

**ATU/AT&T ALASCOM
INTERCONNECTION AGREEMENT**

Pursuant to this ATU/AT&T Alascom Interconnection Agreement ("Agreement"), the Municipality of Anchorage d/b/a Anchorage Telephone Utility ("ATU") and Alascom, Inc. d/b/a AT&T Alascom ("AT&T Alascom"), having met and negotiated with the mediation assistance of the arbitrator appointed by the Alaska Public Utilities Commission ("APUC"), stipulate and agree to resolve between them certain interconnection issues, as follows:

RECITALS AND PRINCIPLES

WHEREAS, the Telecommunications Act of 1996 (the "Act") was signed into law on February 8, 1996; and

WHEREAS, the Act places certain duties and obligations upon, and grants certain rights to, Telecommunications Carriers; and

WHEREAS, AT&T Alascom requested that ATU negotiate an agreement with AT&T Alascom for the provision of interconnection, resale and unbundled network elements pursuant

to the Act and in conformance with ATU's duties under the Act;
and

WHEREAS, the parties have arrived at this Agreement;

NOW, THEREFORE, in consideration of the mutual obligations in this Agreement and other good and valuable consideration, AT&T Alascom and ATU agree as follows:

I. SCOPE OF SERVICES ELIGIBLE FOR RESALE AT WHOLESALE RATES

AT&T Alascom shall receive, and ATU shall provide, for resale at wholesale rates any local telecommunications service (excluding interexchange access) that ATU provides at retail to customers who are not telecommunications carriers, including but not limited to directory assistance, current tariffed services, and any promotional services offered for a period of more than 90 days, discounted services, "grandfathered" services still being provided, special contract services, and bundled service offerings. The obligation to resell bundled service offerings at wholesale rates does not require ATU to do anything not required by the Act.

AT&T Alascom shall not resell any basic residential services to nonresidential end users, nor shall AT&T Alascom resell Lifeline or any other means-tested service to end users not eligible to subscribe to such service offerings.

II. WHOLESALE DISCOUNT RATE

The wholesale discount shall be 23 percent effective when AT&T Alascom begins reselling. The 23 percent discount applies to all recurring and non-recurring charges. The wholesale discount rate remains in effect until changed by regulators or by agreement of the parties, subject to applicable regulatory approval. Neither party will initiate a regulatory or other proceeding to change the wholesale discount rate with an effective date prior to the date ATU stops providing customer services under Articles VII and VIII. The wholesale discount is subject to the provisions of Article VIII.

III. DEFINITION OF UNBUNDLED NETWORK ELEMENTS

Unbundling is the disaggregation of the physical or virtual components of the local exchange network into a set of discrete components that can be individually provided, costed, priced, and interconnected in such a way as to enable AT&T Alascom to provide local services.

Unbundled network elements are the basic network functions, *i.e.*, the piece parts needed to provide a full range of telecommunications services. They are physical facilities as well as all the features, functions, and capabilities provided by those facilities.

The following is an outline of the definitions generally agreed to.

A. Definition of Unbundled Loop Elements

ELEMENTS OF THE LOCAL LOOP

The loop provides a transmission path between the subscriber's residence or business and his or her local serving wire center. The loop encompasses the following elements:

1. Network Interface Device - The NID is a single-line termination device or that portion of a multiple line termination device required to terminate a single line or circuit. The fundamental function of the NID is to separate the customer's facilities from the carrier's facilities.

2. Loop Distribution - Loop Distribution (typically a pair of copper wires) connects the customer's premises to the equipment that joins loop distribution facilities from multiple subscribers. This is accomplished by connecting the NID to the service drop (if used), the service drop to the loop distribution facilities, and the loop distribution facilities to the terminal block on the customer side of a Feeder Distribution Interface (FDI). The FDI terminates the Loop Distribution and the Loop Feeder and cross-connects them in order to provide a continuous transmission path between the NID and the main distribution frame at a telephone company central office.

3. Loop Concentrator/Multiplexer - Loop

Concentrator/Multiplexer - Concentration is the process of providing transport for signals arriving on multiple input channels (e.g. loop distribution pairs) via a small number of output channels (loop feeder pairs or channels on a fiber optic transmission system). Concentration is possible whenever the input channels are occupied a relatively small percentage of the time. Loop concentration equipment is commonly referred to as "pair gain" equipment and is used in situations in which the cost of the equipment is more than offset by the savings in copper cable plant that would otherwise be required or to improve the transmission quality in areas where loop lengths are excessive.

Loop Concentrators or Multiplexers are deployed in one of two architectures - integrated or non-integrated. Non-integrated systems consist of two parts, a Central Office Terminal (COT) and a Remote Terminal (RT). The COT provides the multiplexing/demultiplexing function of individual voice or data signals to a composite multiplexed signal at the interface between the central office equipment and the COT. The RT provides the multiplexing/demultiplexing function at the interface between the loop distribution and the RT. Integrated systems do not have a COT - rather the functions of the COT are

an integral part of the central office switching equipment. The Loop Concentrator/Multiplexer system consists of functionalities, not any particular facility, piece of equipment, or portion of capacity of any physical equipment.

4. Loop Feeder - The Loop Feeder transmits the aggregated traffic from many Loop Distribution facilities to ATU's central office.

B. Definition of Transport

TRANSPORT ELEMENTS

Transport Elements enable an end office or tandem switch to connect with another end office, another tandem switch or an interexchange carrier's Point of Presence (POP). Through this connection, subscribers are able to reach each other even when they are not served out of the same switch or by the same carrier. There are three Transport Elements that must be made available on an unbundled basis: Common Transport, Dedicated Transport and Tandem Switching.

1. Common Transport - Common Transport is an interoffice transmission path between ATU's switches which carries traffic for a variety of carriers and, by definition, is not dedicated to a single carrier.

2. Dedicated Transport - Dedicated Transport is used exclusively by a single carrier for the transmission of its

traffic. Dedicated transport involves an interoffice transmission path between locations designated by AT&T Alascom, including ATU central office, other ATU equipment locations, AT&T Alascom network components, other carrier network components, or customer premises.

3. Tandem Switching - Tandem Switching establishes a communications path between two switching offices using a third switching office (the tandem switch).

C. Definition of Switching

LOCAL SWITCHING

Local Switching connects the originating lines or trunks to a desired terminating line or trunk. Unbundled switching is feature-rich and includes unbundling of all of the switch's features and functions. Local switching as an unbundled element is not actually a switch nor is it a certain capacity of a local switch. Rather, local switching is all of the features, functions and capabilities of the underlying local switch and associated software which ATU is authorized to use.

Unbundling of the Local Switching network element must include the option to obtain ATU's data switching capabilities as well as circuit switching. Data switching is used to terminate, concentrate and switch data traffic from customer premises equipment to its final destination.

All vertical features and functions such as call forwarding, call waiting and three-way calling must also be available. Remote Switching Module functionality is also included in the Local Switching function. AT&T Alascom, as a purchaser of the Local Switching function, should be capable of equal access routing of local, intrastate and interstate calls and international calls on an originating basis.

D. Definition of Directory Assistance

UNBUNDLED DIRECTORY ASSISTANCE

Unbundled directory assistance includes the necessary hardware, software, and databases to perform directory services, including the publication of directories.

1. Directory Platforms: The hardware and software used to provide directory services. Access to the platform, including training, will be provided in such a way so as to allow remote directory stations to be connected to the platform. However, ATU is not technologically ready to provide access through remote directory stations. AT&T Alascom and ATU have agreed that ATU is not required to provide remote access until its systems are upgraded, which is expected to occur in 18 to 24 months. Prices for access to the directory platforms will be based on incremental costs and will be determined under Article XVI.

2. Directory Databases: The databases (in electronic form, tape, disk, or direct transfer port) with updates and input available daily with information on individual telephone numbers including the name, address, zip code, city (or other location identifier) and the ability to search for telephone numbers based on a name, address or other location identifier. AT&T Alascom recognizes that ATU's directory data bases may not contain, or have the ability to search based on, address or other location identifier.

E. Definition of Signaling

SIGNALING ELEMENTS

These Signaling Elements include Signaling Links and Signal Transfer Points. As described below, both of these signaling elements are specific functionalities as opposed to the equipment, wires, or any defined physical portion of the facilities that provide those functions.

1. Signaling Links - Signaling Links are transmission facilities in a signaling network that carry "out-of-band" signaling messages (*i.e.*, signaling between an end office and a Signal Transfer Point, between two Signal Transfer Points, between a Tandem Switch and a Signal Transfer Point, and between a Signal Transfer Point and a Service Control Point.)

2. Signal Transfer Point (STP) - An STP acts as a signaling switch. It enables the exchange of Signaling System 7 (SS7) messages among and between switching elements, database elements and STP switches.

a. SS7 - Signaling System 7 enables carriers to send signaling messages separately from the voice path for the calls. SS7 signalling increases the efficiency of the facilities used to provide the telecommunications paths, improves call set-up time and makes available a host of new network capabilities that could not be provided through other forms of in-band signaling. SS7 Signaling is used in the call set-up process to exchange information on the routing and billing of calls between switches and between carriers. In that context, signaling systems are used for calling card and other operator services calls, and to identify the carrier for and to route 800 number calls. Signaling systems also allow the delivery of AIN services (which ATU does not currently offer).

IV. COLLOCATION

Because AT&T Alascom has no immediate plans to collocate with ATU, the parties have agreed not to confront the issues of collocation terms or price at this time. ATU and AT&T Alascom have agreed instead to use the results reached by ATU and GCICC

on these issues in lieu of a negotiated settlement. By agreeing to use these results, AT&T Alascom is not agreeing that the results are correct, and each party reserves the right to negotiate or contest the terms and price of collocation when it is appropriate to do that.

ATU/GCICC's Result

1. The Definition of Premises

Premises means the room containing the switch and main distribution frame and, at a minimum, any area within or on the buildings and structures specifically referenced in the FCC definition of premises. The "within or on" was added by the Commission to the Arbitrator's decision.

2. Availability of Space for Collocation at the Premises

Space is presumptively available at all wire centers, including the two where the Arbitrator found space was not available, but ATU may, if it wishes, demonstrate that space is not available at the two (Central and O'Malley). [NOTE: If AT&T Alascom requests space, ATU is free to demonstrate that space is unavailable at any center.]

3. Price for Collocation Space

ATU will charge [AT&T Alascom] \$5.00 per square foot for collocated space in ATU's wire centers. This space will be measured at the outside perimeter of the "cage" or other structure that separates ATU's and [AT&T Alascom's] collocated equipment. This price is based on the square footage for the collocated space but does not include the price for the 48 volt DC power.

[AT&T Alascom] will pay ATU \$71.00 per month for each 15 ampere increment of power [AT&T Alascom] orders from ATU.

The price for the collocated space includes, but does not separately charge for, the additional space needed by [AT&T

Alascom's] entrance facilities, overhead conduit and other facilities which occupy space in ATU central office facilities or wire centers, but are not part of the footprint of the collocated space.

The parties agree after installation to measure the power usage of [AT&T Alascom's] collocated equipment and round it up to the nearest 15 ampere unit in order to calculate the power cost element of this agreement.

4. Type of Equipment Collocatable

Any equipment is allowed subject to ATU meeting the burden of proving it is not allowed by the FCC's First Report and Order, ¶ 579.

Additional Definitions

ATU and AT&T Alascom agree to the following definitions for collocation:

COLLOCATION

Collocation is a method for implementing interconnection between carriers. Through physical collocation, an interconnecting carrier obtains dedicated space in ATU's Local Service Office (LSO), or other ATU locations, and places equipment in that space in order to interconnect with ATU's network. The term "collocation" also encompasses ATU's provision of resources necessary for the operation and economical use of collocated equipment.

1. Physical Collocation - With physical collocation, the interconnector rents physical space in ATU's Central Office (CO) and places its own interconnection equipment

there. The rented space is typically surrounded by a fence or cage to keep it separate from space occupied by either ATU or other interconnectors.

Choosing the type of equipment to be collocated and maintaining that equipment is the responsibility of the interconnector. The equipment must be compatible for interface with ATU's equipment without degrading service or causing network inefficiency, and may not be used to provide services prohibited by the Act or regulatory decisions. Further, unless ATU can show that collocated space has been provided only for limited services, architectures or uses, a connecting carrier can and must be able to use the collocated space as efficiently as it deems necessary. In this manner, a collocating carrier has the flexibility to design a network architecture with the potential to provide service at the same or better quality than ATU.

2. Virtual Collocation - With Virtual Collocation, a similar architecture is established, but with important differences in control and maintenance responsibilities. In a virtual collocation environment, no segregated Central Office ("CO") space is rented by the interconnector. Rather, CO equipment is dedicated to the interconnector, but the responsibility for choosing the location for the equipment,

installing it, and performing maintenance on it resides with ATU.

3. Other Types of Collocation - There are other types of interconnection where the actual point of interconnection is not in a CO. These are generally called "mid-span meets." In a mid-span meet arrangement, each carrier builds and is responsible for operating trunk facilities out of some agreed upon point between their two COs. Another way of thinking about this arrangement is that each carrier provides one-half of the circuit. The carriers are then jointly responsible for traffic traversing the circuit. Because of the need for symmetry in the two carrier's responsibilities, this arrangement is typically restricted to generic trunk-to-trunk interconnection. Moreover, because mid-span meet interconnection requires cooperative trunk engineering and maintenance, it is commonly used between non-competing incumbent carriers for the exchange of local and toll trunk traffic.

V. **PRICING OF UNBUNDLED NETWORK ELEMENTS**

ATU and AT&T Alascom agree to the following prices:

<u>Network Element</u>	<u>Weighted Average Price Bundled/Unbundled Loop</u>
Network Interface Device month ^a	\$0.53/Line per

Loop Distribution	\$5.62/Line per
month ^a	
Loop Concentrator/Multiplexer	\$3.82/Line per
month ^a	
Loop Feeder	\$3.88/Line per
month ^a	
Aggregated Loop	\$13.85/Line per month

^aThese four elements of the Loop include joint and common costs. The parties agreed to the price for the aggregated loop but disagreed about the amount of and how to allocate the joint and common costs. They accepted these element prices to establish a complete interconnection agreement. If AT&T Alascom purchases any of these elements except as part of an aggregated loop, and if AT&T Alascom or ATU believes that the element prices are incorrect, either party may seek a change in the element prices under Article XVI.

Local Switching (LEC Switch)	\$1.22/Line per
month, plus	
(Port and Usage)	\$.006595 per minute
Dedicated Transport	No rate set. Either party may move at any time to set a rate using the provisions of Article XVI
Common Transport	\$.00012 per minute
per leg	(Orig or Term)
Tandem Switching	\$.0042 per minute
Signaling Links	\$9.60 per link per month
Signal Transfer Points	\$500.00 per month (for all STPs,

regardless of the number
of ports assigned by
ATU)

Signal Control Points/Databases \$.00096 per
message

The non-recurring charges associated with these unbundled network elements are in Exhibit 1. The non-recurring charges do not apply and will not be billed unless the applicable unbundled network element is used for less than 12 consecutive months.

VI. INTERCONNECTION

The parties disagreed about what reciprocal compensation would be appropriate if AT&T Alascom switched local traffic. ATU believes: that interconnection traffic may not be balanced and feels that reciprocal compensation of \$0.006595 per minute (plus transport) is appropriate; that each party should pay the other this rate based on calls its customers originate; and that each party will be responsible for paying for facilities to interconnect their systems and these interconnection charges will not be considered part of transport or termination of traffic.

AT&T Alascom believes: that it is reasonable to assume that traffic will remain reasonably balanced (*i.e.*, within 5-10%) after AT&T Alascom's entry into the local market; that

unless and until either ATU or AT&T Alascom can establish that traffic is not reasonably balanced, the bill and keep method should be used for transport and termination; and that either party demonstrates that traffic is not in reasonable balance, the parties should use TELRIC as the basis for establishing reciprocal prices for transport and termination.

AT&T Alascom has no current plans to switch local exchange service. Therefore, it is not currently necessary to resolve whether to measure traffic on switched trunks, whether to use one way or two way trunking, or how to determine compensation (e.g., measured minutes, transactions, bill-and-keep). When AT&T Alascom decides to switch some or all of its local traffic, these issues will be resolved through negotiation and, if necessary, the procedures in Article XVI. ATU will make available all data gathered under Article VI, Interconnection, of its agreement with GCI.

AT&T Alascom will, at each ATU wire center, use standard inter-office trunking (dedicated or common transport) for the transmission and routing of telephone exchange and interexchange service.

VII. CUSTOMER SERVICES TO BE PROVIDED BY ATU FOR AT&T ALASCOM

AT&T Alascom requested, and ATU agreed to provide electronic interfaces for the following operations support systems: (1) pre-ordering (*i.e.*, taking and recording the initial customer information necessary to establish telephone service); (2) ordering/provisioning of service, (3) maintenance and repair, and (4) billing. However, ATU is not technologically ready to provide those interfaces. Therefore, AT&T Alascom and ATU have agreed that ATU's obligation to provide the above-listed electronic interfaces will not exist until ATU has upgraded its system to allow the agreed interfaces, a process that ATU estimates will take 18 to 24 months. ATU will provide AT&T Alascom written certification of the date that ATU will be able to provide these electronic interfaces.

In the meantime, ATU has agreed to provide the following support services in-house for AT&T Alascom: (1) pre-ordering; (2) ordering and provisioning; (3) maintenance and repair; and (4) the information necessary for AT&T Alascom to bill its customers. ATU will assign customer service representatives to provide customer support for AT&T Alascom customers.

ATU will provide AT&T Alascom customers with White Pages and Yellow Pages listings on the same terms and conditions as it provides them to ATU's customers. ATU will make available to

AT&T Alascom customers the same White Pages enhanced listings and Yellow Pages options that are available to ATU's customers. ATU will make clear on the covers of its directories that the directories list AT&T Alascom customers. ATU will list AT&T Alascom as a Local Service Provider in Anchorage with the associated information and telephone numbers. The customer guide pages describing AT&T Alascom local services will be comparable to the current ATU customer guide pages published in the front of the directories and will be purchased at the same rate charged all other LECs, including ATU.

ATU's AT&T Alascom customer service representatives will be assigned separate telephone lines that have been designated for AT&T Alascom. The ATU AT&T Alascom customer representatives will identify themselves as AT&T Alascom representatives and will perform for AT&T Alascom's customers every service that they would perform for ATU's customers, from intake of initial information to commencing service or performing the change or service order, at the same high level of quality that they would provide for ATU's customers.

AT&T Alascom will have 180 days from date ATU certifies in writing that the electronic interfaces for pre-ordering, ordering/provisioning, and maintenance and repair, will be available (or the actual date the electronic interfaces become

available, whichever is later) to provide its own support services and ATU will have no legal obligation to provide these support services thereafter. The parties agree to meet and discuss whether it will be in their mutual interest to continue the interim arrangement in the same or a modified form, including the methods of compensation for ATU-provided support services.

ORDERING AND PROVISIONING

ATU will respond to pre-service ordering queries from people and will take and fill AT&T Alascom service orders, whether those queries and service orders are received directly from the person, or indirectly from an AT&T Alascom customer service representative. ATU's obligation to respond extends to pre-orders, orders, service requests, and queries made by telephone, by fax, in writing and in person, either by the person or through AT&T Alascom or its agents or contractors. Should a person walk into ATU's office requesting AT&T Alascom service, ATU will, without attempting to sell the person ATU's service, refer the person to an ATU customer service representative trained to handle AT&T Alascom customer service. Should a person request an AT&T Alascom telecommunications service that ATU does not handle for AT&T Alascom (e.g., cellular service), ATU will, without referring the customer to

any ATU, ATU-affiliated or other service, provide the person with the telephone number of that AT&T Alascom telecommunications service.

ATU will perform these services in a fair manner which does not promote or favor its own services over those of AT&T Alascom. ATU will treat AT&T Alascom's customers as if they were its own, i.e., by offering them the same services, by encouraging the use of additional services, and by informing them of all services that might be helpful to that customer. ATU and AT&T Alascom will share the information regarding one another's systems and programs that is necessary: (a) for AT&T Alascom to know whether a planned service package can be offered within the limitations of ATU's ordering and data-storage systems and facilities; and (b) for ATU representatives to accurately inform AT&T Alascom's customers or potential customers regarding the AT&T Alascom services available to them.

ATU and AT&T Alascom agree that all reasonable measures will be taken to assure that the information exchanged regarding one another's systems, services and customers will be guarded as confidential by the individual personnel that become privy to it, and that it will be used strictly to accomplish the common goal of customer support. ATU will hold lists of AT&T Alascom customers or any information about those customers confidential

and will not provide them to ATU marketing or sales people, to any ATU affiliates, or to any third parties. ATU's obligation to hold AT&T Alascom's customer information confidential does not prohibit ATU from using information about customer numbers or churn that is collected, not by virtue of AT&T Alascom and ATU's customer service relationship, but by ATU in the normal and ordinary operation of ATU's own system.

Provisioning involves ATU's input of AT&T Alascom data into its databases and installation at the customer's premises (if necessary), the tracking of critical dates, appropriate directory listings, customer information for 9-1-1, transmission of reject notices related to the service order, and notification of service order completion.

MAINTENANCE AND REPAIR

ATU will perform any necessary maintenance and repair functions for AT&T Alascom's customers, including trouble entry, testing, status updates, feature verification, network surveillance, trouble ticket escalation, trouble ticket closure, number administration, and the scheduling of customer premises visits.

All maintenance and repair service shall be equal in quality, subject to the same conditions (including charges), and

provided in the same provisioning time intervals that ATU provides these services to its own customers.

BILLING

Billing information shall be furnished on request and shall include all information in the format necessary to bill the end user for calls for which it is required to pay and to verify charges for services for which AT&T Alascom is required to pay. Until electronic interface access is available, ATU will provide appropriate retrieval of customer information used to generate a bill to the end user, including the features and functions ordered by the end user. Billing information used to generate a bill for or to AT&T Alascom would include, but would not be limited to, data in the Automatic Message Accounting (AMA) records and the Carrier Access Billing System (CABS) databases.

VIII. PRICING OF CUSTOMER SERVICES PROVIDED UNDER ARTICLE VII.

The wholesale discount rate set in Article II is available only if AT&T Alascom takes from ATU the customer services specified in Article VII. The wholesale discount rate was negotiated in conjunction with the customer service pricing to work as a package. Both parties made concessions to obtain the

package of a wholesale discount rate, customer services, and customer service prices.

The prices for Article VII customer services are:

<u>Service</u>	<u>Price</u>
a. Processing requests for new service, adding or dropping services or features, and repairs, regardless of how the request reaches ATU. The full (non-discounted) applicable non-recurring charge from ATU's then current tariff. ^b If the non-recurring charge is not set by tariff because it is not regulated, the non-recurring charge made by ATU to its customers will apply.	
b. Transferring a customer from any other LEC, including ATU, to AT&T Alascom without any change in service.	\$2.50. This charge does not apply if, at the time the customer is transferred to AT&T Alascom, the customer also changes service in some way.
c. Answering questions about AT&T Alascom services that come to ATU on AT&T Alascom customer service lines but that do not require customer service action as described in a. and b. directly above.	\$5.00 per call, but there is no charge for misdirected calls, wrong numbers, or billing inquiries, or referrals to AT&T Alascom affiliates under Article VII, Ordering and Provisioning Section.

^bWhile AT&T Alascom is purchasing customer services from ATU, AT&T Alascom pays the full non-recurring charges instead of non-recurring charges discounted by the wholesale discount rate. When AT&T Alascom stops purchasing customer services from ATU, AT&T Alascom will pay the non-recurring charges less the wholesale discount rate.

IX. QUALITY OF SERVICE

As stipulated above, AT&T Alascom and ATU have agreed that, until ATU is technologically ready to achieve electronic interface with AT&T Alascom, ATU will perform in-house certain support services for AT&T Alascom. The standard of parity shall govern this arrangement while it is in place.

Services provided for resale shall be equal in quality, subject to the same conditions, and provided within the same provisioning time intervals that ATU provides these services to others, including end users. Support services provided relating to unbundled network elements (i.e., assignment, installation or repair) shall be equal in quality, subject to the same conditions, and provided within the same provisioning time intervals that ATU provides these services to itself or others, including end users.

ATU will furnish to AT&T Alascom the same quality of service and network performance data that relates to AT&T Alascom's customers, as ATU records and reviews with respect to its own customers.

When ATU and AT&T Alascom are ready to move to a system of electronic interfaces, it will be necessary to employ more objective measures of quality. AT&T Alascom and ATU agree to negotiate the objective quality measures to be used when the

electronic interface is ready. AT&T Alascom has developed Direct Measures of Quality (DMOQ). ATU is working to develop its own objective measures of quality. The intent of the parties is to implement and agree to objective measures of quality that are appropriate and reasonable for both parties. The parties will develop mutually agreed standards that will consider the DMOQs developed by AT&T Alascom in conjunction with ATU's own quality measurements. As these objective measures are developed, the parties anticipate that data retrieval systems will be modified and upgraded to monitor them.

ATU and AT&T Alascom recognize that it is possible that ATU's volume of telephone, fax, walk-in and written service orders may increase substantially as a result of competition and delay the processing time of those orders beyond ATU's normal limits. Should that occur, ATU will handle the resulting delay in a manner that is fair to both ATU and AT&T Alascom. ATU will recover from any delays in a manner that does not discriminate between customers, and that treats AT&T Alascom's customers the same as ATU's customers.

AT&T Alascom shall have the right, at reasonable intervals (but no more frequent than quarterly), to audit ATU's performance under this Agreement.

X. NUMBER PORTABILITY

ATU and AT&T Alascom agree that LEC customers will be free to change carriers and keep their telephone number for no charge. Non-facilities based resellers cause no cost for number portability. While AT&T Alascom provides service as a reseller, it will not pay any charge for number portability.

ATU and AT&T Alascom will address the issue of cost sharing for number portability when AT&T Alascom is a facilities-based provider.

XI. ACCESS TO RIGHTS OF WAY

ATU must provide non-discriminatory access to any pole, duct, conduit, or right-of-way (including fee property) owned or controlled by it. Non-discriminatory access includes any use to which ATU puts the facilities or property, including the placement of remote terminals on property owned or controlled by ATU. Access billing is to be done by ATU.

XII. DIALING PARITY

The term "dialing parity" means that a person that is not an affiliate of a local exchange carrier is able to provide telecommunications services in a manner that customers have the ability to route automatically, without the use of any access code, their telecommunications to the telecommunications

services provider of the customer's designation from among 2 or more telecommunications services providers (including such local exchange carrier).

XIII. NOTICE OF CHANGES

ATU shall provide AT&T Alascom with notice regarding any change in network or facilities (including but not limited to changes in space availability in buildings, utility corridors and vaults) that will affect AT&T Alascom's performance or ability to provide service or will affect ATU's interoperability with other service providers. Notice shall be given to the public, including AT&T Alascom, pursuant to the Regulations contained at 47 C.F.R. 51.325-335, and to AT&T Alascom individually at regularly scheduled meetings between designated engineering representatives of the parties. ATU shall give notice to AT&T Alascom of its initial election of methods under 47 C.F.R. 51.329(a) and of any changes in the method.

ATU shall provide to AT&T Alascom written notice of price changes at least five business days in advance of filing to change its tariff.

XIV. EFFECTIVE DATE AND TERM

This Interconnection Agreement shall have an immediate effective date. This Agreement shall remain in effect until amended in writing, subject to any required regulatory approval, or until modified by any regulatory agency having jurisdiction.

XV. INTERCONNECTION AGREEMENT

ATU and AT&T Alascom agree that more detail and clarity are required to effect the principles and terms agreed to in this Agreement. Neither party has ever worked under such an agreement. Inevitably, as they begin to operate under the Agreement, they will discover areas where it needs to evolve to accommodate unforeseen needs or problems. Further complicating the Agreement is the fact that it must encompass both a competitive relationship and the close cooperative working relationship required by the Customer Service provisions. For these reasons, AT&T Alascom and ATU agree that they must continue to develop this Agreement after its Effective Date.

ATU and AT&T Alascom agree that they will negotiate further terms and conditions of this Interconnection Agreement during the 180 days following the Commission's order approving it. The purpose of these negotiations will be to clarify, refine and further develop the rules, standards and procedures

for operating under this Agreement. The negotiations will not be used to reopen basic issues such as pricing.

ATU and AT&T Alascom agree that if they are unable to agree to necessary revisions to this Interconnection Agreement, that they will, during the 180 day period, seek relief under the Alternative Dispute Resolution in Section XVI of this Proposed Stipulation.

XVI. ALTERNATIVE DISPUTE RESOLUTION

AT&T Alascom and ATU agree that in the event of a dispute between them arising under this Agreement, they will submit that dispute for mediation before mediator Glenn E. Cravez. The moving party will submit to the mediator a written explanation of the problem to be solved and a proposed solution. As a threshold issue, the mediator will evaluate the written submission and determine whether the issue is material and significant and whether it is a dispute that arises under this Agreement. If the issue is found by the mediator to be material and significant and arising under this Agreement, then the mediation will be conducted according to rules and orders established by Mr. Cravez. Each mediation will be limited to 16 hours unless otherwise agreed by the parties.

If mediation fails, ATU and AT&T Alascom agree that they will submit the unresolved issue(s) to Mr. Cravez as arbitrator. The arbitration will be conducted using the last best offer methodology which was used in the development of this Agreement. The procedural rules of the arbitration will be established by Mr. Cravez. The arbitration result will be subject to review and approval by the APUC. The Commission's decision will be subject to appeal pursuant to AS 42.05.161 and the Act.

If Mr. Cravez is unwilling or unable to serve, the parties will designate a replacement and, failing agreement on a replacement, will ask the APUC to designate a replacement. Nothing in this Section XVI prohibits a party from seeking injunctive relief in Alaska Superior Court to enforce the provisions of this Agreement.

XVII. GOVERNING LAW

This Agreement shall be deemed to be a contract made under and shall be construed, and enforced in accordance with the laws of Alaska.

XVIII. NOTICES

Any notices required or permitted to be given under this Agreement shall be in writing, and shall be deemed delivered when received at the places designated below:

ATU

AT&T ALASCOM

Thomas C. Edrington
Affairs
General Manager/CEO
Anchorage Telephone Utility
600 Telephone Avenue
Anchorage, Alaska 99503

AT&T Alascom Regulatory
210 East Bluff Drive
Anchorage, Alaska 99501

IN WITNESS WHEREOF, the parties have caused this Agreement
to be executed by their respective duly authorized
representatives.

ATU

AT&T ALASCOM

Signature

Signature

Name Printed/Typed

Name Printed/Typed

Title

Title

Date

Date

N:\DAT\8549\CONNECT3.SEC