

**Master List of Issues – Illinois AT&T Negotiations
Decision Point List –Intercarrier Compensation**

Issue	Issue #	Article & Sections	AT&T Language	AT&T Position	SBC-Illinois Language	SBC-Illinois Position
Inter-carrier Compensation		Article 21				
1. Should the terms of this article apply to traffic where AT&T is using ULS-ST provided by SBC-Illinois?	1	Section 21.1.1	21.1.1 This Article sets forth the terms and conditions for classification of traffic exchanged between AT&T and SBC-Illinois, and the related terms and conditions for mutual compensation. <u>This Article does not apply to traffic exchanged where AT&T is using unbundled local switching with shared transport (ULS-ST) provided by SBC-Illinois.</u> The provisions of this Article do not apply to traffic originated over services provided under local Resale service.	No. Reciprocal compensation associated with ULS-ST traffic should be charged at \$0.001100 per MOU as set forth in ILL. C.C. NO. 20, Part 19, Section 21 Sheet 45 – prior to the latest revision issued August 21, 2002. AT&T’s position is that this latest tariff revision removing the \$0.001100 rate is not in compliance with the requirements of the ICC’s July 10, 2002 Order in Docket 00-0700 which intended to leave ULS-ST reciprocal compensation unchanged. This \$0.001100 rate reflects the costs uniquely associated with providing reciprocal compensation in a ULS-ST environment. No rates or compensation matters discussed in Article 21 pertain to ULS-ST. Therefore the Article should clearly state that it does not apply.	This Article sets forth the terms and conditions for classification of traffic exchanged between AT&T and SBC-Illinois, and the related terms and conditions for mutual compensation. The provisions of this Article do not apply to traffic originated over services provided under local Resale service.	Yes. Under the FCC rules, reciprocal compensation applies to any telecommunications traffic which is not exchange access, information access or exchange services for such access. Therefore, reciprocal compensation applies to traffic exchanged where a CLEC is using unbundled local switching with shared transport (ULS-ST). Nothing the ICC ordered has changed that requirement. Furthermore, SBC filed a tariff in Illinois in compliance with the ICC’s order in Docket 01-0614 and approved by the ICC which specifically permits reciprocal compensation charges for ULS-ST traffic at the Commission approved reciprocal compensation rate.
AT&T ISSUE: 2a. Can the terminating Party charge exchange access to the originating	2	Section 21.2.1, 21.2.7, 21.2.8	21.2.1 The Telecommunications traffic exchanged between AT&T and SBC-Illinois will be classified as Local Calls, Transit Traffic, FGA Traffic, IntraLATA Toll Traffic, or	2a. Under current Federal rules, all telecommunications traffic, except traffic subject to §251(g) of the Act is subject to reciprocal compensation. Exchange access is one of the	21.2.1 The Telecommunications traffic exchanged between AT&T and SBC-Illinois will be classified as Local Calls, Transit Traffic, FGA Traffic, Foreign Exchange (FX) Traffic,	2.a. AT&T may establish its own local calling areas for purposes of its dealings with its customers. For purposes of intercarrier compensation, however, the ICC has consistently held (most recently

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<p>Party for traffic within the originating Party's local calling area?</p> <p>AT&T ISSUE: 2b. How should ISP-bound, FX-like traffic be compensated pursuant to the rules established by the FCC in the ISP Remand Order?</p> <p>AT&T ISSUE: 2c. Should non-ISP-bound, FX-like traffic be compensable pursuant to reciprocal compensation provisions of Section 251(b)(5) of the Act?</p>			<p>interLATA Toll Traffic Local Calls are defined in Section 21.2.7.</p> <p><u>21.2.7 “Local Calls”, for purposes of intercarrier compensation, is traffic that originates and terminates within the originating Party’s tariffed local calling area (including expanded local calling areas). Such determination shall be based on the originating and terminating NPA-NXXs of the call. Nothing in this agreement shall be construed in any way to constrain either Party’s choices regarding the size of the local calling areas that it may establish for its Customers. Reciprocal compensation between the Parties shall be based on the originating carrier’s tariffed local calling area.</u></p>	<p>types of traffic that is “carved out” by §251(g) and is excluded from reciprocal compensation. It is SBC’s position that traffic should be classified as exchange access based solely on the SBC local calling area, irrespective of whether the interconnecting carrier classifies a certain call originating on its network as local or toll. It is AT&T’s position that traffic originating on AT&T’s network that terminates within a tariffed AT&T local calling area is not toll traffic and therefore does not fall within the §251(g) carve out.</p> <p>2b. AT&T’s position is that FX-like traffic consists of two categories of traffic, non-ISP and Internet Service Provider (ISP)-bound traffic. However, whether or not such traffic is “local” is not determinative of whether reciprocal compensation applies.</p> <p>In its ISP Remand Order, the Federal Communications Commission (FCC) reaffirmed that traffic delivered to an ISP is predominantly interstate access traffic subject to FCC jurisdiction under §201 of the</p>	<p>IntraLATA Toll Traffic, or interLATA Toll Traffic Local Calls are defined in Section 21.2.7.</p> <p><u>21.2.7“Local Calls”, for purposes of intercarrier compensation, is traffic where all calls are within the same common local and common mandatory local calling area, i.e., within the same or different SBC-Illinois Exchange(s) that participate in the same common local or common mandatory local calling area approved by the Illinois Commission. Local Calls must actually originate and actually terminate to End Users physically located within the same common local or common mandatory local calling area within operating areas where SBC-Illinois is the ILEC. The Parties agree that, notwithstanding the classification of traffic under this Article, either Party is free to define its own "local" calling area(s) for purposes of its provision of telecommunications services to its end users but as for reciprocal compensation purposes the local calling</u></p>	<p>in the Global NAPS arbitration) that the ILEC’s Commission-approved local calling areas shall determine when reciprocal compensation or access rates apply. The determination of the applicable intercarrier compensation regime is a function of the local exchange areas of the incumbent almost everywhere in the country. It would be chaotic to apply different local calling area standards for the purpose of intercarrier compensation.</p> <p>2.b and 2.c. Reciprocal compensation does not apply to ISP-bound or nonISP-bound FX traffic. Reciprocal compensation applies only to local traffic, i.e., traffic that originates and terminates in the same local calling area, and FX calls do not originate and terminate in the same local calling area. FX is an arrangement for delivery of a toll free long distance call (the end users are in rate centers at least 15 miles apart) and therefore not local calls. The ICC has repeatedly held that FX-like traffic is not subject to reciprocal compensation and AT&T has offered no compelling reason why the</p>

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<p>SBC ISSUE: Should local calls be defined as calls that must originate and terminate to End Users physically located within the same common or mandatory local calling area?</p>				<p>Telecommunications Act of 1996, and established a cost recovery mechanism for the exchange of such traffic. Thus, ISP-bound traffic, including ISP-bound-FX-like traffic, is subject to the FCC’s jurisdiction and its cost recovery mechanism, and is not subject to the jurisdiction of state commissions.</p> <p>2c. Under the FCC’s ISP Remand Order, <i>all</i> telecommunications traffic is subject to reciprocal compensation unless the traffic falls within the exemptions established in Section 251(g) of the Act. The FCC declined to use the local/non-local distinction to determine whether reciprocal compensation applies. Voice-FX-like traffic does not fall under the Section 251(g) carve out for two reasons. First, this traffic is not exchange access traffic. Second, pursuant to the 8th Circuit Court decision, regulators may not add new types of traffic to the Section 251(g) carve out because Congress intended the carve out to apply only to certain types of traffic that pre-existed the Telecommunications Act of</p>	<p>area is determined by state commission.</p> <p>21.2.8. Calls delivered to or from numbers that are assigned to an exchange within a common mandatory local calling area within operating areas where SBC-Illinois is the ILEC but where the receiving or calling party is physically located in the same common mandatory local calling area but outside the operating areas where SBC-Illinois is the ILEC or outside the common mandatory local calling area of the exchange to which the number is assigned are either Feature Group A (FGA) or FX Traffic and are not Local Calls for intercarrier compensation and are not subject to local reciprocal compensation. The compensation arrangement for FX Traffic is “Bill and Keep.” “Bill and Keep” refers to an arrangement in which neither Party charges the other for terminating traffic that originates on the other network. To the extent that ISP-bound traffic is provisioned via a FX Traffic</p>	<p>Commission should alter its position on this issue.</p> <p>FX traffic is traffic that originates in one local exchange area and is delivered to a telephone number that is assigned to that same local exchange area, even though the physical premises for that telephone number (and the customer) are located in a different local exchange area. Such calls are not local in nature. The FCC’s ruling in its <i>First Report and Order</i> noted that “traffic originating or terminating outside of the applicable local area would be subject to interstate and intrastate access charges,” and not reciprocal compensation. FX traffic is akin to intraLATA toll traffic that terminates outside the applicable calling area. Such traffic is non-local, and should be subject only to interstate and intrastate access charges.</p> <p>Further, the FCC mandated a "mirroring" rule in the ISP Remand Order for ILECs that do not invoke the FCC's optional compensation plan.</p>

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				<p>1996. Accordingly, voice-FX traffic is subject to the reciprocal compensation provisions of Section 251(b)(5).</p> <p>However, if the Commission nevertheless determines that it will rely on the former local/non local distinction to determine the applicability of reciprocal compensation to voice-FX-like traffic, and that reciprocal compensation for such traffic applies only to “local service”, then the Commission should also order that the parties use the NPA-NXX codes of the originating and terminating telephone numbers (not the physical location of the users) to make such local/non- local determination. The Commission should find that while an end-to-end analysis has been used by Commissions to establish jurisdiction, NPA-NXX codes have been and continue to be used by the industry to rate and bill calls and there is presently no viable alternative to the current system and no public policy reason to change that arrangement now, particularly for one subset of traffic. Thus, the Commission should find that reciprocal</p>	<p>arrangement, such ISP-bound traffic is subject to the compensation mechanism of Bill and Keep. “Foreign Exchange (FX) Traffic” shall refer to any and all traffic associated with FX Services. “FX Services” are retail offering(s) purchased by end users which allow such FX end users to obtain exchange service from a different mandatory local calling area within the same LATA other than the one where the FX customer is physically located or in the same mandatory local calling area within the same LATA where the FX customer is physically located but outside of the operating areas where SBC-Illinois is the ILEC. FX Services enable particular end-user customers to avoid what might otherwise be IntraLATA toll charges between the FX customer’s physical location and customers in the foreign exchange. FX Services also permit an end user physically located in one exchange to be assigned telephone numbers resident in a Central (or End) Office in another, “foreign,”</p>	<p><i>ISP Remand Order</i> at ¶ 89. Under that mirroring rule, the FCC requires both voice and ISP-bound traffic to be compensated in the same manner. "This is the correct policy result because we see no reason to impose different rates for ISP-bound and voice traffic." <i>Id.</i> at ¶ 90.</p> <p>In order to maintain contractual completeness, SBC identifies various compensation scenarios that, with contract silence, may be misinterpreted to be compensable under reciprocal compensation. FGA traffic and Foreign Exchange traffic are not local traffic, and therefore are not compensable under reciprocal compensation. FX traffic may look like local traffic, and SBC seeks to maintain contractual clarity that these calls, while appearing local, are not to be treated as local. It is not uncommon for intercarrier compensation contract language to acknowledge that a certain traffic type (i.e. IntraLATA Toll traffic) is not local and to point elsewhere for the terms of treating that non-local traffic. SBC simply seeks to avoid post-interconnection dispute</p>

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				<p>compensation applies to Voice-FX-like traffic when the originating and terminating NPA-NXXs of the call are in the same local calling area. AT&T disagrees with the language that SBC proposes to add in Section 21.2.8.</p> <p>Again, SBC seeking to include language in the agreement that gives it yet another avenue to use to avoid paying reciprocal compensation on traffic if the receiving or calling party is physically located outside the local calling area of the exchange to which the number is assigned. If SBC loses its primary argument regarding the definition of Local Calls for reciprocal compensation purposes, this language enables SBC to nevertheless avoid paying reciprocal compensation for such calls by having them deemed Foreign Exchange (“FX”) or Feature Group A (“FGA”) and then be able to claim that reciprocal compensation is not applicable to FX and FGA services.</p> <p>First, such traffic is exchange traffic and not interexchange traffic, and such traffic is certainly not Feature Group A</p>	<p>exchange, thereby creating a local presence in the “foreign” exchange. FX Telephone Numbers that deliver second dial tone and the ability for the calling party to enter access codes and an additional recipient telephone number remain classified as Feature Group A (FGA) calls, and are subject to the originating and terminating carrier’s tariffed Switched Exchange rates (also known as “Meet Point Billed” compensation)., FX Telephone Numbers” are those telephone numbers with different rating and routing points relative to a given a mandatory local calling area.</p>	<p>over a type of traffic that is not addressed in the Interconnection Agreement (i.e. where the contract is silent).</p>

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				<p>(“FGA”) exchange access traffic. Second, to the extent that some of the traffic is ISP-bound traffic, it is subject to the FCC’s jurisdiction and cost recovery mechanism and is not subject to the jurisdiction of state commissions.</p> <p>The Commission should see SBC’s language as yet another attempt by SBC to escape its lawful obligation to pay reciprocal compensation on legitimate telecommunications service traffic and should reject the inclusion of SBC’s proposed Section 21.2.8.</p>		

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<p>2d. If the ICC adopts SBC’s proposal for FX-like traffic, under Issue 2, are specific recording processes warranted for FX traffic?</p> <p>2e. If the ICC adopts SBC’s proposal for FX-like traffic, under Issue 2, should there be specific audit provisions in Article Compensation for the tracking and exclusion of Foreign Exchange traffic?</p>	<p>2d 2e</p>	<p>Section 21.7, and subsections.</p>	<p>21.7 <u>Intentionally not used.</u></p> <p>.</p>	<p>d. No. AT&T should not be required to develop a separate recording process to identify FX traffic. AT&T does not currently identify FX customers or the traffic which is directed to FX customers within its systems or processes and cannot do so without incurring significant expense. Moreover, there are substantive reasons for not ordering burdensome tracking on such traffic.</p> <p>First, with respect to ISP-bound FX traffic, as described in greater detail under issue 2.b, such traffic is not subject to state jurisdiction. The ICC should not order special tracking for traffic that is not under its jurisdiction. Moreover, under current Federal rules, such traffic is compensated in the exact same manner as local voice traffic, therefore special tracking would serve no useful purpose. If SBC elects to opt into the FCC ISP Remand Order then ISP-bound FX traffic would be identified and compensated in accordance with the ISP Remand Order.</p> <p>Second, with respect to voice FX traffic, AT&T proposes that</p>	<p>21.7 <u>Segregating and Tracking FX Traffic</u></p> <p>21.7.1 In order to ensure that FX Traffic is being properly segregated from other types of intercarrier traffic, the terminating carrier will be responsible for keeping a written record of all FX Telephone Numbers for which Bill and Keep applies, and providing an NXX level summary of the minutes of use to FX Telephone Numbers on its network to the originating carrier each month (or in each applicable billing period, if not billed monthly).</p> <p>21.7.1.1 The Parties agree to retain written records of their full 10 digit FX Telephone Numbers for two (2) years from the date the FX Telephone Numbers were assigned.</p> <p>21.7.2 Upon thirty (30) days written notice, each Party must provide the other the ability and opportunity to conduct a semi-annual audit of the full ten (10) digit FX Telephone Numbers and minutes of use to those</p>	<p>2.d It is appropriate to segregate and track FX traffic. SBC proposes that both parties should be obligated to provide the other with a list of their respective ten-digit line numbers that are used to provide FX services. That list would be the basis upon which the parties would exclude the termination of FX traffic from their reciprocal compensation charges. This method of segregation is appropriate and reasonable.</p> <p>It is necessary for companies to segregate and track non-local, non ISP-bound FX traffic for billing purposes. Further, the bill-and-keep mechanism previously adopted by this Commission should require a carrier to identify and segregate FX traffic and to suppress the billing for those minutes. Accordingly, it is incumbent upon the billing party (i.e., terminating carrier) to identify and segregate FX traffic, and suppress any billing therefore. This language is entirely consistent with this Commission’s prior determination that FX traffic is not subject to compensation: either the terminating carrier</p>

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				<p>such traffic be compensated in the same manner as local voice traffic (Issue 2.c), therefore, special tracking would serve no useful purpose. If the ICC does not agree with AT&T under Issue 2.c, the ICC should nevertheless refrain from ordering a costly and burdensome tracking mechanism for what AT&T believes to be a very small volume of traffic. The costs to develop and track such small volume of traffic would be many times greater than any compensation that SBC would receive. Notwithstanding the cost-benefit equation, if the ICC believes that separate tracking should be implemented for voice FX traffic, then SBC should be required to compensate AT&T for the costs to develop and administer such tracking, as SBC would be the sole beneficiary of such tracking.</p> <p>e. If AT&T is unable to specifically identify FX traffic, SBC should not have free reign with AT&T's records to attempt to do the same. In the event FX has a separate compensation rate and AT&T and SBC agree on a methodology for FX</p>	<p>numbers, in order to ensure the proper Billing and Keeping of FX Traffic consistent with this section.</p> <p>21.7.2.1 Audits shall be performed by a mutually agreed independent auditor paid for by the Party requesting the audit. The audit will be conducted during normal business hours at an office designated by the Party being audited.</p> <p>21.7.2.2 If the independent audit reveals that FX Traffic has not been billed and kept properly, previous compensation, billing and keeping, and/or past traffic settlements may be adjusted accordingly for the preceding twenty-four (24) months from the date of the audit request. If either Party has understated FX Traffic minutes of use or underreported FX Telephone Numbers by twenty percent (20%) or more, that Party shall reimburse the auditing Party for the cost of the audit and may be required to submit to a subsequent audit more frequently than twice per calendar year.</p>	<p>segregates and tracks FX traffic with ten-digit screening to suppress billing for that traffic or the parties arrive at a mutually agreeable Percentage of FX Usage. AT&T should not be allowed to avoid its obligation to segregate and track FX traffic, and suppress billing for that traffic. 2.eNot only does AT&T attempt to avoid the segregation and tracking obligations necessary to properly treat and exclude FX traffic, it would also preclude SBC from verifying AT&T's compliance with those obligations. SBC's proposed contract language contains reasonable audit provisions to allow SBC to ensure the proper Billing and Keeping of FX traffic. Further, if an audit reveals that FX traffic was improperly not billed and kept, previous compensation may be adjusted to correct the error. A natural and necessary outgrowth of the commission's prior rulings to suppress billing for FX traffic is the right and ability to audit to ensure compliance and limit arbitrage opportunities. Since this is a new type of traffic to be tracked, it is reasonable to</p>

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				<p>assignment to that rate, a related audit provision may be appropriate. The Parties can determine such a process if it is needed.</p>	<p><u>21.7.3</u> Alternatively, the Parties may mutually agree to assign a Percentage of FX Usage (PFX) which shall represent the estimated percentage of minutes of use that is attributable to all FX Traffic in a given usage month.</p> <p>21.7.3.1 The PFX must be agreed upon in writing prior to the usage month (or other applicable billing period) in which the PFX is to apply, and may only be adjusted once each quarter. The parties may agree to use traffic studies, retail sales of FX lines, or any other agreed method of estimating the FX Traffic to be assigned the PFX.</p>	<p>allow specific audit provisions, including recourse in the form of adjusting prior bills if there is a great discrepancy in the actual volumes of FX traffic vs. the percentage stated in a PFX (percentage FX traffic) factor. SBC’s proposed audit provisions apply to both parties, allowing both parties to accurately determine how to exclude FX traffic from reciprocal compensation. Without specific audit provisions and rights, the opportunities for arbitrage in a “self-reporting” environment continue to exist. Adoption of specific audit provisions would also ensure that the parties establish an agreeable “standard” by which to track, measure, and segregate FX traffic.</p>
<p>AT&T ISSUE: Should ISP-bound traffic be compensated in the same manner as Local Calls?</p> <p>SBC ISSUE: Should all ISP calls, including those not</p>	<p>3</p>	<p>Section 21.2.2</p>	<p>21.2.2 The Parties agree that this Article governs the exchange, routing and rating of all ISP- bound traffic between ILEC and CLEC in this state. The term “ISP-bound traffic” shall be given the same meaning as found in the ISP Compensation Order and the Telecommunications Act of 1996. For purposes of this</p>	<p>In its Order on Remand and Report and Order, the Federal Communications Commission (FCC) reaffirmed that traffic delivered to an ISP is predominantly interstate access traffic subject to FCC jurisdiction under §201 of the Telecommunications Act of 1996, and established a cost recovery mechanism for the exchange of such traffic.</p>	<p>21.2.2 The Parties agree that this Article governs the exchange, routing and rating of all ISP- bound traffic between ILEC and CLEC in this state. The term “ISP-bound traffic” shall be given the same meaning as found in the ISP Compensation Order and the Telecommunications Act of 1996. For purposes of this Agreement, ISP-bound traffic</p>	<p>SBC objects to AT&T’s potentially misleading request to state in Section 21.2.2 that "Local Calls" include all ISP Calls. As a matter of definition "local calls" and "ISP calls" are not one in the same. The treatment of voice call is set forth in Section 4.0 and the treatment of ISP-bound Calls is set forth in Section 5.0.</p>

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locally dialed, be rated and paid reciprocal compensation at local rates?			Agreement, ISP-bound traffic will be compensated and billed in the same manner as <u>local non-ISP bound calls.</u>	<p>Further, in the ISP Remand Order, the FCC defined ISP-bound traffic for the purposes of intercarrier compensation. It stated “traffic delivered to a carrier, pursuant to a particular contract, that exceeds a 3:1 ratio of terminating to originating traffic.” The FCC specifically stated that it would create this rebuttable presumption that traffic exceeding the 3:1 ratio is ISP-bound traffic, because the FCC recognized “that some carriers are unable to identify ISP-bound traffic,” and its definition would “limit disputes and avoid costly efforts to identify this traffic.”</p> <p>The FCC’s rules governing the payment of reciprocal compensation for ISP-bound traffic do not limit reciprocal compensation for ISP-bound traffic to “similarly dialed voice” calls. Thus, SBC’s proposed language is an inappropriate addition to the FCC’s definition and creates ambiguity that allows SBC to dispute and litigate reciprocal compensation payments for ISP-bound traffic that it alleges is not dialed as “similarly dialed voice” calls. Consequently, the</p>	will be compensated in accordance with Section 5.0 and billed in the same manner as <u>similarly dialed voice</u> calls.	

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				term ISP-bound traffic should continue to have the same clear meaning as found in the FCC’s ISP Remand Order and should not be qualified or limited by the addition of SBC’s language.		
<p>AT&T ISSUE: What classes of traffic should be excluded from reciprocal compensation under this Article?</p> <p>SBC ISSUE: Should Information Access traffic and Exchange Services for such access be defined as traffic exempted from reciprocal compensation?</p>	4	Section 21.2.4	<p>21.2.4 <u>ISP-bound traffic is not exempted from 251(b)(5) recip. comp. The only traffic exempted from recip. comp. is traffic which was subject to other forms of intercarrier compensation prior to the passage of the 1996 Act. These traffic types are:</u> Exchange Access traffic, <u>certain types of</u> Information Access traffic, or Exchange Services for such access. <u>ISP-bound traffic was not subject to another form of intercarrier compensation prior to the passage of the 1996 Act, and, therefore, is not exempted from Sec. 251(b)(5) reciprocal comp.</u> All Exchange Access traffic shall continue to be governed by the terms and conditions of applicable state, federal and NECA tariffs.</p>	<p>SBC proposes to add language in Section 21.2.4 exempting Information Service traffic from compensation arrangements. To avoid any ambiguity on this issue, AT&T’s proposed language reflects the current law adopted in the D.C. Circuit Court decision finding that ISP-bound traffic is not subject to the Act’s 251(g) exemption.</p> <p>SBC’s proposed exemption is inconsistent with the Act and the findings of the DC Circuit Court. Under the FCC’s ISP Remand Order, <i>all</i> traffic is subject to reciprocal compensation unless the traffic falls within the exemptions established in Section 251(g) of the Act. Sec. 251(b)(5) requires that reciprocal compensation apply to all telecommunications traffic (except 251(g) traffic). “Telecommunications” traffic is defined as “the transmission, between or among points</p>	<p>21.2.4 The compensation arrangements for Section 251(b)(5) traffic are not applicable to (i) Exchange Access traffic, Information Access traffic, or Exchange Services for such access (ii) traffic originated by one Party on a number ported to its own network that terminates to another number ported on that same Party’s network or (iii) any other type of traffic found to be exempt from reciprocal compensation by the FCC or the Commission. All Exchange Access traffic shall continue to be governed by the terms and conditions of applicable state, federal and NECA tariffs.</p>	<p>SBC’s position is that 47 CFR § 51.701 defines the scope of transport and termination pricing and specifically excludes interstate or intrastate exchange, information access, or exchange services for such access.</p>

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				<p>specified by the user of information of the user’s choosing without change in the form or content of the information as sent and received.” Thus, the mere fact that the service being provided <i>via</i> telecommunications may be “information service” does not exempt such telecommunications traffic from reciprocal compensation.</p> <p>Neither the FCC nor any other competent authority has ordered that Information Service traffic is subject to the 251(g) carve out. Therefore, SBC’s language under section 21.2.4(iii) should be rejected.</p>		
With respect to AT&T, does SBC Illinois have the right to invoke the terms of the FCC ISP Remand Order at any time?	5	Section 21.2.7.1 and Section 21.16.1-16.3	21.16.1 The Parties acknowledge that on April 27, 2001, the FCC released its Order on Remand and Report and Order in CC Dockets No. 96-98 and 99-68, <i>In the Matter of the Local Competition Provisions in the Telecommunications Act of 1996; Intercarrier Compensation for ISP-bound Traffic</i> (the “ISP	On April 27, 2001, the FCC released its Order on Remand and Report and Order in CC Dockets No. 96-98 and 99-68. Under this order SBC was permitted the right to opt (or not) into the terms of the order, which would cap the rates for intercarrier compensation that SBC would pay other carriers for ISP-bound traffic and cap the rates that other carriers	21.2.7.1 The Parties agree that "Local Calls" will be compensated at the same rates and rate structures, depending on the End Office or Tandem serving arrangement, so long as the originating end user of one Party and the terminating end user of the other Party are: a. both physically located in	SBC Illinois’s language provides for that SBC Illinois will invoke the FCC’s pricing plan prior to the execution of this Agreement. Nothing in the <i>ISP Compensation Order</i> says that incumbent LECs have a duty to declare at any particular time whether they wish to avail themselves of the FCC’s

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Issue	Issue #	Article & Sections	AT&T Language	AT&T Position	SBC-Illinois Language	SBC-Illinois Position
			<p>Compensation Order.”) <u>The Parties agree that by executing this Agreement and carrying out the intercarrier compensation terms and conditions herein, SBC-Illinois waives its rights to the terms of the ISP Compensation Order with respect to AT&T.</u></p>	<p>would pay SBC under the reciprocal compensation regime. Up until the date of this filing, SBC has elected <u>not</u> to opt into the order for Illinois, or for any other state, for that matter.</p> <p>The ISP Remand Order allows SBC to exercise its right to opt into the order for traffic SBC exchanges with AT&T under the existing interconnection agreement (subject to the terms of the change-in-law provision) during the term of that agreement as well as during the negotiation of the successor agreement (the agreement that is the subject of this arbitration). The Order does not, however, provide SBC with the right to opt into the Order (with respect to AT&T) following the execution of the successor agreement so that it can, at its sole discretion, during the term of the successor agreement, change the terms relating to how the parties will compensate one another for traffic termination.</p>	<p>the same SBC-Illinois Local Exchange Area as defined by the ILEC Local (or "General") Exchange Tariff on file with the applicable state commission or regulatory agency; or</p> <p>b. both physically located within neighboring SBC-Illinois Local Exchange Areas that are within the same common local mandatory local calling area. This includes but is not limited to, mandatory Extended Area Service (EAS), mandatory Extended Local Calling Service (ELCS), or other types of mandatory expanded local calling scopes.</p> <p>5.0 Prior to the execution date of this Agreement, SBC Illinois shall make an offer to all the other carriers in Illinois (the "Offer") to exchange traffic under section 251(b)(5) of the Act pursuant to the terms and conditions of the FCC terminating compensation plan of the FCC ISP Compensation Order. Therefore, SBC Illinois and AT&T hereby agree that</p>	<p>pricing plan. Quite the contrary, the FCC left the decision as to when (and whether) to declare its intention to implement the rate caps up to each incumbent on a state-by-state basis. In fact, it is a natural consequence of the <i>ISP Compensation Order</i> that different incumbents will make their elections at different times.</p>

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					<p>the following rates, terms and conditions in Sections 5.2 through 5.7 below shall apply to the exchange of ISP-bound Calls as of the Effective Date of this Agreement.</p> <p>5.1 Descending Reciprocal Compensation Rate Schedule:</p> <p>5.1.1 The rates, terms, conditions in this section apply only to the termination of ISP-bound Calls as defined in section 2.7 and subject to the growth caps and new local market restrictions stated in subsections 5.2 and 5.3 below.</p> <p>5.1.2 The Parties agree to compensate each other for the termination of ISP-bound Calls on a minute of use basis, according to the following rate schedule:</p> <p>Effective Date and later: \$.0007</p> <p>5.1.3 Payment of</p>	

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					<p>Reciprocal Compensation on ISP-bound Calls will not vary according to whether the traffic is route d through a tandem switch or directly to an end office switch. Where the terminating party utilizes a hierarchical or two-tier switching network, the Parties agree that the payment of these rates in no way modifies, alters, or otherwise affects any requirements to establish Direct End Office Trunking, or otherwise avoids the applicable provisions of this Agreement and industry standards for interconnection, trunking, Calling Party Number (CPN) signaling, call transport, and switch usage recordation.</p> <p>5.2 ISP-bound Calls Minutes Growth Cap 5.2.1 On a calendar year basis, as set forth below, the Parties agree to cap overall ISP-bound Calls minutes of use in the future based upon the 1st Quarter 2001 ISP minutes for which AT&T was entitled to compensation under its Interconnection Agreement(s) in existence for the 1st Quarter of 2001, on</p>	

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					<p>the following schedule:</p> <p>Calendar Year 2001</p> <p>1st Quarter 2001 compensable ISP-bound minutes, times 4, times 1.10</p> <p>Calendar 2002 Year 2001 compensable ISP-bound minutes, times 1.10</p> <p>Calendar Year 2003 Year 2002 compensable ISP-bound minutes</p> <p>Calendar Year 2004 and on Year 2002 compensable ISP-bound minutes</p> <p>5.2.2 ISP-bound Calls minutes that exceed the applied growth cap will be Bill and Keep. Bill and Keep is the intercarrier traffic compensation arrangement whereby each Party recovers its costs by billing its own end users and keeping the revenue for itself.</p>	

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					<p>5.3 Bill and Keep for ISP-bound Traffic in New Markets</p> <p>5.3.1 In the event AT&T and SBC Illinois have not previously exchanged ISP-bound Calls in Illinois prior to April 18, 2001, Bill and Keep will be the reciprocal compensation arrangement for all ISP-bound Calls between AT&T and SBC Illinois for the remaining term of this Agreement.</p> <p>5.3.2 In the event AT&T and SBC Illinois have previously exchanged traffic in an Illinois LATA prior to April 18, 2001, the Parties agree that they shall only compensate each other for completing ISP-bound Calls exchanged in that Illinois LATA, and that any ISP-bound calls in other Illinois LATAs shall be Bill and Keep for the remaining term of this Agreement.</p> <p>5.4 Wherever Bill and Keep is the traffic termination arrangement between AT&T and SBC Illinois, both Parties shall segregate the Bill and Keep</p>	

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					<p>traffic from other compensable local traffic either (a) by excluding the Bill and Keep minutes of use from other compensable minutes of use in the monthly billing invoices, or (b) by any other means mutually agreed upon by the Parties.</p> <p>5.5 The Growth Cap and New Market Bill and Keep arrangement applies only to ISP-bound Calls as defined in Section 2.7 of this Appendix, and does not include Transit Traffic, Optional Calling Area Traffic, IntraLATA Interexchange Traffic, or InterLATA Interexchange Traffic</p> <p>5.6 ISP Traffic Rebuttable Presumption 5.6.1 The Parties agree that there is a rebuttable presumption that all minutes of use exceeding a 3:1 Terminating to Originating Ratio are ISP-bound Calls subject to the compensation and growth cap terms in this section.</p> <p>5.6.2. Either party has the</p>	

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					<p>right to rebut the 3:1 ISP presumption and determine actual ISP-bound traffic by any means mutually agreed by the Parties, or by any method approved by the applicable regulatory agency, including the Commission. If a Party seeking to rebut the presumption takes appropriate action at the Commission to rebut the presumption within sixty (60) days of receiving notice of Offer and the Commission approves such rebuttal, then that rebuttal shall be retroactively applied to the date the Offer became effective. If a Party seeks to rebut the presumption after sixty (60) days of receiving notice of Offer and the Commission approves such rebuttal, then that rebuttal shall be applied on a prospective basis as of the date of the Commission approval.</p> <p>5.7 AT&T and SBC Illinois agree that nothing in this Agreement is meant to affect or determine the appropriate treatment of Voice Over Internet Protocol (VOIP) traffic under this or</p>	

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					<p>future Interconnection Agreements. The Parties further agree that this Agreement shall not be construed against either party as a "meeting of the minds" that VOIP traffic is or is not local traffic subject to reciprocal compensation. By entering into the Agreement, both Parties reserve the right to advocate their respective positions before state or federal commissions whether in bilateral complaint dockets, arbitrations under Section 252 of the Act, commission established rulemaking dockets, or before any judicial or legislative body.</p>	
<p>AT&T ISSUE: Should reciprocal compensation apply to telecommunications traffic irrespective of the switch and/or loop technology utilized by the</p>	<p>6</p>	<p>Section 21.2.10</p>	<p>No language needed.</p>	<p>SBC's position and related language that traffic delivered to AT&T or an ISP via Digital Subscriber Line (DSL) service is not subject to intercarrier compensation and neither is traffic that is delivered to the other party and is not terminated through the other Party's "terminating switch" is contrary to federal law and should not be adopted by the</p>	<p>21.2.10 Reciprocal Compensation only applies to local switched traffic that is originated on one Party's network and is terminated through the other Party's terminating switch. All traffic that is delivered to SBC-ILLINOIS or AT&T and is not terminated through the other Party's terminating switch is not</p>	<p>Reciprocal compensation is for the reimbursement of expenses incurred by the other party for the use of such party's switch to terminate local calls. If a call by-passes the other party's terminating switch, no reciprocal compensation should be paid. The DSL service SBC is seeking to exclude is drawn from the high frequency portion of the loop before it</p>

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<p>carriers?</p> <p>SBC Issue: Should SBC-Illinois be required to pay reciprocal compensation for traffic that does not terminate on a switch?</p>				<p>Commission. The Commission should see SBC’s language as yet another attempt by SBC to escape its lawful obligation to pay reciprocal compensation on legitimate telecommunications service traffic.</p> <p>Under the FCC’s ISP Remand Order, <i>all</i> telecommunications traffic is subject to reciprocal compensation unless the traffic falls within the exemptions established in Section 251(g) of the Act. The FCC made no distinctions based on the type of switching or subscriber line employed to provide exchange services. SBC’s proposal attempts to create a Section 251(g) carve-out that would exempt such traffic from reciprocal compensation. The DC Circuit Court, however, has stated that the 251(g) carve out was created solely to <i>grandfather existing</i> services such as exchange access, and cannot be used to <i>create new</i> classes of services that are exempt from reciprocal compensation. DSL services were not offered prior to the passage of the 1996 Act. Therefore, SBC’s proposed language is contrary to law and should be rejected.</p>	<p>subject to reciprocal compensation.</p>	<p>ever touches a circuit switch (a conventional central office)and therefore, should not be subject to intercarrier compensation.</p>

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<p>If the originating party passes CPN on less than 90% of its calls, should those calls passed without CPN be billed as intraLATA switched access or based on a percentage local usage (PLU)?</p>	7	<p>Section 21.3.4-3.4.2</p>	<p><u>21.3.4 Where SS7 connections exist, all local/intraLATA calls exchanged without CPN information will be billed as either Local Traffic or intraLATA Toll Traffic in direct proportion to the minutes of use (MOU) of calls exchanged with CPN information for the preceding quarter, utilizing a PLU factor determined in accordance with Section 21.15.1 of this Article. If the percentage of local/intraLATA calls passed with CPN is less than ninety percent (90%) for a given month, the terminating Party will inform the originating Party that the CPN percentage has fallen below the targeted 90%. The Parties will coordinate and exchange data as necessary to determine the cause of the failure and to assist its correction.</u></p>	<p>AT&T proposes traffic sent without CPN be jurisdictionalized and compensated on the basis of traffic sent with CPN, regardless of a minimum threshold. The jurisdiction of such traffic would have a basis in fact rather than an arbitrary designation.</p> <p>AT&T agrees CPN should be passed whenever possible where SS7 exists and AT&T has agreed to that necessity in contract language with SBC at section 21.3.2. AT&T's business operations also rely on the CPN information. The Parties agree on the use of PLU in certain circumstances and agree on the calculation methodology of PLU in section 21.15.1. The disagreement between the Parties is what to do if CPN is missing on more than 10 % of the local and intraLATA traffic. AT&T contends if such an instance occurs, it would be an extraordinary circumstance and the Parties should investigate and correct matters, or perhaps negotiate exceptions to the CPN rule if necessary.</p> <p>SBC contends that a penalty</p>	<p>21.3.4 Unless otherwise agreed by the Parties, where SS7 connections exist, if the percentage of calls passed with CPN is greater than ninety percent (90%), all calls exchanged without CPN information will be billed as either Local Traffic or intraLATA Toll Traffic in proportion to the PLU factor calculated in accordance with section 21.15.1 of this Article. Unless otherwise agreed by the Parties, if the percentage of calls passed with CPN is less than ninety percent (90%) for a given month, the terminating Party will provide written notice that the CPN percentage has fallen below the acceptable 90%. The noticed Party will then have the succeeding month to correct the issue. If the percentage of calls in the third month are still below the acceptable 90%, all calls passed without CPN will be billed as intraLATA switched access.</p>	<p>Standard telephone industry practice requires carriers to pass along the calling party number (CPN) for calls originating on their network to the carriers that terminate the calls. This information is critical for the purposes of determining whether calls are local, intraLATA, or interLATA so that appropriate charges can be applied to them. SBC's position is that both companies be held to a standard of providing CPN information for no less than 90% of the calls they deliver. If this standard is not met, the terminating carrier should have the option to bill the calls without CPN at its interstate switched exchange access service rate. This provision protects against unscrupulous CLECs from overriding call identification to slip interLATA traffic in with local traffic.</p>

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				<p>should occur, with all unidentified traffic billed at intraLATA access rates. Nothing in the relationship between the Parties warrants such an extreme consequence on CPN failure as is proposed by SBC.</p>		
<p>8a. How should reciprocal compensation rate elements be structured? AT&T ISSUES : 8b. Do AT&T's switches meet the requirements of 47C.F.R. 51-711(a)(3), such that SBC–Illinois shall compensate AT&T for termination at the tandem rate? SBC ISSUES: 8b. Should AT&T be entitled to a single rate element which includes the</p>	<p>8</p>	<p>Sections 21.4.0-21.4.6 Section 21.4.5 Section 21.4.5</p>	<p><u>21.4 Reciprocal Compensation</u> Reciprocal Compensation pursuant to this Article applies for the transport and termination of local traffic billable by SBC-Illinois or AT&T for Local Calls terminated on their respective networks when both Parties are facilities-based providers. <u>The rate elements described in Sections 21.4.1-21.4.4 below are applicable by SBC-Illinois for Local Calls originated on AT&T's network and terminated on SBC-Illinois's network. SBC-Illinois has four applicable reciprocal compensation rate elements, i.e., End Office Local Termination, Tandem Switching, Tandem Transport Termination and Tandem Transport Facility Mileage.</u></p>	<p>8a. Reciprocal compensation rates should be identical to those contained in ILL. C.C. NO. 20, PART 23, Section 2, 3rd Revised Sheet No. 3. Reciprocal compensation tariff rates are expressed on a per MOU basis and are not bifurcated into setup and duration components. If and when any such new rate structure is approved by the ICC and memorialized in SBC's tariffs, that rate structure will be imported into the Pricing Schedule of this Agreement as has been the ongoing practice of the parties. SBC's position that reciprocal compensation rates can be bifurcated at this time is inconsistent with both Federal law and sound public policy. 8b. AT&T asserts that it is justified in charging the applicable tandem switch service rate for the termination</p>	<p><u>21.4 Reciprocal Compensation</u>-Reciprocal Compensation pursuant to this Article applies for the transport and termination of local traffic billable by SBC-Illinois or AT&T for Local Calls terminated on their respective networks when both Parties are facilities-based providers. 21.4.1 The compensation set forth below will also apply to all Local as defined in section 21.2.7 of this Article, depending on whether the call is terminated directly to an End Office or through a Tandem. 21.4.2 Bifurcated Rates (Call Set Up and Call Duration). The Parties agree to compensate each other for the termination of Local Calls on a "bifurcated" basis, meaning assessing an initial Call Set Up charge on</p>	<p>8a.The new bifurcated rate structure better reflects the actual costs incurred on one's network to terminate local traffic. Due to the popularity of dial-up access to the internet, there has been a drastic increase in longer-duration calls that occur when people dial up and log onto the internet (on average, calls to the internet are 10 times longer in duration than typical voice calls). Now, with more long-duration calls, the bifurcated rate structure is a better compensation mechanism for accurately reflecting true costs associated with these longer calls. The reason the bifurcated rate structure is a better compensation mechanism is because it separates two different rate components that were previously combined to make one End Office Termination or Tandem Switching Termination rate. The two newly separate</p>

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tandem rate element, even though the tandem may not be used?			<p><u>The rate element applicability by AT&T for Local Calls originated on SBC-Illinois’s network and terminated on AT&T’s network is as described in Section 21.4.5 below.</u></p> <p><u>21.4.1 End Office Local Termination</u> <u>- The End Office rate category provides the local end office switching and end user termination functions necessary to complete the transmission of switched communications to and from the end users served by the local end office.</u> <u>- The End Office Local Termination rate element provides for local end office switching, i.e., the common switching functions (functions include transmission, reception, monitoring, routing and testing) associated with the various switching arrangements.</u> <u>- The End Office Local Termination rate is assessed on a per minute of use basis to end office routed minutes</u></p>	<p>of SBC’s traffic on AT&T’s network.</p> <p>The FCC regulations recognize that there may be parity between a competitive carrier’s end office switch and an ILEC tandem switch. They provide that when a CLEC’s switches provide comparable geographical coverage to SBC’s tandem switches, the tandem rate applies to the termination of traffic through those CLEC switches. The specific regulation, set forth in, 47 C.F.R. § 51.711 (a)(3), provides: “Where the switch of a carrier other than an incumbent LEC serves a geographic area comparable to the area served by the incumbent LEC’s tandem switch, the appropriate rate for the carrier other than an incumbent LEC is the incumbent LEC’s tandem interconnection rate.”</p> <p>AT&T’s switches each serve an area comparable to SBC’s tandem switches and therefore SBC’s tandem rate should apply to the termination of traffic through those switches.</p>	<p>a per Message basis, and then assessing a separate Call Duration charge on a per Minute of Use (MOU) basis, where ever per Message charges are applicable. The following rate elements apply, but the corresponding rates are shown in Article Pricing:</p> <p>21.4.3 Tandem Serving Rate Elements:</p> <p>21.4.3.1 Tandem Switching - compensation for the use of tandem switching (only) functions.</p> <p>21.4.3.2 Tandem Transport - compensation for the transmission facilities between the local tandem and the end offices subtending that tandem.</p> <p>21.4.4 End Office Switching in a Tandem Serving Arrangement - compensation for the local end office switching and line termination functions necessary to complete the transmission in a tandem-served arrangement. It consists of a call set-up rate (per message) and an call</p>	<p>rate components are called Set Up and Call Duration. Call Set Up is a per-message charge for each call; it contemplates the costs associated with establishing a circuit, and creating a billing record. Call Duration will continue to be tracked on a MOU basis; it is the rate associated with the cost of keeping the circuit open for the duration of the call. If SBC is forced to continue utilizing the old rate structure, CLECs will continue to be grossly overcompensated for the termination of long-duration dial-up calls.</p> <p>8b. AT&T is not entitled to receive tandem interconnection rates as it has have not demonstrated that its switches meet the geographic scope test. 47 CFR § 51.711 sets forth the geographic coverage test: “Where the switch of a carrier other than an incumbent serves a geographic area comparable to the area served by the incumbent LEC’s tandem switch, the appropriate rate for the carrier other than an incumbent is the incumbent LEC’s tandem interconnection rate.” Therefore, a CLEC must demonstrate that it serves a</p>

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			<p><u>21.4.2 Tandem Switching - Tandem Switching is the facility that provides the function of connecting trunks to trunks for the purpose of completing interoffice calls.</u> <u>- The Tandem Switching rate is assessed on a per minute basis for all switched minutes that are transported over tandem-switched transport services</u></p> <p><u>21.4.3 Tandem Transport Termination</u> <u>- The Tandem Transport Termination rate element includes the non-distance sensitive portion of switched transport and is assessed on a per minute of use basis.</u></p> <p><u>21.4.4 Tandem Transport Facility Mileage</u> <u>The Tandem Transport Facility Mileage rate includes the distance sensitive portion of switched transport and is assessed on a per minute of use per mile basis.</u></p>		<p>duration (per minute) rate.</p> <p>21.4.5 End Office Serving Rate Elements:</p> <p>21.4.5.1 End Office Switching - compensation for the local end office switching and line termination functions necessary to complete the transmission in an end office serving arrangement. It consists of a call set-up rate (per message) and a call duration (per minute) rate.</p>	<p>geographic area comparable to that of the incumbent. AT&T's conclusory statements that its switches serve a geographic area comparable to SBC's tandem switch are not sufficient to meet the requirements of the rule.</p> <p>SBC's position is that in order for AT&T to be entitled to tandem interconnection rate for qualifying geographically dispersed end user traffic, AT&T must demonstrate that it (i) deploys a switch and (ii) deploys plant and has at least 3 end user customers in at least 60% or more of the local calling areas that subtend an SBC tandem. AT&T has not made any such demonstration to SBC.</p>

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			<p><u>21.4.5 For Local Calls and ISP-bound traffic originated on SBC-Illinois’s network and terminated on AT&T’s network, the rate for End Office Local Termination shall be a single combined rate which includes the elements and associated rates described in Sections 4.1-4.4, above, assuming an average facility mileage of 10 miles.</u></p> <p><u>21.4.6 Both SBC-Illinois and AT&T rates are as set forth in Article Pricing. Any adjustment to SBC-Illinois’s rates during the term of the Agreement will result in a concomitant adjustment to AT&T’s combined rate.</u></p>			
Shall SBC-Illinois be required to make available to AT&T comparable compensation arrangements as those between SBC and other incumbent local	9		<p><u>21.3.7 SBC will make available to AT&T a compensation arrangement for serving customers in any optional or mandatory, one way or two way EAS, including ELCS, area serviced by an ILEC or CLEC other than AT&T, that is similar to the corresponding arrangement that SBC-</u></p>	AT&T’s proposed language is fully consistent with, and supported by, § 252 of the Act. Section 252(e)(1) provides that “[a]ny interconnection agreement adopted by negotiation or arbitration shall be submitted for approval to the State commission.” Section 252(h) provides that “[a] State commission shall make a copy of each agreement approved	21.3.7 Intentionally left blank	SBC does not agree to include AT&T’s proposed language because AT&T is attempting to expand its rights to adopt compensation provisions in an interconnection agreement . AT&T incorrectly claims that Section 252(i) supports such a provision. However, Section 252(i) applies only to interconnection, service and network elements not

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exchange carriers and competitive local exchange carriers?			<u>Illinois has with that other ILEC or CLEC for serving those customers when AT&T is similarly situated to the other ILEC or CLEC.</u>	under subsection (e) and each statement approved under subsection (f) available for public inspection and copying within 10 days after the agreement or statement is approved. Finally, § 252(i) states: “A local exchange carrier shall make available any interconnection, service, or network element provided under an agreement approved under this section to which it is a party to any other requesting telecommunications carrier upon the same terms and conditions as those provided in the agreement.”		compensation arrangements. Furthermore, it is SBC’s position that a CLEC may not opt into provisions relating to intercarrier compensation (and legitimately related terms) in an existing agreement, irrespective of whether the reciprocal compensation provisions were negotiated pre- or post- FCC ISP Remand Order. In its ISP-Remand Order, the FCC concluded that MFNs into rates associated with the exchange and termination of ISP-bound calls (including any legitimately related terms) were cut-off as of the effective date of such Order (May 15, 2001). The FCC also found that as of the date such Order was adopted (April 18, 2001), such terms had already been made available for a reasonable period of time and were no longer available for adoption. The FCC determined that ISP traffic is regulated under an entirely new framework promulgated under sec. 201 – not sec. 252 – of the Act and therefore, concluded that state commissions no longer have authority to address the appropriate intercarrier compensation for ISP-bound traffic. Thus, because Section

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						<p>201 does not contain a right to adopt intercarrier compensation arrangements, the FCC found that carriers may no longer exercise rights under Section 252(i) to adopt any rates, terms and conditions in an Interconnection Agreement associated with rates paid for ISP-bound traffic (including legitimately related terms). It is SBC’s position that all reciprocal compensation rates, terms and conditions are legitimately related. Therefore, based upon the FCC’s findings in its ISP-Remand Order, it is SBC’s position that a requesting CLEC may not adopt compensation provisions in an existing agreement, but instead, may only sectionally adopt all rates, terms and conditions in an existing agreement, with the exception of any rates, terms and conditions associated with reciprocal compensation (and any legitimately related terms), and that the parties must negotiate rates, terms and conditions for reciprocal compensation. In certain cases, SBC may be willing to offer the reciprocal compensation provisions contained in the Agreement the CLEC wishes to</p>

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						<p>adopt on a “negotiated” basis.</p> <p>Even if compensation arrangements were subject to adoption, Section 251(i) does not permit a CLEC to adopt only the compensation arrangements. The CLEC must adopt all the legitimately related terms and conditions associated with the compensation arrangements.</p> <p>The AT&T provision flies in the face of what a contract is designed to do- provide certain terms and conditions that will be applied between parties for a set period of time.</p>
<p>10.a. Should 8YY traffic compensation be determined by the jurisdiction of the traffic?</p> <p>10.b. Should the 8YY service provider be required to suppress billing of terminating</p>	<p>10</p>	<p>Section 21.9.1 and 21.9.3. 21.9.4</p>	<p><u>21.9.1 Where an 8YY call originates from one Party and terminates on the network of the other Party (as the 8YY service provider) the Parties agree that the call will be treated as local or intraLATA toll, as applicable, for purposes of compensation pursuant to this Agreement.</u></p> <p>21.9.2 The Parties shall provide to each other intraLATA 800 Access</p>	<p>Local 8YY traffic, that is 8YY traffic that originates and terminates within the same local calling area, should be subject to reciprocal compensation. There is no technical or legal justification for compensating local 8YY traffic as exchange access.</p> <p>Under current Federal rules, all telecommunications traffic, except traffic subject to §251(g) of the Act is subject to reciprocal compensation.</p>	<p>21.9.1 Where an 8YY call originates from one Party and terminates on the network of the other Party as the 800 service provider, the Parties agree that the call will be treated as intraLATA toll for purposes of compensation pursuant to this Agreement.</p> <p>21.9.2 The Parties shall provide to each other intraLATA 800 Access Detail Usage Data for End User</p>	<p>8YY traffic is an optional Feature Group D service available to carriers from SBC’s access tariffs. SBC modifies existing network architecture in order to support this service; in turn, carriers recover charges associated with 8YY service by billing the terminating end users whom have purchased the 800 retail service.</p> <p>Current switching protocol does not allow for SBC to</p>

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charges to the originating carrier, and provide a report of the traffic suppressed?			<p>Detail Usage Data for End User billing and intraLATA 800 Copy Detail Usage Data for access billing in Exchange Message Interface (EMI) format. The Parties agree to provide this data to each other at no charge. In the event of errors, omissions, or inaccuracies in data received from either Party, the liability of the Party providing such data shall be limited to the provision of corrected data only. If the originating Party does not send an End User billable record to the terminating Party, the originating Party will not bill the terminating Party for this traffic.</p> <p><u>21.9.3 The transport for all 8YY originated traffic exchanged directly between the Parties will be billed in accordance with the compensation arrangement described in Section 9.1 above. The 8YY service provider (terminating Party) will suppress the terminating compensation mechanism and related local or access billings based on the EMI indicator</u></p>	<p>Exchange access is one of the types of traffic that is “carved out” by §251(g) and is excluded from reciprocal compensation. It is SBC’s position that local 8YY traffic should be classified as exchange access based solely on fact that most 8YY traffic is toll traffic. It is AT&T’s position that traffic originating and terminating within a tariffed local calling area is not toll traffic and therefore does not fall within the §251(g) carve out.</p> <p>Further, AT&T requests the 8YY service provider to safeguard from inadvertently and inappropriately billing for terminating reciprocal compensation when it should be paying the other Party for transporting the 8YY call.</p> <p>Note: the parties agree that the language in 21.9.4 should conform to the outcome of 21.9.1</p>	<p>billing and intraLATA 800 Copy Detail Usage Data for access billing in Exchange Message Interface (EMI) format. The Parties agree to provide this data to each other at no charge. In the event of errors, omissions, or inaccuracies in data received from either Party, the liability of the Party providing such data shall be limited to the provision of corrected data only. If the originating Party does not send an End User billable record to the terminating Party, the originating Party will not bill the terminating Party for this traffic.</p> <p>21.9.3 Intentionally Left Blank</p> <p>21.9.4 IntraLATA 800 Traffic calls and associated query charges are billed to and paid for by the called or terminating 800 Service Provider, regardless of which Party performs the 800 query.</p>	<p>identify terminating jurisdiction for an 800 call; it is not currently industry standard to separate jurisdiction on 800 traffic. The overwhelming majority of this traffic is indeed intraLATA or InterLATA toll with a de minimus amount terminating locally. 800 service is not used to stimulate - or even attract - local telephone traffic. The intent of 800 service is to stimulate traffic to a distant end user by eliminating the originating end users’ toll charges.</p> <p>Note: the parties agree that the language in 21.9.4 should conform to the outcome of 21.9.1</p>

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			<p><u>of the 8YY calls and shall provide a monthly report to the originating company of the suppressed calls for that month. If the terminating party does not suppress the billing, it will provide a credit to the originating party for the reciprocal compensation and/or access billings for the POTS routed calls associated with the completion of the 8YY calls.</u></p> <p>21.9.4 <u>Traffic exchanged between the Parties pursuant to Section 9.1,</u> and associated query charges, are billed to and paid for by the called or terminating 800 Service Provider, regardless of which Party performs the 800 query.</p> <p>[</p>			
AT&T Issue: Should SBC-Illinois be permitted to impose a limit on AT&T tariffed exchange access rates in	11	Section 21.12.1	<p><u>21.12.0 IntraLATA Interexchange Traffic Compensation</u></p> <p>21.12.1 For intrastate intraLATA toll service traffic, compensation for termination of intercompany traffic will be at terminating</p>	AT&T access charges are beyond the scope of this Interconnection Agreement negotiation. SBC has the right to protest AT&T tariff rates to the ICC for state access rates and the FCC for interstate access rates.	<p><u>21.12.0 IntraLATA Interexchange Traffic Compensation</u></p> <p>21.12.1 For intrastate intraLATA toll service traffic, compensation for termination of intercompany traffic will be at terminating access rates for</p>	AT&T should not be permitted to charge terminating access rates that exceed SBC’s tariffed terminating access rates. SBC’s position is in accord with the FCC’s current position as stated in <i>Access Reform Order</i> (CC Docket No. 96-262) which ensures that

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<p>the local Agreement?</p> <p>SBC Issue: Should AT&T be able to charge an Access rate higher than the incumbent without a cost study?</p>			<p>access rates for Message Telephone Service (MTS) and originating access rates for 800 Service, including the Carrier Common Line (CCL) charge where applicable, as set forth in each Party's Intrastate Access Service Tariff. For interstate intraLATA intercompany service traffic, compensation for termination of intercompany traffic will be at terminating access rates for MTS and originating access rates for 800 Service including the CCL charge, as set forth in each Party's interstate Access Service Tariff.</p>		<p>Message Telephone Service (MTS) and originating access rates for 800 Service, including the Carrier Common Line (CCL) charge where applicable, as set forth in each Party's Intrastate Access Service Tariff, but not to exceed the compensation contained in an ILEC's tariff in whose exchange area the End User is located For interstate intraLATA intercompany service traffic, compensation for termination of intercompany traffic will be at terminating access rates for MTS and originating access rates for 800 Service including the CCL charge, as set forth in each Party's interstate Access Service Tariff., but not to exceed the compensation contained in an ILEC's tariff in whose exchange area the End User is located. Common transport, (both fixed and variable), as well as tandem switching and end office rates apply only in those cases where a Party's tandem is used to terminate traffic.</p>	<p>CLEC access charges are just and reasonable and attempts to eliminate arbitrage opportunities. AT&T's contract language should be rejected because AT&T's access rates (whatever those rates may be) are not supported by any evidence, have never been approved by the ICC, and are changeable-at-will rates.</p>
Should combined traffic on the	12	Section 21.15.2	<u>21.15.2 For usage based charges associated with local traffic carried over</u>	21.15.2 It is important that the Agreement include a methodology for jurisdictional		SBC requires that CLECs use TCTs to carry interLATA toll-switched traffic and local

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Feature Group D trunks be jurisdictionally allocated for compensation purposes?			<p><u>IXC FG-D trunks, the originating party will provide two factors, a Percent Interstate Usage (PIU) and a Percent Local Usage (PLU). The PIU will be calculated by the originating Party by dividing identifiable Interstate traffic by the total identifiable MOU delivered to the other party for termination on the IXC FG-D trunks. The PLU will be calculated by the originating Party by dividing identifiable local traffic by the identifiable Intrastate MOU delivered to the other party for termination on the IXC FG-D trunks. Identifiable MOU will be determined based on the originating Party's network AMA recordings for the preceding three month period. The calculation will be made on a quarterly basis utilizing those recordings or a statistically valid sample of recordings from that period. The sample will be based on a mutually agreed sampling method,</u></p>	<p>rate application to local and toll traffic that is combined on the Feature Group D trunks.</p> <p>Without a method to identify and properly bill combined traffic local traffic would be inappropriately billed by SBC as exchange access traffic. It is AT&T's position that traffic originating and terminating within a tariffed local calling area is not toll traffic and therefore is subject to reciprocal compensation.</p> <p>The factor process proposed by AT&T is fair, logical and readily understandable. It is an extension of the PLU factor process in section 21.15.1 to include a jurisdictional separation of interLATA and intraLATA traffic, before further defining the percent local usage versus intraLATA toll. AT&T understands SBC's objection to be primary related to applying any jurisdictional factoring to the FGD traffic, rather than an objection to the factor methodology presented. The factor process proposed by AT&T in section 15.2 is also a known process in practice between the Parties to bill FGD terminating traffic in other</p>		<p>interconnection trunks for local, ISP and Intrastate, Intralata toll traffic that is not pre-subscribed to intrastate/intraLATA toll carrier. If AT&T is permitted to use Feature Group D trunks for both local and IXC traffic (i.e., nonjurisdictional trunks), neither SBC nor AT&T would be able to isolate or measure the volume of each type of traffic that terminates over a single trunk group, which in turn would necessitate the use of estimated, percentage factors in lieu of actual measurements to create a bill. Such billing arrangements are not commercially reasonable or cost effective in the present market, as they would require extensive modifications to both SBC's billing systems for reciprocal compensation and its systems for billing IXC access charges. SBC's trunking options, in contrast, permit each carrier to bill the originating carrier for actual minutes of use and actual rates at the time the call was made. This Commission has previously held such nonjurisdictional trunks and percentage factors are not reasonable in Re Illinois Bell</p>

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			<p><u>including the method used by AT&T at February 1, 2003. The terminating Party will apply the PIU to all traffic carried over the IXC FG-D trunks and will apply the PLU to terminating Intrastate traffic carried over the IXC FG-D trunks, respectively, until each is replaced by the succeeding quarter calculation. This factor calculation shall be subject to the audit provisions of Article 1, Section 32.8.</u></p>	<p>jurisdictions.</p>		<p>Telephone Company Docket No. 96-0404, 180 P.U.R.4th 1 (August 4, 1997).</p>

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