

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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In the Matter of The Request for Agency)	Docket No. 96-095-02
Action of MCImetro Access Transmission)	
Services, Inc. for Authority to Provide)	
Intrastate Telecommunications Services in)	STIPULATION TO COMPLIANCE
the State of Utah)	WITH STATUTORY FACTORS

Petitioner MCImetro Access Transmission Services, Inc. ("MCImetro") and the State of Utah Department of Commerce, Division of Public Utilities ("Division"), stipulate as follows:

1. Company Identity. MCImetro is a Delaware corporation that is authorized to do business in Utah. MCImetro's principal offices are located at 8521 Leesburg Pike, Vienna, Virginia.
2. Request for Authority. MCImetro has requested that the Public Service Commission of Utah ("Commission") grant a Certificate of Public Convenience and Necessity authorizing MCImetro to provide local exchange services and other public telecommunications services throughout the State of Utah, except within any local exchange with fewer than 5,000 access lines that is owned or controlled by an incumbent telephone corporation with fewer than 30,000 access lines within the state in accordance with Utah Code Ann. § 54-8b-2.1.
3. Evidence Supporting Stipulation. In support of its application, MCImetro has submitted the testimony of Michael Hydock, who has substantial experience in the

telecommunications industry. The company has supplemented this testimony with additional information specifically requested by the Division. This evidence amply supports the statements in this Stipulation.

4. Network Installation and Operations. MCImetro will construct a telecommunications network of fiber optic cable and facilities within Salt Lake City and surrounding areas, installed by MCImetro or obtained from others. MCImetro plans to install high reliability fiber rings using synchronous optical networks ("SONET") technology, digital switches and special application computers, software and data bases. MCImetro will interconnect its network with other local exchange carriers and interexchange carriers to bring a full range of services and calling capabilities to its customers. To the extent required, MCImetro is negotiating with local governments for franchises to construct and operate its network within those jurisdictions. MCImetro may also resell services obtained from US West Communications, Inc. ("US West") or other local exchange carriers to supplement its facilities-based services.

5. Financial Resources and Ability. MCImetro has sufficient financial resources and abilities to provide the public telecommunications services for which it has applied for a Certificate. MCImetro has a secure and sufficient source of funding for its Utah operations that will enable the company to meet projected capital and operating expenses and to implement its business plans. MCI Telecommunications Corporation ("MCIT"), the immediate parent of MCImetro, and MCI Communications Corporation, the parent of MCIT, will support MCImetro's financial commitments and obligations and are fully prepared to honor them.

6. Technical and Managerial Resources and Ability. MCImetro has sufficient technical and managerial resources and abilities to provide the public telecommunications services for which it has applied for a Certificate. MCImetro has retained the services of experienced telecommunications personnel to oversee, install and operate its Utah intrastate network. The company also will have access to the extensive managerial and technical expertise of its parent company, MCI Telecommunications Corporation, which supervises affiliates of MCImetro that provide telecommunications services, including switched local exchange services, in California, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Maryland, Massachusetts, Michigan, New York, New Jersey, North Carolina, Minnesota, Ohio, Pennsylvania, Tennessee, Oregon, Virginia, Washington and Wisconsin. MCI metro has applications pending for local exchange authority in Arizona, Missouri and Texas.

7. Competitive Services. MCImetro intends to offer a variety of intra exchange and inter exchange switched and dedicated services. All of the intrastate services initially offered by MCImetro will be subject to competition from services offered by US West and other certified local exchange providers.

8. Public Interest. The issuance of a Certificate to MCImetro to offer the public telecommunications services the company seeks to provide is in the public interest. MCImetro's service offerings will provide customers with a wider range of choices in meeting their telecommunications needs and will support the development of competition which will exert downward pressure on rates for service subject to competition and upward pressure on the quality and availability of such services. MCImetro is installing modern fiber optic technology that will enhance the telecommunications infrastructure in the State and will

provide for alternate networks in the event of damage or destruction of existing facilities. The general welfare and economy of the State will be enhanced by the increased competition that will result from MCImetro's entry into the intrastate telecommunications market.

9. Regulatory Reporting Waivers and Obligations. MCImetro, as a competitive local exchange carrier ("CLEC"), shall be required to report periodically to the Commission and the Division certain financial and operational information. The scope and nature of the information subject to such reporting, obligation to serve, and other statutory or regulatory requirements may be modified over time, as issues needing resolution arise and as competition increases in the Utah telecommunications market. MCImetro initially shall report the following information on an annual basis, should be granted statutory and regulatory waivers, and subject to service obligations as specified below:

I. Annual Report

MCImetro shall file an Annual Report, which shall be subject to a Protective Order issued by the Commission, on or before March 31 of each year, unless MCImetro requests and obtains an extension. The Annual Report shall contain the following:

- A. **Annual Revenues** from operations attributable to the State of Utah by major service categories. Such information would be provided on a "Total Utah" and "Utah Intrastate" basis. "Total Utah" will consist of the total of interstate and intrastate revenues. "Utah Intrastate" will reflect only revenues derived from intrastate tariffs, price lists, or contracts. Both Total Utah and Utah Intrastate revenues shall be reported according to at least the following classes of service: (1) private line and special access, (2) business local exchange, (3) residential local exchange, (4) measured interexchange,

and (5) vertical services. Business local exchange, residential local exchange and vertical service revenue will be reported by geographic area, to the extent feasible.

B. **Annual Expenses and Estimated Taxes** attributed to operations in the State of Utah.

C. **Year End Balances by Account for Property, Plant, Equipment, Annual Depreciation, and Accumulated Depreciation** for telecommunications investment in Utah. The Actual Depreciation Rates which were applied in developing the annual and accumulated depreciation figures shall also be shown.

D. **Financial Statements** maintained in accordance with generally accepted accounting principles in the ordinary course of business. These financial statements shall at a minimum include an income statement, balance sheet and statement of cash flows.

E. **List of Services** offered to customers and the geographic areas in which those services are offered. This list shall be current and shall be updated whenever a new service is offered or a new area is served.

F. **Number of Access Lines in Service** by geographic area, segregated between business and residential customers.

G. **Number of Messages and Minutes of Services** for measured services billed to end users.

H. **List of Officers and Responsible Contact Personnel** updated annually.

I. **Chart of Accounts.** In addition to the foregoing, MCImetro will provide its chart of accounts as existing and updated (no less than annually). MCImetro will also

work with the Division in good faith to develop a method of estimating intrastate expenses and investments.

II. Applicable Statutory Provisions and Exemptions from Statutes and Waiver of Regulations.

As a CLEC, MCI metro should be exempted from the following statutory provisions and regulations:

A. Exemptions from Title 54

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|-----------------|----|----------------------------------|
| 54-3-8, 54-3-19 | -- | Prohibitions of discrimination |
| 54-7-12 | -- | Rate increases or decreases |
| 54-4-21 | -- | Establishment of property values |
| 54-4-24 | -- | Depreciation rates |
| 54-4-26 | -- | Approval of expenditures |

B. Waivers Regulations

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|------------------|----|--|
| R746-340-2(D) | -- | Uniform System of Accounts (47 CFR 32) |
| R746-340-2(E)(1) | -- | Tariff filings required |
| R746-340-2(E)(2) | -- | Exchange Maps |
| R746-341 | -- | Lifeline ¹ |
| R746-344 | -- | Rate case filing requirements |
| R746-401 | -- | Reporting of construction, acquisition and disposition of assets |
| R746-405 | -- | Tariff formats |

¹ This regulation would be waived only until the Commission establishes Lifeline rules that may include MCI metro or until MCI metro begins to provide residential local exchange service.

III. Obligations with Respect to Provision of Services.

MCImetro agrees to provide service within specified geographical areas upon reasonable request and subject to the following conditions:

- A. MCImetro's obligation to furnish service to customers is dependent on the availability of suitable facilities on its network at company designated locations. MCImetro will provide a network route map identifying such locations initially and as MCImetro expands its service. The network route map will be updated no less frequently than annually.
- B. MCImetro will only be responsible for the installation, operation, and maintenance of its own facilities through which it provides service.
- C. MCImetro will furnish service if it is able to obtain, retain and maintain suitable access rights and facilities, without unreasonable expense, and to provide for the installation of those facilities required incident to the furnishing and maintenance of that service.
- D. At its option, MCImetro may require payment of construction or line extension charges by the customer ordering telephone service. Such charges will be in addition to the normal rates and charges applicable to the service being provided.
- E. Where potential customers are so located that it is necessary or desirable to use private and/or government right-of-way to furnish service, such potential customers may be required, at MCImetro's option, to provide or pay the cost of

providing such right-of-way in addition to any other charges. All construction of facilities will be undertaken at the discretion of MCImetro, consistent with budgetary responsibilities and consideration for the impact on MCImetro's other customers and contractual responsibilities.

IV. Modification

It is anticipated that to the extent such requirements impact competitive entry or impact effective competition that they will be subject to the rulemaking requirements of Utah Code Ann. § 54-8b-2.2 and that the provisions set forth herein shall be superseded by any such rule adopted by the Commission.

Dated this 16th day of December, 1996.

MCIMETRO TRANSMISSION ACCESS SERVICES, INC.

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UTAH DIVISION OF PUBLIC UTILITIES

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