time of filing, parties should include all the information normally required for contracts filed under GO 96-A.

Additionally, if the contract contains terms and conditions that are substantially different from the preferred outcomes outlined above, the filing shall substantiate why these terms and conditions lead to a more economic and/or efficient outcome.

The expedited process will allow interested parties to file protests within seven calendar days. Parties to the contract may reply to the protests within five calendar days. Protests and responses should only address any anticompetitive or unduly discriminatory provisions of the contract. CACD will review the protests and determine the need for a Commission resolution. Contracts that are protested may be approved without a resolution if the protests are determined by CACD to be not material or raise issues unrelated to discrimination.

Copies of the advice letter, including the contract, should be filed upon the normal advice letter service list and upon all LECs and certificated CLCs.

Similar to the Express Contract procedure we established in D.94-09-065, the compressed schedule for review under the expedited procedure does not allow time for us to reject a proposed contract by resolution. We therefore authorize CACD to review filed contracts for compliance with our stated requirements and policy objectives, and, if appropriate, to reject a contract by letter, which may be transmitted by facsimile. Parties should be mindful that prior contracts that have been either approved or rejected are non-precedential and should not affect CACD's review of any currently pending contract. CACD's role in this review is a ministerial one of ensuring that the contract conforms to our requirements and policies. CACD's letter rejecting a contract must clearly state the reason for the rejection. After receiving a rejection letter, the parties may address the points raised in the letter and refile an amended contract.

For contracts that present novel issues or that would require CACD to exercise a degree of judgment beyond a ministerial

role, CACD may also provisionally reject a contract to prevent the contract from becoming effective in 14 calendar days, to allow time for CACD to prepare a resolution with its recommendation for our consideration and decision.

The key to the expedited procedure is that filed contracts automatically become effective 14 calendar days after filing, unless CACD acts to reject the contract. This modifies the customary treatment of contracts under GO 96-A, which requires the Commission's explicit approval before a contract may take effect.

IV. Other Service Features Related to Physical Interconnection

In order for facilities-based CLCs to be able to offer local service, they must not only have a physical interconnection with the network of an incumbent LEC, but also have access to other essential services. In this section, we address these essential service features and the rules governing them to be effective January 1, 1996.

A. Enhanced 911 Service

1. Background

Our Interim Rules in D.95-07-054 required CLCs to provide Enhanced (E)-911 service.[6] A workshop was held on September 18 and 19 to address issues related to the continuation of E-911 service upon entry of CLCs into the local exchange market. On October 23, 1995, the Department of General Services (DGS) filed a report compiling the opinions of members of a working group that formed out of the September workshop. That subgroup of parties who attended the September E-911 workshop reached general agreement on a method to display a remote call forwarded (RCFed) phone number at

6 D.95-07-054, Appendix A, Rule 4.F.(9).

the Public Safety Answering Point (PSAP).[7] On November 6, 1995, an ALJ Ruling asked for further comments on certain 911 issues, identified below, which were not resolved by the workshop, but which need to be resolved prior to the initiation of local exchange competition in January 1996:

- Whether parties agreed with the proposed solution regarding the remote call forwarding display issue discussed in the DGS report and the feasibility of its implementation.
- Whether the requirement per Appendix B, Rule 10.C of D.95-07-054 that the CLC must continue to provide access to 911 service to residence customers who have been disconnected for nonpayment should pertain equally to facilities-based and resale CLCs.
- Whether it is appropriate for GTEC to arrange 911 interconnections through mutually negotiated agreements rather than through a tariff as proposed by Pacific Bell.
- The appropriateness of Pacific and GTEC potentially offering different arrangements for the following;
  - (1) length of time allowed for the LEC to provision 911 trunks to a CLC requesting interconnection
  - (2) length of time allowed for the CLC to provide 911 database information regarding its customers to the LEC

7 A PSAP is the primary location where a public safety agency answers incoming 911 calls.

(3) provisions for obtaining Master Street Address Guide (MSAG) data

- Whether the maps provided by the LECs of 911 tandem locations were adequate for CLCs to establish 911 tandem links by January 1, 1996.

On November 13, 1995, an ALJ Ruling was issued soliciting comments on the merits of requiring CLCs to obtain an 800 number which the PSAPs can call 24 hours a day for subscriber information, with the requirement monitored and enforced by an industry-led task force.

We discuss below the parties' positions on each of the above topics and our resolution of 911-related issues.

2. Display of RCFed Number at the PSAP

One of the requirements for E-911 service is that it be available to customers of a CLC who retain their phone number via interim number portability (INP). In their discussions, parties assumed INP would be provisioned using remote call forwarding (RCF).

Under the DGS proposal, the Automatic Location Identification (ALI) record, which is displayed at the PSAP, would contain two new data fields to assist in the processing of E-911 calls from RCF phone lines. The first new data field is the "RCF Field" which would contain the RCFed 10-digit number (i.e., the number listed in the telephone directory). The "originating" service telephone number would appear in the Automatic Number Identification field of the ALI record, where the listed telephone number normally appears. Under the proposal, as an additional safeguard, a new, five-character Telephone Company Identification (TCI) field will be added to identify the telephone company that provides service to the calling line. The TCI field will be associated with a toll-free number staffed 24-hours per day in the event the PSAP operator needs additional subscriber information to help respond to an emergency.