

THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Consideration of
BellSouth Telecommunications,
Inc.'s entry into interLATA
services pursuant to Section 271
of the Federal Telecommunications
Act of 1996.

DOCKET NO. 960786-TL
ORDER NO. PSC-97-1459-FOF-TL
ISSUED: November 19, 1997

The following Commissioners participated in the disposition of
this matter:

JULIA L. JOHNSON, Chairman
J. TERRY DEASON
SUSAN F. CLARK
DIANE K. KIESLING
JOE GARCIA

APPEARANCES:

Robert G. Beatty, Esquire, and Nancy B. White, Esquire,
150 South Monroe Street, Suite 400, Tallahassee, Florida
32301, and
William J. Ellenberg, II, Esquire, and J. Phillip Carver,
Esquire, 675 West Peachtree Street, Suite 4300, Atlanta,
Georgia, 30375, and
John R. Marks, III, Esquire, Knowles, Marks & Randolph,
P.A., 528 East Park Avenue, Tallahassee, Florida 32301
On behalf of BellSouth Telecommunications, Inc.
(BELLSOUTH)

Floyd R. Self, Esquire, and Norman H. Horton, Jr.,
Esquire, Messer, Caparello, & Self, P.A., Post Office Box
1876, Tallahassee, Florida 32302-1876
On behalf of American Communications Services of
Jacksonville, Inc. (ACSI)

Marsha E. Rule, Esquire, and Tracy Hatch, Esquire, 101
North Monroe Street, Suite 700, Tallahassee, Florida
32301
On behalf of AT&T Communications of the Southern States,
Inc. (AT&T)

DOCUMENT NUMBER-DATE

11883 NOV 19 97

FPSC-RECORDS/REPORTING

ORDER NO. PSC-97-1459-FOF-TL
DOCKET NO. 960786-TL
PAGE 2

Joseph A. McGlothlin, Esquire, and Vicki Gordon Kaufman, Esquire, McWhirter, Reeves, McGlothlin, Davidson, Rief & Bakas, P.A., 117 South Gadsden Street, Tallahassee, Florida 32301

On behalf of **Florida Competitive Carriers Association (FCCA)**

Laura L. Wilson, Esquire, and Charles F. Dudley, Esquire, 310 North Monroe Street, Tallahassee, Florida 32301

On behalf of **Florida Cable Telecommunications Association (FCTA)**

Patrick K. Wiggins, Esquire, and Donna L. Canzano, Esquire, 501 East Tennessee Street, Suite B, Tallahassee, Florida 32302

Jonathan E. Canis, Esquire, and Enrico C. Soriano, Esquire, Kelley Drye & Warren LLP, 1200 19th Street N.W., Suite 500, Washington, D.C. 20036

On behalf of **Intermedia Communications Inc. (INTERMEDIA)**

Richard D. Melson, Esquire, Hopping, Green, Sams & Smith, Post Office Box 6526, Tallahassee, Florida 32314, and Thomas K. Bond, Esquire, 780 Johnson Ferry Road, Suite 700, Atlanta, GA 30342

On behalf of **MCI Telecommunications Corporation (MCI)**

Floyd R. Self, Esquire, and Norman H. Horton, Esquire, Messer, Caparello & Self, P.A., Post Office Box 1876, Tallahassee, Florida 32302-1876 and

Richard M. Rindler, Esquire and Morton Posner, Esquire, Swidler & Berlin, Chartered, 3000 K. Street, N.W., Suite 300, Washington, DC 20007

On behalf of **Metropolitan Fiber Systems of Florida, Inc., and WorldCom, Inc. (WORLDCOM)**

ORDER NO. PSC-97-1459-FOF-TL
DOCKET NO. 960786-TL
PAGE 3

C. Everett Boyd, Jr., Esquire, Ervin, Varn, Jacobs & Ervin, Post Office Drawer 1170, Tallahassee, Florida 32302, and
Benjamin W. Fincher, Esquire, 3100 Cumberland Circle, Atlanta, Georgia 30339
On behalf of Sprint Communications Company Limited Partnership and Sprint Metropolitan Networks, Inc. (SPRINT/SMNI)

Kenneth A. Hoffman, Esquire, and William B. Willingham, Esquire, Rutledge, Ecenia, Underwood, Purnell & Hoffman, P.A., Post Office Box 551, Tallahassee, Florida 32302, and
Michael McRae, Esquire, Teleport Communications Group, Inc., 2 Lafayette Center, 1133 21st Street, N.W., Suite 400, Washington, D.C. 20036
On behalf of Teleport Communications Group, Inc. (TCG)

Peter M. Dunbar, Esquire, and Robert S. Cohen, Esquire, Pennington, Moore, Wilkinson, & Dunbar, P.A., Post Office Box 10095, Tallahassee, Florida 32302-3533
On behalf of Time Warner AxS of Florida, L.P. and Digital Media Partners (TIME WARNER)

Monica M. Barone, Esquire, Beth Culpepper, Esquire, and Charles J. Pellegrini, Esquire, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
On behalf of the Commission Staff.

FINAL ORDER ON BELLSOUTH TELECOMMUNICATIONS, INC.'S
PETITION FILED PURSUANT TO SECTION 271(C) OF THE
TELECOMMUNICATIONS ACT OF 1996

AND

PROPOSED AGENCY ACTION

ORDER ON STATEMENT OF GENERALLY AVAILABLE TERMS AND CONDITIONS

BY THE COMMISSION:

TABLE OF CONTENTS

	<u>Page(s)</u>
ACRONYMS.....	8
I. INTRODUCTION.....	12
II. BACKGROUND.....	12
III. COMPLIANCE WITH SECTION 271(c) (1) (A).....	15
A. Introduction.....	15
B. Existence of One or More Binding Agreements That Have Been Approved Under Section 252.....	16
C. Provision of Access and Interconnection to Unaffiliated Competing Providers of Telephone Exchange Service.....	16
1. Provision of Access and Interconnection.....	17
2. Fully Implemented Checklist.....	22
3. Competing Provider.....	25
4. Competitive Threshold.....	26
5. Combination of Customer Classes.....	28
D. Conclusion.....	29
IV. COMPLIANCE WITH SECTION 271(c) (1) (B).....	31
A. Introduction.....	31
B. Requests from Unaffiliated Competing Providers for Access and Interconnection.....	32
C. Status of Statement of Generally Available Terms and Conditions.....	35
V. SECTION 271(c) (1) (A), SECTION 271(c) (1) (B) AND THE SGAT.....	35

VI. CHECKLIST COMPLIANCE

A. Interconnection in Accordance with Sections 251(c) (2) and 252(d) (1), Pursuant to Section 271(c) (2) (B) (i).....	41
1. Introduction.....	42
2. Collocation.....	47
3. Network Blockage & End Office Trunking.....	48
4. Local Tandem Interconnection.....	53
5. Two Way Trunking & Percent Local Usage Factor.....	54
6. Confirmation of SS7 Signaling Transfer Point Code Activation.....	54
7. Provision of Carrier Identification Codes.....	55
8. Provision of Meet Point Billing Data.....	56
9. Conclusion.....	56
10. Additional Concerns with the SGAT.....	61
B. Nondiscriminatory Access to Network Elements in Accordance with Sections 251(c) (3) and 252(d) (1), Pursuant to Section 271(c) (2) (B) (ii)...	62
1. Description of Requirements and Functions....	62
2. Status of Provisioning of Service.....	66
3. Discussion of Alleged Problems.....	67
a. UNES.....	67
b. UNE Summary.....	75
c. OSS-Related Problems: Pre-Ordering.....	77
d. Pre-Ordering Summary.....	81
e. OSS-Related Problems: Ordering and Provisioning.....	83
f. Ordering and Provisioning Summary.....	92
g. Maintenance and Repair.....	94
h. Maintenance and Repair Summary.....	95
i. Billing.....	96
j. OSS Summary.....	96
4. Conclusion.....	98
C. Nondiscriminatory Access to Poles, Ducts, Conduits and Rights-of-Ways in Accordance with Section 224, Pursuant to Section 271(c) (2) (B) (iii).....	98

	<u>Page (s)</u>
D. Unbundled Local Loop Transmission Pursuant to Section 271(c) (2) (B) (iv).....	100
E. Unbundled Local Transport Pursuant to Section 271(c) (2) (b) (v).....	104
F. Unbundled Local Switching Pursuant to Section 271(c) (2) (b) (vi).....	108
G. Nondiscriminatory Access to 911 and E911 Services, Directory Assistance Services and Operator Call Completion Services Pursuant to Section 271(c) (2) (B) (vii).....	112
1. 911 and E911.....	112
2. Directory Assistance.....	113
3. Operator Call Completion.....	117
4. Conclusion	119
H. Provision of White Pages Directory Listings Pursuant to Section 271(c) (2) (B) (viii).....	119
I. Nondiscriminatory Access to Telephone Numbers Pursuant to Section 271(c) (2) (B) (ix).....	124
J. Nondiscriminatory Access to Databases and Associated Signaling Pursuant to Section 271(c) (2) (B) (x).....	127
1. Description of Services.....	127
2. Status of Provision of Services.....	130
3. Conclusion.....	138
K. Provision of Number Portability Pursuant to Section 271(c) (2) (B) (xi).....	139
L. Provision of Local Dialing Parity Pursuant to Section 271(c) (2) (B) (xii).....	145

Page (s)

M.	Provision of Reciprocal Compensation Arrangements Pursuant to Section 271(c) (2) (B) (xiii).....	148
N.	Provision of Telecommunications Services for Resale in Accordance with Sections 251(c) (4) and 252(d) (3), Pursuant to Section 271(c) (2) (B) (xiv).....	152
	1. Introduction.....	152
	2. Status of Provisioning of Service.....	152
	3. Discussion of Alleged Problems.....	153
	a. OSS-Related Problems: Pre-Ordering.....	153
	b. Pre-Ordering Summary.....	156
	c. OSS-Related Problems: Ordering and Provisioning.....	158
	d. Ordering and Provisioning Summary.....	166
	e. Maintenance and Repair.....	168
	f. Maintenance and Repair Summary.....	169
	g. Billing.....	170
	h. Billing Summary.....	171
	i. Specific Resale Related Problems.....	171
	4. Conclusion.....	173
VII.	PERFORMANCE STANDARDS FOR UNES AND RESALE SERVICES.....	176
	A. Introduction.....	176
	B. BellSouth's Performance Target Intervals and the SPC.....	179
	C. The LCUG.....	183
	D. Conclusion.....	185
VIII.	INTRALATA TOLL DIALING PARITY.....	186
IX.	BELLSOUTH'S STATEMENT OF GENERALLY AVAILABLE TERMS AND CONDITIONS.....	187
X.	CONCLUSION.....	194

ACRONYMS

ACSI	American Communications Services, Inc., American Communications Services of Jacksonville Inc.
AIN	Advanced Intelligence Network
ALEC	Alternative Local Exchange Carrier
ALI/DMS	Automatic Location Identification/Data Management System
AT&T	AT&T Communications of the Southern States, Inc.
BAPCO	BellSouth Advertising and Publishing Company
BOC	Bell Operating Company
BellSouth/BellSouth	BellSouth Telecommunications, Inc
CABS	Carrier Access Billing System
CGI	Common Gateway Interface
CSR	Customer Service Record
CWA	Communications Workers of America
DA	Directory Assistance
DOE	Direct Order Entry
DOJ	Department of Justice
DSAP	Direct Order Entry Support Application Program
EBI	Electronic Bonding Interface
ECG	Electronic Communications Gateway

EDI	Electronic Data Interchange
EDI-PC	Electronic Data Interchange- Personal Computer
EXACT	Exchange Access Control and Tracking System
FCC	Federal Communications Commission
FCCA	Florida Competitive Carriers Association
FCTA	Florida Cable Television Association
FID	Field Identifier
FOC	Firm Order Confirmation
FPSC	Florida Public Service Commission
FUEL	FID, USOC, and Edit Library
ICI	Intermedia Communications of Florida, Inc.
ILEC	Incumbent Local Exchange Carrier
ISP	Information Service Provider
ISDN	Integrated Services Digital Network
IXC	Interexchange Carrier
LCSC	Local Carrier Service Center
LENS	Local Exchange Navigation System
LEO	Local Exchange Ordering
LESOG	Local Exchange Service Order Generator
LIDB	Line Information Database

LRIC	Long Run Incremental Cost
LSR	Local Service Request
LTR	Local Transport Restructure
MAC	Move, add, or change order
MCI	MCI Metro Access Transmission Services, Inc. & MCI Telecommunications Corporation
MFS	Metropolitan Fiber Systems of Florida, Inc.
OSS	Operational Support Systems
PCS	Preferred Carrier Services, Inc.
RBOC	Regional Bell Operating Company
RNS	Regional Negotiation System
SCE	Service Creation Environment
SCP	Signaling Control Point
SGAT	Statement of Generally Available Terms and Conditions
SMS	Service Management System
SOCS	Service Order Control System
SOLAR	Service Order Layout Assembly Routine
SONGS	Service Order Negotiation System
Sprint/SMNI	Sprint Communications Company Limited Partnership/Sprint Metropolitan Network, Inc.
SS7	Signaling System 7
STP	Signaling Transfer Point

STS	Shared Tenant Services
TA96/ACT	Telecommunications Act of 1996
TCAP	Transaction Capability Application Part
TAFI	Trouble Analysis Facilitation Interface
TCG	TCG of South Florida
TELRIC	Total Element Long Run Incremental Cost
Time Warner	Time Warner AxS of Florida, L.P./Time Warner Connect
TR	Transcript
TRA	Telecommunications Resellers Association
TSLRIC	Total Service Long Run Incremental Cost
UNE	Unbundled Network Element
USOC	Uniform Service Order Code
WorldCom	WorldCom, Inc.

I. INTRODUCTION

Part II of the Federal Telecommunications Act of 1996 (the Act), P.L. 104-104, 104th Congress 1996, provides for the development of competitive markets in the telecommunications industry. Part III of the Act establishes special provisions applicable to the Bell Operating Companies (BOCs). In particular, BOCs must apply to the FCC for authority to provide interLATA service within their in-region service areas. The FCC must consult with the Attorney General and the appropriate state commission before making a determination regarding a BOC's entry into the interLATA market. See Subsections 271(d)(2)(A) and (B). With respect to state commissions, the FCC is to consult with them to verify that the BOC has complied with the requirements of Section 271(c) of the Act.

Before we address the specific requirements of Section 271(c), we note that a number of complaints have been lodged against BellSouth in this proceeding. We do address or recognize the various disputes surrounding these complaints raised throughout our analysis contained herein. We caution the parties, however, that a Section 271 proceeding is not the appropriate forum to resolve disputes or complaints. We believe BellSouth and the ALECs should first seek to resolve disputes between themselves and according to the terms of their agreements. They should document their attempts to resolve disputes, and if they are unable to resolve them, either party may file a complaint with this Commission if their agreement contemplates such an action. We believe this process is necessary so that the 271 application process does not continue indefinitely.

II. BACKGROUND

On June 28, 1996, we opened this docket to begin to fulfill our consultative role on the eventual application of BellSouth Telecommunications, Inc. for authority to provide in-region interLATA service. The following entities intervened in the proceeding: American Communications Services of Jacksonville, (ACSI); AT&T Communications of the Southern States (AT&T); the Florida Competitive Carriers Association (FCCA); Florida Cable Telecommunications Association (FCTA) Intermedia Communications, Inc. (ICI); MCI Telecommunications Corporation (MCI); Metropolitan Fiber Systems of Florida, Inc., and WorldCom, Inc. (WorldCom); Preferred Carrier Services, Inc., (PCS); Sprint Communications Company Limited Partnership and Sprint Metropolitan Networks, Inc., (Sprint/SMNI); Telecommunications Resellers Association, (TRA);

ORDER NO. PSC-97-1459-FOF-TL
DOCKET NO. 960786-TL
PAGE 13

Teleport Communications Group, Inc., (TCG), Time Warner AxS of Florida, L.P. and Digital Media Partners (Time Warner) and the Communications Workers of America (CWA). Eventually, PCS, TRA and Time Warner withdrew from the docket. They, as well as CWA, did not file posthearing statements or briefs on the issues.

On July 19, 1996, Order No. PSC-96-0945-PCO-TL, was issued to establish a tentative list of issues to be determined in this proceeding. The issues tracked the language of Section 271(c)(1)(A), Track A, 271(c)(1)(B), Track B, and 271(c)(2)(B), also known as the competitive checklist.

On November 13, 1996, AT&T, MCI, WorldCom and FCCA filed a Joint Motion for Advance Notice of Filing. The movants requested that we order BellSouth to provide 120 days advance notice of its intent to apply to the FCC for interLATA authority. The movants also requested that we order BellSouth to include at the time it provided its notice all evidence, including prefiled testimony and exhibits, upon which BellSouth intended to rely in response to the issues identified in Order No. PSC-96-0945-PCO-TL. BellSouth filed its response in opposition to the Motion on November 21, 1996. We denied the Joint Motion by Order No. PSC-97-0081-FOF-TL, issued on January 27, 1997.

On December 6, 1996, the FCC issued a Public Notice, FCC 96-469, Procedures for Bell Operating Company Applications Under New Section 271 of the Communications Act. In that Notice, the FCC stated that it would require the state commission to file its written consultation with the FCC not later than approximately 20 days after the issuance of the Initial Public Notice. The FCC also set out specific requirements for BOC applications.

On May 27, 1997, FCCA, AT&T and MCI filed a Joint Motion For Advance Ruling on BellSouth's Ineligibility for "Track B" and to Delete Portion of Issue 1. BellSouth filed its response in opposition on June 9, 1997. We denied the Motion by Order No. PSC-97-0915-FOF-TL, issued on August 4, 1997.

On June 12, 1997, Order No. PSC-97-0703-PCO-TL, Second Order Establishing Procedure, was issued. That Order established the hearing schedule in the case and required BellSouth to submit specific documentation in support of its Petition, which was scheduled to be filed on July 7, 1997. On July 2, 1997, Order No. PSC-97-0792-PCO-TL, Order Modifying Procedural Schedule, was issued. That Order set out additional issues to be addressed.

ORDER NO. PSC-97-1459-FOF-TL
DOCKET NO. 960786-TL
PAGE 14

On July 7, 1997, BellSouth filed its Petition and supporting documentation. BellSouth filed the direct testimony and exhibits of 5 witnesses and a draft Statement of Generally Available Terms and Conditions (SGAT). The intervenors filed their testimony on July 17, 1996, and all parties filed rebuttal testimony on July 31, 1997.

On July 25, 1997, Time Warner filed a Motion to Dismiss or in the Alternative for Abatement of BellSouth Telecommunications' Application for InterLATA relief. BellSouth filed its response in opposition to Time Warner's Motion on August 1, 1997. We denied Time Warner's Motion by Order No. PSC-97-1031-PCO-TL, issued on August 27, 1997.

The hearing on BellSouth's Petition began on September 2, 1997, and ended on September 10, 1997. At the commencement of the hearing, we denied BellSouth's Motion to Reconsider Order No. PSC-97-1038-PCO-TL, in which the Prehearing Officer granted FCCA's Motion to Compel certain discovery responses. We also denied the Joint Motion to Strike the Draft Statement of Generally Available Terms or in the Alternative Sever the Proceeding, filed by FCCA, AT&T, ACSI, WorldCom, MCI and ICI.

At the conclusion of the hearing, BellSouth stated that it would file the final version of the SGAT, which would mirror the draft filed on August 25, 1997, as late-filed exhibit number 125. It also stated that it would file an additional copy of the final version to begin the 60 day review process contemplated by Section 252(f) of the Act. On September 11, 1997, BellSouth filed late-filed exhibit number 125. On September 17, 1997, AT&T filed its objection to exhibit 125 stating that it did not mirror the August 25, 1997 version. BellSouth responded by filing another version of late-filed exhibit 125 on September 18, 1997. This version did mirror the August 25, 1997 draft. Since the official version of the SGAT was filed after the record was closed, however, we considered the August 25, 1997, draft in our findings within the context of the 271 proceeding. When BellSouth filed the official version on September 18, 1997, the 60 day review period contemplated by Section 252(f) of the Act began. Therefore, we also address the official version in this Order. Our action on the official SGAT, however, is proposed agency action since it was filed after the close of the hearing on BellSouth's Petition.

Having considered the evidence presented at hearing and the posthearing briefs of the parties, our findings on whether

BellSouth has met the requirements of Section 271(c) are set forth herein. Specifically, we find that BellSouth is not eligible to proceed under Track B at this time, because it has received qualifying requests for interconnection that if implemented would meet the requirements of Section 271(c)(1)(A), also known as Track A. Our evaluation of the record on whether BellSouth meets the requirements of Section 271(c)(1)(A) indicates that while there is a competitive alternative in the business market, there is not sufficient evidence at this time to determine whether there is a competitive alternative in the residential market. Thus, it appears based on the evidence in this record that BellSouth does not meet all of the requirements of Section 271(c)(1)(A) at this time. We also find that BellSouth has met checklist items 3,4,8,9,10,11,12,13, and the majority of checklist item 7. BellSouth has not met the requirements of checklist items 1,2,5,6, and 14. BellSouth has met the requirements of several checklist items in this proceeding, and therefore may not be required to relitigate those issues before us in a future proceeding. We do find, however, that when BellSouth refiles its 271 case with us, it must provide us with all documentation that it intends to file with the FCC in support of its application. Finally, we find that we cannot approve BellSouth's SGAT at this time as discussed more fully below.

III. COMPLIANCE WITH SECTION 271(c)(1)(A)

A. Introduction

Section 271(c)(1)(A) states that a BOC meets the requirements of this subparagraph if it has: 1) entered into one or more binding agreements; 2) that have been approved under Section 252, specifying the terms and conditions under which; 3) the company is providing access and interconnection to its network facilities for the network facilities of one or more unaffiliated competing providers of telephone exchange service; 4) to residential and business subscribers for a fee; and 5) which service is offered either over the competitors' own telephone exchange service facilities or predominantly over their own telephone exchange service facilities in combination with the resale of the telecommunications services of another carrier.

B. Existence of One or More Binding Agreements That Have Been Approved Under Section 252

Section 271(c)(1)(A) requires BellSouth to have entered into binding interconnection agreements that have been approved by the Florida Commission. BellSouth asserts that as of May 30, 1997, it has entered into 55 local interconnection agreements in Florida, which for the most part have been approved by this Commission. It is undisputed by all of the parties in this proceeding that BellSouth has entered into one or more binding agreements with unaffiliated providers that have been approved under Section 252 of the Act.

Upon consideration, we agree the record in this proceeding demonstrates that BellSouth has entered into one or more binding agreements in Florida with unaffiliated competing providers that have been approved under Section 252 of the Act. As of August 6, 1997, BellSouth had entered into 29 negotiated interconnection agreements in Florida that had been approved by this Commission pursuant to Section 252 of the Act. In addition, BellSouth had entered into arbitrated interconnection agreements in Florida with MCI, MFS, AT&T, and Sprint that have been approved by this Commission pursuant to Section 252 of the Act. Furthermore, we note that the MCI and AT&T arbitrated agreements contain all of the checklist items. We discuss whether BellSouth has "fully implemented" each of the checklist items in Part VI of this Order.

C. Provision of Access and Interconnection to Unaffiliated Competing Providers of Telephone Exchange Service

This portion of Section 271(c)(1)(A) requires BellSouth to provide access and interconnection to unaffiliated competing providers of telephone exchange service to business and residential consumers. A number of parties in this proceeding argue that there are no "competing providers" in Florida as required by Section 271(c)(1)(A). BellSouth asserts that it is provisioning network elements and network functions to facilities-based competitors in Florida, thereby satisfying this portion of Section 271(c)(1)(A). BellSouth also argues that the Act does not require that a particular volume of customers be served. Witness Varner asserts that Section 271(c)(1)(A) does not require that competing carriers provide service to more than one residential and one business customer in order to satisfy the Track A requirement. BellSouth asserts that the Act requires only that it provide interconnection

and access to one or more facilities-based providers that, taken together, serve at least one residential and one business customer. The competing carriers in this proceeding assert that a certain threshold level of competition must exist before a BOC enters the interLATA market.

1. Provision of Access and Interconnection

BellSouth asserts that eight facilities-based ALECs; MediaOne, MCI Metro, MFS, National Tel, ICI, Sprint, TCG and Time Warner, have established local interconnection between their networks and BellSouth's network in Florida as of May 15, 1997. In addition, BellSouth contends that each of these ALECs has also completed requests for BellSouth to provide retail services at a wholesale discount in order to provide services to their business and residential customers on a resold basis. BellSouth also contends that it has received and processed requests for interim number portability for numbers that were formerly served by BellSouth as residential customers and has received reports of facilities-based ALEC marketing efforts in the multi-family dwelling unit (MDU) sector of the Florida residential market. Although BellSouth contends that it does not have the information to determine conclusively if any of these ALECs are actually providing service to residential or business customers, it believes that these carriers have the ability to provide telephone exchange service to residential and business subscribers.

BellSouth also contends that it is provisioning network elements and network functions to facilities-based competitors in Florida. Witness Varner asserts that the network elements that are being provided to competing providers in Florida include 7,612 interconnection trunks, 7 switch ports, and 1,085 loops. In addition, witness Varner contends there are 7 physical collocation arrangements in progress, 34 virtual collocation arrangements completed and 24 additional virtual collocation arrangements in progress. BellSouth also asserts that it has 9 license agreements for poles, ducts and conduits/rights of way, 277 ALEC trunks terminating to BellSouth directory assistance, 911 and intercept services, 11 verification and inward trunks, and 31 ALEC trunks to BellSouth for operator services.

BellSouth also provided a breakdown, by entity, of the network elements and network functions requested in Florida. While this information is proprietary, the various parties verified the accuracy of the information at hearing. We note, however, that the quantity of network elements and network functions provided by BellSouth in Exhibit 2 in this proceeding, which was verified by the parties, differs from that provided by BellSouth in witness Varner's testimony.

BellSouth believes there is no question that this portion of the Act is satisfied as to business customers. BellSouth asserts that there are at least five interconnectors providing service to business customers which meet this requirement. BellSouth also asserts that there are currently at least two facilities-based providers that are serving residential customers. BellSouth believes that based on a response provided by FCTA, MediaOne is serving residential customers in two different local markets in Florida. BellSouth states that it is aware of two cable companies providing business and residential customers service over their own facilities; however, it is unable to provide any estimates of the total facility-based customers being served by these companies. In addition, BellSouth asserts that TCG is providing facilities-based service to one provider that is, in turn, providing this service to residential subscribers. While BellSouth believes that there is sufficient evidence that facilities-based providers have interconnection agreements with BellSouth and are providing service to residential customers, AT&T contends that there is no evidence in the record to support witness Varner's assertion that these carriers are providing service to residential customers.

TCG witness Kouroupas testified that TCG is a facilities-based ALEC that is currently operating in Florida. TCG has deployed a network consisting of about 380 route miles of fiber optic cable throughout the Southeast Florida LATA, including the installation of a switch in Miami. TCG contends that it provides local exchange service to under 500 business customers either entirely over its own facilities or in part through the use of TCG's own facilities and unbundled elements that TCG has purchased from BellSouth. While witness Kouroupas asserts that TCG does not have tariffed residential service and does not provide residential service in the traditional sense, witness Kouroupas asserts that TCG sells services to resellers and shared tenant service providers who may,

in fact, be providing residential service. In fact, witness Kouroupas testified that at least one STS provider is purchasing service from TCG and is, in turn, reselling it to residential subscribers. We note, however, that there is no additional evidence in this proceeding to confirm if one or more residential subscribers are actually being provided service. Witness Kouroupas also testified that TCG is not offering service through the resale of BellSouth's telecommunications service.

BellSouth argues that the provision of residential service by an ALEC to subscribers through a downstream reseller satisfies the requirements of Track A. We agree. Through the use of facilities owned by TCG, it appears that local exchange service is either being provided to residential subscribers or is intended to be provided to residential subscribers. We do not believe that the existence of a reseller between TCG and the residential subscriber changes this. Furthermore, if the existence of a reseller causes BellSouth not to be compliant with Section 271(c)(1)(A), then any provider could conceivably serve residential subscribers with its own facilities through the use of a reseller, thereby avoiding a scenario that would ultimately satisfy Track A. Thus, we believe that the provision of residential service by an ALEC through a downstream reseller may satisfy the requirement of Track A. Based on the evidence in this proceeding, however, we are unable to confirm if one or more residential subscribers are actually being served by a competing provider, or if residential subscribers are paying for service. Therefore, while we agree that BellSouth is providing access and interconnection to TCG, we cannot determine whether TCG is a "competing provider" of local service to residential subscribers.

FCTA asserts that BellSouth is providing access and interconnection to MediaOne; however, it is pursuant to an interconnection agreement approved under Section 364.162, Florida Statutes, not pursuant to Section 252 of the Act. FCTA also contends that if BellSouth is relying on the MediaOne agreement to satisfy Section 271(c)(1)(A), it does not address all of the 14 checklist items. BellSouth witness Varner testified that the MediaOne agreement has not been implemented to the extent that all 14 checklist items have been addressed. The current agreement that BellSouth has entered into with MediaOne meets all of the checklist items with the exception of checklist item 3. As discussed below,

however, we do not believe that Section 271(c)(1)(A) requires that each interconnection agreement contain all elements of the competitive checklist to be a binding agreement. We believe a combination of interconnection agreements can be used to satisfy the requirements of Track A. Accordingly, FCTA's argument on this point is without merit.

FCTA asserts that MediaOne is currently providing residential service over its own facilities to fewer than 35 subscribers in the city of Plantation, Florida. These residential subscribers have to date not been assessed a fee for their local telephone exchange service. FCTA contends that MediaOne is also currently providing business service to fewer than 10 subscribers with fewer than 2,000 subscriber lines as of July, 1997. FCTA asserts that these business subscribers are all assessed a fee for their local telephone exchange service. The total billings for each month May-June, 1997 were less than \$90,000 a month for local business telephone exchange service.

Upon consideration, we are unable to determine whether MediaOne's residential offering is a test or whether MediaOne intends to expand its service offering to additional residential subscribers. While BellSouth asserts it believes that MediaOne's offering involves customers who are actually getting service, witness Varner testified that he has no personal knowledge whether MediaOne has billing systems in place to charge for local exchange service. Furthermore, MediaOne's agreement with BellSouth was negotiated pursuant to state law, rather than Section 252 of the Act. There is no Commission order approving it pursuant to Section 252. Therefore, it is not clear whether there is a binding agreement upon which BellSouth may rely to satisfy Section 271(c)(1)(A).

ICI asserts that BellSouth cannot satisfy Track A, because it has not demonstrated that operational facilities-based competing providers of telephone exchange service now serve residential and business customers in Florida beyond a *de minimis* level. While ICI asserts that it is currently providing local exchange service to business customers in Florida either exclusively over its own facilities or in combination with UNEs purchased from BellSouth, witness Strow testified that ICI is only serving residential customers through resale. Witness Strow testified that ICI

provides telephone exchange service in the major metropolitan areas in Florida, including Miami, Fort Lauderdale, West Palm Beach, Tampa, St. Petersburg, Clearwater, Jacksonville, and the Orlando area. ICI currently has its own switches in Miami, Clearwater, Jacksonville, and Orlando.

Sprint also asserts that it is currently providing local exchange service to business customers in Florida, either exclusively over its own facilities or in combination with UNEs purchased from BellSouth. Sprint is a facilities-based ALEC with its own central office switch and a limited fiber optic backbone network. Witness Cloz testified that Sprint is focused primarily on serving business customers in the metropolitan Orlando area. While Sprint does not currently serve residential customers through its own facilities or resale, witness Cloz testified that Sprint has plans to serve residential customers in the future. Witness Cloz, however, was unable to state when that would occur.

While ACSI, LCI, and MFS have requested UNEs from BellSouth, they are not currently providing local exchange service to business or residential customers in Florida exclusively over their own facilities or in combination with UNEs purchased from BellSouth. Witness Falvey and witness Kinkoph testified, however, that ACSI and LCI, are providing service to business customers through resale.

MCI asserts that it has an interconnection agreement with BellSouth under which BellSouth is providing some interconnection. MCI contends that BellSouth is not providing access and interconnection in compliance with its agreement or with the Act. MCI is a facilities-based ALEC with local switches located in Miami, Orlando, Tampa, and Ft. Lauderdale. MCI asserts that it is currently serving a number of business customers either exclusively over its own facilities or in combination with UNEs purchased from BellSouth. MCI is currently not serving any residential customers either exclusively or predominantly over its own telephone exchange service facilities in Florida. MCI ordered an unbundled network element combination to provide residential service to a MCI employee on a test basis in Jacksonville; however, MCI has not charged a fee for this service, since it is a test. MCI also asserts it is conducting a residential resale test in Florida

utilizing approximately 60 of its employees, and a business resale test utilizing a few of its own business offices.

AT&T asserts that it is clear from the record that BellSouth is providing some form of access and interconnection to some carriers. AT&T contends that it is not currently providing local exchange service to business or residential customers in Florida exclusively over its own facilities or in combination with UNEs purchased from BellSouth. AT&T has ordered UNEs from BellSouth and is in the process of performing a concept test on the provision of local exchange service utilizing four AT&T employees. FCCA asserts that while BellSouth is providing some level of interconnection, it is primarily on a small test basis with many problems; thus, it does not meet the Act's requirements. AT&T notes that the FCC's analysis in the Ameritech Order focused more on the nature and level of competition rather than the quality of interconnection. AT&T maintains, however, that BellSouth is not "providing access and interconnection to its network facilities from the network facilities of such competing providers" in Florida, because the nature and level of competition is insufficient. AT&T asserts that because BellSouth did not specify the interconnection agreements upon which it relies to meet the requirements in Section 271(c)(1)(a), it is difficult to analyze this case in a manner similar to the analysis conducted by the FCC in the Ameritech case.

2. "Fully Implemented" Checklist

The competitors argue that Section 271(c)(1)(A) provides that BellSouth's entry into the interLATA market may not occur absent the presence of at least one or more interconnection agreements with a facilities-based local competitor that implements the Act's competitive checklist. MCI asserts that Section 271(c)(1)(A) requires the BOC to "provide" and "fully implement" each of the fourteen checklist items. MCI further asserts that Section 271(c)(2) requires that a BOC requesting entry under Track A must show that it is actually "providing access and interconnection pursuant to one or more agreements described in paragraph (1)(A)." FCTA and MCI refer to Section 271(d)(3)(A)(I), which requires full implementation of the competitive checklist, and contend that the Act precludes BellSouth from entering the interLATA market under Track A unless it has "fully implemented" all the items in the

competitive checklist. FCTA and MCI assert that the burden of proof on all factual issues lies with BellSouth, and BellSouth has failed to demonstrate that all items in the competitive checklist are fully implemented in accordance with the Act's requirements.

FCTA argues that to satisfy the requirements of Section 271(c)(2)(B), BellSouth must demonstrate that prices for checklist items are based on cost studies conducted in accordance with FCC standards. We recognize that interim rates do exist in some of the agreements that BellSouth has entered into with competitors in Florida. While we also agree that BellSouth must demonstrate that the prices for the checklist items are cost based, we find that for purposes of satisfying Track A, FCTA's argument is without merit. As mentioned earlier, we agree with the FCC's conclusion that Section 271(c)(1)(A) does not require that each agreement contain permanent cost-based prices for all terms of the competitive checklist to be considered a "binding agreement." Therefore, for the reasons stated above, we find that BellSouth has satisfied this portion of Section 271(c)(1)(A).

MFS, ICI and ACSI assert that BellSouth is not providing the access and interconnection required by the Act, because to BellSouth failed to fulfill each of the checklist items. In addition, ICI asserts that while BellSouth is providing some level of access and interconnection, it is not providing unbundled network elements, interconnection, and nondiscriminatory access to operations and support systems, in the manner contemplated by the Act. MCI contends that BellSouth's reliance on the SGAT is an admission that it has not fully implemented all of the checklist items in its interconnection agreements.

BellSouth argues that while it is providing access and interconnection to network facilities for competing providers, its SGAT provides an additional vehicle to provide those items of the checklist that have not been requested by competing providers. BellSouth contends that when its SGAT is approved, it will have generally offered every item on the 14 point competitive checklist. BellSouth's witness Scheye testified that offerings that address each of the 14 checklist items have not just been made to its competitors, they have actually been ordered. BellSouth asserts that no party provided testimony to contradict this fact. According to BellSouth, the parties' real argument here is that the

interconnection and access BellSouth provides is not adequate to meet the requirements of the checklist. It is not that BellSouth does not provide access and interconnection at all.

BellSouth argues that its proposed SGAT provides each of the functions, capabilities, and services that the Act requires in order for all ALECs to enter the local exchange market. BellSouth contends that the features, functions and services in its proposed SGAT are identical to the items in the 14 point checklist. Thus, BellSouth believes that if the SGAT satisfies Sections 251 and 252(d), then it also meets the competitive checklist in 271(c)(2)(B). BellSouth further argues that where a competitive checklist item has not been requested, its SGAT is necessary to supplement Track A, because it can demonstrate that the items are made available in a concrete, legally binding manner.

Upon consideration, we find that since BellSouth has entered into arbitrated agreements approved by this Commission pursuant to Section 252 that include provisions for each of the 14 competitive checklist items, an SGAT is unnecessary. The interconnection agreements are concrete, legally binding agreements that satisfy a Track A petition for entry.

According to the FCC, Section 271(c)(1) and the competitive checklist in Section 271(c)(2)(B) establish independent requirements that must be satisfied by a BOC petition for entry. The fact that BellSouth has received a request for access and interconnection that would satisfy Section 271(c)(1)(A) if implemented, does not mean that the interconnection agreement, when implemented, would necessarily satisfy the competitive checklist. In addition, the FCC concluded that there is nothing in Section 271(c)(1)(A) or Section 271(c)(1)(B) that suggests that a qualifying request for access and interconnection must be one that contains all fourteen items in the checklist. We agree with the FCC's interpretation. We do not believe that BellSouth automatically fails to satisfy Section 271(c)(1)(A) or Section 271(c)(1)(B) of the Act simply because every interconnection agreement does not address every checklist item.

In the Ameritech order, the FCC specifically found that Section 271(c)(1)(A) does not require that each interconnection agreement contain all elements of the competitive checklist to be

considered a binding agreement for 271 purposes. The FCC also stated that it did not believe that competing LECs and IXCs would necessarily purchase each checklist item in every state. Competitors may need different checklist items, depending upon their market strategies. The FCC stated that the IXC's interpretation of Section 271(d)(3)(A)(I) could create an incentive for competitive carriers to refrain from purchasing network elements in order to delay BOC entry into the in-region, interLATA services market.

Upon consideration, we agree with the FCC that an interconnection agreement does not need to contain all 14 items of the checklist to be considered a "binding agreement." Further, we do not believe that BellSouth would automatically fail to satisfy Track A unless it has "fully implemented" each of the checklist items. We note that the FCC concluded that Ameritech satisfied Section 271(c)(1)(A), but failed to satisfy several of the checklist items in Section 271(c)(2)(B), including OSS, access to 911 and E911, and interconnection. Section 271(c)(1)(A) and Section 271(c)(2)(B) are separate requirements. A BOC could potentially satisfy the Track A requirement of Section 271(c)(1)(A) without satisfying the competitive checklist in subsection (c)(2)(B).

3. "Competing Provider"

Based on the evidence in this proceeding, we find that there are ALECs operating in Florida. These ALECs are providing a commercial alternative to local exchange business subscribers, thereby satisfying the phrase "competing provider" contained in the Act, and recently defined by the FCC in the Ameritech order. According to the FCC, the term "competing provider" in Section 271(c)(1)(A) suggests that there must be an actual commercial alternative to the BOC. The FCC pointed out that this interpretation is consistent with the Joint conference Committee's Report, which stated that "[t]he committee expects the Commission to determine that a competitive alternative is operational and offering a competitive service somewhere in the State prior to granting a BOC's petition for entry into long distance." While the FCC determined that, at a minimum, a carrier must actually be in the market and operational, i.e., accepting requests for service and providing such service for a fee, it did not address whether

additional criteria must be met to consider a new entrant a "competing provider" under Track A. We agree that at a minimum an actual commercial alternative to the BOC must be operational and providing service for a fee prior to a BOC's entrance into the interLATA market.

4. Competitive Threshold

BellSouth argues that the Act does not require that a competing provider serve a specific volume of customers. Thus, BellSouth asserts, there is no question that it has satisfied the requirement that it provide access and interconnection to its network facilities for the network facilities of one or more unaffiliated competing providers of telephone exchange service. FCCA witness Gillan asserts that there is no measurable competition in BellSouth's territory today because BellSouth has not implemented the tools necessary for widespread competition. Thus, witness Gillan asserts that BellSouth does not satisfy the threshold requirements of Section 271.

MCI's witness Wood asserts that the Act contemplates a competitive threshold prior to a BOC entering the interLATA market. Witness Wood states that while he is not suggesting Congress articulated a specific market share loss in local traffic prior to a BOC entering the interLATA market, he believes that Congress was well aware that competition in the local market must occur before a BOC could enter the interLATA market. Witness Wood, however, does point out that this question could be considered part of the public interest analysis this commission can conduct and comment on in a separate recommendation to the FCC. FCTA witness Pacey also asserts that without determination of a threshold for effective competition, the benefits of local competition for consumers would be compromised. Witness Pacey contends that while she cannot specify a threshold level of competition that must exist in the local market prior to a BOC entering the interLATA market, she states that there must be a truly competitive market structure that is fully operational in the marketplace.

According to the FCC, the word "competing" within the phrase "unaffiliated competing provider" does not require any specified level of geographic penetration or market share by a competing provider. Furthermore, the FCC concluded that the plain language

of Section 271(c)(1)(A) does not mandate any specified level of geographic penetration, and thus does not support imposing a geographic scope requirement. The FCC concluded that the Senate and House each rejected language that would have imposed a requirement regarding a specified level of geographic penetration or market share by a BOC in Section 271 (c)(1)(A). The FCC did recognize, however, that "there may be situations where a new entrant may have a commercial presence that is so small that the new entrant cannot be said to be an actual commercial alternative to the BOC, and therefore, not a "competing provider."

Upon consideration, we agree with the FCC that the plain language of Section 271(c)(1)(A) does not mandate any specified level of geographic penetration or market share. We note, however, that the Joint Conference Committee Report specifically stated that it expects the FCC to determine that a competitive alternative is operational and offering a competitive service somewhere in the State prior to granting a BOC's petition for entry into long distance. Thus, we believe that competing carriers must actually be operational, with carriers accepting requests for service and providing that service for a fee. It is arguable that the provision of access and interconnection to one residential customer and one business customer satisfies the requirement of Section 271(c)(1)(A). This, however, does not appear to be the intent of the Act. The intent of the Act is that a competitive alternative should be operational and offering a competitive service to residential and business subscribers somewhere in the state. The competitor must offer a true "dialtone" alternative within the state, not merely service in one business location that has an incidental, insignificant residential presence.

While the FCC concluded that Section 271(c)(1)(A) does not mandate a specified level of geographic penetration or market share, the FCC stated that this conclusion does not preclude the FCC from considering competitive conditions or geographic penetration as a part of its public interest consideration under Section 271(d)(3)(C). We agree with the FCC's interpretation on this point.

5. Combination of Customer Classes

Section 271 (c) (1) (A) requires that competing providers offer telephone service either exclusively or predominantly over its own facilities in combination with resale. BellSouth asserts that the phrase "exclusively over their own telephone exchange service facilities," means that the competitor is not reselling retail telecommunication services of another carrier to provide local service to its customers. Witness Varner contends that a facilities-based carrier may build 100% of its own network, or the competitor may purchase certain unbundled network elements from BellSouth and combine them with facilities they have built to provide service to the end user. This interpretation is consistent with the FCC's interpretation in the Ameritech order. In that order, the FCC interpreted the phrase "own telephone exchange service facilities" to include unbundled network elements that a competing provider has obtained from a BOC.

BellSouth asserts that a combination of facilities-based providers satisfies the requirements of Track A. Witness Varner contends that one competitor with a binding agreement may provide facilities-based service to residential customers and another may provide facilities-based service to business customers. BellSouth asserts that the Act does not state that a single provider to both residential and business customers is required. We agree. ACSI's witness Falvey and FCCA's witness Gillan both testify that BellSouth could qualify for Track A if one competitor with an agreement provides facilities-based service to residential customers and another provides facilities-based service to business customers. Witness Gillan contends what really matters is that both business and residential customers be served on an equal basis with BellSouth.

In the Ameritech order, the FCC concluded that when a BOC relies on more than one competing provider to satisfy Section 271(c) (1) (A), each provider does not need to provide service to both residential and business customers. Thus, Section 271(c) (1) (A) is met if multiple carriers collectively serve residential and business customers. If a BOC, however, is relying on a single provider, it would have to be competing to serve both business and residential customers. We agree with the FCC's interpretation of the Act and believe that Section 271(c) (1) (A) is

met if unaffiliated facilities-based carriers collectively serve residential and business customers.

BellSouth also asserts that the Act does not require a provider to serve both customer classes over their own facilities. BellSouth contends that the Act is satisfied as long as the competitor can reach one class of customers wholly through resale, provided that the competitor's service as a whole is predominantly facilities-based. Witness Varner asserts that this is consistent with Congress's objective of increasing the level of competition in both the local and long distance markets, while ensuring that at least one facilities-based competitor is offering service to both residential and business customers. In the Ameritech decision, the FCC did not determine whether it is sufficient under Section 271(c)(1)(A) for a competing provider to provide local service to residential subscribers via resale, as long as it provides facilities-based service to business subscribers.

Several of the parties in this proceeding assert that Section 271(c)(1)(A) is not satisfied if a competing provider serves one class of customers through its own facilities and the other class of customers entirely through resale. We agree. We believe the Act requires facilities-based competition for both residential and business subscribers. The Joint Conference Committee Report states that facilities-based local exchange service must be available to both residential and business subscribers. Exchange access service to business customers only is not sufficient. Furthermore, the Joint Conference Committee report concludes that resale would not qualify because resellers would not have their own facilities in the local exchange over which they would provide service, thus failing the facilities-based test. Accordingly, we believe the Act requires that facilities-based competition exist for both residential and business subscribers.

D. Conclusion

The evidence presented in this proceeding demonstrates that several ALECs operating in Florida, including TCG, Sprint, and ICI, are accepting requests for telephone exchange service from business customers for a fee. These carriers serve business subscribers either exclusively over their own facilities or predominantly over their own facilities in combination with resale. A large number of

confidential filings in this proceeding regarding the number of ALEC subscribers and subscriber lines, provide evidence that confirms that the ALECs in Florida are serving approximately 27,000 business subscriber access lines in BellSouth's territory. Accordingly, we find that BellSouth is providing access and interconnection to its network facilities for the network facilities of such competing providers pursuant to Section 271(c)(1)(A), for business subscribers.

In contrast, the evidence in this proceeding does not demonstrate that BellSouth is providing access and interconnection to its network facilities for the network facilities of such competing providers pursuant to Section 271(c)(1)(A), for residential subscribers. While BellSouth contends that TCG and MediaOne are providing local exchange service to residential customers, there is not sufficient record evidence to support such a finding. We note that while TCG provides service to at least one STS provider that, in turn, resells it to residential subscribers, there is no evidence in the record to confirm that one or more residential subscribers actually receive service.

We do not believe that BellSouth may rely on its agreement with MediaOne to fulfill the requirement of Section 271(c)(1)(A) with respect to residential subscribers at this time. As discussed earlier, based on the evidence in this proceeding, we are unable to determine whether MediaOne's residential offering is a test, or whether MediaOne intends to expand its service offering to additional residential subscribers. We do not believe that the provision of local exchange service on a test basis is sufficient to satisfy this portion of Section 271(c)(1)(A). We believe that the Act requires that a competing provider must be accepting requests from subscribers and service must be provided for a fee. In addition, MediaOne's agreement with BellSouth was negotiated pursuant to state law rather than Section 252 of the Act. There is no Commission order approving it pursuant to Section 252; thus it is unclear whether this agreement is a binding agreement upon which BellSouth may rely in order to satisfy Section 271(c)(1)(A). We encourage BellSouth to file the MediaOne agreement so that it can be reviewed under Section 252.

In summary, we find that BellSouth is providing access and interconnection to competing providers of business service either

exclusively over their own facilities or predominantly over their own facilities in combination with resale. Competing carriers are providing a commercial alternative to business subscribers in Florida. It appears that competing providers are accepting requests from business subscribers and are charging these subscribers a fee. Thus, this portion of Section 271(c)(1)(a) pertaining to business service is satisfied. The record does not support a finding that BellSouth is providing access and interconnection to competing providers of residential service.

IV. COMPLIANCE WITH SECTION 271(c)(1)(B)

A. Introduction

In order for BellSouth to meet the requirements of Section 271(c)(1)(B), it must show that "no such provider" has requested the access and interconnection described in Section 271(c)(1)(A) before the date which is 3 months before the date the company makes its application under Section 271(d)(1). BellSouth must also show that a SGAT that the company generally offers to provide access and interconnection has been approved or permitted to take effect by the state commission under Section 252(f). Specifically, Section 252(f)(2) requires that the SGAT meet two criteria: 1) it must comply with Section 252(d), which requires nondiscriminatory cost based prices, and regulations for interconnection, network elements, transport and termination of traffic, and wholesale rates; and 2) it must further comply with Section 251, which defines duties of interconnection, unbundled access, and resale.

All of the intervenors agree that BellSouth is not eligible to seek interLATA authority in Florida under Track B. They also agree that Track A is the only avenue available to BellSouth, since potential facilities-based competitors have requested access and interconnection from BellSouth in Florida. BellSouth contends that if it is not eligible to file a 271 application with the FCC pursuant to Track A, it should remain eligible for Track B. Track B enables a BOC to apply for entrance into the long distance market based on an approved SGAT. BellSouth asserts that this commission's role is to consult with the FCC once BellSouth has filed a 271 application to verify the existence of either a state

approved interconnection agreement(s) or a SGAT that satisfies the competitive checklist.

BellSouth argues that its proposed SGAT provides each of the functions, capabilities, and services that the Act requires in order for all ALECs to enter the local exchange market. BellSouth contends that the features, functions and services in its proposed SGAT are identical to the items in the 14 point checklist contained in Section 271 of the Act. Thus, BellSouth believes that if the SGAT satisfies Section 251 and 252(d), then it also meets the competitive checklist in Section 271(c)(2)(B).

B. Has an Unaffiliated Competing Provider of Telephone Exchange Service Requested Access and Interconnection with BellSouth?

As stated in Section 271(c)(1)(B), a BOC can only satisfy these requirements of Track B if no competing provider had requested the access and interconnection described in Track A by December 8, 1996, which is ten months after the Act took effect. BellSouth admits, and the parties agree, that numerous carriers requested access and interconnection with BellSouth within ten months after the effective date of the Act.

Upon consideration, we agree that the record in this proceeding demonstrates that BellSouth has received "qualifying requests" for access and interconnection as defined by the FCC. According to the FCC, if a BOC has received a "qualifying request," it may not proceed under Track B. The FCC defined "qualifying request" as a request for negotiation to obtain access and interconnection that, if implemented, would satisfy the requirements of Section 271(c)(1)(A). Furthermore, such a request does not have to be made by an operational competing provider; the FCC concluded "the qualifying request may be submitted by a potential provider of telephone exchange service to residential and business subscribers." (Emphasis supplied)

BellSouth contends that if it is not eligible to file a 271 application with the FCC pursuant to Track A, it should remain eligible for Track B. BellSouth contends that Track A requires that competitors' "network facilities" be sufficient to make the competitor "exclusively" or "predominantly" facilities-based.

BellSouth believes that this provision of Track A is attributable to the belief of Congress that cable companies would emerge quickly as facilities-based local market competitors. Unlike Track B, Track A requires no waiting period. BellSouth argues that it is clear from the Act that Congress intended that Track A would be available if facilities-based providers are already in the market. Thus, BellSouth contends that in order to determine if it is eligible for Track B, a factual record is required to determine if any of the companies with which it has entered into interconnection agreements were providing local service over their own facilities at the time of their request. Furthermore, BellSouth does not believe that there is evidence in the record to suggest that this is the case; thus, if BellSouth has not met Track A, BellSouth believes that it is eligible for Track B.

While BellSouth believes that the Act is clear on this issue, BellSouth points out that the FCC interpreted this language to mean that a facilities-based provider is not necessarily required in order to make a BOC ineligible for Track B. Witness Varner contends that the FCC's decision establishes a "Black Hole" between the Track A and Track B provisions of the Act. BellSouth asserts that it does not believe that Congress ever intended for the FCC to create a situation where competitors could effectively decide when customers could enjoy the benefits of competition in the long distance market through in-region BOC entry.

While BellSouth does not agree with the FCC's conclusion in the SBC case that a request by a new entrant that has the "potential" to be a facilities-based provider is enough to make Track B unavailable, BellSouth asserts that the FCC also made it clear that not every request for interconnection is a "qualifying request." In fact, the FCC realized the potential for a BOC to be foreclosed from Track B while at the same time not meeting the requirements of Track A. Thus, the FCC concluded that if a BOC is foreclosed from Track B in a particular state, it would reevaluate the case if relevant facts demonstrate that no potential competitors were taking reasonable steps toward implementing a request in a way that would satisfy Track A.

BellSouth asserts that two of the largest ALECs in Florida, AT&T and MCI, were unable to provide any forthcoming information regarding their plans to enter the market and in what manner.

Specifically, BellSouth relies on the testimony of FCCA's witness Gillan who asserted that he had no information as to the specifics of the market entry plan of any of the carriers whom he represented, and MCI's witness Gulino, who was unable to provide information regarding when MCI plans to serve residential customers. Thus, BellSouth believes that there may be ALECs in this proceeding that have made requests that do not qualify under Track A because of the lack of any indication that they will be providing service to residential or business customers in the future.

As discussed earlier, however, MCI, TCG, ICI, and Sprint assert that they are facilities-based ALECs that are currently providing local exchange service to business subscribers in Florida, either entirely over their own facilities or in combination with unbundled elements purchased from BellSouth. In addition, several competitors assert they intend to serve residential customers in Florida through their own facilities or in combination with unbundled elements purchased from BellSouth in the future. In fact, MCI, AT&T and MediaOne are currently serving residential customers on a test basis in Florida.

As of May 30, 1997, BellSouth had entered into 55 local interconnection agreements in Florida which for the most part have been approved by this Commission. In addition, BellSouth has entered into arbitrated interconnection agreements in Florida with MCI, MFS, AT&T, and Sprint that have been approved by this Commission pursuant to Section 252 of the Act. Based on the record in this proceeding, there are at least four carriers who currently serve business subscribers exclusively over their telephone exchange service facilities or predominantly over their own telephone exchange service facilities in combination with resale. In addition, there are at least three carriers that have provided testimony in this proceeding regarding their intent to provide service to residential customers over their own facilities. Upon review, the evidence presented here demonstrates that businesses are currently being provided local exchange service and that there are competing carriers in Florida that intend to provide local exchange service to residential customers.

There are two instances where Section 271(c)(1)(B) may remain open to a BOC even if a "qualifying request" has been received.

They are: where a state Commission determines that competitors negotiated in bad faith; or where competitors have violated an implementation schedule set forth in an interconnection agreement. AT&T and MCI assert that BellSouth did not provide any evidence to demonstrate that a new entrant negotiated in bad faith or violated any implementation schedule. We concur. Witness Varner stated that other than some implied intent to offer service when entering into an agreement, there are no implementation schedules in any of the interconnection agreements entered into by BellSouth with competing carriers. BellSouth did not specifically allege, however, that any competing providers have failed to comply with an implementation schedule based on an implied intent. Furthermore, witness Varner stated that he does not believe that any ALEC in Florida has negotiated in bad faith.

Based on the foregoing, we find that BellSouth has received requests from potential competitors for access and interconnection to BellSouth's network that, if implemented, will satisfy the requirements of Section 271(c)(1)(A).

C. Has a Statement of Terms and Conditions That BellSouth Generally Offers to Provide Access and Interconnection Been Approved or Permitted to Take Effect under Section 252(f)?

We have not approved a SGAT that BellSouth generally offers to provide access and interconnection, or allowed one to take effect pursuant to Section 252(f). BellSouth filed a draft SGAT as an exhibit to witness Scheye's testimony. BellSouth contends that given the wording of this issue, and the circumstances surrounding the development of the wording, the literal answer to this issue would be "No." The intervenors all agree that while BellSouth submitted a SGAT to the Commission for approval, the SGAT has neither been approved nor permitted to take effect.

Upon review, BellSouth's SGAT has not been approved or permitted to take effect for the reasons stated in our analysis of the checklist items contained herein.

V. SECTION 271(c)(1)(A), SECTION 271(c)(1)(B), and the SGAT

All the parties, including BellSouth, agree that BellSouth cannot meet the requirements of Section 271(c)(1) through a combination of track A (Section 271(c)(1)(A)) and track B (Section

271(c)(1)(B)). We agree. As discussed in detail above, more than one unaffiliated competing provider in Florida has requested access and interconnection with BellSouth. BellSouth, therefore, is precluded from seeking interLATA authority under Track B. Further, the provisions of sections 271(c)(1)(A) and 271(c)(1)(B) are mutually exclusive. Accordingly, BellSouth cannot meet the requirements of Section 271(c)(1) through a combination of track A and track B.

Although BellSouth agrees that it cannot combine tracks A and B, it goes on to argue that it can use the SGAT to demonstrate that checklist items are available even if it elects to file a track A application with the FCC. BellSouth states that although the FCC declined to reach this issue in the SBC Oklahoma case, the Department of Justice endorsed using a SGAT to meet check list obligations under track A under certain circumstances.

BellSouth argues that the plain language of Section 271(c) supports the use of the SGAT in connection with Track A. BellSouth states that 271(c)(1) sets forth the requirements that a BOC must meet to satisfy Track A or Track B. According to BellSouth the next separate subsection, 271(c)(2), requires that access and interconnection that the BOC is "providing", meet the competitive checklist. BellSouth concludes that there is nothing in the language of Section 271 to suggest that the SGAT cannot be used to demonstrate the availability of checklist items that have been "provided" to an interconnector, that is, made available, but not actually furnished.

BellSouth asserts that the intervenors have argued that Ameritech prevents this result. In the FCC Ameritech proceeding, BellSouth states, AT&T and other intervenors contended that in order for an item to be "provided" pursuant to Track A, it had to actually be furnished (i.e., used) by an ALEC. BellSouth states that the FCC rejected the argument of AT&T and the other IXCs, and accepted the contention of Ameritech. Ameritech, however, did not have a State approved SGAT, and therefore did not propose the issue of a State approved SGAT as a means to demonstrate that the items were being made available in a concrete, legally binding manner.

BellSouth points out that the FCC stated in dictum that merely to "offer" an item was not enough, since the offer might not be

backed up by the ability to provide the item. BellSouth states that certain intervenors have argued that this dictum means that a State approved SGAT cannot be used to demonstrate the availability of a particular item if the BOC is filing an application under Track A. This contention, BellSouth argues, is belied by the facts: (1) Ameritech did not have a State approved SGAT, (2) Ameritech did not suggest to the FCC that it consider whether a State approved SGAT can constitute the sort of concrete binding obligation that will demonstrate availability. Moreover, BellSouth argues, the FCC did not make any reference whatsoever to a "state approved SGAT", "state approved agreement", or a state approved "offer". BellSouth asserts that the contention by certain intervenors that this is the meaning of the Ameritech decision is not supported by the language of that decision. Further, BellSouth argues, the contention is illogical.

According to BellSouth, the purpose of this proceeding should be to determine whether BellSouth has either furnished or made available the tools needed by new entrants to compete in the local market. This, BellSouth argues, necessitates that BellSouth's offerings be scrutinized. This scrutiny can be based upon a review of the Statement or by a review of the interconnection agreements, which, in BellSouth's case, contain the same offerings as those set forth in the SGAT. BellSouth believes that the SGAT is beneficial because it provides a comprehensive listing of all BellSouth's offerings it believes to be checklist compliant in one place. BellSouth argues that the utility of the SGAT was demonstrated during the hearing by the fact that Mr. Gillan testified that he relied considerably more on a review of the SGAT than on any Agreement in considering BellSouth's offerings. Further, Mr. Gillan admitted on the stand that "as an economist," that it made no difference whether the offerings scrutinized were contained in an SGAT or in an agreement.

Finally, BellSouth argues that to the extent an SGAT such as BellSouth's incorporates the terms of arbitrated agreements, it is as concrete and legally binding as the agreements themselves. Even if BellSouth's SGAT were not drawn from contracts in actual existence, the fact of state approval, and BellSouth's reliance on that approval, would be more than adequate to make the offerings set forth in the SGAT the type of legally binding obligation that the FCC contemplated in Ameritech.

AT&T, FCCA, ICI and MCI argue that Track A applicants cannot rely on a SGAT to demonstrate checklist compliance; rather, they must rely on state approved interconnection agreements. According to AT&T, the FCC noted that a Track A applicant need not "actually furnish" each checklist item, but may, with regard to items not actually used by a competitor, demonstrate that it is presently able to furnish such items upon request pursuant to state-approved interconnection agreements. AT&T asserts that the FCC specifically found that "the mere fact that a BOC has "offered" to provide checklist items will not suffice for a BOC petitioning for entry under Track A to establish checklist compliance." Therefore, BellSouth's proffered SGAT cannot be used to establish checklist compliance because BellSouth is proceeding, and must proceed, under Track A.

FCCA argues that to the extent BellSouth continues to argue that it may proceed under Track A, but fulfill some of Track A's requirements with an SGAT from Track B, this argument has been laid to rest in the Ameritech decision. In Ameritech, the FCC found that the two tracks were separate and that an SGAT, which is relevant only to Track B, could not be used to meet the requirements of Track A. Track A can be met only through the use of state-approved interconnection agreements. FCCA quotes the following from the Ameritech Order:

Like the Department of Justice, we emphasize that the mere fact that BOC has "offered" to provide checklist items will not suffice for a BOC petitioning for entry under Track A to establish checklist compliance. To be "providing" a checklist item, a BOC must have a concrete and specific legal obligation to furnish the item upon request pursuant to state-approved interconnection agreements that set forth prices and other terms and conditions for each checklist item.

. . .

Reading the statute as a whole, we think it is clear that Congress used the term "provide" as a means of referencing those instances in which a BOC furnishes or makes interconnection and access available pursuant to state-approved interconnection agreements [Track A] and

the phrase "generally offer" as a means of referencing those instances in which a BOC makes interconnection and access available pursuant to a statement of generally available terms and conditions. [Track B] A statement of generally available terms and conditions on its face is merely a general offer to make access and interconnection available... ¶¶110 and 114.

The FCCA concludes that the Ameritech decision makes clear that a SGAT is a document pertinent only to a Track B case. According to the FCCA, it cannot be used to meet the requirements of Track A because it is simply a general offer, not a state-approved interconnection agreement. The FCCA argues that BellSouth's attempt to do so must be rejected.

MCI argues that interpreting the Act to allow BellSouth to rely on an SGAT under Track A would destroy the requirement of full implementation of the fourteen point competitive checklist. According to MCI, Section 271(d)(3)(A)(I) requires that a BOC pursuing Track A must "fully implement the competitive checklist in subsection (c)(2)(B)." (citing FCC 97-298, ¶105) MCI asserts that the threshold requirements of subsection (d)(3)(A) require more than reciting the competitive checklist in a contract. They require that the BOC be "providing access and interconnection pursuant to one or more agreements" that "have fully implemented the competitive checklist." MCI contends that the Conference Report declares that the Congress meant what it said when it required real access and interconnection:

The requirement that the BOC is "providing access and interconnection" means that the competitor has implemented the interconnection request and the competition is operational. This requirement is important because it will assist . . . in the explicit factual determination by the Commission under new section 271(d)(2)(B) that the requesting BOC has fully implemented the interconnection agreement elements set out in the "checklist" under new section 271(c)(2). (H.R. Rep. No. 104-458, 104th Cong., 2d Sess. 148 (1996).

MCI argues that the requirement that the checklist items be "fully implemented" through working "interconnection" assures that,

at a minimum, the technological preconditions to local competition are present before the BOCs may compete in downstream markets.

MCI states that the FCC reiterated in its Ameritech decision that Track A requires a BOC to be "providing" access and interconnection pursuant to the terms of the checklist. To provide an item, the FCC concluded, a BOC must make "that item available as a legal and a practical matter." MCI states that the FCC made it clear that merely offering an item under an SGAT did not constitute providing the item and did not meet the requirements of Track A.

The arguments above can be summarized as follows: the intervenors believe an SGAT is only pertinent to a track B application; BellSouth is ineligible for track B; therefore, BellSouth may not rely on a SGAT to demonstrate compliance with the checklist. BellSouth, on the other hand, believes it is not precluded from using an SGAT to demonstrate checklist compliance in a Track A application.

Upon review, we do not believe the FCC had the precise issue of whether a state approved SGAT can be used to supplement a Track A application and demonstrate checklist compliance before it in the Ameritech decision. It is not clear whether the language in Section 271(c) contemplates BOCs using a state approved SGAT to support a Track A application. On the other hand, when considering the Act as a whole, we believe a state approved SGAT could be considered in a Track A application in certain circumstances. We note, however, that BellSouth has received qualifying requests that if fully implemented would satisfy all 14 points of the competitive checklist. Further, it does not appear that BellSouth has met the requirements of Section 271(C)(1)(A), and BellSouth does not have a state approved SGAT. Thus, BellSouth need not demonstrate checklist compliance with a state approved SGAT at this time. Notwithstanding, we briefly address this issue below.

We believe that a state approved SGAT can be used to show that checklist items are available under Section 271(c)(2)(B) whether the BOC proceeds under Track A or Track B. This is not unlike having a tariff on file that lists what services are available. The inquiry does not end there, however, when determining whether the BOC is checklist compliant. The BOCs may not simply rely on the fact that checklist items are contained in a state approved

SGAT or in a state approved interconnection agreement. They must show that they are actually providing the checklist items or that the items are functionally available. This is consistent with the overall goal of the Act which is to open all telecommunications markets to competition.

We do not believe, however, that a state approved SGAT should be the primary avenue for demonstrating checklist compliance in a track A application. The main objective of Section 271(c)(1)(A), appears to be facilities-based competition; whereas, Section 271(c)(1)(B), is available absent a facilities-based competitor. Therefore, track A applicants should first demonstrate checklist compliance through state approved interconnection agreements. One example in which a state approved SGAT would be appropriate is where there may be numerous interconnection agreements and facilities-based competition exists, but none of the interconnection agreements contain Directory Assistance (DA). In this instance, a BOC should be able to demonstrate that DA is available through a state approved SGAT. Of course the BOC would also have to demonstrate that DA is functionally available.

The end result of the intervenors' interpretation appears to be that BOCs could conceivably have operational competitors in their region, but not be granted interLATA authority simply because a checklist item was not contained in an interconnection agreement. This result appears to be at odds with the overall goal of the Act. It is possible that a BOC could never gain interLATA authority under this scenario even though actual competition existed and all of the checklist items were functionally available.

Although we believe BellSouth should be able to use a state approved SGAT to show that checklist items are available, as we explained above, BellSouth is not eligible to do so at this time.

VI. CHECKLIST COMPLIANCE

A. Interconnection in Accordance with Sections 251(c)(2) and 252(d)(1), Pursuant to Section 271(c)(2)(B)(i)

1. Introduction

Section 271(c)(2)(B)(i) sets forth the first checklist item regarding the provision of facilities-based interconnection. Interconnection is the transmission and routing of telephone exchange service and exchange access between the ALEC's network and RBOC's network. Section 271(c)(2)(B)(i) states that interconnection must be provided, or generally offered, in accordance with Sections 251(c)(2) and 252(d)(1) of the Act.

Section 251(c)(2) outlines specifically what constitutes the provision of facilities-based interconnection. Also, this section sets forth three additional criteria that must be met. First, the RBOC must provide interconnection at any technically feasible point within its network. Next, the quality of the interconnection must be at least equal to that which the RBOC provides itself, an affiliate, a subsidiary, or any other party to which it provides interconnection. Finally, interconnection must be provided at rates, terms and conditions that are "just, reasonable, and non-discriminatory," as specified in the carrier agreements, as well as in Sections 251 and 252 of the Act.

Although collocation is not a separate checklist item, it is included as one of the six requirements, along with interconnection, unbundled access, and resale, in Section 251(c). The collocation requirement consists of the duty to provide for physical collocation of ALEC equipment that is necessary for interconnection or access to UNEs at the RBOC premises, under rates, terms and conditions that are just, reasonable, and nondiscriminatory. While physical collocation is the standard requirement, the Act allows for virtual collocation if the RBOC demonstrates to the state commission that physical collocation is not practical for technical reasons or because of space limitations. Since Section 251(c)(2) requires that interconnection be provided at any technically feasible point in the network, a carrier's request for collocation must be satisfied, and operating pursuant to Section 252(c)(6) and individual carrier agreements, before the checklist items for either interconnection or unbundled network elements are satisfied.

Section 252(d)(1) of the Act consists of the pricing standards for interconnection and UNEs. This section requires the state

commission to determine just and reasonable rates for interconnection and for UNEs. It also requires that the rates be based on cost, and that they be non-discriminatory. The rates may also include a reasonable profit.

In making our determination on this checklist item and the related provisions in the SGAT, we have considered the evidence and the parties' positions on BellSouth's compliance in terms of the following:

- 1) Whether BellSouth has implemented all the interconnection requirements pursuant to Section 271(d)(3) of the Act. That is, whether interconnection trunks are available in sufficient quantities, and whether interconnection has been provided upon request at any technically feasible point;
- 2) Whether the interconnection arrangements in ALEC agreements, approved pursuant to Sections 251 and 252 of the Act, have been provided in a complete and timely fashion;
- 3) The degree to which the ALEC is able to operate utilizing the provisions of its interconnection agreement; and
- 4) Whether the rates, terms and conditions for interconnection, specifically collocation, have been set in conformance to the pricing requirements of the Act. For prices proposed in the SGAT that we did not set pursuant to Section 252 (d)(2), TSLRIC studies are necessary to support those rates.

In the BellSouth/AT&T and BellSouth/MCI arbitration proceedings before this Commission, the parties agreed to withdraw the issue on the appropriate trunking arrangements for local interconnection. The parties reached an agreement on this issue. The agreement was subsequently reflected in their arbitrated agreements and approved by us as part of those agreements. We note that in our state proceedings conducted in Docket No. 950985-TP, we required BellSouth to provide: 1) interconnection, trunking and signaling arrangements at both the tandem and end office

levels; 2) the option of interconnecting via one-way or two-way trunks; and 3) mid-span meets where economically and technically feasible. See Order No. PSC-96-0045-FOF-TP.

None of the parties to this proceeding assert that collocation is not a requirement or that it should not be considered in this proceeding. We note, however, that some parties addressed this item as part of interconnection while others addressed it within the context of access to unbundled network elements. In an effort to prevent redundancy, we address collocation within this section on interconnection. Our conclusions on collocation apply, however, to both interconnection and access to UNEs. The pricing arrangements for the traffic carried over interconnection trunks is the subject of the Reciprocal Compensation checklist item. Thus, the only pricing issue addressed in this section will be with respect to collocation.

Also, in the BellSouth/AT&T and BellSouth/MCI arbitration proceeding, we approved the use of BellSouth's Telecommunications Handbook for Collocation in the interim, until permanent cost-based rates are set for physical collocation. For virtual collocation, we required the use of the rates, terms and conditions in BellSouth's intrastate Access Tariff until permanent rates are set. We ordered BellSouth to file a TSLRIC study. In addition, we required the ALECs to bear the costs of conversion from virtual to physical collocation.

We approved provisioning periods for collocation of 3 months for physical collocation and 2 months for virtual collocation. BellSouth must demonstrate to us, on a case-by-case basis, if these time periods are not sufficient. In addition, in Docket No. 960846-TP, we specifically allowed MCI to interconnect with other collocators who are interconnected with BellSouth in the same central office; to purchase unbundled dedicated transport from BellSouth between the collocation facility and MCI's network; to collocate subscriber loop electronics in a BellSouth central office; and to select virtual over physical collocation, where space and other considerations permit.

We also note that we continue to believe that TSLRIC is the preferable pricing methodology. In the arbitration proceedings before us, we determined that the "scorched node" approach inherent

in the FCC's TELRIC methodology is inappropriate for pricing because it does not adequately reflect either the ILEC's current or prospective cost structure. While the "scorched node" approach incorporates cost components based on the current location of existing LEC wire centers, all other cost components reflect a theoretical construct based on future technology. In Order No. PSC-96-1579-FOF-TP, we endorsed the TSLRIC based forward-looking approach because it considers the current architecture and future replacement technology. Thus, to the extent permanent rates have been set by this Commission, we continue to believe that they comply with the requirements of Section 252(d)(1) of the Act, and we approve BellSouth's use of those rates for purposes of checklist compliance. For those items for which only interim rates have been set thus far, we have required TSLRIC studies to be filed in the arbitration dockets in order to establish permanent rates.

Our analysis of BellSouth's 271 application and its SGAT regarding interconnection is set forth below.

At the hearing, BellSouth's witness Milner asserted that BellSouth has complied with the requirements of the Act in that interconnection services are functionally available. In addition, BellSouth witness Scheye stated that procedures are in place for ordering, provisioning and maintenance of its interconnection services plus technical service descriptions outlining its local interconnection trunking arrangements and switched local channel interconnection. Witness Scheye also stated that BellSouth has approximately 7828 interconnection trunks in service.

Witness Scheye also stated that Section I of BellSouth's SGAT provides for complete and efficient interconnection. Witness Scheye asserted that the SGAT provides the following: trunk termination points at BellSouth tandems and end offices; trunk directionality allowing one-way or two-way trunk groups, depending on the type of traffic; trunk termination by physical or virtual collocation or purchase of facilities by either company; intermediary local tandem switching and transport services for interconnection of ALECs to each other; interconnection billing; and the Bona Fide Request process for interconnection arrangements that are not included in the SGAT. In addition, witness Milner stated that BellSouth has successfully tested its capabilities to provide each of the interconnection services contained in its SGAT.

BellSouth witness Scheye also stated at the hearing that BellSouth will provide virtual collocation where physical is impractical for technical or space limitation reasons.

In its brief, BellSouth argues that its interconnection rates comply with Commission orders and the cost-based standards of Section 252(d)(1). BellSouth also asserts in its brief that all the transport and termination rates, including rates for intermediary handling of local traffic that were approved in Florida proceedings were included in the SGAT. BellSouth further asserts that no party presented credible evidence to rebut BellSouth's "proven ability to offer this checklist item."

None of the ALEC intervenors believe that BellSouth is in compliance with this checklist item. In its brief, ACSI states that BellSouth has not provided interconnection to it in compliance with the Act and applicable rules in Florida. As a reseller in Florida, and a small user of UNEs in other states, ACSI does not, however, further address interconnection in the context of this checklist item. ACSI's witness Falvey stated at the hearing that, given ACSI's experience with BellSouth, ACSI believes that BellSouth's request is premature.

AT&T witness Hamman states that BellSouth has not provided interconnection to AT&T. He also states that AT&T has not begun operations in Florida as yet. Witness Hamman further asserted that AT&T will not come to Florida until it knows the systems in Georgia will work. In its brief, AT&T argues that a comparison between the way BellSouth treats ALECs and other ILECs may be one of the most definitive tests for discrimination. AT&T notes that BellSouth currently exchanges local traffic, and jointly provides other services with almost every ILEC in Florida pursuant to negotiated interconnection agreements. AT&T further argues in its brief that the terms and conditions in these contracts are more favorable than those in ALEC contracts. For example, AT&T states that there are no provisions in the ILEC agreements for the "endlessly time consuming bona fide requests for every detail of the joint provision of service that BellSouth imposes on the ALECs." AT&T asserts that this disparate treatment constitutes discrimination; hence, BellSouth has not complied with the requirements of the interconnection checklist item. In addition, AT&T witness Hamman stated at the hearing that despite the fact that BellSouth says it

is providing interconnection in compliance with the checklist, it has provided no evidence that such interconnection is equal in quality to that which it provides itself.

2. Collocation

With regard to collocation, AT&T witness Hamman states that although AT&T's Agreement with BellSouth contains provisions for collocation, they are not yet implemented. Witness Hamman asserts that until the procedures set forth in the document are finalized and requests for collocation are processed, it is too soon to know whether BellSouth can meet the Act's requirements. Witness Hamman argues that until all procedures are developed, and in place, and tested, so that BellSouth can promptly provide interconnection to any requesting ALEC, BellSouth is not providing interconnection at the same level of quality that it provides to itself.

MCI witness Gulino states that MCI has four orders pending for physical collocation in Florida that were placed in April 1997. Witness Gulino further noted that BellSouth has missed the provisioning deadline on all four requests. In addition, witness Gulino states that collocation is a primary method of interconnection and a major way that carriers can compete with BellSouth. He contends that competitors need reliable and fixed time intervals for provisioning collocation in order to plan and market, but that BellSouth's proposed SGAT has no fixed intervals for provisioning collocation. In its brief, MCI argues that it is not clear that BellSouth could meet the time intervals even if the SGAT contained them since BellSouth has not met the collocation terms of its agreement with MCI.

Witness Gulino also states that there are other implementation issues relating to collocation, some of which will not arise until after collocation is actually implemented. One example is the placing of unbundled loops and ports at collocations. BellSouth witness Scheye was unable to respond to a question with respect to BellSouth's ability to place a port at a collocation, saying no witness could answer to that level of specificity. He also stated that no such requests had been made. However, in its brief, MCI notes that until physical collocations are in place, no order will be placed for loops and ports.

Witness Gulino states that another problem is that BellSouth makes the determination whether a would-be competitor will be allowed to have physical or virtual collocation. Witness Gulino argued that since the process will be controlled by BellSouth at every point, the opportunity exists for BellSouth to use it to its advantage. For example, witness Gulino states that BellSouth has proposed that ordering intervals and other important items be determined pursuant to BellSouth's Collocation Handbook, which BellSouth reserves the right to change at any time, since it is not part of an interconnection agreement or the proposed SGAT. Witness Gulino asserts that, absent any controls, BellSouth would be able to delay the deployment of MCI facilities.

Witness Gulino also argues that BellSouth's policy of requiring ALEC technicians to be escorted by BellSouth personnel at physical collocation sites adds unnecessary time and expenses to routine maintenance and repairs on collocated equipment. The witness also states that MCI should not be at the mercy of BellSouth's escort schedule. Witness Gulino also disagrees with BellSouth's position, as stated by witness Scheye, that BellSouth is under no obligation to combine UNEs at an ALEC's virtual collocation facilities to which only BellSouth employees have access.

WorldCom presented evidence that it has attempted to implement collocation according to its agreement in Miami. WorldCom indicated that it has experienced "delays, missed dates, surprise changes, and more delays."

3. Network Blockage and End Office Trunking

With respect to end office trunking, FCTA presented that BellSouth will not provide MediaOne with end office trunking. End office trunking provides Media One with a single point of failure, the access tandem, in the network. In addition, FCTA noted that MediaOne has filed a complaint against BellSouth regarding excessive outages.

TCG witness Hoffman states that BellSouth fails to provide equal quality interconnection to TCG by improperly undersizing interconnection trunks to TCG, which causes network congestion and call blocking problems. Witness Hoffman asserts that BellSouth is

too slow in augmenting the number of trunks required to handle increases in traffic flowing from BellSouth to the TCG switch. Thus, traffic destined for TCG is blocked at BellSouth's switch. Witness Hoffman asserts that TCG receives complaints from its business customers that calls from their customers are not getting through. Witness Hoffman also testified that in some instances, TCG customers have threatened to discontinue service as a result of the blocking. The witness states that TCG has met with BellSouth to address this issue, but that BellSouth has been largely unresponsive.

TCG's witness also states that, despite requests at a meeting held on May 6, 1997, BellSouth has not provided data regarding the percentage of call blockage it experiences for its internal traffic so that TCG can compare it with the amount of TCG traffic being blocked. Witness Hoffman asserts that unless BellSouth establishes that call blocking rates are the same for itself as for TCG, BellSouth cannot meet the criteria for the first checklist item.

In addition, witness Hoffman states that BellSouth's network provides for alternate routing, but that TCG traffic is restricted to a single route through BellSouth's access tandem with no overflow protections. Although in some cases, the blocking is due to incorrect translations performed in BellSouth's end office switches, the witness asserts that the lack of alternate routing exposes TCG to the risk of network failure due to a single point of blockage on BellSouth's tandem trunk. In its brief, TCG argues that such significant differences between the two network designs violates the requirements of the Act and the FCC's rules. Witness Hoffman further notes that BellSouth's call blocking level approaches zero while TCG is receiving complaints from its customers that their calls are blocked.

Witness Hoffman asserts that TCG has requested that BellSouth install end office connections for its traffic going to TCG, because this would alleviate the congestion at BellSouth's tandems to a large degree. The witness states, however, that BellSouth has refused to install them. Witness Hoffmann also states that he asked that BellSouth install end office trunking where TCG has installed it, but that BellSouth simply said it would continue to install its trunking at the tandems. The witness indicates that BellSouth would not explain why it would install end office

trunking only at the tandems. In its brief, TCG argues that this makes TCG's network design inferior to BellSouth's.

BellSouth witness Stacy states that trunking arrangements are designed to meet particular blocking criteria, and final trunk groups are designed to meet a P.01 grade of service. A P.01 grade of service means that 1%, or one out of every one hundred calls would be blocked during the average busy hour. The witness asserts that BellSouth provides that grade of service except in instances of unanticipated traffic changes. He states that BellSouth reviews internal blocking reports weekly.

BellSouth provided traffic studies for trunks carrying ALEC traffic in the Southeast LATA, which is where TCG operates. The traffic study results demonstrated that TCG has experienced some significant blockage problems. The results also show that BellSouth has added a substantial number of trunks between its tandem and TCG's switches during the study period provided. In reference to the traffic studies, BellSouth suggested that TCG has not provided it with sufficient "advance knowledge" of increases in its traffic, and that this could be attributed to be a cause of the blocking that has occurred between BellSouth and TCG's network.

Witness Stacy states that it takes between thirty days and four months to add additional trunks once the need is recognized, depending on whether spare capacity is available or if additional equipment has to be purchased. In response to a specific example of two trunk augmentations at one week intervals, the witness acknowledged that trunks could be added in five days if capacity is available. TCG witness Hoffmann asserts, however, that the BellSouth account team with which he worked had quoted provisioning intervals of 45 business days for initial turn up of new trunks, and five to ten days to augment existing ones.

In response to TCG's position that blockage occurs not only in the trunks between BellSouth's tandem and TCG's switch, but also between BellSouth's own end office and its tandem, witness Stacy asserted that the trunk groups from its end offices to the tandem carry IXC and independent LEC traffic as well. Therefore, if TCG were experiencing blocking at that point in the network, witness Stacy argued that all the other carriers would also experience blocking.

Witness Stacy acknowledges that the data provided did not prove or disprove TCG's contentions with respect to blockage of TCG calls in BellSouth's own network, but states that the data was responsive to the questions asked. He stated that the ARMIS report that is provided by BellSouth to the FCC would demonstrate the blockage on the trunk groups that go to the access tandem. He also stated that BellSouth has not furnished any specific data to TCG about blockages on BellSouth's side of the network, but neither TCG nor any other ALEC had asked for that data. Witness Hoffmann asserts that TCG has requested that information on several occasions, but that BellSouth has not provided it.

The particular ARMIS data provided at hearing shows that, for the period of time studied, blocking on BellSouth's side of the access tandem was not a widespread problem. The ARMIS data provided does show, however, that, as recently as August there was substantial blocking of traffic carried to five ALECs, of which TCG was one. The ARMIS data requires that BellSouth report on blockage rates in excess of a certain percent over a given period of time. The blocking rates which were reported ranged from .0345% to .2424%. This is well in excess of the design standard of .005% for trunks going to an access tandem. This data does not identify whether or not ALEC traffic is overflowed to alternate or final trunks at peak periods. BellSouth did not initially produce the ARMIS data or any other data with its filing in this case to show that it is providing comparable trunking capacity and routing for ALEC traffic relative to that which it provides itself.

TCG's interconnection agreement does not contain specific provisions for diversity or alternate routing, as do some other agreements. BellSouth did not provide information to refute TCG's claim that BellSouth does not reroute its traffic if blocking occurs in the BellSouth network. BellSouth does reroute its own traffic to the local tandem. We also note that although other intervenor witnesses, such as MCI witness Gulino, indicates that they do not have any current problems with blockage, based on the data in the traffic studies, TCG carries a larger amount of traffic in the Southeast LATA than the other carriers for which data was reported.

TCG witness Hoffman also notes that BellSouth is required by its agreement to establish matching interconnection trunking facilities. Section IV.H. of TCG's agreement states:

The parties agree to establish trunk groups from the interconnecting facilities ... such that each party provides a reciprocal of each trunk group established by the other party. Notwithstanding the foregoing, each party may construct its network, including the interconnecting facilities, to achieve optimum cost effectiveness and network efficiency.

Witness Hoffman states that BellSouth has repeatedly refused to provide end office connections, an architecture that the witness asserts is an industry standard for both local and toll traffic routing. According to witness Hoffmann, implementation of end office connections would alleviate congestion at the BellSouth tandems. Section IV.G of the TCG Interconnection agreement states in part:

... TCG shall establish a point of interconnection at each and every BellSouth access tandem within the local calling area TCG desires to serve for interconnection to those end offices that subtend the access tandem. Alternatively, TCG may elect to interconnect directly at the end offices for interconnection to end users served by that TCG end office. BellSouth will connect at each TCG end office or tandem inside that local calling area.

The witness states that it took BellSouth three months to provide blocking data to TCG once the blocking problem was discovered. Witness Hoffman asserts that TCG has raised the issue at its meetings with BellSouth. BellSouth witness Stacy responds that TCG has the responsibility to ensure that BellSouth has adequate trunk capacity for traffic going from its network to TCG.

4. Local Tandem Interconnection

MCI witnesses Gulino and Martinez asserts that although the point of interface for the exchange of local and EAS traffic between independent telephone companies and BellSouth is the local tandem, BellSouth has refused to allow interconnection at local tandems. While Witness Martinez indicates that MCI had received a memo from BellSouth to MCI stating that BellSouth would allow local tandem interconnection, MCI argues in its brief that, at hearing, BellSouth reversed itself when BellSouth witness Scheye stated that local tandem interconnection was not currently allowed and that if ALECs wanted it they would have to go through the BFR process.

MCI witness Martinez testifies that BellSouth's local traffic remains on the local network and does not utilize the access tandem. Hence, local traffic won by an ALEC is removed from the local network and local tandem, and placed on the IXC toll network via the access tandem. Witness Martinez argues that this has the overall effect of enhancing the BellSouth local service while degrading the IXC toll network.

BellSouth witness Scheye disagrees with MCI's assertions regarding the access tandem, saying that separate trunks are used for access and local traffic. Witness Stacy did, however, testify that the same trunk group "carries all of the traffic destined for every IXC in that LATA, all of the independent companies that are served by interLATA, intraLATA services all together with the ALEC's traffic."

BellSouth asserts that while it reroutes its traffic to local tandems, this arrangement "is not much of an advantage" to ALECs. While local tandem interconnection has traditionally been used by BellSouth and independent LECs for exchange of local traffic, witness Scheye states that local tandem interconnection is not provided for in its agreement with MCI. Witness Scheye asserts that if MCI wants local tandem interconnection, it may request it via the BFR process.

We note that Witness Scheye also states that local tandem interconnection was not offered in the SGAT. BellSouth witness Milner states, however, that the SGAT does include local tandem interconnection.

BellSouth witness Milner asserts that local tandem interconnection is technically feasible. He adds, however, that it might not be possible "technically to measure that traffic sufficiently to determine the proper jurisdiction." He acknowledges that he was referring to the Percent Local Usage (PLU) factor. The PLU factor and its significance are addressed below.

5. Two Way Trunking and Percent Local Usage Factor

AT&T witness Hamman asserts that under the terms of AT&T's Interconnection Agreement, AT&T should be able to place local, intraLATA, and interLATA calls over two-way trunks. Witness Hamman stated that it is technically feasible, and that BellSouth has agreed to do it. The witness complains, however, that the one thing left to work out is the Percent Local Usage (PLU) factor that would permit billing of appropriate charges for the various types of traffic. Witness Hamman states that BellSouth has delayed agreement on the PLU factors through "its improper insistence that the . . . BFR process is the only vehicle for the parties to address this issue." Witness Hamman asserts that AT&T believes that since two-way multi-jurisdictional trunking is contemplated in their agreement, BellSouth should not require the BFR process, which concerns items requested outside the agreement.

BellSouth witness Scheye states that the PLU factor has yet to be developed for ALECs utilizing trunks with multi-jurisdictional traffic. The witness further states that development of the PLU factor has been the major source of delay in implementing two-way trunking.

Witness Scheye also argues that the majority of carriers believe that one-way trunks are not only adequate, but would also be the most efficient. He stated that AT&T's interconnection agreement included provisions for one-way trunks. We note, however, that the agreement also specifically includes language and drawings showing how two-way trunking carrying all traffic would be developed.

6. Confirmation of SS7 Signaling Transfer Point Code Activation

At the hearing we considered evidence that SS7 code activation is required for proper exchange of traffic between BellSouth and

ALECs. TCG witness Hoffmann testifies that it is necessary for BellSouth to confirm that SS7 Point Codes have been correctly loaded in order to facilitate the exchange of SS7 messages. Witness Hoffman further testifies that such confirmation is required by its agreement. The witness asserts, however, that BellSouth does not provide this confirmation.

In response to TCG's assertion, BellSouth witness Milner stated that to his knowledge TCG never requested confirmation of SS7 point codes. TCG witness Hoffmann however, refers to several letters to BellSouth which requested confirmation, and which he states had gone unanswered. Witness Hoffmann also states at deposition that he had recently received verbal assurance from BellSouth that it is reviewing the issue. TCG's Interconnection Agreement, Section IV.G, states that STP/SS7 connectivity is required at each interconnection point. It does not specify any notification conditions, but does require that interconnecting facilities shall conform to industry standards pursuant to BellCore Standard No. TR-NWT-00499 and BellSouth Guidelines to Technical Publication, TR-TSV-000905.

7. Provision of Carrier Identification Codes (CIC)

TCG witness Hoffmann states that IXC CIC codes must be loaded into TCG's switch to properly recognize the IXCs providing service to TCG's customers through BellSouth access tandems. Witness Hoffman stated that TCG needs to have this information to properly route traffic to those IXCs. TCG argues in its brief that BellSouth provides CICs to its newly certificated IXC. TCG presented evidence that its interconnection agreement with respect to meet point billing also requires that BellSouth provide the carrier billing name, the carrier billing address, and the CIC. TCG presented evidence that BellSouth has not complied, despite several requests from TCG.

According to TCG witness Hoffman, BellSouth only provides a carrier's Access Customer Name Abbreviation (ACNA). TCG must then cross reference the ACNA in the Local Exchange Routing Guide (LERG) to obtain the proper CIC. TCG witness Hoffmann states that in several instances, the ACNA has not matched the associated carrier name provided by BellSouth.

At the hearing, BellSouth witness Stacy testified that TCG is correct that BellSouth only provides ACNA. Witness Stacy argues that the ACNA is more accurate, and that BellSouth uses the ACNA itself. He further states that any errors may be the result of the IXCs themselves not furnishing the information, or it could be possible that some IXCs may consider their CIC proprietary. He stated, however, that he was not certain of this, and he had not had time to investigate.

8. Provision of Meet Point Billing Data

At the hearing, TCG witness Hoffman asserted that, according to TCG's agreement, BellSouth is required to provide meet point billing data to TCG on a daily basis to the extent daily IXC usage has occurred. TCG witness Hoffman states that such data is required for TCG to properly bill IXCs for services provided by TCG. The witness asserts that BellSouth has yet to provide any such records since the beginning of its agreement with BellSouth. Thus, the witness states, TCG has been unable to bill IXCs for any calls terminated to TCG's end office since July 1996. Witness Hoffman further asserts that TCG has asked BellSouth about this on several occasions beginning in April 1997, and according to witness Hoffmann, BellSouth has promised to look into it. Witness Hoffman asserts that other BOCs provide this data to TCG.

Witness Scheye testifies that meet point billing is required in most of BellSouth's interconnection agreements. He also states that BellSouth can provide it to ALECs and that it currently does provide it to independent LECs. Witness Scheye did not, however, explain why meet point billing data is not being provided to TCG.

9. Conclusion

The evidence demonstrates that some ALECs are in fact providing service to their customers over interconnection facilities. Nevertheless, the evidence also indicates that BellSouth still has a number of problems to resolve in the area of interconnection before it may be found to be in compliance with Section 271 (c)(2)(B)(i). The evidence presented regarding the ALECs' problems in this area indicates that BellSouth has yet to develop the ability to provide all facets of interconnection as required in the Act, in a timely and efficient manner.

Collocation

Based on the evidence presented, we find that the primary problem with physical collocation is that no requests have been implemented. The intervenors presented evidence that BellSouth has been unsuccessful in meeting the required timeframes in its agreements. To date, only one physical collocation arrangement has been completed, and the evidence demonstrates that, at this time, BellSouth is not providing physical collocation to ALECs in a manner that is at parity with the manner in which it provides physical collocation to itself or its affiliates. BellSouth has not demonstrated why it cannot meet the timeframes set by this Commission or those set forth in its arbitrated agreements with MCI and AT&T, as required by Order No. PSC-96-1579-FOF-TP.

Another problem arises with respect to virtual collocation. By definition, virtual collocation requires that only BellSouth personnel have access to the ALEC's collocation space. Thus, only BellSouth can actually perform the functions at the collocation that are necessary to establish and provide service to an ALEC's customers. MCI witness Gulino testified that a collocation arrangement is one of the most important ways, from an engineering perspective, that an ALEC can compete with BellSouth. From the testimony, however, it appears that BellSouth has indicated that it will only negotiate with ALECs pursuant to its Bona Fide Request (BFR) process in an attempt to establish so-called "glue" charges, which are charges for combining UNEs at virtual collocations. BellSouth witness Scheye stated that BellSouth will not commit to providing the combining activity. The ALECs presented exhibit evidence, that because the vast majority of today's collocation arrangements are virtual, ALECs are faced with a situation in which they must either pay the "glue" charge or wait until BellSouth completes ALEC orders for physical collocation arrangements. At hearing, BellSouth witness Scheye offered another alternative, which was simply not to use collocation arrangements. We do not believe that the witness's suggestion is an acceptable solution to the problem under the Act since collocation is required for interconnection and access to UNEs. We note that the glue charge itself is the subject of much dispute because the Act requires that interconnection and UNE rates be based on cost. See Section 252(d)(1). MCI argues in its brief that the glue charge is in direct violation of its agreement with BellSouth.

Regardless of whether the pricing issues are eventually resolved, BellSouth's inability to establish physical collocations in a timely manner is still a problem which has a direct affect on the ALECs' ability to compete meaningfully in the marketplace. We note that until all physical collocation requests have been successfully implemented, we cannot determine that BellSouth has fulfilled the requirements of the Act. Accordingly, we find that BellSouth is not in compliance with the collocation requirements at this time.

There are also problems associated with collocation in the SGAT. First, there are no provisioning intervals in the SGAT even though they were part of the arbitration agreements. While BellSouth witness Milner provided supporting material to the SGAT as part of his testimony that contained a provision that states that collocation should be provided in three months, that language is not contained in the SGAT itself, nor is it in the Collocation Handbook. The purpose of the SGAT, according to BellSouth's witness, is to provide an opportunity for a carrier to take service without having to go through negotiation. We believe it is likely that any ALECs that seek to take service under the SGAT would want to know the provisioning period for a collocation arrangement ordered from the SGAT. We also note that by Order No. PSC-96-1579-FOF-TP, we required that physical collocation requests be completed in three months. In addition, the MCI/BellSouth Interconnection agreement requires that BellSouth must provide collocation within 90 days of the firm order.

Another problem with the SGAT is that the current collocation prices are interim under the terms of Order No. PSC-96-1579-FOF-TP. Witness Scheye stated, however, that BellSouth does not plan to alter the prices in the SGAT after permanent rates are set unless ordered to do so by this Commission. The interim collocation rates approved by us in Order No. PSC-96-1679-FOF-TP were those contained in the Collocation Handbook included in the record in that arbitration proceeding. Rates for the SGAT were included in a price list shown as Attachment A to the SGAT, and included as an attachment to witness Scheye's testimony. The collocation rates are different, and in most cases higher than, those we approved in Order No. PSC-96-1579-FOF-TP. In response to cross examination by AT&T at hearing, witness Scheye stated that the reason for the change in rates was "additional cost work" that had been done.

BellSouth did not present any evidence supporting those costs in this case.

BellSouth has filed cost data in the BellSouth arbitration cases to develop permanent rates. BellSouth witness Scheye testified that BellSouth did not base the proposed rates in the SGAT on those cost studies. Thus, the collocation rates BellSouth now proposes to use in the SGAT are based on cost studies other than those submitted in support of permanent rates in its arbitration proceeding. Because the cost data for the proposed SGAT rates was not approved by, or even presented to, this Commission as appropriate pursuant to Section 252(d)(2) we do not believe that the rates meet the requirements of the Act.

In addition, we note that MCI witness Gulino identified some potential collocation problems with respect to power supply and escort requirements. These problems were not further discussed at the hearing, and we do not believe that they constitute a problem with regard to the SGAT itself. If, however, any or all of these problems arise once actual experience is gained with physical collocation, and if they cannot be resolved, we should be made aware of them.

Network Blockage and End Office Trunking

Regarding the complaints about blockages on the network, although TCG does have the responsibility to inform BellSouth via forecasts and regular communication, BellSouth must assume the responsibility for trunk capacity requirements on its network. The evidence in the record indicates that both parties need to improve communications with respect to potential fluctuations in traffic. The evidence also indicates that BellSouth has not complied with the parity requirement in the Act regarding end office trunking. In order to comply with this provision, we believe that BellSouth must provide ALECs with more frequent and better data on their traffic over BellSouth's network. BellSouth must be able to demonstrate that any blockages experienced by ALECs are not excessive in comparison to the blockages experienced by BellSouth. Finally, BellSouth and the ALECs must work together to improve communications between each other. In addition, BellSouth must provide data sufficient to show that blockage levels are comparable between BellSouth and ALEC traffic.

Local Tandem Interconnection

Upon consideration of the evidence, we find that BellSouth's reluctance to provide local tandem interconnection does not comply with the Act's requirement that interconnection shall be provided at any technically feasible point. We note that we have previously ordered BellSouth to provide tandem interconnection, without qualification as to which tandem. See Order No. PSC-96-1579-FOF-TP. We believe that BellSouth has the responsibility to provide local tandem interconnection if it is requested. To the extent the only limitation is the development of the PLU factor, local tandem interconnection should be provided and no BFR process should be required.

Two Way Trunking and Percent Local Usage Factor

Upon consideration of the evidence, we find that BellSouth is not in compliance with the requirements of the Act regarding requests for two way trunking. As stated above, we believe that BellSouth should allow the use of a surrogate PLU, and not allow data collection to delay implementation of ALEC agreements. We note that BellSouth's interconnection agreement with TCG provides for the use of a surrogate PLU until sufficient data has been collected to calculate one. In addition, we find it noteworthy that TCG witness Hoffmann stated that BellSouth had provided TCG with a PLU for use in calculating end usage, and that TCG was not experiencing problems with the PLU.

Confirmation of SS7 Signaling Transfer Point Code Activation

Since the BellSouth/TCG agreement does not specifically require confirmation of SS7 Point Code activation, we find that BellSouth has not violated its agreement on this point. We believe, however, that BellSouth has the responsibility to work with TCG and other ALECs to ensure that interconnection procedures are working properly. Even if confirmation of SS7 point code activation is not specifically required in TCG's agreement, BellSouth should nevertheless respond to ALEC written inquiries in a timely fashion.

Provision of Carrier Identification Codes (CIC)

There is no evidence in the record to show whether CIC data or ACNA is more reliable. However, where BellSouth has agreed to provide CIC data in its interconnection agreements with ALECs, it should do so.

Provision of Meet Point Billing Data

Upon consideration of the evidence presented, we believe that the provision of meet point billing data is a significant problem that BellSouth must remedy. If BellSouth is asked to provide meet point billing data or that requirement is contained within an interconnection agreement, BellSouth must provide that information. The evidence demonstrates that BellSouth has not done so. Thus, BellSouth is not in compliance with the Act's requirements.

10. Additional Concerns with the SGAT

We believe that there is conflicting language within the SGAT regarding multi-jurisdictional trunks. One provision states that carriers may not combine local and toll on a two-way trunk. Another provision states that mixing traffic is allowed using PLU factors. This confusion should be remedied, and the SGAT should clearly state that PLU factors can be used to facilitate the use of two-way trunks.

We also believe that the definition of Local Traffic is problematic. The SGAT contains a statement that no company shall represent Exchange Access Traffic as Local Interconnection Traffic. MCI witness Martinez states that if we approve this part of the definition of local traffic, we must require BellSouth to provide ALECs a complete listing of the BellSouth NPA-NXXs that make up each local service area, and in a usable format. This point is logical, and we instruct BellSouth to do so.

Upon consideration of the evidence presented regarding this issue, we find that BellSouth has not met the requirements of Section 271 (c)(2)(B)(i). We also find that the provisions in BellSouth's SGAT regarding interconnection do not satisfy the requirements of Sections of 251(c)(2) and 252(d)(1).

B. Nondiscriminatory Access to Network Elements in Accordance with Sections 251(c)(3) and 252(d)(1), Pursuant to 271(c)(2)(B)(ii).

1. Description of Requirements and Functions

We generally agree with the FCC's interpretation of the requirements of Section 271 related to this issue; but we have not adopted the FCC's TELRIC cost methodology as the cost basis for setting rates. The 8th Circuit Court vacated the FCC's pricing rules stating "that the Act directly and straightforwardly assigns to the states the authority to set the prices regarding the local competition provisions of the Act in subsections 252(c)(2) and 252(d)." Our review of the record in this proceeding, therefore, is based on the requirements of the Act and the FCC's rules, except for those rules that were vacated by the 8th Circuit Court. See Iowa Util. Bd. V. FCC, Nos. 96-3321, et al., 1997 WL 403401, at 46(8th Cir., July 18, 1997.

Upon review of the Act and the applicable FCC's rules, we find that BellSouth has a duty to provide, to any requesting carrier, nondiscriminatory access to UNEs on rates, terms, and conditions that are just, reasonable, and nondiscriminatory. This access includes access to BellSouth's OSS functions. For those UNEs and OSS functions that have not been requested by carriers, BellSouth must demonstrate that it currently has the capability to provide such UNEs and OSS functions if requested.

In Order No. PSC-96-1579-FOF-TP, issued on December 31, 1996, in Dockets Nos. 960833-TP and 960846-TP, we determined that the following items are technically feasible for BellSouth to provide on an unbundled basis: the Network Interface Device, Unbundled Loops, Loop Distribution, Local Switching, Operator Systems, Multiplexing/Digital Cross-Connect/Channelization, Dedicated Transport, Common Transport, DA Transport, Tandem Switching, AIN Capabilities, Signaling Link Transport, Signal Transfer Points, and Physical Collocation and Virtual Collocation.

Although not shown in the list of UNEs above, the Act, the FCC's rules and orders, and our arbitration order, all require BellSouth to provide nondiscriminatory access to its operations support system functions. Although collocation is one method of

providing access to UNEs, it is also a method for interconnecting facilities and, therefore, is discussed in Section VI.A. above.

The FCC has determined that operations support systems generally include those systems and databases required for pre-ordering, ordering, provisioning, maintenance and repair, and billing. The FCC defines each OSS function as follows:

Pre-ordering and ordering. "Pre-ordering and ordering" includes the exchange of information between telecommunications carriers about current or proposed customer products and services or unbundled network elements or some combination thereof.

Provisioning. "Provisioning" involves the exchange of information between telecommunications carriers where one executes a request for a set of products and services or unbundled network elements or combination thereof from the other with attendant acknowledgments and status reports.

Maintenance and repair. "Maintenance and repair" involves the exchange of information between telecommunications carriers where one initiates a request for maintenance or repair of existing products and services or unbundled network elements or combination thereof from the other with attendant acknowledgments and status reports.

Billing. "Billing" involves the provision of appropriate usage data by one telecommunications carrier to another to facilitate customer billing with attendant acknowledgments and status reports. It also involves the exchange of information between telecommunications carriers to process claims and adjustments. (47 C.F.R. §51.5)

The FCC also determined that if competing carriers are unable to perform these functions:

...for network elements and resale services in substantially the same time and manner that an incumbent LEC can for itself, competing carriers will be severely disadvantaged, if not precluded altogether, from fairly competing. Thus providing nondiscriminatory access to these functions, which would include access to the information such systems contain, is vital to creating opportunities for meaningful competition.

One way that BellSouth can demonstrate that its competing carriers are receiving nondiscriminatory access to the five OSS functions defined above is through the interfaces it provides. In this proceeding, BellSouth has offered pre-ordering through the Local Exchange Navigation System (LENS) interface; ordering and provisioning through the Electronic Data Interchange (EDI), Exchange Access Control and Tracking System (EXACT), and LENS interfaces; maintenance and trouble reporting through the ALEC Trouble Analysis Facilitation Interface (TAFI) as well as the Electronic Bonding Interface (EBI or T1M1); and billing through the access to the Billing Daily Usage File. In addition, carriers have the option of sending orders via facsimile.

Pre-Ordering: LENS

The Local Exchange Navigation System (LENS) is the interface developed by BellSouth to allow ALECs to perform both pre-ordering and ordering functions. Although LENS provides ordering capability, BellSouth states that LENS is to be used primarily for pre-ordering functions. LENS can be accessed by : (1) dial-up; (2) LAN-to-LAN connection; and (3) the Internet. Pre-ordering functions generally take place while a customer is on-line negotiating a service order. The parties agree that pre-ordering information generally refers to accessing information that allows a customer service representative to validate a street address, and access telephone number information, products and services information, due date information, and customer service record information. LENS provides access to each of these types of information. According to BellSouth, LENS has been available for ALEC use since April, 1997.

Ordering: EDI, EXACT and LENS

BellSouth offers two interfaces primarily for ordering. As stated earlier, LENS is also capable of providing the ordering function; however, BellSouth recommends that ordering take place through the EDI interface. BellSouth offers the Electronic Data Interchange (EDI) interface for ordering resold services and network elements. This interface is sanctioned by the Ordering and Billing Forum (OBF) for local service ordering. There are three methods of sending EDI orders: (1) dial-up; (2) value-added network; and (3) Connect direct, which delivers orders in a batch mode. In addition, a personal computer based version of EDI, known as EDI PC is available. BellSouth claims the EDI interface is currently able to provide electronic ordering for 34 resale services and some UNEs. EDI can be used to order "simple" UNEs such as loops, ports, and interim number portability. BellSouth states that it has been using EDI for about 30 years, and ALECs have had access since December, 1996. The Exchange Access Control and Tracking (EXACT) system has been available for 12 years.

The EXACT interface is to be used for ordering interconnection services and some network elements. The EXACT system has been in use by interexchange carriers for ordering access service requests, such as Common and Dedicated Transport.

In addition to offering the pre-ordering function, LENS provides ordering capability. Although LENS offers integrated ordering capability, BellSouth recommends EDI for ordering, since the primary purpose of LENS is to provide pre-ordering functions. We note that BellSouth does not use LENS for its retail operations. Instead, BellSouth uses a system known as the Regional Negotiation System (RNS) for most types of residence orders, and a system known as Direct Order Entry (DOE) for business and complex orders, and for the residence orders not supported by RNS.

Maintenance and Repair: TAFI and EBI

BellSouth offers the Trouble Analysis Facilitation Interface (TAFI) for reporting problems with both residence and business basic services. BellSouth states that any repair attendant can handle a trouble report on any BellSouth provided basic exchange service. TAFI is designed to interact with BellSouth systems to

analyze a problem and recommend the appropriate action to correct the problem. TAFI is capable of correcting a problem by implementing a translation change in a switch. For other services, BellSouth offers its Electronic Bonding Interface (EBI). EBI handles trouble reports for designed or special services, which are services identified with a circuit number, instead of a telephone number. EBI is currently used by interexchange carriers for reporting problems with access services. TAFI has been available for ALEC use since March, 1997, and EBI, since December, 1995.

Billing: Billing Daily Usage File

BellSouth provides billing data to ALECs through the Billing Daily Usage File. The file provides billable call detail records in an industry-standard format, known as the Exchange Message Record (EMR) format. The Billing Daily Usage File is an electronic interface which provides billable usage information associated with items such as directory assistance, interim number portability, and UNEs, such as unbundled ports. Specific types of data include: intraLATA toll, billable local calls and feature activations, operator services, and WATS/800 services. The billing daily usage file has been available to ALECs since March of 1996.

2. Status of Provisioning of Service

BellSouth appears to be providing several, but not all, requested unbundled network elements to competing carriers. In addition, it appears that the ALECs are experiencing problems with the billing of UNEs, and with the interfaces used to access BellSouth's operations support systems.

BellSouth contends that it is providing UNEs to facilities-based providers. For those UNEs that have not been requested, BellSouth states that it will generally offer UNEs in the SGAT. According to BellSouth, the network elements that are being provided to facilities-based providers in Florida include 7,612 interconnection trunks, 7 switch ports, and 1,085 loops. In addition, witness Varner testified that there are 7 physical collocation arrangements in progress, 34 virtual collocation arrangements completed and 24 more in progress. BellSouth also asserts that it has 277 ALEC trunks terminating to BellSouth

Directory assistance, 911 and intercept and operator services, 11 verification and inward trunks, and 31 trunks for facilities based ALECs to access BellSouth operator call processing services.

BellSouth also provided a breakdown of the network elements and network functions requested by ALECs serving Florida. While this information is proprietary, various competitor witnesses verified the accuracy of the information relative to their company during the hearing. We note, however, that the amounts listed for the UNEs in the confidential exhibit are not equal to those provided by BellSouth witnesses Varner or Milner. The confidential numbers are lower than those presented in the prefiled testimony of the BellSouth witnesses.

As stated above, the LENS ordering interface has only recently become available for ALEC use. The EDI ordering interface has been available for ALECs for approximately one year. The EXACT interface has been in use for some time by IXCs, but not by ALECs.

ICI witness Chase testified that BellSouth has recently made EDI available for placing orders electronically, but that ICI is still using manual processes out of necessity. Witness Chase stated further, that despite BellSouth's claim that EDI was available to ALECs in December 1996, ICI was not informed by BellSouth that EDI was available until late April 1997. Therefore, although it is in ICI's interest to utilize BellSouth's OSS as soon as practical, the transition from manual ordering to electronic ordering is a new process that will take time.

3. Discussion of Alleged Problems

The intervenors argue there are several problems associated with UNEs and OSS. The problems are outlined below.

a. UNEs

Problem 1: Rates for UNEs do not Comply with the Act

AT&T and MCI witness Wood argue that the interim rates we set in the arbitration proceeding do not meet the \$252(d)(1) cost standard in the Act. In support of their argument, they state that we did not determine that the interim rates are cost-based. Witness

Wood states further that compliance with §252(d)(1) "is not created by the expectation that the Commission will determine cost-based rates for UNEs in the future. Witness Wood also asserts that interim rates are not "rates" upon which companies can rely for capital budgeting purposes, since the rates represent costs to the company and are subject to change. Witness Wood states that interim rates do serve a useful purpose, which is to allow ALECs "to begin testing their market assumptions, training their employees, and testing the reasonableness and effectiveness of the processes established for interconnecting with BellSouth." According to witness Wood, however, interim rates remain a barrier to entry that must be removed in order for local competition to develop.

During cross examination, BellSouth witness Varner was asked if BellSouth filed any cost studies in this docket to support the prices in the SGAT. Witness Varner stated that no cost studies were filed, because the rates for the SGAT came directly from arbitration proceedings. BellSouth witness Scheye also stated that the vast majority of the prices in the SGAT were taken from arbitration proceedings. Although witness Scheye did not comment on the price for each and every UNE, he did state that the rates contained in the SGAT are either permanent arbitrated rates, interim rates from arbitration proceedings, or rates that were determined in other states.

In addition to the interim rates claimed not to be in compliance with the Act, Witness Wood argues that the permanent rates set by this Commission do not meet the cost standard in the Act. Witness Wood states that cost differences occur in some UNEs based on the geographic area being studied. Witness Wood believes that the cost of loop facilities are geographically sensitive, since the loop length and line density are the primary drivers of the cost of these elements. Therefore, in order for the rates to be truly cost based, they must reflect any geographic cost differences. Witness Wood points out that geographic deaveraging of wholesale rates should not be confused with geographically deaveraged retail rates. According to Witness Wood, it is "possible and appropriate" to have geographically deaveraged wholesale rates, while maintaining statewide average retail rates for end users. Witness Wood concludes by stating that "[c]ost based rates, established pursuant to section 252(d)(1), can and must reflect this demonstrated cost variability."

According to AT&T and MCI witness Wood, compliance with Section 252(d)(1) not only requires geographically deaveraged rates, but rates that are derived from costs that are based on an appropriate cost methodology. Witness Wood contends that the cost studies submitted by BellSouth in the arbitration proceeding were based on BellSouth's definition of TELRIC. Witness Wood states that BellSouth's TELRIC cost methodology calculates costs based on its embedded network, which is consistent with this Commission's definition of TSLRIC. The costs that result from methodologies based on an embedded network, however, are much higher than a methodology utilizing the "scorched node" approach. The scorched node approach only recognizes the existing locations of a LEC's existing wire centers. Witness Wood argues that the result of using a cost methodology that is not based on the scorched node approach, are costs that reflect inefficiencies inherent in an embedded network.

BellSouth witness Varner argues that deaveraging is not a requirement of the Act, nor is rate deaveraging required to determine checklist compliance. Witness Varner states that "BellSouth agrees that costs may vary by geographic area and that there are different levels of universal service support in different rates, but this is not the arena to address the issue." Witness Varner rebuts AT&T and MCI witness Wood's position that the rates set by this Commission in the arbitration proceeding are not cost based. Witness Varner states that the Act does not specify a particular cost methodology, and points out that the 8th Circuit Court's ruling granted the jurisdiction to determine the appropriate cost methodology exclusively to the state commissions.

We have set many permanent rates in the AT&T and MCI arbitration proceeding, consistent, we believe, with the requirements of the Act. Several UNEs were assigned interim rates pending receipt and review of cost studies provided by BellSouth. We will review these cost studies and set permanent rates for those UNEs that currently have interim rates. The following UNEs either have interim rates that we set in the BellSouth arbitration proceeding, or have no rate at all: 1) the Network Interface Device; 2) Loop Distribution; 3) 4-wire analog port; 4) AIN Capabilities (no rate); 5) Physical collocation; and 6) Virtual collocation.

Our review of the SGAT reveals that there are several UNEs for which we did not set rates in an arbitration proceeding. These elements are sub-loop elements and consist of loop distribution, loop cross connect, and loop concentration. Since cost studies were not submitted with the SGAT for these elements, we do not know what the cost basis is for the rates. Further, there is no cost evidence in the record for us to conclude that the rates for these sub-loop elements would be reasonable, even as interim rates.

The FCC stated in the Ameritech Order that it cannot conclude that the checklist has been met if the prices for interconnection and UNEs do not permit efficient entry. The FCC went on to say that "allowing a BOC into the in-region interLATA market in one of its states when that BOC is charging non-competitive prices for interconnection or UNEs in that state could give that BOC an unfair advantage in the provision of long distance or bundled services." In addition, the FCC concluded in the pricing section of the Ameritech Order that "a BOC cannot be deemed in compliance with sections 271(c)(2)(B)(i), (ii), and (xiii) of the competitive checklist unless the BOC demonstrates that prices for interconnection required by section 251, unbundled network elements, and transport and termination are based on forward-looking costs." In order to determine checklist compliance, the FCC stated that it is important for it to know whether the prices are "based on completed cost studies, as opposed to interim prices adopted pending the completion of such studies."

Upon consideration, we do not believe that interim rates can be used to support the SGAT or to demonstrate checklist compliance in general. We note, however, that we will be setting permanent rates for the UNEs for which BellSouth has interim rates in the near future. We would not reject BellSouth's application for interLATA authority simply because there are a limited number of interim rates that will be replaced by permanent rates in the near future. The SGAT and interconnection agreements can be revised once permanent rates are established for those UNEs.

Problem 2: BellSouth has not provided requested loops.

ICI witness Strow states that ICI has not received requested unbundled digital loops for data services from BellSouth. According to ICI, it requested unbundled loops from BellSouth on

July 11, 1996. BellSouth responded by letter on September, 10, 1996, stating that it could provide the requested loops. As of the date of this proceeding, however, some fourteen months later, BellSouth has not provided the requested loops to ICI. We address this more fully in Section VI.D. of this Order.

Problem 3: BellSouth has not demonstrated that it can provide mechanically generated billing statements for all UNEs.

On cross examination BellSouth witness Scheye stated that BellSouth currently cannot render bills electronically for the usage charges related to a loop and port combination. BellSouth witness Milner stated that unbundled local switching includes a monthly port charge and a per minute usage charge. BellSouth witness Scheye reaffirmed that BellSouth was unable to electronically provide billing for unbundled switching usage charges when questioned about such charges missing from the billing statements for AT&T's UNE test orders.

During cross examination, BellSouth witness Scheye identified the elements and charges listed on the AT&T bills. Witness Scheye verified that the billing statement listed two loop/port combinations for a total of \$34, which is \$17 each. The AT&T/BellSouth arbitrated agreement, however, lists the loop element alone as \$17. In addition, this is the rate listed in the draft SGAT for an unbundled 2-wire loop. The bill listed a charge for a "USOC 1MR - Description of residential message rate line." BellSouth witness Scheye stated that this appeared to be the port charge and not a rate for a message rate service. In addition to the errors just described, several items were listed on the bill, even though the items are not UNEs. First, a "listing not in directory" charge was added to the bill. BellSouth witness Scheye agreed that this charge is not in the SGAT or any BellSouth interconnection agreement. Second, there is a "South Miami manhole charge" listed on the bill. Witness Scheye could not explain the purpose of the manhole charge. Finally, the bill contained numerous charges for direct dialed long distance calls that BellSouth was assessing AT&T, even though AT&T was listed on the bill as the presubscribed carrier for both intraLATA and interLATA toll calls.

Also, neither the May nor June billing statement reviewed by witness Scheye during his deposition, or the June billing statement reviewed under cross examination at the hearing, included any recurring or non-recurring charges for local switching, local transport, tandem switching, call completion or directory assistance databases, or signaling system databases. Witness Hamman stated that the AT&T concept test consisted of four orders of the UNE platform. As explained below in problem 5, the platform contains all of these elements.

In the BellSouth arbitration proceeding, the Commission directed BellSouth to provide Carrier Access Billing System (CABS) formatted bills for both UNEs and resale. The Commission also stated that BellSouth may provide Customer Record Information System (CRIS) generated bills in the interim. CABS is the industry standard system used by ILECs to provide bills for IXC's. The Commission ordered BellSouth to provide CABS formatted billing within 120 days of the issuance of the order in the arbitration proceeding. See Order No. PSC-96-1579-FOF-TP, issued on December 31, 1996, in Dockets Nos. 960833-TP and 960846-TP. According to AT&T witness Bradbury, BellSouth agreed to provide AT&T, no later than August 3rd, 1997, with bills generated by CABS or in a CABS format for all interconnection, UNEs, and resold services. Witness Bradbury also stated that BellSouth notified AT&T that CABS formatted bills would not be available for all network elements until much later, and that bills for certain services would be provided in CRIS/Customer Large User Bill (CLUB) formats, and CABS for other services.

It is not clear whether BellSouth can mechanically generate CABS formatted bills at this time, since BellSouth provided AT&T with CLUB billing statements for the AT&T concept test. Although the draft SGAT provides CABS formatted billing for interconnection services, the draft SGAT does not state how carriers will be billed for UNEs. We conclude, therefore, that BellSouth must provide mechanically generated bills in the national standard CABS format.

Problem 4: BellSouth has not provided detailed access usage detail for billing purposes.

In addition to local switching usage, the local switch has the capability of recording access usage. BellSouth witness Scheye

affirmed, under cross examination, that BellSouth is capable and willing to provide the level of detail necessary for an ALEC to bill IXC carriers for access usage. We note that access usage refers to originating and terminating minutes of use for long distance calls that traverse the local switch. BellSouth acknowledges that when an ALEC purchases the loop and port, the ALEC becomes the access provider. AT&T witness Hamman testified, however, that BellSouth has not provided billing detail for access usage to requesting ALECs. We note that this may be due to BellSouth's position that providing the billing detail is not included in the rate for unbundled switching. We believe the parties should attempt to resolve this issue, and if they are unsuccessful they may bring the dispute to us.

Problem 5: Intervenor's argument and BellSouth's position on combinations of UNEs

The intervenors contend that BellSouth's position on combinations of UNEs is contrary to the requirements of the Act, the FCC's rules, and this Commission's arbitration order. Although there are different possible combinations of elements, the minimum arrangement necessary to provide basic exchange service consists of the loop and switch capacity. The complete combination of elements that would permit an ALEC to offer a full range of telecommunications services to end users is known as the "platform." The platform consists of the network interface device (NID), loop distribution, loop feeder, loop concentrator/multiplexer, local switching, operator systems, common and/or dedicated transport, signaling and call related databases, and tandem switching.

BellSouth witness Scheye states that the platform is not a capability that has been defined by the FCC, nor has it been endorsed by any state Commission within the nine state BellSouth region. BellSouth's position is that combinations of UNEs will be priced at resale. As part of a test trial, AT&T placed four orders with BellSouth, for local service to be provided by combining UNEs. During cross examination, BellSouth witness Scheye verified several UNEs listed on the billing statement for the trial service. Witness Scheye stated that if this was a real service, i.e., not a trial, then this service would have been billed at the retail price minus the avoided cost discount. There is evidence in the record that

BellSouth has refused to provide combinations of network elements at UNE rates. When MCI ordered an unbundled loop and port combination from BellSouth in Florida, the bill for these elements did not reflect UNE rates, but treated the order as resale. Also, according to ICI witness Strow, ICI requested several types of loops. BellSouth, however, did not actually provide the loops. Instead, BellSouth provided tariff services that are priced at UNE rates. According to Witness Strow, ICI has to purchase services out of the BellSouth retail tariff, and the billing statements contain credits to reflect that the tariffed item is being priced as a UNE. Witness Strow stated that ICI has no control or management capabilities with the UNEs. We note that one purpose for using UNEs, as opposed to purchasing a service for resale, is that UNEs provide the flexibility to offer service different from that provided by the ILEC.

Also, BellSouth takes the position that when an ALEC orders multiple UNEs to provision service to an end user who is migrating from BellSouth to the ALEC, BellSouth will break apart the network elements that are currently used and will assess a "glue" charge for recombining the elements. We note that this "glue" charge is not provided or defined in the SGAT, nor was it discussed in any prefiled testimony of a BellSouth witness. The "glue" charge, by definition, represents a charge that will be assessed when BellSouth performs the actual process of reconnecting UNEs for a requesting carrier. It is not clear from BellSouth witness Varner's testimony whether BellSouth will actually offer the service of combining UNEs for requesting carriers. BellSouth witness Scheye stated, however, that BellSouth will provide such service but that to do so would require negotiation, and that BellSouth would apply the 'glue' charge.

Upon consideration, we find that as of the hearing in this docket, the law on this matter was not settled. C.F.R. § 51.315 provided that:

- (a) An incumbent LEC shall provide unbundled network elements in a manner that allows requesting telecommunications carriers to combine such network elements in order to provide a telecommunications service.

(b) Except upon request, an incumbent LEC shall not separate requested network elements that the incumbent LEC currently combines.

The 8th circuit court did not vacate these subsections of rule 51.315 in its decision on July 18, 1997. See Iowa Util. Bd. V. FCC, Nos. 96-3321, et al., 1997 WL 403401, at 36 (8th Cir., July 18, 1997). We note that there appeared to be a conflict between the court's decision and the FCC's rules. Since the hearing, however, the 8th Circuit has vacated these subsections. We find that since BellSouth does not meet the requirements of Section 271(c)(2)(B)(ii) for other reasons, we need not decide this issue today. We will be addressing the issues relative to combinations of UNEs in the near future in Docket No. 960833-TP. Our decision in that docket will give BellSouth guidance. We note that BellSouth should be prepared to address this issue when it re-files its Petition for interLATA authority.

b. UNE Summary

The intervenors argue that there are several problems with the provisioning of UNEs. First, the intervenors assert that rates, both permanent and interim, set by this Commission do not meet the cost standard of the Act. The issue raised over permanent rates centers on geographically deaveraged rates for unbundled loops. As discussed above, the intervenors suggest that since the loop feeder portion of unbundled loops varies in length, so should the rate. The intervenors suggest that unbundled loops should have deaveraged rates, while maintaining uniform rates to end users. BellSouth maintains that this is a universal service issue and should be addressed in that forum. We do not necessarily oppose the notion of geographically deaveraged UNE rates. We have taken the position that the Act can be read to allow geographic deaveraging of unbundled elements; however, we did not interpret the Act to require geographic deaveraging. See Order No. PSC-96-1579-FOF-TP, in Docket No. 960833-TP. Therefore, we believe that the permanent rates we set in the BellSouth arbitration proceedings meet the cost based requirements of the Act.

The issue raised over interim rates is that they are not based on cost, and therefore, not compliant with the Act. We set interim rates in the BellSouth arbitration proceeding for those elements

listed above because BellSouth did not provide cost studies for those elements. We adopted TSLRIC as the methodology for determining costs. The interim rates we set were not based on cost because they did not have a TSLRIC basis. Although we do not believe that interim rates are sufficient to meet the requirements of the Act, we note that we will be setting permanent rates for the UNEs for which BellSouth has interim rates in the near future. We would not reject BellSouth's application for interLATA authority simply because it contained a limited number of interim rates that would be replaced by permanent rates in the near future. The SGAT and interconnection agreements would of course need to be revised once permanent rates are established for those UNEs.

Only one carrier in the proceeding complained that BellSouth has not provided a specific UNE that it requested. As discussed above, ICI requested unbundled loops in order to provide Frame Relay Service. We are concerned that ICI requested such loops over 14 months ago, and still has not received access to such loops. Even if the ICI/BellSouth interconnection agreement did not contain a provision for such elements, there is no reason for such a delay.

The intervenors argued that BellSouth does not have the capability to render electronic, or mechanized billing statements for usage sensitive UNEs such as local switching and local transport. As shown above, BellSouth witnesses Scheye and Milner acknowledged during cross examination that BellSouth did not have the capability to do so at this time. During the hearing, staff requested a late filed exhibit from BellSouth witness Scheye to answer what billing system was used to produce the AT&T billing statements, and whether or not BellSouth could currently provide mechanized billing for all UNEs. The answer to the mechanized billing question on Late Filed Exhibit 31 was that BellSouth could provide mechanized billing as of August 14, 1997. BellSouth, however, provided no evidence to support this claim. Without actual billing statements to demonstrate this capability, we believe that it is impossible to conclude that BellSouth has the capability to generate mechanized billing statements for usage sensitive UNEs. In addition, we ordered BellSouth to develop CABS formatted bills in the AT&T and MCI arbitration proceeding. See Order No. PSC-96-1579-FOF-TP. BellSouth has not demonstrated that it has the ability to generate CABS formatted billing statements. BellSouth clearly is still having to generate CLUB formatted bills

as demonstrated by the AT&T bills. In conclusion, BellSouth provides mechanized billing for itself; therefore, we believe that BellSouth must provide such billing capability to ALECs.

BellSouth has not provided access usage detail to ALECs. As explained above, the local switch has the capability to record all access minutes that transit the switch. BellSouth currently records such access minutes in order for it to bill access charges for IXCs. BellSouth witness Scheye testified that BellSouth has the capability, and will provide such usage detail if requested. AT&T is one intervenor that has specifically requested such access usage detail, but has not received it. We note that AT&T has filed a motion with this Commission to compel BellSouth to provide the requested billing detail. In addition, although providing such information for its own purposes, BellSouth has not demonstrated that it has, or that it can, provide access usage detail to requesting carriers. In conclusion, BellSouth records access usage billing for itself; therefore, it must provide such billing detail information to requesting ALECs.

OSS Related Problems

The intervenors have raised several problems and concerns with the various interfaces and with access to OSS functions. These problems will be discussed within each of the five functions of OSS. Although the FCC defines pre-ordering and ordering as one function, there are different problems associated with each, as well as a series of problems that involve both functions together. The problems that are specific to the pre-ordering function will be addressed separately. Those problems that involve both pre-ordering and ordering functions will be addressed with the problems specific to the ordering function.

c. Pre-Ordering

Problem 1: LENS requires multiple address validations for the same fields in different screens.

The intervenors state that LENS requires the address to be validated three separate times. In the inquiry mode of LENS, the address must be validated to obtain telephone numbers, validated again to view available features and services, and again to view

the installation calendar. BellSouth's RNS system does not require multiple address validations while accessing pre-ordering information. MCI witness Martinez states that the RNS system automatically assigns a number, once the address is validated. Witness Martinez explains that this number is "hard coded so that anything that they did from then on would bring for [SIC] the features and functions of that particular office." Because the number is "hard coded," RNS does not require multiple validations at each step, as does LENS.

Problem 2: No on-line customer credit checking capability and limited availability of customer service record information.

ALECs do not have access to customer payment history information when using LENS in the pre-ordering mode. BellSouth's RNS system allows BellSouth representatives the option of accessing such credit information online through Equifax. BellSouth witness Calhoun stated that she was unsure if BellSouth's internal interface, DOE, had such credit checking capability.

LENS in the inquiry mode does not provide customer credit history and detailed billing information other than the billing name and address. BellSouth witness Calhoun stated that this information was not agreed to in negotiations with ALECs, and therefore, was not provided via LENS. We did, however, require BellSouth to provide such information to AT&T and MCI in the arbitration proceeding. BellSouth witness Calhoun stated during cross examination that access to this information will be added to the LENS system on October 8th of this year.

Problem 3: LENS requires human intervention

BellSouth has not demonstrated that LENS provides non-discriminatory access to pre-ordering functions as compared to those available with BellSouth's own RNS and DOE systems.

Human intervention occurs because the pre-ordering capability of LENS is not integrated with the EDI ordering interface. This is evidenced by the need for an ALEC service representative to manually record the pre-ordering information obtained in the LENS inquiry mode and then manually re-enter the information into the

EDI order. BellSouth suggests in the LENS User Guide that the service representative print out each LENS screen as a method of recording the pre-ordering information. BellSouth's interfaces do not require this level of manual intervention. This problem, as it relates to integration of interfaces, is also discussed below in Problem 6, of the Ordering and Provisioning section.

BellSouth witness Calhoun states that it is not necessary for an ALEC service representative to manually re-enter data accessed from LENS into the ALEC's internal OSS. Witness Calhoun states that there are several methods that obviate the need to re-enter data. First, an ALEC service representative can "cut and paste" information from LENS, to any other computer application that supports the "cut and paste" function. Second, an ALEC can use the Common Gateway Interface (CGI). Witness Calhoun explained that CGI is a specification that could negotiate the movement of data between LENS and an ALEC's OSS. In addition, Witness Calhoun stated that CGI is available to any interested ALEC.

According to AT&T witness Bradbury, the CGI is not available to any new entrant interested in pursuing this option, as stated by BellSouth witness Calhoun. Witness Bradbury provided a chronology of events that took place when AT&T sought the information necessary to implement CGI as BellSouth proposes. AT&T's inquiry revealed that CGI builds upon the LENS interface, and firm specifications cannot be provided until the LENS interface is finalized. According to a letter dated May 19, 1997 from a BellSouth project manager, LENS will require multiple and frequent changes and will not be stable for six to nine months.

Problem 4: BellSouth can reserve more telephone numbers than ALECs

MCI witness Martinez states that LENS only allows ALECs the ability to reserve or assign six telephone numbers per order. AT&T witness Bradbury agrees stating, in addition, that BellSouth can reserve up to 25 numbers through its own OSS. In total, an ALEC is permitted to reserve a total of 100 numbers, or five percent of the available numbers, per central office. Witness Bradbury states that numbers which are available when using LENS in the firm order mode are not available when using LENS in the inquiry mode. The inquiry

mode of LENS is used to access pre-ordering information, when placing the actual order through EDI, PC-EDI, or by fax.

The record reveals that there are other problems associated with accessing telephone numbers. First, an ALEC must go to a separate telephone number assignment screen each time it accesses a telephone number for a new customer. In other words, when the address is validated in LENS, a phone number is not automatically assigned to the customer. BellSouth's RNS system on the other hand, only requires the BellSouth service representative to visit a separate screen if the customer rejects the phone number that is automatically assigned when the address is validated. Second, LENS does not provide a list of available NXXs to serve a specific address. BellSouth service representatives, however, have access to these numbers when using either RNS or DOE.

Problem 5: Cumbersome and inefficient methods of locating long distance company, and product and service information selected by customer

LENS provides a randomly organized list of long distance companies. The list is provided randomly so that long distance companies beginning with the letter "A" do not have an advantage over other companies. The problem here is that LENS does not provide a method of accessing a particular company name easily. The ALEC service representative must scroll through the extensive list of over 300 available carriers to find the name and carrier code of the long distance company. BellSouth's RNS and DOE systems permit the BellSouth representative to access carrier information by typing the first few letters in the carrier's name. AT&T witness Bradbury states that this is clearly not at parity in terms of timeliness or quality. This same condition is true when an ALEC's representative is trying to locate a service using LENS. The ALEC's representative must scroll through the list of available services to see if the requested service is available in the end office that serves the customer. BellSouth's RNS and DOE systems permit the BellSouth representative to access product and service information by typing the first few letters of the service or feature's name.

Problem 6: LENS does not provide access to calculated due dates in the inquiry mode

ALEC service representatives do not have access to due dates in the same manner as BellSouth's representatives when they use LENS in the inquiry mode to access pre-ordering information. LENS provides the ALEC representative with a table of dates that are not available, instead of the earliest available dates for a particular central office. In contrast, RNS provides a color coded calendar which shows the first available due date calculated by DSAP, and highlighted in green. All other dates, both available and unavailable, are distinguished by other colors.

d. Pre-Ordering Summary

As discussed above, the intervenors argue that there are several problems with the LENS pre-ordering interface. The problems raised demonstrate that LENS does not provide access to pre-ordering information in essentially the same time and manner as BellSouth's RNS and DOE systems. First, LENS requires multiple validations of the address to access certain functions. BellSouth's RNS and DOE systems do not require multiple validations. Therefore, the ALEC service representative will spend more time reviewing or accessing pre-ordering information than will a BellSouth service representative.

LENS does not provide customer credit checking capability and it only provides limited customer service record information. On the other hand, BellSouth's internal interface, RNS, provides on-line credit checking capability and access to the customer's full service record information.

LENS is a human-to-machine interface. Therefore, after an ALEC service representative accesses pre-ordering information, the representative must either cut and paste the information, or print out each LENS screen and then retype the information into an EDI order. This is true also when entering information into the ALEC's internal OSS. RNS and DOE do not require any such manual handling of data, since both systems have ordering and pre-ordering functions that are integrated.

An ALEC cannot reserve the same number of phone numbers through LENS as BellSouth can in RNS. In addition, RNS automatically assigns a phone number when an order is being taken for a new customer. LENS requires the ALEC service representative to access the number screen and select a number. Unlike RNS and DOE, LENS does not provide a list of available NXXs for a specific address.

When searching for the long distance carrier requested by the end user, the BellSouth service representative can type the first few letters in the carrier name and both RNS and DOE will automatically bring up the carriers full name and identification code. This feature is also available when the BellSouth service representative is searching for products and services. LENS, however, does not offer this capability. In LENS, any searches performed by the service representative must be performed by scrolling page by page until the carrier name or service name is found. This clearly is not at parity with BellSouth.

LENS does not provide access to calculated due dates. Instead, a table of dates appears showing all days that are unavailable for due dates. These unavailable dates include weekends, holidays, scheduled office down times, and days that are already filled with other service orders. The ALEC representative, however, has to look at a calendar to figure out the next available due date. In contrast, RNS offers a BellSouth representative a calendar that highlights, in a specific color, the earliest due date available. In addition, the calendar shows the dates that are not available in another color. In other words, the BellSouth ordering interface has a color coded calendar that is user friendly and is efficient. BellSouth has not offered an efficient due date recognition system for LENS users.

Upon consideration, we do not believe that BellSouth is providing pre-ordering capabilities at parity with the pre-ordering capabilities it provides itself. In addition, we note the FCC has concluded that "in order to meet the nondiscriminatory standard of OSS, an incumbent LEC must provide competing carriers access to OSS functions for pre-ordering...that is equivalent to what it provides itself, its customers or other carriers." As explained below in the ordering and provisioning summary, we believe BellSouth must provide a pre-ordering interface that is integrated with the EDI

ordering interface, and that it must correct the LENS pre-ordering deficiencies discussed above.

e. Ordering and Provisioning

Problem 1: LENS and EDI do not have electronic edit capability at parity with BellSouth's RNS and DOE systems.

BellSouth witness Calhoun acknowledged that RNS and DOE have greater edit checking capabilities than either EDI or LENS. This means there is a greater likelihood that an ALEC order will be rejected by the downstream systems than will a BellSouth order. Witness Calhoun testified that RNS, DOE and EDI distinguish the fields that must be populated so the customer service representative knows that the order is complete. Although EDI distinguishes the fields that must be populated, we note that witness Calhoun testified that LENS does not distinguish which fields must be populated. In addition, witness Bradbury testified that the FUEL and SOLAR databases work simultaneously with RNS, while a BellSouth customer service representative is working on an order. Therefore, FUEL and SOLAR are checking the order as it is being processed. This online edit checking capability does not exist with LENS or EDI, because LEO and LESOG are downstream databases that check the ALEC's order after it has been sent. Once the order is rejected downline, the ALEC is notified either by fax or through a phone call by the LCSC. This notice could take days. Errors in BellSouth submitted orders, not caught by the on-line edit checks, but caught by the downstream checking database, however, are sent to an error handling group, typically within 30 minutes.

Problem 2: No order summary screen exists in either EDI or LENS as in RNS.

When an ALEC representative completes taking the order from a customer, there is no order summary screen in LENS or EDI to confirm the order while the customer is on line, before sending the order off for completion. BellSouth witness Calhoun acknowledged during cross examination that RNS provides an order summary screen so that the order may be confirmed with the customer.

Problem 3: ALECs cannot access or make changes to pending orders.

Once an order is placed through LENS or EDI, the ALEC service representative cannot access the original order to make a change. EDI allows a change order to be made and submitted to BellSouth; however, the original order cannot be accessed in order to make modifications directly. In contrast, the original order placed by a BellSouth representative using RNS and DOE can be changed by accessing an order update screen.

Problem 4: BellSouth has not provided requesting carriers with the technical specifications of the interfaces.

BellSouth states that if an ALEC wants to integrate its pre-ordering information from LENS with its EDI ordering system, then the ALEC needs to use a Common Gateway Interface (CGI) program to build its side of the interface. Witness Calhoun testified that CGI is a program that manipulates data between two systems, thus eliminating the need for an ALEC customer service representative to move from one system to another. BellSouth began the development of CGI technical specifications for the ALECs, but abandoned the effort, stating that it appeared no party wanted to pursue that option. AT&T and MCI, however, state that they have both requested, and not received, the technical specifications from BellSouth. Further, witness Calhoun stated that an ALEC cannot complete development of a commercial system that integrates LENS and EDI until BellSouth completes the CGI technical specifications on its side of the interface. Witness Calhoun also stated that BellSouth is willing to continue to develop the CGI specifications with any interested ALEC.

AT&T witness Bradbury argue that an ALEC will be at a disadvantage until BellSouth develops its side of the interface. Witnesses Calhoun and Bradbury testified that RNS displays the rate for a service and calculates the taxes for that service. She stated that when a BellSouth customer service representative validates a customer's address, a tax code is returned that provides the appropriate taxes for that address. This information then flows through the order to the billing system. She also testified that in the products and services section of RNS, an

option button appears beside each product or service which allows the BellSouth customer service representative to offer promotions to BellSouth's end users. Witness Calhoun, however, stated that pricing, promotion, and packaging of services that an ALEC offers to its customers is at the ALEC's discretion. She also stated that an ALEC can choose, "to organize information on its side of the interface in whatever way suits its pricing or marketing objectives."

The Intervenors also state that BellSouth has not notified them of, or provided them with, the modifications BellSouth makes to LENS. The parties state that this is essential because LENS is a proprietary system that BellSouth owns and controls. According to witness Bradbury, BellSouth makes changes to LENS unilaterally, which can make this interface unstable, disruptive, inefficient and expensive for new entrants to use. In addition, witness Martinez testified that since March BellSouth has made three revisions to the LENS Users Guide, none of which were disclosed to MCI. Witness Martinez testified further that, in all cases, MCI learned of these revisions from a source other than BellSouth.

Witness Calhoun testified that the latest version of the LENS User Guide was dated June 17, 1997, and that some changes to LENS have taken place since then. She testified that the next update to LENS is scheduled for October 8, 1997. She further testified that no specific method was used other than through LENS itself to communicate the subsequent LENS modifications to ALECs since June 17th.

Problem 5: Interfaces are not fully electronic or integrated, and require manual intervention

There are three forms of manual intervention problems that are raised by the intervenors. The first form occurs because BellSouth's proposed interfaces do not link an ALEC's OSS with BellSouth's OSS. The second occurs because BellSouth has not provided an interface that integrates pre-ordering and ordering capabilities together, as do its own internal interfaces. The third occurs because LENS and EDI do not enable an ALEC to place orders for the same services as BellSouth, which flow through BellSouth's downstream systems without by human intervention.

AT&T witness Bradbury states that LENS is a human-to-machine interface, since there is no electronic communication between BellSouth's OSS and the ALEC's OSS. This is evidenced by the need for an ALEC service representative to manually enter data into BellSouth's OSS, and then manually re-enter the same data into the ALEC's OSS. BellSouth believes that it is up to the ALEC to develop the integration capability for the interfaces. As discussed above, however, BellSouth has not provided the technical specifications necessary for an ALEC to design such capability. In addition, witness Bradbury states that LENS cannot process orders electronically for simple network elements. When an ALEC uses LENS to make an order for a UNE, it must type the request in the "remarks" section. According to Witness Bradbury, the "remarks" section is unformatted and requires manual processing by BellSouth.

AT&T witness Bradbury states that since the pre-ordering capability of LENS is not integrated with the ordering capability of EDI, the pre-ordering information must be manually entered into the EDI based order. This is in direct contrast to BellSouth's RNS and DOE systems which automatically populates pre-ordering information into the order. Thus, witness Bradbury concludes, the capabilities inherent in BellSouth's RNS and DOE systems are not provided at parity for ALECs.

Another form of manual intervention involves BellSouth's Local Carrier Service Center (LCSC). The EDI and LENS ordering interfaces do not allow all orders to flow through BellSouth's downstream systems to generate a mechanized order. BellSouth witness Calhoun states that mechanized orders for PBX trunks, multi-line hunt groups, Synchronet services, and basic rate ISDN service can not be generated at this time, when placed via EDI. Instead, orders for these services drop out of the system and go to the LCSC where the order is processed manually. The problem is that BellSouth's internal ordering systems, RNS and DOE, allow orders for these services to flow through the downstream systems to generate a mechanized order. Therefore, BellSouth has failed to provide services that it can order electronically to requesting carriers on an equivalent basis.

Problem 6: Sufficient Capacity to meet demand.

The intervenors argue that BellSouth does not have sufficient capacity to meet the demand for orders. They believe there are specific problems that support their claim.

The parties question the efficiency of BellSouth's Local Carrier Service Center (LCSC). BellSouth operates two LCSCs that interface with the ALECs for interconnection, UNEs, and resale orders. Witness Scheye states that BellSouth does not use the LCSC for its retail operations. Instead, BellSouth has its own organizational group that performs analogous but different functions for BellSouth's retail customers. In addition, witness Scheye testified that the job performed by BellSouth's LCSC employees ultimately affects BellSouth's OSS where an order requires manual intervention.

On March 13, 1997, an independent consultant, hired by BellSouth, submitted its evaluation of BellSouth's LCSC operations in Atlanta, Georgia and Birmingham, Alabama. The consultant, Dewolff, Boberg & Associates, Inc., stated that the company's objective ultimately was to "reduce costs while improving manager, supervisor and employee effectiveness." ICI cited to several parts of the consultant's analysis, stating that the problems identified by the consultant were having a direct, negative impact on the ALECs. For example, the consultant concluded that excessive errors and reworks were lowering the quality of BellSouth's service due to missed dates and excessive lead times. The consultant further stated that this "level of ineffective utilization is a result of unclear expectations, employee skill deficiencies, the lack of process documentation and control over the work flow." The consultant linked these problems to BellSouth's supervisors who were described as "passive or reactionary," and who were not observed actively training employees.

After concluding the initial review of the LCSC's performance, the consultant and BellSouth conducted a 22-week study to improve the deficiencies noted in the March 13, 1997 evaluation. The study began on March 17, 1997, and was to conclude on August 15, 1997. On July 8, 1997, the consultant released the status report for the end of Phase II of the project. ICI questioned witness Scheye about several of the problems identified by the consultant. The

consultants found that the percentage of Local Service Requests (LSRs) that needed clarification during the week of June 25, 1997, was 64.6%. In addition, the consultants stated that the average number of times that these LSRs were sent back to MCI and AT&T in order to complete the processing was 1.7 times. Witness Scheye stated that this meant 64.6 percent of all orders submitted by AT&T and MCI needed clarification. He further stated that on average, the LCSC had to send these orders back to AT&T and MCI almost twice per order, before an error free LSR was received. Thus, witness Scheye concluded that BellSouth needed to provide some additional training or clarification to the carriers so that fewer orders are submitted in error. Witness Scheye also stated that BellSouth can provide ALECs with all of the training materials to provide BellSouth with accurate orders, but it is up to each ALEC to provide BellSouth with error free orders.

Despite the problems cited above, BellSouth believes that it has sufficient capacity to meet demand. BellSouth estimates that it would receive 5000 orders per day on a region wide basis, 4000 of which can be supported by EDI and 1000 supported by LENS. BellSouth expects Florida to account for 25% of the orders. In addition, witness Calhoun states that LENS was designed to handle pre-order activity in support of 5000 orders per day in the BellSouth region. Furthermore, witness Calhoun states that, "the combined peak daily ordering volume over the EDI and LENS interfaces has thus far been about 200 orders, which is significantly less than the current capacity of at least 5,000 orders per day." We note that there is no record evidence that documents how BellSouth derived its estimated pre-ordering and ordering capacity, nor is there any evidence estimating how many of the orders would be for resale and how many would be for UNEs.

In response to the parties claims, Witness Scheye agreed that there were problems revealed in the 22-week study. Witness Scheye testified, however, that all of the problems identified were fixed, with the exception of one. The one outstanding item deals with the continuous improvement of BellSouth's LCSC. The record does not, however, contain the final report by the consultants for the 22-week study.

Upon consideration, it appears that BellSouth has not met its burden to show that there is sufficient capacity. As noted above,

there is no record evidence that documents how BellSouth derived its estimated pre-ordering and ordering capacity, nor is there any evidence estimating how many of the orders would be for resale and how many would be for UNEs.

Problem 7: Installation intervals not at parity with BellSouth

ICI states that it ordered and received a DS-1 loop from BellSouth; however, it took BellSouth six weeks to provide the loop. According to ICI witness Strow, BellSouth typically provisions a DS-1 loop for itself in 1-2 weeks.

Sprint/SMNI witness Closz states that BellSouth regularly misses its commitment to notify SMNI of any problems with a submitted order within 48 hours. Witness Closz asserts that this results in missed installation due dates. Also, SMNI has experienced problems with BellSouth converting customers to SMNI for service. Witness Closz states that a problem occurred after BellSouth issued an internal order to provide SMNI a local loop. The incorrect order by BellSouth twice resulted in an eighteen day installation interval.

47 C.F.R. § 51.319(c)1(ii), provides that:

An incumbent LEC shall transfer a customer's local service to competing carriers within a time period no greater than the interval within which the incumbent LEC currently transfers end users between interexchange carriers, if such transfer requires only change in the incumbent LEC's software.

Witness Gillan states that BellSouth must create an OSS that allows it to move customers between itself and new entrants using network elements, in the same interval that BellSouth moves customers between IXCs, as long as no network reconfiguration is required.

FCCA witness Gillan states that BellSouth has admitted that it has not proposed a service interval for the loop/port combination. In addition, witness Gillan states that BellSouth does not provide the ordering capability for combinations of UNEs that are currently

combined, because BellSouth's position is that it will break apart the preexisting combination of UNEs and require them to be put back together again. BellSouth witness Calhoun does not know if BellSouth's ordering system is capable of accepting and generating an order for a preexisting loop/port combination, where the elements would not have to be taken apart and put back together.

We note the concerns raised about provisioning intervals. We address BellSouth's target intervals in Part VI. of this Order. Further, we will not resolve the issue raised pertaining to loop/port combinations for the same reasons we stated in our discussion on combinations of UNEs earlier. As we stated there, since BellSouth does not meet the requirements of Section 271(c)(2)(B)(ii) for other reasons, we need not decide this issue today. We will be addressing the issues relative to combinations of UNEs in the near future in Docket No. 960833-TP. Our decision in that docket will give BellSouth guidance. We note that BellSouth should be prepared to address the intervenors concerns regarding loop/port combinations when it re-files its Petition for interLATA authority.

Problem 8: Insufficient testing and test documentation

BellSouth entered 86 binders of testing information into the record as support for its compliance with the 14 checklist items and the SGAT. The binders contain technical service descriptions, testing results, ordering procedures, provisioning procedures, maintenance procedures, and other information that BellSouth uses internally to respond to orders for UNEs and resold services by an ALEC. Witness Milner testified that the end-to-end testing results contained within the 86 binders were performed to verify BellSouth's ability to respond appropriately to an order, whether it was submitted manually or via LENS or EDI. Witness Milner, however, testified that the electronic ordering systems, LENS and EDI, were not included in "end-to-end" testing processes. Witness Milner stated that "the end-to-end testing was not a test of the ordering vehicle." Further, witness Milner stated that when BellSouth conducted its end-to-end testing, BellSouth entered the instructions for the test in BellSouth's direct order entry (DOE) system, rather than in LENS or EDI. Witness Milner also testified that a very large amount of duplication was resident within the binders. For example, witness Milner stated that some of the

documents contained in the binders were duplicated as many as 50 times. In addition, numerous places within the binders refer to draft or temporary instructions which shows that BellSouth's methods and procedures are still evolving and changing.

The FCC stated in the Ameritech Order that it agrees with the DOJ on the standard for operational readiness, which is evidence of actual commercial usage. The FCC maintains that actual commercial usage is the most probative evidence of operational readiness. In addition, the FCC does not require an RBOC to ensure that ALECs are using all OSS functions available to them; however, the RBOC is charged with demonstrating that the reason an ALEC is not using a particular OSS function is strictly a business decision of the ALEC, rather than a lack of OSS function availability. The FCC states that it may consider other forms of evidence for commercial readiness if the RBOC can demonstrate why ALECs are not using all available OSS functions. The other forms of evidence that the FCC will consider, absent actual commercial usage are; carrier-to-carrier testing, independent third-party testing, and internal testing.

Upon consideration, we find that the internal testing results contained in the binders do not prove that BellSouth can actually provide the items. We note that the testing results were not verified by an independent third party. We believe that the manner in which BellSouth performed its internal testing is insufficient to demonstrate that its systems and processes are capable of responding to an order placed by an ALEC in a manner that is at parity with BellSouth's own abilities. We believe that end-to-end testing to demonstrate that ordering and provisioning of services must be done as if an ALEC were placing the order. BellSouth performed end-to-end testing by using its own systems to demonstrate that it can provide service. ALECs, however, not only use different interfaces, but they must also use different downstream databases to process orders. Accordingly, BellSouth has not demonstrated that ordering and provisioning functions placed through ALEC available systems do, in fact, work at parity with BellSouth's internal systems.

f. Ordering and Provisioning Summary

As discussed above, the intervenors argue that there are several problems with BellSouth's ordering interfaces. The problems raised by the intervenors demonstrate that BellSouth has not provided nondiscriminatory access to the ordering and provisioning functions.

LENS and EDI do not incorporate the same level of on-line edit capabilities as BellSouth's internal interfaces. There is, therefore, a higher chance that orders will contain mistakes, which will be rejected by the downstream systems. The result of the limited edit capability is that ALEC orders will take longer to actually be provisioned than BellSouth orders.

Unlike RNS and DOE, LENS and EDI do not provide an order summary screen. This makes it very difficult and time consuming for an ALEC to verify a customer's order while the customer is on-line. We believe that LENS and EDI must provide this capability.

We also find that the interfaces offered by BellSouth must offer similar functionality. As stated above, pending orders placed via LENS or EDI cannot be accessed to make changes. Instead, a change order must be prepared. BellSouth's internal interfaces provide the service representative the ability to access orders pending implementation.

In order for ALECs to develop their side of the interface, they must first receive technical specifications for BellSouth's proposed interfaces. BellSouth has not provided such specifications to requesting carriers.

As discussed above, there are three forms of manual intervention. We believe each of these types of manual intervention must be eliminated before the nondiscriminatory access standard can be met. We find that to provide nondiscriminatory access to the ordering function, BellSouth must do the following: first, BellSouth must provide an interface that integrates the pre-ordering and ordering functions; second, BellSouth must provide ALECs with the same capability to generate electronic orders for the same services that BellSouth can electronically generate for itself; and third, BellSouth must provide the technical

specifications necessary to permit ALECs to link their own OSS system to BellSouth's OSS. It is BellSouth's position that ALECs need to develop their own integration capabilities. BellSouth, however, has not provided sufficient technical documentation for LENS that would enable ALECs to do so.

On the first and second points the FCC concluded that "in order to meet the nondiscriminatory standard of OSS, an incumbent LEC must provide to competing carriers access to OSS functions for pre-ordering, ordering, provisioning, maintenance and repair, and billing that is equivalent to what it provides itself, its customers or other carriers." Regarding the third point, the FCC stated that a BOC is required to provide carriers with the technical specifications that will allow ALECs to modify or design their systems so that their OSS will be able to communicate with the BOC's legacy systems. The FCC further stated that BOCs "must provide competing carriers with all of the information necessary to format and process their electronic requests so that these requests flow through the interfaces, the transmission links, and into the legacy systems as quickly and efficiently as possible."

BellSouth has not demonstrated that its systems can process the number of orders per day that it claims it can. The consulting firm hired by BellSouth to perform an analysis of the Local Carrier Service Center (LCSC), stated in its report that BellSouth has missed service implementation dates. In addition, BellSouth has experienced problems providing firm order confirmations (FOCs) in a timely manner. This results in the ALEC not knowing when service was actually implemented, and has resulted in billing statements being sent to the end user by both BellSouth and the ALEC. Although BellSouth claims that it is currently receiving approximately 200 orders per day, BellSouth has not demonstrated that it can effectively handle this low volume of orders in an accurate and timely fashion. Therefore, we do not believe that BellSouth can currently meet service order demand requirements.

BellSouth has not provided sufficient test documentation to prove that it is capable of providing those services not yet requested. We believe that the manner in which BellSouth performed its internal testing is insufficient to demonstrate that its systems and processes are capable of responding to an order placed

by an ALEC in a manner that is at parity with BellSouth's own abilities.

BellSouth has not provided sufficient test documentation to prove that it is capable of providing those services not yet requested. We believe that the manner in which BellSouth performed its internal testing is insufficient to demonstrate that its systems and processes are capable of responding to an order placed by an ALEC in a manner that is at parity with BellSouth's own abilities.

g. Maintenance and Repair

Problem 1: TAFI is a proprietary system that does not provide ALECs with machine-to-machine functionality.

Witness Bradbury states that TAFI is a human-to-machine interface that requires a new entrant to manually enter each trouble report order into the ALEC's own OSS, because TAFI does not allow electronic communication between BellSouth's OSS and a new entrant's OSS. Therefore, AT&T states that because new entrants must manually input the maintenance and repair data twice, instead of only once, the ALECs are denied the ability to operate in substantially the same time and manner as BellSouth. BellSouth, however, has the capability to submit maintenance and repair orders electronically for all types of service.

Witness Calhoun agrees that TAFI is not a machine-to-machine interface. She contends that the TAFI interface is "intelligible to a human being" using this system. In addition, witness Calhoun states that TAFI is not an industry standard; however, she states that the functionality that TAFI provides is "far superior" to the level of functionality that the industry defines in terms of exchanging information about a trouble report. She also states that TAFI can be used for any trouble identified with a telephone number, including residential and simple business services, and some UNEs, such as an unbundled port, interim number portability, PBX trunks and ESSX station lines.

Problem 2: The TAFI interface lacks sufficient capacity to meet demand.

AT&T states that TAFI does not have the necessary capacity to meet the demand of all ALECs. In support of this claim, AT&T asserts that TAFI currently has the capacity to support 195 simultaneous users in BellSouth's region if its "hot spare" arrangement is activated. Witness Bradbury argues that this capacity is insufficient, because AT&T alone has several hundred repair attendants that would all need to be logged into TAFI at the same time, just as BellSouth's repair attendants are.

BellSouth argues that TAFI has sufficient capacity to meet demand. Witness Calhoun testified that TAFI currently supports 65 simultaneous users with a second processor being installed that will double the capacity. In addition, she stated that BellSouth has a "hot spare" arrangement in place that can be activated almost immediately. The "hot spare" arrangement protects against equipment failure in case one of the main processors fails, and it would increase the capacity by an additional 65 users for a total of 195 simultaneous users. Further, for every 65 users, the TAFI system can handle 1300 troubles per hour. Witness Calhoun also stated that additional processors can be added within 60 days to increase the capacity, if needed.

h. Maintenance and Repair Summary

Upon consideration, we find that the record does not support a finding that there is or is not sufficient capacity. We note that we may need to explore this further in a future proceeding. We do find, however, that BellSouth must do the following to achieve parity: BellSouth must provide ALECs with the technical specifications of TAFI so that ALECs can integrate their OSS with BellSouth's OSS for maintenance and repair. This electronic communication capability does not currently exist; therefore, an ALEC must manually reenter each trouble report into its own OSS system. In addition, BellSouth must provide ALECs with the ability to have all of the ALECs repair attendants logged into TAFI at the same time, just as BellSouth's repair attendants are, in order for the TAFI interface to meet the nondiscriminatory standard. The FCC concluded that "in order to meet the nondiscriminatory standard of OSS, an incumbent LEC must provide to competing carriers access

to OSS functions for pre-ordering, ordering, provisioning, maintenance and repair, and billing that is equivalent to what it provides itself, its customers or other carriers."

i. Billing

We note that we addressed billing in detail above in our discussion of UNE-related problems. We will not repeat our analysis here, but note that BellSouth has not demonstrated that it can provide billing statements for usage sensitive UNEs.

j. OSS Summary

A major area of concern with respect to the interfaces offered by BellSouth is the amount of manual intervention that is required on behalf of an ALEC service representative. The amount of manual intervention required when placing a non-complex order via the EDI interface is far in excess of how BellSouth would place the same order. The primary problem is that BellSouth does not provide a pre-ordering interface that is integrated with an ordering interface that provides these functions in essentially the same time and manner as BellSouth's internal systems. In addition, the interface must provide the capability to interconnect the ALEC's own internal OSS to BellSouth's OSS. BellSouth has not provided the technical data to requesting carriers to permit the development of such an interconnection. In the Ameritech Order, the FCC listed several components for the provision of access to OSS. These components include: 1) the interface, or gateway, which is used to inter-connect the ALEC's own internal OSS to an RBOC's OSS; 2) a processing link, either electronic or manual, between the interface and the RBOC's internal OSS which includes all necessary back office systems and personnel; 3) all internal OSS or legacy systems that an RBOC uses in providing UNEs to an ALEC.

According to the FCC, an RBOC must provide more than just an interface in order to comply with the nondiscriminatory access standard for OSS. BellSouth has only partially provided part one of the three components mentioned above. BellSouth has provided interfaces, but the interfaces do not permit interconnection to the ALEC's OSS at this time.

The FCC states that in order for an RBOC to meet the nondiscriminatory access standard, no limits may be placed on the processing of information between the interface and the legacy systems, if such limits did not permit an ALEC to perform a function in substantially the same time and manner as the RBOC performs the function for itself.

Upon consideration, we believe that BellSouth is required to demonstrate to this Commission and to the FCC, that its interfaces provide nondiscriminatory access to OSS functions. Although AT&T witness Bradbury stated that there are five characteristics of a non-discriminatory interface, we find it appropriate to recognize four of those characteristics. We find that each interface must exhibit the following characteristics to be in compliance with the nondiscriminatory standards of the Act. They are: 1) the interface must be electronic. The interface must require no more human or manual intervention than is necessarily involved for BellSouth to perform a similar transaction itself; 2) the interface must provide the capabilities necessary to perform functions with the same level of quality, efficiency, and effectiveness as BellSouth provides to itself; 3) the interface must have adequate documentation to allow an ALEC to develop and deploy systems and processes, and to provide adequate training to its employees; and, 4) the interface must be able to meet the ordering demand of all ALECs, with response times equal to that which BellSouth provides itself.

The fifth requirement, as discussed by witness Bradbury, is that an interface must comply with national standards. Although we agree that an interface should comply with national standards, there are no national standards for pre-ordering interfaces. Therefore, BellSouth's proprietary interface, LENS, could have been sufficient to meet the integrated interface requirement, if it met all four of the requirements of a non-discriminatory interface. We find that BellSouth must offer a pre-ordering interface that is integrated with the industry-standard EDI interface, for two reasons. First, integration of pre-ordering and ordering functions must be provided simply because BellSouth has integrated its own internal pre-ordering and ordering functions; and second, BellSouth has declared that EDI is the ordering interface that it recommends carriers use.

In summary, we find that the interfaces and processes offered by BellSouth do not permit an ALEC to perform an OSS function in substantially the same time and manner as BellSouth performs the functions for itself. In addition, the SGAT offers the same interfaces and OSS functions; therefore, the same problems identified above are applicable to what is offered via the SGAT. These deficiencies also render the SGAT non-compliant with the UNE portion of the checklist.

4. Conclusion

We find that BellSouth has not met its duty to provide nondiscriminatory access to UNEs to requesting carriers. We agree with the FCC that the BOC must demonstrate that it is meeting the nondiscriminatory access standard for UNEs, including access to OSS functions, by offering an efficient carrier a meaningful opportunity to compete. The FCC concluded in the Ameritech order that its requirement on BOCs to demonstrate nondiscriminatory access to OSS functions is "achievable." The FCC stated: "We require, simply, that the BOC provide the same access to competing carriers that it provides to itself."

Based on the evidence in this proceeding, we find that BellSouth has not met the requirements of Section 271(c)(2)(B)(ii). BellSouth has not fulfilled its duty to provide, to a requesting carrier, nondiscriminatory access to unbundled network elements, including access to its operations support systems functions as required by the Act, the FCC's rules, and our arbitration order.

C. Nondiscriminatory Access to Poles, Ducts, Conduits, and Rights-of-way in Accordance with Section 224, Pursuant to Section 271(c)(2)(B)(iii).

Section 271(c)(2)(B)(iii) of the Act in conjunction with Section 224 requires BellSouth to provide nondiscriminatory access to poles, ducts, conduits, and rights-of-way to ALECs when requested. If no requests for access have been made, then BellSouth is required to demonstrate that it is capable of providing such access if an ALEC or cable television company requests it.

BellSouth argues that it has met this checklist item. BellSouth witness Scheye states that access to poles, ducts, conduits, and rights-of-way are provided to any ALEC by way of a standard agreement. As of the hearing, 13 ALECs in Florida had executed license agreements with BellSouth to allow them to attach their facilities to BellSouth poles and place their facilities in BellSouth ducts and conduits. BellSouth states that these items are functionally available. According to witness Scheye, the fact that BellSouth has provided access to IXCs, cable television companies and power companies for years demonstrates that they are functionally available. Witness Scheye notes that BellSouth offers this access in Section III of the SGAT via a standard license agreement. He also states that the pole attachment rate is \$4.20 per pole per year, and the conduit occupancy rate is \$0.56 per foot per year. These prices were developed in accordance with FCC accounting rules that were designed by the FCC to produce cost-based rates. These prices, we note, were not challenged by any party.

The intervenors proffered limited testimony on this issue. Most of the witnesses did not address "access to poles, ducts, conduits, and rights-of-way" at all. Eight of the nine intervenors state in their briefs, however, that BellSouth has not provided nondiscriminatory access. Only three, AT&T, MCI, and Sprint, explain why they take this position. No party cites specific problems associated with gaining access to poles, ducts, conduits and rights-of-ways.

Sprint argues that the associated prices should be tariffed and cost based. We do not believe that the Act specifically requires tariffs. BellSouth witness Scheye presented evidence that the prices for ALEC access were developed in accordance with FCC accounting rules, which were developed to be cost based. As noted above, these prices were not challenged by any party.

MCI witness Martinez states that BellSouth has not established time periods for providing access to poles, ducts, conduits, and rights-of-way; and therefore the process for obtaining access is subject to abuse. BellSouth witness Milner states that if make-ready work is not required, an ALEC can access the conduit or make the pole attachment immediately. BellSouth witness Scheye states that applications for access are handled on a first-come, first-

served basis. This procedure has not been tested in Florida because no ALEC has filed an application for access. The procedures for providing access to cable companies, however, have been in effect for years. Upon review, we do not have any evidence in this proceeding to indicate that this process will not work for telecommunications companies. In addition, we note that time periods for providing the ALEC's requested access depend on the complexity of the request and the availability of the requested access. Thus, the time to gain access could vary substantially depending on the situation. Based on the evidence before us, therefore, we find that BellSouth has met the requirements of Section 271(c)(2)(B)(iii).

D. Unbundled Local Loop Transmission Between the Central Office and the Customer's Premises from Local Switching or Other Services Pursuant to Section 271(c)(2)(B)(iv).

Checklist item iv requires BellSouth to unbundle the local loop transmission from local transport and local switching. Paragraph 380 of the FCC's First Report and Order on Interconnection defines "unbundled local loop" as a

transmission facility between a distribution frame, or its equivalent, in an incumbent LEC central office, and the network interface device at the customer premises. This definition includes a number of loop types, such as two-wire and four-wire analog voice-grade loops, two-wire and four-wire loops that are conditioned to transmit digital signaling, ...

BellSouth argues that it has provisioned unbundled local loop transmission to all requesting carriers. In response to a discovery question regarding local loop transmission, BellSouth stated that it had filled 1392 requests.

The record reveals that a number of the intervenors have requested unbundled local loops and subloop elements either for testing or for commercial orders. AT&T has ordered local loops and NIDs for test locations. Similarly, ICI indicates that it placed orders for 4-wire digital loops, DS-1 loops, 2-wire analog loops, and ISDN loops in anticipation of using these to provide Frame Relay Services. MCI indicates that it ordered unbundled local

loops for test trials and one for commercial purposes. Sprint Metropolitan Network has ordered unbundled local loops. TCG also indicates that it has ordered high capacity unbundled service out of a collocation arrangement.

BellSouth witness Milner asserts that BellSouth has offered functionally available unbundled local loop transmission. BellSouth contends that it has unbundled the local loop transmission from local switching or other services. Witness Milner also asserts that BellSouth has technical service descriptions outlining available unbundled loops and sub-loop elements. BellSouth contends that it has implemented procedures for the ordering, provisioning, and maintenance of unbundled loops and sub-loops. In addition, BellSouth asserts that it has provisioned 1,085 unbundled loops to competing carriers in Florida. Witness Milner states that BellSouth has verified the availability of unbundled local loop transmission to ALECs. Witness Milner contends that during verification of these loops, orders were generated and flowed through BellSouth's operational system in a timely and accurate manner. He further contends that billing records were generated and reviewed for accuracy. BellSouth offers several loop types to any requesting ALEC, and where a loop type is not offered in its SGAT, BellSouth has established a Bona Fide Request process to obtain an additional loop. Witness Scheye argues that BellSouth has fully implemented checklist item iv, because BellSouth either has provided or is capable of providing, the unbundled local loop transmission upon request.

BellSouth states that in its SGAT, BellSouth provides access to unbundled local loop and sub-loop elements. According to BellSouth, it provides a variety of local loop configurations, such as 2-wire and 4-wire voice grade analog, 2-wire ADSL, 2-wire and 4-wire HDSL, 2-wire ISDN, and 4-wire DS-1 digital grade. The sub-loop components include loop distribution media, loop cross-connects, loop concentration systems and the network interface device.

Several intervenors assert that BellSouth has not met its obligation to provide nondiscriminatory local loop transmission unbundled from local transport or other services. ICI witness Strow contends that BellSouth has not provided ICI with the access it has requested to certain unbundled network elements. Thus,

BellSouth has not provided ICI with unbundled local loop transmission. ICI witness Strow asserts that some orders for unbundled local loops (ULL) have still not been provided. Witness Strow argues that in ICI's interconnection agreement, ICI requested unbundled frame relay network components in the form of loops and sub-loops elements. Specifically, witness Strow asserts that ICI has requested 4-wire digitally-conditioned loops. Witness Strow states that despite repeated correspondence to BellSouth expressing ICI's need for these loops and sub-loops elements, the elements have still not been provided. BellSouth responded by letter on September, 10, 1996, stating that it could provide the requested loops. Witness Strow contends, however, that BellSouth later informed ICI that sub-loop elements could not be provisioned because the LFACS and the TIRKS line and trunk assignment databases could not handle the data. According to witness Strow, in another instance BellSouth informed ICI that the CABS billing system is not able to bill for unbundled local loops, and that BellSouth has not reconfigured its CRIS system to bill for ULLs either.

Witness Strow concludes that BellSouth has not been able to bill for the unbundled local loops provisioned on an unbundled basis. Instead, BellSouth has billed the unbundled local loops at tariffed rates, and applied credits according to its interconnection agreement with ICI, thereby giving the appearance that it was billing for UNEs. Witness Strow stated that in another instance BellSouth provisioned Synchronet service as a surrogate for some requested UNEs that BellSouth could not provision. She argued that ICI has been disadvantaged by the pricing of the Synchronet service since BellSouth is arguing that this provisioning is equal to a resale service and not a UNE.

Sprint witness Closz states that Sprint has experienced problems affecting service as BellSouth struggled to provision the requested unbundled local loops. Witness Closz contended that while BellSouth continues to address these operational problems, the underlying deficiencies have not been corrected. Witness Closz testified that Sprint customers have been taken out of service because BellSouth was unable to stop disconnect orders when associated cut-overs were delayed. In other instances, witness Closz testified that BellSouth has delayed notifying Sprint of facilities-related problems regarding a customer's move to another location. In a particular case, she stated this delayed notice

caused 12 out of 14 of the customer's lines to be out of service for two days at the new location. Witness Cloz asserted that on occasions, cut-overs have been incomplete due to BellSouth's limited network capacity. In addition, Sprint contended that BellSouth's application of the wholesale discount has been problematic. Witness Cloz stated that BellSouth has continuously misapplied rate elements.

WorldCom has no experience in Florida; however, WorldCom's witness Ball contends that WorldCom has experienced similar scheduling cut-over problems in Georgia. WorldCom argues that BellSouth has not provided unbundled local loop transmission due to these continued provisioning and conversion problems. Similarly, ACSI's witness Falvey asserts that three of its business customers were without service for several hours. As clients called their numbers, they received recordings that stated that the numbers were no longer in service. Witness Falvey contends that each day of delay to install a customer's ULL jeopardizes the competing carrier's ability to retain that customer. He argues that BellSouth's failure to process ALECs' orders by agreed upon due dates gives BellSouth the chance to retain that customer.

MCI's witness Martinez contends that MCI ordered an unbundled loop and a switch port, which BellSouth provided; however, BellSouth billed the services as resale service. Thus, witness Martinez argues that MCI is not sure of what BellSouth has provisioned. The witness states that "[I] know what we ordered, and that was the loop and the port. But when the bill came in, it was billed as a resale." In addition, MCI's witness Gulino contends that BellSouth provisions unbundled local loops at longer installation intervals than it provides to itself, and thereby limits the ALECs' reasonable opportunity to compete. He contends that if a new customer initiating service has to wait for several days, this is sufficient reason for the customer to change his mind about signing up with an ALEC. In addition, MCI contends that BellSouth has not fully implemented the provisioning of unbundled loops, since BellSouth's OSS does not support unbundled local loops on a nondiscriminatory basis.

AT&T witness Bradbury asserts that BellSouth's systems in other states reveal that there are no methods and procedures to ensure that service changes will be implemented in

nondiscriminatory time frames. Since BellSouth's systems are region-wide, there is no reason to expect that BellSouth has different capabilities in Florida than it has in other states in its region.

Upon consideration, BellSouth has proffered sworn testimony that it is providing unbundled local loop transmission between the central office and customers' premises. Further, upon review of the record, we note that parties in this proceeding have verified that they have received this checklist item upon request. We acknowledge the concerns raised about billing and note that we address billing in our discussion on checklist item iii. We also acknowledge MCI's claim that BellSouth's provisioning intervals for ALECs are not at parity with the provisioning intervals BellSouth provides to itself. We note, however, that there is no data to support this claim in the record. Therefore, since the evidence indicates that BellSouth has provided, and competitors have received this checklist item, we find that BellSouth has met the requirement of Section 271(c)(2)(B)(iv).

E. Unbundled Local Transport Pursuant to Section 271(c)(2)(B)(v).

Section 271 and Section 251 of the Telecommunications Act of 1996 require that BOCs provide unbundled network elements to all requesting competing carriers, and that these network elements, as well as the accompanying access, shall be provided on a nondiscriminatory basis.

This checklist item requires BellSouth to unbundle the local transport on the trunk side of a wire line from switching or other services. It does not address whether BellSouth provisions nondiscriminatory access to unbundled local transport. It addresses whether BellSouth provides local transport that is unbundled from the local loop, local switching, or other services. BellSouth testified that it has provisioned unbundled local transport to all requesting carriers. In order to determine whether BellSouth has met the requirements of this item, it is necessary for BellSouth to provide documentation demonstrating that BellSouth provisions and bills for unbundled local transport as a separate unbundled network element.

ORDER NO. PSC-97-1459-FOF-TL
DOCKET NO. 960786-TL
PAGE 105

Paragraph 440 of the FCC First Report and Order on Interconnection defines unbundled local transport to include shared and dedicated transmission facilities between end offices and the tandem switch and central offices, or between such offices and those of competing carriers.

AT&T states that it has ordered local transport as part of its Concept Testing. ICI has requested unbundled local transport per its Interconnection Agreement, but has not ordered it in Florida. ICI contends that BellSouth has not provided the unbundled local transport in a usable manner. ICI, however, asserts that it has no direct experience in ordering unbundled local transport. MCI indicates that it has requested dedicated transport. Sprint states that it requested local transport pursuant to its interconnection agreement, but that it has not actually ordered unbundled local transport.

It is not clear how many unbundled local transport requests BellSouth has received or what BellSouth has provisioned and to whom. Accordingly, we cannot quantify the actual level of activity in Florida.

BellSouth witness Milner states that BellSouth has provisioned 277 dedicated trunks for interoffice transport to requesting ALECs in Florida. Witness Milner states that since unbundled interoffice transport is very similar to the interoffice transport component of special access services, which BellSouth has experience in provisioning, BellSouth did not test to verify the condition of the local transport components. Witness Milner asserts, however, that test orders for dedicated transport and channelization were flowed through and billed accurately.

In addition, BellSouth contends that it offers unbundled local transport in Section V of its SGAT. The unbundled transport includes optional channelization for local transport from the trunk side, dedicated and common transport including DS0, DS1 channels in conjunction with multiplexing or concentration and DS1 or DS3 transport. BellSouth also offers tandem switching. BellSouth states that in its SGAT it offers its common transport on a usage sensitive basis.

MCI witness Martinez contends that BellSouth has not unbundled its local transport because BellSouth purports to charge for local transport on a minute of use basis. Witness Martinez argues that in order to demonstrate that common transport is unbundled in compliance with the Act, both the port and the trunk have to be priced at flat rates. Witness Martinez contends that the only way to measure the usage on a minute-of-use basis would be to provision local transport in conjunction with the port. He argues that measurement of usage on a minute-of-use basis utilizes the measurement capability of the switch; thus, BellSouth must be provisioning common transport in combination with switching. In addition, witness Martinez argues that BellSouth does not offer the trunk side local switching element. He contends that without a trunk side local switching network element, BellSouth cannot possibly connect the common transport element to the switch. Witness Martinez concludes that BellSouth must not be offering common transport.

MCI witness Gulino argues that BellSouth has not offered common transport in the most efficient way for competition to develop in the local market. He contends that this is implied in BellSouth's refusal to provide for multi-jurisdictional trunk transmission. Witness Gulino argues that from an engineering standpoint it is very important to have the flexibility to carry any type of traffic on the same trunk. He argues that flexibility eliminates inefficient duplication of trunks. Witness Gulino concedes, however, that multi-jurisdictional trunking is not provided in MCI's agreement with BellSouth. ACSI witness Falvey asserted that ACSI has not ordered unbundled local transport in Florida; however, ACSI has experienced critical transport failure in Kentucky and Alabama.

AT&T witness Hamman contends that BellSouth has not established the necessary protocols to ensure that common transport can be provided and billed on a nondiscriminatory basis. Witness Hamman asserted that to date BellSouth has not provided confirmation to AT&T regarding the UNE platform that AT&T ordered in Florida. AT&T argues that it has not received the shared transport it ordered, since BellSouth has not billed for this usage sensitive element. AT&T argues that since BellSouth has not billed for shared transport, it is uncertain if BellSouth has actually

ORDER NO. PSC-97-1459-FOF-TL
DOCKET NO. 960786-TL
PAGE 107

provided shared transport, and hence, has not provisioned local transport.

AT&T also argues that BellSouth cannot claim compliance with a checklist item on the basis of BellSouth's past experience in providing access transport to IXCs. AT&T contends that providing transport for interLATA and toll is not synonymous with providing unbundled local transport for local exchange service. AT&T further contends that BellSouth is unwilling to allow AT&T to take advantage of its existing dedicated transport facilities to provide local service. AT&T argues that this group of customers already has access to AT&T's network via dedicated transport; thus, AT&T believes that BellSouth should allow AT&T to use these facilities to provide local service to this group of customers.

Upon consideration, we agree with BellSouth that unbundled local transport is similar to the interoffice transport component of special access notwithstanding the fact that these two components have distinctive applications. We find, however, that while BellSouth may draw from its prior experience in providing interoffice transport for special access, this in and of itself does not suffice to prove that BellSouth can provision ULT in the local market. Further, it is possible that during testing BellSouth can generate billing associated with the test. This does not prove, however, that BellSouth can provide and bill for ALECs in a commercial usage environment.

Based on the evidence in the record that BellSouth cannot bill for usage sensitive UNEs, we find that BellSouth has not met the requirements of Section 271(c)(2)(B)(v). This Commission has established that usage sensitive UNEs will be billed using the CABS billing system, or that those bills will be CABS-formatted. We note that BellSouth has not complied with either requirement. Accordingly, we are unable to determine if BellSouth has unbundled local transport from other services. We find, therefore, that BellSouth has not met the requirements of this checklist item.

**F. Unbundled Local Switching Pursuant to Section
271(c)(2)(B)(vi).**

This checklist item requires BellSouth to unbundle local switching from local transport, local loop transmission, or other services. It does not address whether BellSouth provides nondiscriminatory access to the unbundled local switch. It addresses whether BellSouth provisions local switching that is unbundled from the local loop, local transport, or other services. BellSouth testifies that it has provisioned unbundled switched ports to all requesting carriers. In order to determine whether BellSouth has provisioned local switching unbundled from the local loop, local transport, or other services, it is necessary for BellSouth to provide documentation demonstrating that BellSouth provisions and bills for unbundled local switching as a separate unbundled network element.

The FCC defines local switching as encompassing line-side and trunk-side facilities plus the features, functions, and capabilities of the switch. The line-side facilities include the connection between a loop termination, e.g. the main distribution frame and the switch line card. The trunk-side facilities include the connection between trunk termination at a trunk-side cross connect panel and a trunk card. The features, functions, and capabilities include the basic switching function of connecting lines to lines, lines to trunks, trunks to lines, and trunks to trunks. This also includes basic capabilities that are available to the ILEC's customers, such as telephone numbers, directory listings, dial tone, signaling, and access to 911, operator services, and directory assistance. Also, the local switching element includes all vertical features that the switch is capable of providing, including custom calling, CLASS features, and Centrex.

AT&T asserts that it has ordered local and tandem switching for its Concept Testing. AT&T asserts that the requested switching elements are intended for testing and not commercial usage. ICI asserts that while it has not requested any switching element, it has initiated discussions with BellSouth for local switching. MCI states that it has requested an unbundled port with Caller ID Block and other vertical services.

BellSouth witness Milner asserted that BellSouth has provisioned seven unbundled switched ports in Florida to requesting ALECs. Witness Milner states that with the exception of the wiring of the loop to the port in the central office, BellSouth's unbundled local switching is virtually identical to BellSouth's existing retail services. According to Witness Milner, BellSouth offers a variety of switching ports and associated usage unbundled from transport, local loop transmission and other services. BellSouth asserts that additional port types are available through the Bona Fide Request process.

AT&T witness Hamman argues that BellSouth has not provided access to all of the features in the switch. He asserted that an ALEC must be able to utilize the full capacity of the switch just as BellSouth does. Witness Hamman contends that while AT&T has ordered four switching ports as part of the platform in its concept testing, BellSouth has not yet provided them. He argues that to demonstrate compliance with this checklist item, BellSouth must provide the full capabilities of the switch to give ALECs the ability to activate and change features, and define the translations for its customers. Further, AT&T argues that BellSouth must provide usage billing with carrier identification codes and the billing of access charges. Witness Hamman states that for AT&T to ascertain that BellSouth has provisioned the ordered concept testing platforms, BellSouth must properly provide and bill for these orders, and provide the methods and procedures for billing.

MCI's witness Martinez contends that there are two sides to the switch, the port (line) side and the trunk side. He states that BellSouth has offered trunk side switching in conjunction with common transport in its SGAT. Witness Martinez contends that BellSouth has therefore not unbundled local switching so that both line side and trunk side switching are offered separately in compliance with the Act.

FCCA's witness Gillan contends that the key to robust competition in the local market lies in the local switch element. He asserts that the switch lies at the center of local exchange service. Witness Gillan further contends that it is at the local switch where services and revenues are created and generated respectively. Thus, the speed and efficiency of market entry will

be directly related to the number of carriers using BellSouth's existing switches. Witness Gillan asserts that the Act requires that BellSouth offer the local switch element as a generic functionality that can be used by competing carriers without the burden of obtaining requisite services.

Witness Gillan argues that sustainable ALEC market entry requires more than the mere unbundling of the local switch, but instead, the availability of the logical combinations of network elements. He argues that since there are practically no alternative exchange networks in existence, the competing carriers will have to acquire their network elements, such as combined loop and switch, from BellSouth. Witness Gillan refers to this combination of network elements as a "platform configuration."

BellSouth witness Milner states that pending a long term solution, BellSouth will provide selective routing to any ALEC's desired platform using class codes, subject to availability in accordance with our Orders in Dockets Nos. 960833-TP, 960846-TP and 960916-TP. Witness Milner asserts that selective routing will be used to direct calls from the unbundled switch to an ALEC's designated operator service. The witness states that BellSouth will provide selective routing in Florida upon request. BellSouth asserts that the rate for selective routing is based on the rates set by the Commission in the BellSouth/AT&T Interconnection Agreement. Witness Milner argues that this particular rate includes vertical services. AT&T witness Hamman states that while AT&T has requested direct routing in Georgia, AT&T has not requested the use of selective routing in Florida.

Witness Hamman contends that BellSouth has denied AT&T direct routing to AT&T's operator and directory services. The witness further argues that BellSouth has not provided direct routing using either Line Class Codes or Advanced Intelligent Network. AT&T argues that customized routing is an FCC requirement. Witness Hamman further argues that while its agreement in Georgia provides for direct routing, BellSouth contends that it will consider AT&T's request for code conversion via the Bona Fide Request process, despite the fact that BellSouth admitted that code conversion is technically feasible.

BellSouth witness Milner asserts that BellSouth's unbundled local switching includes a monthly port charge and usage. He states that the monthly charges can be system generated. He stated that BellSouth will either render a manually calculated bill or retain the usage until a system generated bill is available, depending on what the ALEC elects. Witness Milner asserts that by late September 1997, BellSouth will be in a position to generate an electronic or mechanized usage bill. At the hearing, BellSouth witness Scheye asserts that BellSouth is capable of providing electronic usage billing, although a bill has not yet been rendered. Witness Milner concedes that BellSouth cannot electronically bill for two UNES that have usage sensitive elements.

AT&T Witness Hamman argues that the local switch is the "brain" of the network since it provides the needed information that a carrier uses to bill customers for usage and other carriers for access to the customers. In addition, witness Hamman asserts that since October 1996, AT&T has been requesting usage sensitive billing information to no avail. Witness Hamman contends that BellSouth itself uses the same usage data to bill for access.

Upon consideration, we find that BellSouth has not demonstrated that it can bill for unbundled local switching on a usage-sensitive basis. Accordingly, BellSouth has not met the requirements of Section 271(c)(2)(B)(vi). We note that while BellSouth appears to provide direct routing to ALECs, BellSouth's inability to provide CABS or CABS-formatted billing as ordered by this Commission does not provide the ALECs with reasonable opportunity to compete. It appears that BellSouth provides daily usage data to itself. To ensure compliance with the Act's requirements, the ALECs must be provided the same data and in the same time frames as the ILEC. We also believe that local switching comprises both the line side and trunk side capabilities; to offer one and not the other restricts the ALECs ability to fully participate in the local market. The Act does not state that a portion of the local switch shall be unbundled. It states that the whole local switch must be unbundled. Therefore, it is incumbent on BellSouth to make all components of the local switch available to any requesting ALEC, and on an unbundled basis. Based on the record, we are unable to affirmatively conclude that BellSouth is provisioning unbundled local switching in compliance with checklist item vi.

**G. Nondiscriminatory Access to 911 and E911 Services,
Directory Assistance Services and Operator Call
Completion Services Pursuant to Section(c) (2) (B) (vii).**

With respect to 911/E911, Directory Assistance and Operator Call Completion Services, nondiscriminatory access refers to access that is at least equal to the access that BellSouth itself receives.

1. 911/E911

The record reveals that as of June 1, 1997, BellSouth had 88 trunks in service connecting at least five ALECs with BellSouth E911 arrangements in Florida. BellSouth updates the 911/E911 database daily, and this update includes BellSouth's customers, as well as all ALECs' and ILECs' customers. BellSouth appears to provide 911/E911 services to the ALECs in the same manner in which it provides the services to BellSouth. BellSouth updates the 911/E911 database daily for both BellSouth's and the ALECs' customers.

As the FCC stated in the Ameritech Order, BellSouth must "do what is necessary to ensure that its 911 database is populated as accurately, and that errors are detected as quickly, for entries submitted by competing carriers as it is for its own entries." That is, the updates should be timely and accurate.

Two intervenors, WorldCom and ICI, voiced objections to BellSouth's provision of access to 911/E911 services. WorldCom stated that the design requirements BellSouth imposes on ALECs are unnecessary, burdensome, and as a result, more costly than necessary. BellSouth's response is that there is no difference between the 911/E911 design requirements for BellSouth or the ALECs in the SGAT. When WorldCom was asked to give specific examples to demonstrate that the design requirements were unnecessary, WorldCom stated that it had merely used 911's design requirements to illustrate the potential hardships faced by an entrant. For example, an ILEC may have built customized configurations over the years that are not necessarily friendly to entrants from a design perspective.

We find that the 911 design requirements are clearly defined in the SGAT in Section 7.A.4. All of the ALECs, ILECs, and BellSouth are held to these same requirements. Upon consideration, we do not believe that WorldCom's argument demonstrates that BellSouth is not providing nondiscriminatory access to 911. By virtue of the fact that BellSouth has been providing 911 service for almost 20 years, it is hardly surprising that new entrants will need to expend company resources to achieve a level of infrastructure that is necessary to provide the same services.

ICI argues it does not have nondiscriminatory access to 911 because in any case where ICI orders UNEs, 911 is required. Since BellSouth has been unable to deliver certain UNEs, 911 services are not being provided with those UNEs.

ICI does not claim that BellSouth provides discriminatory access to 911 services, but rather that since ICI cannot get BellSouth to provide a certain UNE, then it cannot get 911 in conjunction with that UNE. While ICI should be able to receive all UNEs that it requests from BellSouth, we do not believe that BellSouth's failure to provide one UNE necessarily adversely affects determination of compliance with other checklist items.

Upon consideration of the evidence in the record, it appears that BellSouth is providing nondiscriminatory access to 911 in compliance with checklist item vii.

2. Directory Assistance

As the FCC stated, "if a competing provider offers directory assistance, any customer of that competing provider should be able to access any listed number on a nondiscriminatory basis, notwithstanding the identity of the customer's local service provider, or the identity of the telephone service provider for the customer whose directory listing is requested." That is, all ALEC customers should be able to use directory assistance and receive the same information as BellSouth customers.

The record reveals that as of June 1, 1997, there were 156 directory assistance trunks in place serving at least three ALECs in Florida.

Four intervenors voiced objections to BellSouth's provision of access to directory assistance services. The objections ranged from what BellSouth was, or was not, providing the ALECs, to the rates in the SGAT.

ICI witness Strow argues that ICI does not have nondiscriminatory access to directory assistance services, because in any case where ICI would be ordering UNES, directory assistance would be required. According to witness Strow, since BellSouth has been unable to deliver certain UNES, DA services are not being provided with those UNES, e.g., frame relay. ICI does not claim that BellSouth provides access to directory assistance services that is discriminatory. ICI claims that since ICI cannot get BellSouth to provide a certain UNE, ICI cannot get directory assistance in conjunction with that UNE. While we agree that ICI should be able to receive all UNES that it requests from BellSouth, we do not believe that BellSouth's failure to provide one UNE necessarily adversely affects determination of compliance with other checklist items.

AT&T/MCI witness Wood argues that the rates used by BellSouth for directory assistance do not comply with Sections 252(d)(1)(A)(i) and 252(d)(1)(A)(ii) because the arbitrated rates are not based on cost and because they are interim rates. He concludes that since the rates were determined using the Hatfield model or tariffed rates, they cannot be in compliance with the requirements of Section 252.

The rates in question are rates we set in the arbitration proceeding between AT&T and BellSouth. While the Eighth Circuit has ruled that the states have full authority over intrastate rates, the rates must still comply with Section 252(d)(1)(A)(i), which requires that the rates be based on cost. Upon review, we find that the rates for directory assistance do not comply with Section 252(d)(1)(A)(i) since they consist of interim and tariffed rates that are not cost based. Since, however, we address rates in Part VI. B. of this Order, we will not consider rates in our evaluation of this checklist item.

AT&T witness Hamman asserts that BellSouth has failed to provide usage detail for chargeable items such as directory assistance calls. According to witness Hamman, BellSouth will use

ORDER NO. PSC-97-1459-FOF-TL
DOCKET NO. 960786-TL
PAGE 115

manually calculated bills, or accumulate the billing until the billing system is working. AT&T argues that BellSouth's method of manually calculating the bill or accumulating the billing until the computerized billing system is working, is not providing AT&T with the same directory assistance service as BellSouth provides to itself.

BellSouth replies that usage detail should not apply to directory assistance which is simply a per use charge. BellSouth is not aware of any problem where BellSouth provides directory assistance to an ALEC that has its own switch. For those ALECs that resell BellSouth's directory assistance service, the bills are produced in exactly the same manner for BellSouth as for the ALEC. BellSouth further states that it is not aware that AT&T, anywhere and certainly not in Florida, is providing directory assistance services over its own switches.

As detailed in the SGAT, there are three different directory assistance services that BellSouth offers to ALECs and ILECs. The three services are Directory Assistance Access Service (DAAS), Direct Access Directory Assistance Service (DADAS), and Directory Assistance Database Service (DADS).

DAAS is a service provided by BellSouth when the ALEC provides its own switch, but not its own directory assistance platform or directory assistance operators. All directory assistance calls would be answered by BellSouth directory assistance operators. In this instance, BellSouth bills the ALEC a per message charge.

DADAS is a service provided by BellSouth when an ALEC or ILEC provides its own switch, its own directory assistance platform, and its own directory assistance operators, but not its own directory assistance database of directory listings. Under these circumstances a company may choose to acquire DADAS so that its operators would be connected "on-line" to BellSouth's directory assistance database. In this instance, BellSouth bills the ALEC for on-line access to the database.

DADS is a service provided by BellSouth when an ALEC or ILEC provides its own switch, its own directory assistance platform, and its own directory assistance operators, but not its own directory assistance database of directory listings. Under these

ORDER NO. PSC-97-1459-FOF-TL
DOCKET NO. 960786-TL
PAGE 116

circumstances a company may choose to acquire DADS instead of DADAS. With the DADS the ALEC's operators have "on-line" access to BellSouth's database. The ALEC does not purchase its own copy of the database from BellSouth. The database is periodically updated by BellSouth. In this instance, BellSouth bills the ALEC for updates to its database when it is requested.

The bills for directory assistance are on a per call basis and not dependent on the duration of the call. BellSouth states that "when an ALEC's end user customer dials directory assistance, the billing information; that is, identification of calling customer, time of day, etc., is recorded by the BellSouth switch and later transferred to the Daily Usage File, which in turn is periodically sent to the appropriate ALEC according to the transfer cycle requested by the ALEC."

Upon review all of the information provided in this hearing regarding billing usage for directory assistance, we find that the billing usage for directory assistance is nondiscriminatory.

AT&T also contends that BellSouth will not provide AT&T with selective routing for directory assistance. AT&T also alleges that it has requested that BellSouth to use code conversion to convert 411 to another number prior to sending it to AT&T, instead of using the line class code to direct the call. BellSouth replies that it is not aware of any requests by AT&T for selective routing in Florida, but BellSouth stands ready to provide it upon request. BellSouth also states that line class code was the method discussed in the interconnection agreement and if AT&T wants to use code conversion, then it would be appropriate for AT&T to submit a Bona Fide Request (BFR). AT&T states that it has not yet requested selective routing in Florida due to all of the problems that BellSouth has encountered providing selective routing to AT&T in Georgia.

We believe that since BellSouth can selectively route its own calls, then BellSouth should provide selective routing to ALECs or ILECs upon request. The record reveals that BellSouth has not provided selective routing in Florida, but we note that selective routing has not been requested in Florida either.

ORDER NO. PSC-97-1459-FOF-TL
DOCKET NO. 960786-TL
PAGE 117

AT&T also complains that BellSouth brands its DA services as "BellSouth," but does not provide AT&T the opportunity to do the same. AT&T further states that AT&T has not ordered branding in Florida because of the problems that BellSouth has faced in Georgia. BellSouth replies that AT&T can order unbranded or special branded service if they choose. We note that there is no record evidence that any competitor has requested branding in Florida.

MCI states that it does not have access to all of the same information in the directory assistance database as BellSouth. MCI cannot acquire numbers from an ALEC or an ILEC unless that ALEC or ILEC gives permission to BellSouth. Therefore, while BellSouth has the ILEC's customers' information, MCI does not. BellSouth states that it cannot release an ALEC's or ILEC's customer information unless the ALEC or ILEC has given BellSouth permission to do so. BellSouth says that MCI and the ALEC or ILEC should reach agreement on this issue with each other.

In the Second Report and Order, the FCC declared that LECs must provide access to directory assistance and directory listings on a nondiscriminatory basis. It also stated that any customer of that competing provider should be able to access any listed number on a nondiscriminatory basis, notwithstanding the identity of the customer's local service provider, or the identity of the telephone service provider for the customer whose directory listing is requested. Upon review of the evidence in this proceeding, we find that BellSouth is not providing access to all directory listings. BellSouth states that it cannot give out ALEC or ILEC customer information without permission from the ALEC or ILEC because of agreements they have entered into with them. We do not decide today whether those agreements are appropriate or whether this constitutes discriminatory behavior. We merely conclude that BellSouth is not providing all directory listings to competitors at this time.

3. Operator Call Completion

As of June 26, 1997, there were 31 operator call completion trunks in place serving at least three ALECs in Florida.

ORDER NO. PSC-97-1459-FOF-TL
DOCKET NO. 960786-TL
PAGE 118

ICI argues that it does not have nondiscriminatory access to operator call completion services because in any case where ICI orders UNEs, it also wants to order operator call completion services. Since BellSouth has been unable to deliver certain UNEs, ICI concludes that operator call completion services are not being provided in those situations. AT&T and MCI argue that the rates charged by BellSouth for operator call completion services are not in compliance with Section 252.

ICI does not claim that BellSouth provides discriminatory access to operator call completion services. ICI claims that since ICI cannot get BellSouth to provide a certain UNE, ICI cannot get operator call completion services in conjunction with that UNE. While ICI should be able to receive all UNEs that it requests from BellSouth, we do not believe that BellSouth's failure to provide one UNE necessarily adversely affects determination of BellSouth's compliance with other checklist items.

AT&T and MCI argue that the rates used by BellSouth for operator call completion services do not comply with Section 252(d)(1)(A)(i) and Section 252(d)(1)(A)(ii) because the arbitrated rates are not based on cost and because they are interim rates. AT&T and MCI contend that since the rates were not determined using the Hatfield model or tariffed rates, they cannot be in compliance with the requirements of Section 252.

The rates in question are the rates we set in the interconnection agreement with BellSouth. The rates we set were interim because we did not have the necessary information to set a proper, cost-based rate. While the Eighth Circuit has ruled that the states have full authority over intrastate rates, the rates must still comply with Section 252(d)(1)(A)(i) which requires that the rates be based on cost.

Upon consideration, we do not believe that the rates BellSouth set for operator call completion services comply with Section 252(d)(1)(A)(i), and therefore, BellSouth has not satisfied its requirement under Section 251(c)(2)(D). Since we address rates in general in Part VI. B of this Order, however, we do not believe rates should be determinative of this issue. We conclude based on the evidence in the record, that BellSouth is providing operator

call completion services to the ALECs in the same manner it provides them to itself.

4. Conclusion

Based on the evidence in this record, we find that BellSouth provides nondiscriminatory access to 911/E911 and operator call completion services. We conclude, however, that BellSouth is not providing all directory listings to requesting carriers at this time. BellSouth states that it cannot give out ALEC or ILEC customer information without permission from the ALEC or ILEC because of agreements they have entered into with them. We do not decide today whether those agreements are appropriate or constitute discriminatory behavior. We merely conclude that BellSouth is not providing all directory listings to requesting carriers at this time.

H. Provision of White Pages Directory Listings for Customers of Other Telecommunications Carrier's Telephone Exchange Service, Pursuant to Section 271(c)(2)(B)(viii).

We generally agree with the FCC's interpretation of the white page directory listings requirements, and we believe the FCC's interpretation is consistent with the Act. Our determination of BellSouth's compliance with checklist item viii, therefore, is based on the requirements set forth in the Act and in FCC Rules 47 C.F.R. §51.319, §51.311, and §51.5.

BellSouth states that it will make arrangements with its directory publisher, BAPCO, to make available to any ALEC, for their subscribers, white page directory listings which include the subscriber's name, address, and telephone number, to ALEC subscribers. BellSouth asserts that ALEC subscribers will receive no less favorable rates, terms and conditions for directory listings than are provided to BellSouth's subscribers. Subscriber primary listing information in the white pages, received in the standard format, is provided at no charge to an ALEC or an ALEC's customer. Additional listings and optional listings in the White Pages will be provided at rates set forth in BellSouth's intrastate General Subscriber Service Tariff. Listings for an ALEC's residential and business customers shall be included in the appropriate white pages or local alphabetical directories. These

listings will be included with all other LEC's listings without any distinction as to the LEC providing the local service. Copies of such directories are delivered to an ALEC's subscribers at no charge.

BellSouth asserts that it has handled thousands of white page directory listing requests by ALECs in Florida. The ALECs agree with BellSouth that the directory listings that they have submitted to BellSouth have been included in the appropriate directories. For example, MCI and ICI state that BellSouth has included all of their white page directory listings in the appropriate white pages or alphabetical directories. In addition, both MCI and ICI state that BAPCO has published their listings in the appropriate directories, and these directories have been delivered to their subscribers. Further, the parties agree that BellSouth is not charging the ALECs for submitting standard white page directory listings. BellSouth also states that it is providing the same timeliness and level of confidentiality for ALEC directory listings as it provides to itself, and no party has disputed this claim.

Nevertheless the intervenors, excluding ACSI, state that BellSouth has not complied with the requirements of Section 271(c)(2)(B)(viii) and the applicable rules promulgated by the FCC. In support of their position, ICI and MCI cite specific problems with regard to white page directory listings. The other intervenors make either a general statement or offer reasons for noncompliance based solely on the experiences of other ALECs. For example, AT&T, WorldCom, Time Warner and ACSI have either not requested white page listings or have done so on a very limited or test basis. It appears that the main concerns surrounding white page directory listings are problems with directory assistance and UNEs, and not with the actual provision of white page directory listings.

ICI states that it has submitted white page directory listings to BellSouth on a limited basis, and these white page directory listings have been published by BAPCO in Orlando and Miami. ICI's problem with white page directory listings is that it has requested certain UNEs from BellSouth, but BellSouth has not provided the requested UNEs to ICI. ICI states that because the requested UNEs have not been provided, ICI has not had an opportunity to update the directory listings database. Therefore, ICI believes that

BellSouth has not demonstrated that it can provide directory listings in connection with the requested unbundled network elements.

ICI witness Strow states that the problem of updating the directory listings database was "fairly minimal." Witness Strow explains that although ICI has experienced some problems with listings not showing up in the directory listings database, which was the result of a miscommunication between BellSouth and ICI, this process is currently working smoothly. When asked if BellSouth has met the checklist requirements for white page directory listings witness Strow stated: For the most part, yes. We don't have really an issue there.

MCI states that it has been provided with white page directory listings in BellSouth directories. MCI, however, experienced problems with one of its white page listings. MCI states that the problem it experienced was that BellSouth had the wrong telephone number for a school in its directory assistance database. MCI contends that it repeatedly had to request a correction from BellSouth. BellSouth corrected the problem, but then shortly thereafter, the incorrect number appeared in the directory listing. MCI stated that eventually the telephone number in the directory listing was corrected, but MCI does not know what caused the problem.

Sprint witness Closz asserts that Sprint's customers are receiving directory listings in the white pages. Witness Closz also states that there were some problems early on, such as not having white page listings listed appropriately and not having the main number appear correctly. Witness Closz, however, states that these problems were more from a perspective of directory assistance, and they have been corrected.

BellSouth does not address the intervenors' specific problems, nor does BellSouth dispute that the problems exist. BellSouth believes that the problems with white page directory listings have been corrected. In addition, BellSouth believes it has demonstrated that it is providing, and can offer through its SGAT, white page directory listings for customers of other carriers' telephone exchange services in compliance with Section 271(c)(2)(B)(viii) of the Act.

ORDER NO. PSC-97-1459-FOF-TL
DOCKET NO. 960786-TL
PAGE 122

Witness Scheye asserts that BellSouth will provide ALECs with the proper format for submitting subscriber listings. The procedures for submitting subscriber listings are provided to each ALEC in the ALEC ordering guidelines. In addition, BellSouth states that the directory listing information "will be accorded the same level of confidentiality provided to BellSouth's own directory listing information."

BellSouth states that all agreements negotiated with resellers and facilities-based carriers have included arrangements for the provision of directory listings in the White Pages. Forty-five of these agreements include a separate signed agreement with BAPCO. As of July 11, 1997, ALECs in Florida have submitted over 17,800 directory listings to BellSouth for inclusion in the appropriate white page directories.

In addition, BellSouth states that it has provided the appropriate database format for ALECs to submit directory listing information, and enhanced listings are being made available to ALEC customers at the same terms and conditions offered to BellSouth customers. Witness Scheye also states that since BellSouth's SGAT includes these provisions, it is in compliance with the Act's checklist requirement.

Upon consideration, it appears that BellSouth has corrected the directory listing problems raised by the parties. The problems identified by the parties, for the most part, do not address why BellSouth has not met the requirements of Checklist item viii, but instead address compliance with the directory assistance database which is covered in Checklist item vii, and unbundled network elements which are covered in Checklist item ii. Further, it does not appear that any party has taken issue with BellSouth's SGAT provisions for white page directory listings.

To date, the FCC has not made a determination on whether any Bell Operating Company has met the requirements for white page directory listings, pursuant to Section 271 of the Act. The FCC, however, has established rules regarding white page directory listings which appear to be consistent with the Act. Our review of the record in this proceeding reveals that BellSouth has met the applicable FCC rule requirements.

47 C.F.R. § 51.319 requires incumbent LECs to provide nondiscriminatory access to white page directory listings on an unbundled basis to any requesting telecommunications carrier for the provision of a telecommunications service. We believe BellSouth has met this requirement. As of July 11, 1997, BellSouth had processed almost 18,000 white page directory listings for ALECs in Florida. As stated earlier, MCI, ICI and Sprint have all submitted white page directory listings to BellSouth for publication. Further, ICI and MCI affirmatively state that all of their white page directory listings have been included in the appropriate white pages. MCI and ICI also state that their white page directory listings have been published by BAPCO. For example, MCI's white page directory listings have been published by BAPCO in Boca Raton, Coral Springs, Fort Lauderdale, Homestead, Miami Beach, Miami, Pompano Beach, and Orlando. MCI further states that BellSouth does not distinguish MCI listings in its directories or when MCI listings are provided to a third party.

47 C.F.R. § 51.311 states that the quality of a UNE, as well as the quality of the access to the UNE, that an incumbent LEC provides to a requesting telecommunications carrier shall be the same for all telecommunications carriers requesting access to that network element, and that the quality provided to the ALEC shall be at least equal in quality to that which the incumbent LEC provides to itself. We find that BellSouth has met this requirement. BellSouth has arranged with its publishing affiliate, BAPCO, to publish ALEC subscriber listings according to the same standards as BellSouth's subscribers. This includes the same lead time, timeliness, confidential treatment, format, and content of listings. According to BellSouth, its arrangement with BAPCO is for ALEC subscriber listings to be incorporated and published in the same manner and interfiled with BellSouth's subscriber listings. In addition, neither BellSouth nor BAPCO distinguishes an ALEC's subscriber listings from BellSouth's subscriber listings in their directories. Listings are identified by carrier within BellSouth's directory database. BellSouth states that the reason for identifying the listings by carrier is so BAPCO can provide the ALEC with review pages of subscriber listings upon request. The intervenors have not disputed that BellSouth is providing white page directory listings in the same quality to them, as it provides to itself.

Based on the evidence in the record, we find that BellSouth has provided, and can generally offer, white page directory listings for customers of other carriers' telephone exchange service. We find that BellSouth has demonstrated that it is providing nondiscriminatory access to white page directory listings, in accordance with 47 C.F.R. §51.319 and §51.311. Further, the subscriber listings provided to other carriers have met the definition of "directory listings" as defined in 47 C.F.R. § 51.5. Our determination on this checklist item, however, does not include an analysis on whether BellSouth is providing nondiscriminatory access to the ordering of UNEs and resold services that include white page directory listings, nor do we decide here whether the rates for additional and optional white page directory listings are cost-based. We address these issues in our analysis of checklist items 2 and 14.

I. Nondiscriminatory Access to Telephone Numbers for Assignment to the Other Telecommunications Carrier's Telephone Exchange Service Customers, Pursuant to Section 271(c)(2)(B)(ix).

Section 271(c)(2)(B)(ix), Section 251(b)(3), and 47 C.F.R. § 51.217 require BellSouth as the North American Numbering Plan administrator for its territory to provide nondiscriminatory access to telephone numbers to competing telecommunications carriers that is at least equal in quality to the access the LEC provides itself.

Several intervenors indicate that BellSouth has not provided nondiscriminatory access to telephone numbers as required by the Act and the FCC rules. AT&T and Sprint point out that as the administrator of telephone numbers in its service area, BellSouth must implement methods and procedures to assure that telephone number assignments are made in a nondiscriminatory fashion. AT&T witness Hamman asserts that these methods and procedures do not exist today. Witness Hamman states that the methods and procedures that BellSouth provides as evidence are the industry standards. The witness states that BellSouth, however, needs to provide the methods and procedures that BellSouth uses for the assignment of telephone numbers.

MCI contends that BellSouth has failed to activate MCI's NXX codes in a timely manner, thereby precluding MCI customers from

reaching BellSouth customers. MCI's witness Gulino asserts that on October 30, 1996, MCI informed BellSouth of the problems with the MCI NXXs. Witness Gulino states that the problem left MCI's customers isolated. Witness Gulino also states that the isolation lasted until November 5, 1996, before BellSouth corrected the problem. Furthermore, witness Gulino maintains that in June of 1997, BellSouth did not load MCI's NXXs into its local switch in Miami causing incoming calls to MCI's customers to receive an all circuits busy recording. MCI notes that BellSouth did correct the problems.

We note that the intervenors raise a number of concerns about the OSS functional capabilities of LENS regarding searches, assignment, reservation, ordering, and selection of telephone numbers. For example, ALECs without an NXX code can only reserve six numbers per order and 100 numbers total, or five percent of the available numbers in any given central office. MCI also states that ALECs do not have access to the ATLAS database used by BellSouth to manage available vanity numbers.

BellSouth witness Milner contends that as the North American Numbering Plan (NANP) Administrator for its territory, BellSouth ensures that ALECs have nondiscriminatory access to telephone numbers for assignment to their customers. Witness Scheye states that BellSouth provides numbering resources pursuant to the BellCore Guidelines regarding telephone number assignment. Witness Scheye also states that as the current code administrator, BellSouth has developed over 266 pages of procedures for the assignment of telephone numbers, NXX codes. Furthermore, AT&T witness Hamman confirms that there are methods and procedures for the assignment of telephone numbers that apply equally to all LECs, including BellSouth. Witness Milner asserts that within the procedures it instructs ALECs on how to request assignment of NXX Codes. The witness also asserts that BellSouth processes ALECs' requests for NXX codes in the same manner as it does for its own NXX code requests. Essentially, BellSouth contends that the 140 NXX codes that it has assigned ALECs in Florida clearly demonstrates that it provides nondiscriminatory access to telephone numbers pursuant to the industry established procedures. Witness Scheye points out that nondiscriminatory access to telephone numbers has not been disputed in the arbitration proceedings. Additionally, several intervenors indicate that BellSouth

ORDER NO. PSC-97-1459-FOF-TL
DOCKET NO. 960786-TL
PAGE 126

adequately fulfilled their NXX code requests. ICI believes that it is receiving nondiscriminatory access to telephone numbers.

BellSouth states that in Orlando an MCI NXX code was not activated in a particular switch for some reason. BellSouth witness Scheye asserts that NXX code activation is not an ongoing problem or something that happens often. Witness Scheye states that this was an isolated incident. Witness Scheye indicates that BellSouth has procedures in place to ensure that NXX codes are activated in a timely manner. The witness notes that this is evident because BellSouth has activated almost 500 codes across the region with very few complaints. The witness also states that this proves that BellSouth's procedures are working. BellSouth maintains that MCI attempts to create a dialing parity issue when none exists.

The SGAT indicates that BellSouth provides numbering resources pursuant to the BellCore Guidelines regarding number assignment as discussed above. It also states that an ALEC will be required to complete the NXX code application in accordance with the Industry Carriers Compatibility Forum, Central Office Codes Assignment Guidelines, ICCF 93-0729-010. BellSouth contends that the procedures for providing access to telephone numbers in Florida have been filed with the Commission in Exhibit 32 (Volume 9-1). Additionally, the SGAT specifies that at such time as BellSouth is no longer the NANP Administrator, BellSouth will comply with the final non-appealable guidelines, plan or rules adopted pursuant to 47 U.S.C. § 251(e), which addresses the creation or designation by the FCC of the numbering administrator.

Upon consideration, we find that BellSouth as the Numbering Administrator for its territory, ensures that ALECs have nondiscriminatory access to telephone numbers for assignment to their customers. BellSouth provides numbering resources pursuant to the BellCore guidelines regarding numbering assignment which are the industry standards. BellSouth filed these guidelines and procedures with us. Furthermore, AT&T witness Hamman asserts that there are methods and procedures for the assignment of telephone numbers that apply equally to all LECs, including BellSouth. Additionally, several intervenors indicate that BellSouth adequately fulfilled their NXX code requests. ICI also notes that BellSouth has provided nondiscriminatory access to telephone

numbers to ICI. We acknowledge MCI's arguments regarding BellSouth's failures to activate NXX codes in a timely manner. We do not believe, based on the evidence in the record, however, that this is an ongoing problem because BellSouth has activated 140 NXX codes in Florida, with very few isolated incidents of NXX code failure. Therefore, based on the testimony, we find that BellSouth has met checklist the requirements of Section 271(c)(2)(B)(ix).

We note that the intervenors do not identify concerns with the proposed SGAT regarding nondiscriminatory access to telephone numbers. The proposed SGAT notes that BellSouth filed procedures for providing nondiscriminatory access to telephone numbers with the Commission, and within the procedures it discusses the numbering assignment guidelines. Upon consideration, we believe that the proposed SGAT would be sufficient to satisfy checklist item ix.

J. Nondiscriminatory Access to Databases and Associated Signaling Necessary for Call Routing and Completion, Pursuant to Section 271(c)(2)(B)(x).

Section 271(c)(2)(B)(x) of the Act states that RBOCs must, through either access or interconnection, provide or generally offer "nondiscriminatory access to databases and associated signaling necessary for call routing and completion." We find that the scope of this checklist item is limited to access to those databases necessary for call routing and completion, and associated signaling necessary for call routing and completion. Such databases include Line Information Database (LIDB), Toll-Free Number database, Automatic Location Identification/Data Management System (ALI/DMS), AIN database, and selective routing through AIN. Other databases, such as directory assistance databases, while falling into the broader category defined in Section 51.319(e)(2)(i), are not necessary to meet this checklist item.

1. Description of Services

Signaling refers to the service provided by the BellSouth Signaling System 7 (SS7) signaling network. This network is separate from the network that carries voice messages. The signaling network complements the voice network in that it provides for call set-up, call status, call disconnection, and Transaction

ORDER NO. PSC-97-1459-FOF-TL
DOCKET NO. 960786-TL
PAGE 128

Capability Application Part (TCAP) query messaging to databases and AIN services.

Signal Transfer Points (STPs) are signaling message switches that interconnect Signaling Links to route signaling messages between switches and databases. STPs enable the exchange of SS7 messages between switching elements, database elements, and STPs. STPs provide access to various BellSouth network elements, such as local switching, databases, and third-party provided services.

Signaling Links are dedicated transmission paths carrying signaling messages between carrier switches and signaling networks. BellSouth provides connections between a switch or service switching point and a home STP and connections between two STP pairs in different company networks.

Service Control Points (SCPs) are databases that store, provide access, and the ability to manipulate, information required to offer particular services.

The LIDB is a SCP transaction-oriented database that contains records associated with subscriber line numbers and special billing numbers. ALECs can query BellSouth's LIDB for validation of customer calling cards, billed-to-third-number and collect call acceptance. This service is available to ALECs in the same manner as it is currently available to IXCs. Common channel SS7 formats are employed to convey TCAP messages from the customer's network to BellSouth's regional STP. Responses from the LIDB are returned to the same interface with SS7 signaling.

The Toll-Free Number database is a SCP that provides functionality necessary for toll-free number service. This service is provided under two situations: one in which the ALEC has its own switch and only requires access to the SCP database to obtain routing information; and, one in which the customer does not have its own switch and therefore requires both routing information and subsequent routing of the call.

Under the first scenario, BellSouth receives the query and sends it to the SCP, which responds with the appropriate routing information. Call completion is carried out by the ALEC's network. Under the second scenario, the BellSouth network receives the call,

ORDER NO. PSC-97-1459-FOF-TL
DOCKET NO. 960786-TL
PAGE 129

typically over a Feature Group D trunk group, and launches a query to the SCP, which responds with routing information. The BellSouth network then routes the call to the appropriate carrier or telephone number. SS7 signaling is required.

ALI/DMS contains subscriber information used to route calls to the appropriate Public Safety Answering Point. It is based on the Emergency Service Number Code that has been assigned to the caller's address. This service is automatically provided when E911 service is provided for the ALEC, and there is no associated charge in the SGAT.

BellSouth offers ALECs access to its SCP-based AIN through BellSouth's Service Creation Environment (SCE) and Service Management System (SMS). SCE/SMS access allows ALECs to provide AIN services from either BellSouth's switches or their own. It also allows ALECs to create service applications using BellSouth's service creation toolkit, and to deploy those services using BellSouth's service management tools. ALECs will have the same access to SCE/SMS as BellSouth.

AIN Toolkit 1.0 will allow subscribers to access SS7 call information and AIN processing capabilities to create customized telephone services to meet the needs of end users. AIN Toolkit 1.0 will support these major classes of applications; routing, incoming call screening, outbound call screening, routing, call analysis reports, or a combination of these.

The BellSouth-provided SCE resides in the BellSouth AIN SMS. AIN SMS Access 1.0 provides the interface that allows ALEC personnel to access the SCE to create or modify AIN service applications. AIN SMS Access 1.0 also provides the capability for the ALEC to add or modify service subscription information, view service related information, and access reports. AIN SMS Access 1.0 is required in conjunction with AIN Toolkit 1.0.

Selective routing allows ALECs to identify and selectively route subscriber calls from BellSouth's switch and services to an ALEC's switch and services. This would be accomplished using the same digits dialed by BellSouth subscribers.

In addition, calls may be selectively routed to BellSouth platforms allowing BellSouth to provide ALEC-branded services on behalf of the ALEC. Such services include operator assistance, directory assistance or repair services. Selective routing is provided through the use of line class codes, which are subject to exhaustion.

There are two methods that an ILEC can use to perform selective routing. The first method is through line class codes. This is the method this Commission has directed BellSouth to use to provide selective routing to ALECs. Line class codes are a resource within the switch itself and limited in number. BellSouth's witness Milner notes that the quantity of these line class codes can be expanded with vendor participation. The second method is still in development and is considered to be the long-term solution for selective routing by BellSouth. It relies on the Advanced Intelligent Network. Because the two methods rely on different elements within the network, it appears that they fall under different checklist items. Selective routing provided through line class codes is based on a feature, function or capability of the switch and is addressed in our analysis of checklist item 7. MCI witness Martinez also noted that he "normally" would not categorize selective routing as a database in testimony before this Commission. On the other hand, selective routing provided through the Advanced Intelligent Network is based on a database to provide routing functions, and therefore we address it here.

2. Status of Provision of Services

Signaling

As of June 1, 1997, one ALEC has interconnected to BellSouth's signaling network (SS7) directly. Seven other ALECs have accessed the signaling network through a hub provider.

LIDB

BellSouth has indicated that the number of validation calls from outside its network from January through April 1997 totaled approximately 129 million. These queries include all queries from customers other than BellSouth's end users. BellSouth witness

ORDER NO. PSC-97-1459-FOF-TL
DOCKET NO. 960786-TL
PAGE 131

Scheye noted that while BellSouth has LIDB agreements in place with several ALECs, no ALEC has requested access. He suggests that ALECs may be gaining access through an IXC or a third-party hub provider.

800 Database

BellSouth noted that the quantity of non-BellSouth queries to its Toll-Free Number databases totaled 8 million from January through April 1997. This value is for BellSouth's entire nine state service territory. BellSouth witness Scheye notes, however, that as of August 15, 1997, no ALEC had requested SS7 access to its 800 database. This would suggest that the source of access is through a third-party provider.

ALI/DMS

ALI/DMS is part of the E911 database that routes emergency calls to the proper Public Safety Answering Point. Seven ALECs are sending mechanized updates to BellSouth's E911 Database in Florida. Eighty-eight E911 trunks were in service as of June 1, 1997.

AIN

BellSouth's open AIN had not been accessed by any ALEC throughout its entire service territory as of July 1, 1997. BellSouth noted, however, that there are two market trials underway in Florida.

Selective Routing

Only one ALEC has requested selective routing using line class codes in BellSouth switches in Georgia. BellSouth witness Milner noted that testing of selective routing using AIN will likely begin in the first quarter of 1998 in Louisiana.

AT&T witness Hamman states that the methods and procedures in place are not sufficient to show that BellSouth is providing nondiscriminatory access to databases and signaling necessary for call routing and completion. AT&T argues that specified testing has not been conducted to determine how AIN access will be provided. Specifically, AT&T contends that the issue of mediated access has not been resolved. Additionally, AT&T objects to the

ORDER NO. PSC-97-1459-FOF-TL
DOCKET NO. 960786-TL
PAGE 132

prices for databases and signaling because they have not been approved by this Commission.

ICI witness Strow states that the AIN Toolkit BellSouth has made available does not contain the functions to allow ALECs to create two specific AIN services that BellSouth currently provides. She also states that customer service numbers that were used to connect BellSouth's customers to BellSouth's customer service representatives were blocked from ICI's customers. Finally, she asserts that because BellSouth has not yet provided ICI the UNEs it requested, BellSouth has effectively not provided the databases and associated signaling necessary for call routing and completion.

Both MCI witnesses Gulino and Martinez argue that BellSouth has not meet the requirements of this checklist item for several reasons. MCI witness Gulino asserts that ALECs cannot get access to BellSouth's AIN database, or create programs via BellSouth's SCE/SMS. MCI states that it had looked into the requirements for BellSouth's AIN Toolkit approximately two years ago and had an AIN service on BellSouth's platform. Because of the reluctance of other RBOCs to provide this kind of access, MCI discontinued discussions relating to the AIN Toolkit. Another area of contention relates to the data necessary for Directory Services listings for independent telephone companies and other ALECs. MCI points out that page 27 of the SGAT states that BellSouth will provide LEC-to-LEC Common Channel Signaling (CCS) to an ALEC, except for call return. MCI believes that this restriction is in violation of the Act.

MCI witness Martinez's primary complaint, however, relates to access to BellSouth's Toll-Free Number database. Witness Martinez describes three possible scenarios and their associated concerns. In the first scenario, the ALEC switch does not have the necessary functionality to be a signal point (SP) on the SS7 network. Martinez complains that BellSouth requires that the ALEC purchase the SS7 network element to access the database. He notes that there is a tariffed service offered to IXCs that provides access to this database. In the second scenario, the ALEC is SS7-capable, and the ALEC makes a query through the ILEC's STP/SCP. In the SGAT, however, BellSouth indicated that for 800 Access Screening, ALECs will not use switched access Feature Group D Service. This is an issue because MCI witness Martinez notes that to complete calls in

this scenario, Feature Group D signaling must be used. In the third case, the ALEC is SS7-capable and makes the query through a third-party hub provider's STP/SCP. Here, the routing of the call would be virtually the same as the second scenario. The only difference is that the database query charge is levied by the third-party provider.

TCG witness Hoffmann mentions, in the context of the first checklist item, that BellSouth had failed to confirm SS7 point code translations. Specifically, BellSouth needs to load this information into its switches so that the SS7 messages know where to go to connect to TCG's SS7 network. Witness Hoffmann contends that without this confirmation, there is no assurance that services marketed and provided by TCG will function properly when customers are connected.

BellSouth responds to the concerns of AT&T and MCI, relating to AIN access, by pointing to books 10-1 through 10-5 which contain ordering, provisioning and maintenance procedures, as well as performance and reliability standards. In relation to performance measurements, AT&T has only requested measurements for LIDB. BellSouth has provided two performance measurements and is in the process of developing two additional measurements.

BellSouth determined that it did not need to conduct tests for LIDB and toll-free number databases because they have been available on an interconnection basis for IXCs. BellSouth provides several reasons for not testing SS7. Its primary concern was that the existing SS7 network is a real-time signaling network and cannot be used to simulate testing. Testing could result in "crashing" the network, affecting all interconnected customers. BellSouth notes that ordering and provisioning of unbundled signaling for ALECs is no different than the process for an IXC. The only difference is in the billing. Surrogate usage billing is applicable in all of the ALEC contracts. The surrogate usage billing will be accomplished by adding a Universal Service Order Code (USOC) to the accounts and the rate file. Except for the new USOC, the unbundled signaling process will not change.

BellSouth has provided summary test results documenting end-to-end test results for both AIN SMS access and AIN Toolkit. In both cases, test calls were completed and billing records were

ORDER NO. PSC-97-1459-FOF-TL
DOCKET NO. 960786-TL
PAGE 134

generated. The billing data that was generated reflected rates expected from the contract file. Test call results were also provided by BellSouth for selective call routing.

BellSouth's position relating to blocking of calls to customer service numbers raised by ICI was that these calls were being billed on a pay per call basis. The customer making the call would receive the bill from BellSouth. ICI customers would have to contact ICI service representatives through an ICI number. ICI sought interconnection from BellSouth in a manner that would allow its end users to dial and complete calls to these numbers. This capability was requested by ICI's business customers who wanted to allow their employees to be able to make contact with BellSouth regarding their residential service while at work.

BellSouth witnesses Milner and Scheye state that they were unaware of any AIN Toolkit functions that BellSouth uses itself that are not made available to ALECs. BellSouth witness Milner expresses the position that the intent of open AIN architecture was to encourage other companies to create AIN services that would run on BellSouth's platform. Once the services were created, BellSouth could purchase a license for the service, as opposed to developing a similar service itself. Hence, it would be illogical not to provide a full range of tools for other companies to develop services for the BellSouth network. One company in Florida has already used the toolkit to develop an AIN service.

In relation to MCI's concern about access to BellSouth's Toll-Free Number database, BellSouth reiterates that SS7 is a requirement to gain access. The service that is offered to IXCs is the exact same service with identical requirements.

The concerns relating to the SGAT that MCI had expressed have been addressed. With respect to 800 Access Screening, BellSouth witness Scheye contends that the wording in the SGAT was meant to indicate that ALECs are not required to use feature group D service. The other SGAT issue that MCI noted related to BellSouth's statement that Common Channel Signaling would not be made available for call return. BellSouth witness Milner indicates that the intent was to show that Common Channel Signaling was not required on a call return activation. Specifically, call return is a switch based feature. The calling telephone number is stored in the

switch's memory, and when a certain sequence of digits is entered, the switch returns the call. It does not require Common Channel Signaling for the execution of call return.

AT&T's experience relating to this issue was limited to the concept testing AT&T conducted with BellSouth. AT&T witness Hamman readily admits that the test calls that were conducted were completed, but complained that the call details were not provided. AT&T noted that it did not test for access to the related databases that are required for this checklist item. AT&T witness Hamman indicated in deposition that the test calls completed were very basic and did not test these advanced features. Because BellSouth did not provide the call details, AT&T did not feel compelled to continue the testing process.

AT&T's complaint relating to the unavailability of call details is not relevant to this issue. While the call details would be required to verify proper billing, it is not a requirement for this checklist item. We address billing and the associated prices in the context of checklist item ii. Only access is required to meet the requirements found in this issue. Because access to the signaling necessary to complete a call was provided, BellSouth would appear to meet this portion of this checklist item.

AT&T indicated that BellSouth has not resolved the issue of mediated access to its AIN. This assertion can only be found in AT&T's post hearing brief. MCI witness Martinez, however, correctly notes that the "... tool kit is a form of accessing through a mediated device into a foreign SCP." Moreover, MCI indicated that mediated access is necessary to protect both parties from damaging the other party's network. By Order No. PSC-96-1579-FOF-TP, we found that mediated access to the SCP may be necessary in some circumstances. Furthermore, there is evidence in the record indicating that testing of the AIN Toolkit and AIN SMS Access were successfully conducted.

ICI's experience relating to this checklist item is limited to interconnection of its own switch. In those instances, ICI contends that it has not experienced any problems with respect to access to BellSouth's databases necessary for call routing and completion. ICI admits it has had only limited discussions with BellSouth regarding local switching. While ICI has requested local

switching, ICI has not received it in the manner it had requested from BellSouth. Hence, ICI claims it has had no opportunity to access BellSouth's databases and signaling resources. ICI's complaint relating to databases and signaling is only based on its dissatisfaction with purchasing local switching from BellSouth, not on its access to databases and signaling necessary for call routing and completion. We address UNEs in Section VI.B. of this Order.

We note that ICI confirmed that its concern that BellSouth customer service numbers were being blocked to ICI customers has been resolved. Accordingly, since this is no longer an issue, we will not consider it in determining whether BellSouth has met this checklist item.

BellSouth did note that some AIN services were in place before the existence of the toolkit, and that an ALEC can create an AIN service without using an AIN Toolkit. Furthermore, BellSouth's witness Milner testified that he is unaware of any software creation method that is available to BellSouth that is not available through the toolkit. Even if an ALEC chooses not to develop its own AIN services, it could enter into a licensing agreement to purchase AIN services or simply resell the services. BellSouth indicated that Davel Communications has already created an AIN service with its AIN Toolkit. Furthermore, MCI has, at one point in time, created an AIN service and placed it on BellSouth's platform. Based on the evidence presented here, we cannot conclude that access has been denied for ALECs to create and provide AIN service to their customers.

BellSouth's explanation that access to its toll-free number database requires SS7 compatibility is sound. BellSouth has explained that because the database is an extension of the SS7 signaling network, any firm wanting to use it must have SS7 capability. These requirements are the same for IXC's or ALEC's. MCI currently gains access to a toll-free number database through a third-party provider.

BellSouth's explanations relating to the issues addressed by MCI about the SGAT appear reasonable. For clarity, however, BellSouth has changed its SGAT to reflect that ALEC's are not required to use Feature Group D service. BellSouth witness Milner's reasoning about why call return would not be provided in

conjunction with Common Channel Signaling also appears reasonable. He explained that because call return is a switch based feature, Common Channel Signaling is not required to activate the feature.

While MCI has had some experience with BellSouth's AIN structure, its experience is two years old. Whether this still reflects the same tools available now is unknown. What is known is that MCI was successful in creating an AIN service. Furthermore, MCI has not recently requested direct access to BellSouth's AIN. MCI states that it does not appear that an ALEC can get access to BellSouth's AIN database today, or create programs via its SCE/SMS. Witness Gulino concludes this because many carriers have barely implemented these features within their own networks, much less interconnected to others' AIN networks. There is no indication, however, that he has any personal knowledge of BellSouth's AIN database or its capabilities.

MCI witness Martinez indicated in his deposition that MCI had requested and received LIDB. This access was tested by both parties when they established connection. MCI had also requested and received signaling network elements such as STPs and SCPs.

Within the context of interconnection, TCG's witness Hoffmann indicates that, despite numerous requests, BellSouth has not confirmed that TCG's point codes have been loaded into BellSouth's switches and SS7 signaling transfer points. We believe that while BellSouth would be required to load the point codes into its switches and STPs, BellSouth is not required to indicate to TCG every switch and STP in BellSouth's territory where the data has been loaded. If TCG orders SS7 from BellSouth and provides the point codes for the area in which it wants to compete, BellSouth is required to load that data into its switches and STPs for that area. That must be done before BellSouth indicates that it has filled TCG's order for SS7. Otherwise the switch or STP will not have the information to know where to route the signal to TCG's STP. Only in this instance would BellSouth fail this checklist item.

BellSouth describes ALI/DMS in its SGAT as the system that contains subscriber information used to route calls to the appropriate Public Safety Answering Point. Because this portion of the E911 system is a database that services the function of routing

calls, ALI/DMS is incorporated in this checklist item. BellSouth did not provide a separate binder for this portion of the E911 system in Exhibit 32, WKM-1. Information relating to how access is provided to the database that provides this function, however, can be found within binder 7-7, which addresses 911 and E911 in general. None of the intervenors expressed concern relating to access to this database.

3. Conclusion

Only ACSI, AT&T, ICI, and MCI provided testimony or witnesses to address the issues relating to these databases and associated signaling necessary for call routing and completion. In ACSI's summary of its position on this issue, ACSI reiterated that it does not have any experience in Florida. While TCG's witness Hoffmann briefly discussed TCG's concerns about SS7 point codes, it was in the context of interconnection. Thus, we conclude that access to the signaling necessary for call routing and completion has been provided. While some intervenors have complained that they have not received the call details or that they have not received other network elements, they have received access, as evidenced in their ability to send and receive calls through BellSouth's network.

While the amount of information available in the record regarding ALI/DMS was limited, none of the intervenors expressed any concerns about this database. There was also limited evidence in the record on Selective routing through AIN. Selective routing through AIN is not currently offered and is only in the developmental stages. BellSouth is required by this Commission to provide selective routing using attributes of the switch (line class codes). We address this in our analysis of checklist item vii. Only MCI and ICI requested LIDB. Both companies indicate that access has been provided. Two intervenors indicate that they are using third-party hub providers for access to databases associated with this checklist item. MCI indicated it has access to a Toll-Free Number database through a third-party provider, and ACSI specified it had ordered AIN through a third-party. Evidence in the record indicates that none of the intervenors have requested access to BellSouth's SMS.

Based on the evidence presented in the record of this proceeding, we find that BellSouth has met the requirements of Section 271(c)(2)(B)(x).

K. Provision of Number Portability Pursuant to Section 271(c)(2)(B)(xi).

Section 271(c)(2)(B)(xi) requires that until the date the Commission issues regulations pursuant to Section 251 to require permanent number portability, the Bell operating company (BOC) must provide interim telecommunications number portability through remote call forwarding (RCF), direct inward dialing trunks (DID), or other comparable arrangements, with as little impairment of functioning, quality, reliability, and convenience as possible. After that date, the BOC must be in full compliance with such regulations.

Section 271(c)(2)(B)(xi), Section 251(b)(2), 47 C.F.R. § 52.7, and FCC-Order No. 96-286 require the BOC to provide interim number portability through remote call forwarding, direct inward dialing, or other comparable methods. We note that by Order No. PSC-96-1579-FOF-TP, we required BellSouth to provide RCF, DID, RI-PH, and LERG, if requested.

AT&T and MCI contend that BellSouth does not have the necessary methods and procedures in place to provide any requesting ALEC with number portability. AT&T witness Hamman asserts that AT&T must have the confidence that number portability will work and will be implemented with as little impairment of features, functioning, quality, and inconvenience as possible. Witness Hamman states that the effectiveness of the methods and procedures are important because AT&T will rely on BellSouth's network to provide interim number portability for its customers until the industry solution for permanent number portability is available. Witness Hamman further states that the methods and procedures should encompass testing, operational experience, and performance measurement. The witness also notes that these factors are essential for number portability to function capably.

AT&T maintains that number portability that is nondiscriminatory is not currently available because RCF and DID are not sufficient to address the needs of large customers.

Witness Hamman asserts that in its interconnection agreement with BellSouth, AT&T requested interim number portability via Route Indexing-Portability Hub (RI-PH) for its large customers. Witness Hamman contends that this method will permit conservation of telephone numbers to avoid an area code split. Witness Hamman argues that AT&T ordered RI-PH in Georgia, but BellSouth has yet to provide the service. Witness Hamman states that AT&T has not formally requested RI-PH in Florida because BellSouth has not provided it in Georgia. Witness Hamman points out that if RI-PH does not work in Georgia, AT&T does not expect it to work in Florida. The witness, however, notes that AT&T and BellSouth are working to establish methods for ordering and implementing of RI-PH. He contends that the provisioning of RI-PH will require significant coordination between AT&T and BellSouth. Witness Hamman states that in Georgia the parties are scheduled to perform operational testing of RI-PH in October. Witness Hamman indicates that RI-PH will not be suitable for use by AT&T's high volume customers until all operational testing is complete.

MCI contends that it has experienced numerous problems with the interim number portability cutovers. For example, BellSouth disconnected a customer's DID circuits two weeks prior to a cutover scheduled for August 8, 1997. Also, BellSouth disconnected a customer's DID circuits at 4:30 p.m. when it was scheduled for 2:00 a.m. the following morning. Witness Gulino asserts that MCI must have the ability to postpone or stop scheduled cutovers, for any reason. Witness Gulino notes that the cutover conversion process is the main contributing factor to number portability problems. The witness maintains that the errors in the conversion process sometimes cause BellSouth to ignore a postponement request and make the cutover. He states that completing the cutover causes BellSouth to forward the customer's working BellSouth number to an MCI number that is nonoperational. Consequently, Witness Gulino contends that a cutover conversion process without manual intervention would eliminate the majority of the problems.

Sprint contends that during a three week period from May 19 to June 6, 1997, its customers encountered three significant service interruptions related to receiving calls directly through BellSouth's network. Sprint's witness Closz indicates that translation errors made by BellSouth interrupted local number portability functionality. Sprint notes that in each case its

customers could receive calls directly to their Sprint numbers, but calls being call-forwarded through the BellSouth network could not be completed. For instance, in the first occurrence, on May 19, 1997, an all circuit busy condition was created when interoffice traffic was reversed in error by BellSouth in conjunction with the installation of additional trunks. Sprint's customers had their service interrupted for three hours. The second occurrence, on May 30, 1997, exposed a translation problem in BellSouth's local switch which caused routed calls to encounter "no longer in service" or "can't be completed as dialed" messages. This service interruption occurred for seven hours before BellSouth corrected the problem. More recently, on June 6, 1997, the simulated facilities group was removed from translation in error by BellSouth, resulting in calls to Sprint's customers being blocked for over two hours. Witness Cloz asserts that all of the problems are documented in Exhibit 88. Sprint states that these errors by BellSouth have resulted in service deficiencies that have damaged its relationships with its customers. Sprint further states that the interruptions impede its ability to establish itself as a local service competitor in Florida. Additionally, witness Cloz notes that the translation errors have been corrected, but the underlying permanent process is still being addressed. Witness Cloz also notes that the source of the translation errors that interrupted the number portability functions was human error.

AT&T notes that BellSouth agreed to provide RI-PH in their interconnection agreement, but this number portability arrangement is not available in the SGAT. AT&T further notes that an ALEC ordering from the SGAT could only obtain RI-PH through the bona fide request process. Therefore, AT&T contends that since BellSouth agreed to provide RI-PH, there is no reason for BellSouth to not make it generally available in the SGAT.

BellSouth states that it provides number portability through RCF or DID, at the election of the ALEC. RCF is an existing switch-based service that redirects calls within the telephone network. DID allows calls to be routed over a dedicated facility to the ALEC switch that serves the subscriber. BellSouth asserts, however, that any party that wants a form of interim number portability that differs from the methods included in the SGAT may request it via the bona fide request process.

BellSouth witness Milner states that BellSouth has provided technical service descriptions outlining RCF and DID. Witness Milner also states that BellSouth has procedures for ordering, provisioning, and maintaining these services. Witness Milner asserts that these methods and procedures are located in Exhibit 32, Volume 11-1. Witness Milner contends that the methods and procedures ensure that interim number portability is functionally available from BellSouth. The witness notes that this is evident because as of June 10, 1997, BellSouth has ported 2,484 business directory numbers and 14 residence directory numbers in Florida using interim number portability.

BellSouth states that the Act does not require multiple forms of interim number portability to meet the checklist. BellSouth contends that ALECs using the SGAT would utilize RCF and DID because these are the only methods that have been included in the Statement. BellSouth witness Scheye asserts that any party that wants a different form of interim number portability from the methods included in the SGAT may request them via the Bona Fide Request Process. Witness Scheye, however, notes that in its negotiated agreement with AT&T, BellSouth agreed to provide multiple forms of interim number portability, which include RI-PH and LERG. BellSouth witness Milner points out that RI-PH is a form of number portability where the intercompany traffic is delivered from a "hub" location, typically the access tandem, rather than delivered from each local switching office. Witness Milner maintains that the technical feasibility of RI-PH was confirmed in BellSouth's lab in November 1996. Consequently, witness Milner indicates that BellSouth does not understand why AT&T has raised RI-PH as an issue when BellSouth has indicated its willingness and capability to provide RI-PH upon AT&T's request or any other ALEC. Thus, witness Milner contends that AT&T is not convinced that BellSouth can provide RI-PH, which is difficult for BellSouth to demonstrate since AT&T has not formally requested it. Additionally, witness Milner states that RI-PH is functionally available if the ALEC has its own switches; however, BellSouth is not aware of any switches in Florida that AT&T operates.

BellSouth's witness Milner maintains that BellSouth will coordinate implementation of number portability with loop installation. Witness Milner states that the coordination requires that BellSouth make a switch translation change, referred to as a

"recent change" to the customer's line. Witness Milner notes that the recent change places RCF on the customer's telephone number. Witness Milner contends that when the BellSouth technician enters the recent change request into the system, that request is queued with other changes that are routinely made to the switch's memory. The witness asserts that should MCI request a postponement too late in the process, BellSouth will complete the recent change transaction, which forwards calls to the non-working MCI number. Witness Milner indicates that the problem is caused by a situation in which MCI notifies BellSouth too late in the cutover process to prevent disruption of the customer's service. Consequently, witness Milner notes that the solution to the problem is closer coordination between BellSouth and MCI when MCI wants to postpone or cancel a number portability cutover.

BellSouth contends that on three separate occasions translation errors it made interrupted local number portability functionality so that Sprint's customers could not receive calls call-forwarded through the BellSouth network. Witness Milner asserts that the problem occurs when the translation field referred to as a simulated facilities group (SFG) value is set too low. Witness Milner states that the incorrect value causes some forwarded calls to be blocked. Witness Milner further states that the SFG is a numeric value that indicates the number of calls that can be ported simultaneously from the BellSouth switch to the ALEC switch. Witness Milner, however, notes that since the interruptions occurred, BellSouth's translation technicians have taken additional training to ensure that the translations for SFGs are made correctly. Thus, the witness maintains that the problem has been totally rectified given the procedural changes that BellSouth instituted.

The SGAT defines Service Provider Number Portability (SPNP) as an arrangement which allows an end user customer who switches service providers to keep the same telephone number. SPNP is available only within the same serving wire center. The SGAT further states that SPNP is available through RCF or DID, at the election of the ALEC. The SGAT states that BellSouth will provide number portability with minimum impairment of functionality, quality, reliability and convenience. The SGAT also notes that the

guidelines for ordering and provisioning are set out in the Local Interconnection and Facility Based Ordering Guide, Section XV.

We note that WorldCom raised arguments regarding the sharing of terminating access charges paid by the IXCs on calls forwarded as a result of RCF or other comparable number portability arrangements. To date, we have not delineated a specific distribution methodology for the sharing of terminating access charges with the use of interim number portability. We have stated that parties should negotiate the methodology, and if unsuccessful, request arbitration. Thus, we find that this issue is not ripe for decision at this time.

As discussed above, the intervenors argue that BellSouth does not have the necessary methods and procedures in place to satisfy all ALEC requests for number portability. AT&T witness Hamman asserted that the methods and procedures are important because AT&T will rely on BellSouth's network to provide number portability to its customers. Witness Hamman further stated that the methods and procedures should include testing, operational experience, and performance measurements. Conversely, BellSouth asserts that it does provide the necessary methods and procedures for ordering, provisioning, and maintaining number portability. Based on our review of the evidence, we find that the intervenors' arguments are insufficient for us to conclude that BellSouth is not providing the necessary methods and procedures for requesting ALECs to obtain number portability.

MCI argues that it has experienced a number of problems with number portability cutovers. MCI points out its customers have experienced several service interruptions because of cutover scheduling conflicts with BellSouth. BellSouth states that service interruption occurs when MCI notifies BellSouth too late in the cutover conversion process. BellSouth also states that closer coordination between BellSouth and MCI should solve the underlying problem. We believe both MCI and BellSouth present valid arguments regarding number portability cutovers. Consequently, we find that the solution to the ongoing problem is closer coordination of number portability cutover postponements and cancellations between the parties.

Sprint notes that on three separate occasions translation errors made by BellSouth interrupted its local number portability functionality. BellSouth confirms that the service interruptions did occur. BellSouth states that the service interruptions were caused by its technicians setting the SFG value too low, which blocked calls being forwarded through its network. BellSouth maintains that it has corrected the problem by requiring its technicians to take additional training. We acknowledge Sprint's arguments regarding the service interruption problems; however, we do not believe that this is an ongoing problem.

AT&T states that it ordered RI-PH in Georgia, but that BellSouth has not yet provided the service. AT&T asserts that if RI-PH does not work in Georgia, that it does not expect the service to work in Florida. BellSouth states that it provides interim number portability primarily through RCF and DID, the arrangements that the Act and the FCC endorse. BellSouth also notes that AT&T has not requested RI-PH in Florida. We note that the Act states that BOCs shall provide interim number portability through RCF, DID or other comparable arrangements. By Order No. PSC-96-1579-FOF-TP, we determined that LERG and RI-PH are technically feasible and required BellSouth to provide these methods and RCF and DID upon request. There is no mention of LERG in this record, and RI-PH has not been requested to date in Florida. Thus, we cannot conclude that BellSouth is unable to provide these interim number portability solutions at this time.

Upon consideration, we find that as of the hearing in this docket, BellSouth has provided interim number portability upon request. Although there have been problems associated with the provisioning of interim number portability, it appears that those problems have been addressed. Accordingly, we find that BellSouth has met the requirements of Section 271(c)(2)(b)(xi).

L. Provision of Local Dialing Parity Pursuant to Section 271(c)(2)(B)(xii).

Section 271(c)(2)(B) of the Act states that access or interconnection provided or generally offered by a Bell operating company to other telecommunications carriers meets the requirements of this subparagraph if such access and interconnection includes all of the checklist items (i)-(xiv). Section 271(c)(2)(B)(xii)

requires a BOC to provide "nondiscriminatory access to such services or information as necessary to allow the requesting carrier to implement local dialing parity in accordance with the requirements of section 251(b)(3)."

Section 251 (b)(3), in turn, imposes on all LECs the duty to provide dialing parity to competing providers of telephone exchange service and telephone toll service with "nondiscriminatory access to telephone numbers, operator services, directory assistance, and directory listing, with no unreasonable dialing delays."

Dialing parity is defined in Section 3 (15) of the Act as:

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 such 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).

Section 251(b)(3) of the Act requires that BellSouth provide dialing parity to ALECs and nondiscriminatory access to telephone numbers, operator services, directory assistance, and directory listing with no unreasonable dialing delays. We, however, address dialing parity as it is defined in Section 3 (15) of the Act for purposes of checklist item xii.

The "local dialing parity" addressed in this checklist item requires BOCs to provide subscribers the ability to dial the same number of digits to place a local call, without the use of an access code, regardless of their choice of local service provider. BellSouth's witness Scheye explained that the ALECs' customers will be able to dial a 7 or 10-digit number to make a local call, just as a customer located in BellSouth's local calling area. While the ALEC's switch determines how the ALEC's end users dial specific calls, BellSouth asserts that it will interconnect with the ALEC so that identical 7 and 10-digit dialing is possible.

Witness Scheye also asserts that since ALECs can use the identical dialing and numbering plans as BellSouth does, "local dialing parity simply happens as ALECs begin operating." Since the ability for ALEC subscribers to have the same dialing and numbering plans "just happens," there is no rate associated with local dialing parity.

ACSI states that it does not have experience in Florida regarding this checklist item; however, given the testimony of other parties, it does not believe that BellSouth has complied with this item. FCTA takes no position on this issue. TCG and MFS both contend that BellSouth has not met this checklist item, but neither party provided testimony that directly relates to this checklist item.

ICI asserts that BellSouth has not complied with this checklist item because it is only providing dialing parity in instances where ICI can provide services through its own facilities. Witness Strow contends that BellSouth has failed to provide access to certain UNEs required to provide competitive service offerings, thus preventing ICI from implementing local dialing parity. ICI believes that it cannot evaluate or quantify dialing delays until BellSouth is actually providing the UNEs requested by ICI. We note that we will not address BellSouth's ability to provide certain UNEs to ICI at parity since this is addressed in Part VI.B. of this Order.

FCCA contends that BellSouth has failed to provide nondiscriminatory access to all of the functions and features of unbundled local switching. In addition, FCCA, Sprint and AT&T contend that competitors to BellSouth should have control over the routing of N11 numbers, including 411, 611, 0-, 0+ local and directory assistance numbers, and 811 calls to the entrants' operator, and business offices as required. AT&T also asserts that BellSouth has not implemented methods and procedures for assuring dialing parity in Florida. For these reasons, FCCA, Sprint and AT&T assert that BellSouth has not met the requirement to provide dialing parity and has not complied with checklist item 12.

As with UNEs, we do not address these areas in our analysis of this checklist item. They are addressed separately in this Order. For example, access to operator services, directory assistance, and

directory listings is addressed in Section VI.G. of this Order and access to telephone numbers is addressed in Section VI.I. of this Order.

MCI contends that BellSouth has failed to activate MCI's NXX codes in a timely manner, thereby precluding MCI customers from reaching BellSouth customers. MCI also contends that there is no dialing parity because BellSouth cannot provide directory listings for independent telephone companies. Again, we do not address these issues here.

We note that no witness in this proceeding provided testimony to rebut BellSouth's witness Scheye on this issue. In fact, no party represented in this proceeding provided testimony directly related to the ability of customers to dial the same number of digits to place a local call, without the use of an access code, regardless of their choice of local service provider. Accordingly, we find that BellSouth has provided "local dialing parity" as it relates to this checklist item. In other words, local service subscribers in BellSouth's region have the ability to dial the same number of digits to place a local call, without the use of an access code, regardless of their choice of local service provider. In addition, Section XII of BellSouth's statement of generally available terms and conditions (SGAT) sufficiently addresses local dialing parity as it relates to this issue.

M. Provision of Reciprocal Compensation Arrangements Pursuant to Section 251(c)(2)(B)(xiii).

Section 271(c)(2)(B)(xiii) of the Act requires that reciprocal compensation arrangements must be provided or generally offered in accordance with Section 252(d)(2). Section 252(d)(2) contains the standards for "just and reasonable" terms and conditions for reciprocal compensation for transport and termination of traffic. This provision requires mutual and reciprocal cost recovery based on the reasonable approximation of the additional costs of call termination. It expressly allows for such arrangements as bill-and-keep, and precludes the FCC and state commissions from holding rate regulation proceedings to determine specific incremental costs of transport and termination. It also precludes the FCC and state commissions from requiring carriers to maintain records on the additional costs of such calls.

ORDER NO. PSC-97-1459-FOF-TL
DOCKET NO. 960786-TL
PAGE 149

The FCC interpreted the above provisions of the Act, and determined that TELRIC was the appropriate pricing principle to comply with the requirements of the Act. The Eighth Circuit overturned the majority of the FCC's rules. It retained several provisions but only as they applied to mobile carriers, ruling that setting cost standards such as TELRIC went beyond the scope of the FCC's authority.

We note that we have approved TSLRIC based pricing for reciprocal compensation for transport and termination in Dockets Nos. 950985-TP, 960833-TP and 960846-TP. Therefore, we find that rates in the SGAT and BellSouth/ALEC agreements approved pursuant to Section 252 of the Act, that comport with Commission rulings, would be in compliance with Section 271 requirements. We do not believe that the FCC can reinstitute TELRIC pricing requirements. We continue to believe that TSLRIC is a better basis for pricing. To the extent we have set permanent rates, we believe that they comply with the requirements of Section 252(d)(1) of the Act, and we will endorse BellSouth's use of those rates in its agreements and in the SGAT for purposes of checklist compliance.

This checklist item addresses the pricing requirements for traffic carried over facilities-based interconnection arrangements between BellSouth and ALECs. The interconnection arrangements themselves are the subject of the first checklist item. Reciprocal compensation is the means by which two local carriers compensate each other for the incremental costs associated with terminating calls originating from the other's network.

BellSouth witness Milner states that it has complied with the requirements of the Act in that reciprocal compensation arrangements are functionally available. BellSouth witness Scheye states that in Order No. PSC-96-1579-FOF-TP, the Commission ordered rates between itself and AT&T of \$.00125 per minute for tandem switching and \$.002 for end office termination. According to witness Scheye, these rates were incorporated into the SGAT. Therefore, BellSouth concludes that its reciprocal compensation arrangements are in full compliance with this checklist item. BellSouth states that most intervenors either concede that BellSouth has met this checklist item, or state they have no basis for an opinion. BellSouth asserts that MCI and Sprint, who state

that BellSouth has not met the requirements of this checklist item, did not address this issue beyond pre- and post-hearing statements.

AT&T, FCCA, ICI, TCG, and WorldCom raised an issue late in the proceeding revealing that a serious dispute has arisen with respect to the definition of "local service" as it applies to compensation for transport and termination of calls made to Information Service Providers (ISPs). BellSouth sent a letter dated August 12, 1997, to ALECs with whom it has existing agreements, stating that ISP traffic is jurisdictionally interstate, and therefore ineligible for reciprocal compensation. In the letter, BellSouth stated that it would not pay for calls its customers made to ISPs served by ALECs, and "would make every effort" not to bill ALECs for calls their customers made to BellSouth's ISPs. The letter was sent after testimony was filed in this case, and therefore the issue was only explored at hearing.

AT&T asserts that despite BellSouth witness Scheye's testimony that these calls are interLATA, these calls originate and terminate locally, and hence BellSouth must permit reciprocal compensation.

FCCA cites its members' opinions that BellSouth's actions constitute a breach of contract, a violation of the dispute resolution clauses in the agreements, and an act of bad faith on BellSouth's part.

ICI specifically notes that BellSouth witness Varner admitted on the stand that BellSouth treats such calls as local when it bills its own end users, since they do not pay toll rates, inter- or intra-state. ICI asserts that since the situation was never discussed, and there is no explicit language in the agreement, BellSouth did not contemplate such a restriction prior to implementation of its agreement. Witness Varner acknowledges that the issue is in dispute and is the subject of two proceedings at the FCC. ICI states that the proper course of action for BellSouth would have been to petition this Commission for resolution, rather than taking unilateral action. ICI further states that because of BellSouth's actions, the Commission is required to take this issue up in this proceeding.

TCG states that BellSouth's action amounts to an attempt to amend all BellSouth/ALEC interconnection arrangements. TCG states

ORDER NO. PSC-97-1459-FOF-TL
DOCKET NO. 960786-TL
PAGE 151

that this constitutes a breach of contract because there is no provision in its contract that would exclude ISP calls from the definition of local traffic. TCG cites the problem as an example of non-compliance with reciprocal compensation provisions in its Agreement and in the Act.

WorldCom states that BellSouth has made a unilateral attempt to begin withholding compensation for calls to WorldCom's local exchange customers who are Internet providers, despite BellSouth's contractual agreement to compensate WorldCom for such calls. WorldCom states that it views BellSouth's actions as a breach of its interconnection agreement.

On cross examination, BellSouth witness Varner argued that the FCC has identified ISP traffic as interstate, but has granted an access exemption specifically for ISP traffic. He stated that the FCC has required that ISP traffic be charged at local rates. He also admits that this dispute is the subject of two FCC proceedings and has been taken up in other states where RBOCs have taken the same action as BellSouth. Witness Varner declined to characterize this issue as a "dispute," but rather as an issue "where there are two points of view as to how it should be resolved." Witness Varner stated that he was not familiar with dispute resolution clauses in ALEC contracts.

Upon consideration, we find that BellSouth has met the requirements of Section 271(c)(2)(B)(xiii). Although we acknowledge that a dispute has arisen over ISP traffic, we note that where interconnection facilities have been ordered and implemented, reciprocal compensation arrangements for the transport and termination of local traffic, including intermediary tandem switching, are being carried out in accordance with the requirements of the Act. We do not decide today the issue that has arisen with respect to ISP traffic. We do note, however, that we are concerned over the allegations that BellSouth has not followed the dispute resolution process contained in its interconnection agreement. Further, we do not believe that any party should unilaterally change the interpretation of an agreement. Parties should notify each other when they believe there is an issue of interpretation to be decided and work together to resolve differences of interpretation. Only after they have attempted to work out their differences, should they bring the dispute to us.

N. Provision of Telecommunications Services Available for Resale in Accordance with the Requirements of Sections 251(c)(4) and 252(d)(3) of the Telecommunications Act of 1996, Pursuant to Section 271(c)(2)(B)(xiv).

1. Introduction

We agree generally with the FCC's interpretation of the resale requirements of Section 271. Our determination of BellSouth's compliance with checklist item xiv is based on the 1996 Telecommunications Act, the FCC's Rules and Orders, and our orders where appropriate. We note generally that BellSouth has the duty to prove that it is not imposing unreasonable or discriminatory conditions or limitations on the resale of telecommunications service to requesting carriers. In addition, BellSouth has the duty to prove that it is providing nondiscriminatory access to its OSS to requesting carriers. Finally, we believe that all rates must be based on the wholesale discounts we have set. The wholesale rates we set were based on the retail rate minus the avoided costs. See Order No. PSC-96-1579-FOF-TP, p.56. Any rates not discounted the appropriate amounts are in violation of our Orders, and therefore, not checklist compliant.

The FCC has determined that operational support systems generally include those systems and databases required for pre-ordering, ordering, provisioning, maintenance and repair, and billing. Access to OSS functions are required for both UNEs and resale. We note that we have already defined these functions in Part VI.B. of this Order.

2. Status of Provisioning of Service

BellSouth is making its retail services available for resale. BellSouth claims that as of May 15, 1997, over 49,000 business and residential services were being resold by ALECs in Florida. However, based on the evidence in this proceeding, we are unable to confirm the actual number of services that BellSouth has resold in Florida. Nevertheless, it appears that the ALECs have not had problems with the resold services once they have received them, with the exception of a voice mail service problem that MCI has experienced. However, ALECs are experiencing many problems with the interfaces, operational support systems, and billing of the

correct wholesale discount rates, contrary to the non-discriminatory requirements of the Act and the applicable FCC and FPSC Orders.

3. Discussion of Alleged Problems

The intervenors argue that they have experienced problems and have concerns with the various interfaces and access to OSS functions for resale. In addition, several parties have cited problems with resale that are not OSS related. We address these categories separately below. We first address OSS-related problems. Then we address problems that fall outside this category.

a. OSS-Related Problems: Pre-Ordering

Problem 1: LENS requires multiple address validations for the same fields in different screens.

The intervenors state that LENS requires the address to be validated three separate times. In the inquiry mode of LENS, the address must be validated to obtain telephone numbers, validated again to view available features and services, and, finally, again to view the installation calendar. BellSouth's RNS system does not require multiple address validations while accessing pre-ordering information. MCI witness Martinez states that the RNS system automatically assigns a number, once the address is validated. Witness Martinez explains that this number is "hard coded so that anything that they did from then on would bring for [SIC] the features and functions of that particular office." Because the number is "hard coded," RNS does not require multiple validations at each step, as does LENS.

Problem 2: No on-line customer credit checking capability and limited availability of customer service record information.

ALECs do not have access to customer payment history information when using LENS in the pre-ordering mode. BellSouth's RNS system allows BellSouth representatives the option of accessing such credit information online through Equifax. BellSouth witness Calhoun stated that she was unsure if BellSouth's internal interface, DOE, had such credit checking capability.

LENS in the inquiry mode does not provide customer credit history and detailed billing information other than the billing name and address. BellSouth witness Calhoun stated that this information was not agreed to in negotiations with ALECs, and therefore, was not provided via LENS. We did, however, require BellSouth to provide such information to AT&T and MCI in the arbitration proceeding. BellSouth witness Calhoun stated during cross examination that access to this information will be added to the LENS system on October 8th of this year.

Problem 3: LENS requires human intervention

BellSouth has not demonstrated that LENS provides non-discriminatory access to pre-ordering functions as compared to those available in BellSouth's own RNS and DOE systems.

Human intervention occurs because the pre-ordering capability of LENS is not integrated with the EDI ordering interface. This is evidenced by the fact that an ALEC service representative must manually record the pre-ordering information obtained in the LENS inquiry mode and then manually re-enter the information into the EDI order. BellSouth suggests in the LENS User Guide that the service representative print out each LENS screen as a method of recording the pre-ordering information. BellSouth's interfaces do not require this level of manual intervention. This problem, as it relates to integration of interfaces, is also discussed below in Problem 5 of the Ordering and Provisioning section.

BellSouth witness Calhoun states that it is not necessary for an ALEC service representative to manually re-enter data accessed from LENS into the ALEC's internal OSS. Witness Calhoun asserts that there are methods available that obviate the need to re-enter data. First, an ALEC service representative can "cut and paste" information from LENS, to any other computer application that supports the "cut and paste" function. Second, an ALEC can use the Common Gateway Interface (CGI). Witness Calhoun explains that CGI is a specification that can negotiate the movement of data between LENS and an ALEC's OSS. She states that CGI is available to any interested ALEC.

AT&T witness Bradbury states that the CGI is not available to any new entrant interested in pursuing this option, as stated by

BellSouth witness Calhoun. Witness Bradbury provided a chronology of events that took place when AT&T sought the information necessary to implement CGI as BellSouth proposes. AT&T's inquiry revealed that CGI builds upon the LENS interface, and firm specifications cannot be provided until the LENS interface is finalized. According to a letter dated May 19, 1997, from a BellSouth project manager, LENS will require multiple and frequent changes and will not be stable for six to nine months.

Problem 4: BellSouth can reserve more telephone numbers than ALECs

MCI witness Martinez states that LENS only allows ALECs the ability to reserve or assign six telephone numbers per order. AT&T witness Bradbury agrees, stating, in addition, that BellSouth can reserve up to 25 numbers through its own OSS. In total, an ALEC is permitted to reserve a total of 100 numbers, or five percent of the available numbers, per central office. AT&T witness Bradbury states that numbers which are available when using LENS in the firm order mode are not available when using LENS in the inquiry mode. The inquiry mode of LENS is used to access pre-ordering information, when placing the actual order through EDI, PC-EDI, or by fax.

There are other problems associated with accessing telephone numbers. First, an ALEC must go to a separate telephone number assignment screen each time it accesses a telephone number for a new customer. In other words, when the address is validated in LENS, a phone number is not automatically assigned to the customer. BellSouth's RNS system on the other hand, only requires the BellSouth service representative to visit a separate screen if the customer rejects the phone number that is automatically assigned when the address is validated. Second, LENS does not provide a list of available NXXs to serve a specific address. BellSouth service representatives, however, have access to these numbers when using either RNS or DOE.

Problem 5: Cumbersome and inefficient method of locating long distance company selected by customer and product and service information

LENS provides a randomly organized list of long distance companies. The list is provided randomly so that long distance

companies beginning with the letter "A" do not have an advantage over other companies. The problem here is that LENS does not provide a method of accessing a particular company name easily. The ALEC service representative must scroll through the extensive list of over 300 available carriers to find the name and carrier code of the long distance company. BellSouth's RNS and DOE systems permit the BellSouth representative to access carrier information by typing the first few letters of the carrier's name. AT&T witness Bradbury states that this is clearly not at parity in terms of timeliness or quality. This same condition is true when an ALEC's representative is trying to locate a service using LENS. The ALEC's representative must scroll through the list of available services to see if the requested service is available in the end office that serves the customer. BellSouth's RNS and DOE systems permit the BellSouth representative to access product and service information by typing the first few letters of the service or feature's name.

Problem 6: LENS does not provide access to calculated due dates in the inquiry mode

ALEC service representatives do not have access to due dates in the same manner as BellSouth's representatives when they use LENS in the inquiry mode to access pre-ordering information. LENS provides the ALEC representative with a table of dates that are not available, instead of the earliest available dates for a particular central office. In contrast, RNS provides a color coded calendar which shows the first available due date calculated by DSAP, and highlighted in green. All other dates, both available and unavailable, are distinguished by other colors.

b. Pre-Ordering Summary

As discussed above, the intervenors raised several problems with the LENS pre-ordering interface. These problems demonstrate that LENS simply does not provide access to pre-ordering information in essentially the same time and manner as BellSouth's RNS and DOE systems. First, LENS requires multiple validations of the address to access certain functions. BellSouth's RNS and DOE systems do not require multiple validations. Therefore, the ALEC service representative will spend more time reviewing or accessing

ORDER NO. PSC-97-1459-FOF-TL
DOCKET NO. 960786-TL
PAGE 157

pre-ordering information than will a BellSouth service representative.

LENS does not provide customer credit checking capability and only provides limited customer service record information. On the other hand, BellSouth's internal interface, RNS, provides on-line credit checking capability and access to the customer's full service record information.

LENS is a human-to-machine interface. Therefore, after an ALEC service representative accesses pre-ordering information, the representative must either cut and paste the information, or print out each LENS screen and then retype the information into an EDI order. This is true also when entering information into the ALEC's internal OSS. RNS and DOE do not require any such manual handling of data since both systems have ordering and pre-ordering functions that are integrated.

An ALEC cannot reserve the same number of phone numbers through LENS as BellSouth can in RNS. In addition, RNS automatically assigns a phone number when an order is being taken for a new customer. LENS requires the ALEC service representative to access the number screen and select a number. Unlike RNS and DOE, LENS does not provide a list of available NXXs for a specific address.

When searching for the long distance carrier requested by the end user, the BellSouth service representative can type the first few letters in the carrier name and both RNS and DOE will automatically bring up the carrier's full name and identification code. This feature is also true when the BellSouth service representative is searching for products and services. LENS does not offer such capability. In LENS, any searches performed by the service representative must be performed by scrolling page by page until the carrier name or service name is found. This clearly is not at parity with BellSouth.

LENS does not provide access to calculated due dates. Instead, a table of dates appears showing all days that are unavailable for due dates. These unavailable dates include weekends, holidays, scheduled office down times, and days that are already filled with other service orders. The ALEC representative,

however, has to look at a calendar to figure out the next available due date. In contrast, RNS offers a BellSouth representative a calendar that highlights, in a specific color, the earliest due date available. In addition, the calendar shows the dates that are not available in another color. In other words, the BellSouth ordering interface has a color coded calendar that is user friendly and is efficient. BellSouth has not offered an efficient due date recognition system for LENS users.

Upon consideration of the evidence in this proceeding, we find that BellSouth is not providing pre-ordering capabilities at parity with the pre-ordering capabilities it provides to itself. In addition, we note that the FCC has concluded that "in order to meet the nondiscriminatory standard of OSS, an incumbent LEC must provide competing carriers access to OSS functions for pre-ordering...that is equivalent to what it provides itself, its customers or other carriers." As discussed below in the ordering and provisioning summary, we believe that BellSouth must provide a pre-ordering interface that is integrated with the EDI ordering interface, and that it must correct the LENS pre-ordering deficiencies discussed above.

c. OSS-Related Problems: Ordering and Provisioning

Problem 1: LENS and EDI do not have electronic edit capability at parity with BellSouth's RNS and DOE systems.

BellSouth witness Calhoun acknowledges that RNS and DOE have greater edit checking capabilities than are provided to either EDI or LENS. This means there is a greater likelihood that an ALEC order will be rejected by the downstream systems than will a BellSouth order. Witness Calhoun asserts that RNS, DOE and EDI distinguish the fields that must be populated, so the customer service representative knows that the order is complete. Although EDI distinguishes the fields that must be populated, we note that witness Calhoun states that LENS does not distinguish which fields must be populated. In addition, witness Bradbury states that the FUEL and SOLAR databases work simultaneously with RNS, while a BellSouth customer service representative is working on an order. Therefore, FUEL and SOLAR are checking the order as it is being processed. This online edit checking capability does not exist

with LENS or EDI, because LEO and LESOG are downstream databases that check the ALEC's order after it has been sent. Once the order is rejected downline, the ALEC is notified either by fax or through a phone call by the LCSC. This notice could take days. Errors in BellSouth submitted orders, not caught by the online edit checks, but caught by the downstream checking database, are sent to an error handling group, typically within 30 minutes.

Problem 2: No order summary screen exists in either EDI or LENS as in RNS.

When an ALEC representative completes taking the order from a customer, there is no order summary screen in LENS or EDI to confirm the order while the customer is on line, before sending the order off for completion. BellSouth witness Calhoun admitted during cross examination that RNS provides an order summary screen so that the order may be confirmed with the customer.

Problem 3: Intervenors cannot access or make changes to pending orders.

Once an order is placed through LENS or EDI, the ALEC service representative cannot access the original order to make a change. EDI allows a change order to be made and submitted to BellSouth; however, the original order cannot be accessed in order to make modifications. In contrast, the original order placed by a BellSouth representative using RNS and DOE can be changed directly by accessing an order update screen.

Problem 4: BellSouth has not provided requesting carriers with the technical specifications of the interfaces.

BellSouth states that if an ALEC wants to integrate its pre-ordering information from LENS with its EDI ordering system, then the ALEC needs to use a Common Gateway Interface (CGI) program to build its side of the interface. Witness Calhoun asserts that CGI is a program that manipulates data between two systems, thus eliminating the need for an ALEC customer service representative to move from one system to another. BellSouth began the development of CGI technical specifications for the ALECs, but abandoned the effort stating that it appeared no party wanted to pursue that

option. AT&T and MCI, however, state that they have both requested, and not received, the technical specifications from BellSouth. Further, witness Calhoun acknowledges that an ALEC cannot complete development of a commercial system that integrates LENS and EDI until BellSouth completes the CGI technical specifications on its side of the interface. Witness Calhoun also states that BellSouth is willing to continue to develop the CGI specifications with any interested ALEC.

AT&T witness Bradbury states that an ALEC will be at a disadvantage until BellSouth develops its side of the interface. For example, witnesses Calhoun (BellSouth) and Bradbury (AT&T) assert that RNS displays the rate for a service and calculates the taxes for that service. Witness Calhoun states that when a BellSouth customer service representative validates a customer's address, a tax code is returned that provides the appropriate taxes for that address. This information then flows through the order to the billing system. Witness Calhoun also explains that in the products and services section of RNS, an option button appears beside each product or service which allows the BellSouth customer service representative to offer promotions to BellSouth's end users. Witness Calhoun states, however, that pricing, promotion, and packaging of services that an ALEC offers to its customers is at the ALEC's discretion. She states that an ALEC can choose, "to organize information on its side of the interface in whatever way suits its pricing or marketing objectives."

The parties also state that BellSouth has not notified them or provided them with the modifications BellSouth makes to LENS. The parties state that this is essential, because LENS is a proprietary system that BellSouth owns and controls. According to Witness Bradbury, changes to LENS are made unilaterally by BellSouth which can make this interface unstable, disruptive, inefficient and expensive for new entrants to use. In addition, witness Martinez asserts that since March, BellSouth has made three revisions to the LENS Users Guide, none of which were disclosed to MCI. Witness Martinez further stated that in all cases, MCI learned of these revisions from a source other than BellSouth. In addition, witness Calhoun states that the latest version of the LENS User Guide was dated June 17, 1997. She agreed that some changes to LENS had taken place since it was published, and stated that the next update to LENS was scheduled for October 8, 1997. She further states

that no specific method was used other than through LENS itself to communicate the subsequent LENS modifications to ALECs since June 17th.

Problem 5: Interfaces are not fully electronic or integrated

There are three forms of manual intervention that are identified by the intervenors. The first form occurs because BellSouth's proposed interfaces do not link an ALEC's OSS with BellSouth's OSS. The second occurs because BellSouth has not provided an interface that integrates pre-ordering and ordering capabilities together, as does its own internal interfaces. The third occurs on because LENS and EDI do not enable an ALEC to place orders for the same services as BellSouth, which flow through BellSouth's downstream systems without manual intervention.

AT&T witness Bradbury states that LENS is a human-to-machine interface, since there is no electronic communication between BellSouth's OSS and the ALEC's OSS. In support of his statement, he notes that an ALEC service representative must manually enter data into BellSouth's OSS, and then manually re-enter the same data into the ALEC's OSS. BellSouth believes that it is up to the ALEC to develop the integration capability for the interfaces. As we discussed in problem 4, however, BellSouth has not provided the technical specifications necessary for an ALEC to design such capability.

AT&T witness Bradbury states that since the pre-ordering capability of LENS is not integrated with the ordering capability of EDI, the pre-ordering information must be manually entered into the EDI based order. This is in direct contrast to BellSouth's RNS and DOE systems which automatically populate pre-ordering information into the order.

Another form of manual intervention is performed on behalf of BellSouth's Local Carrier Service Center (LCSC). The EDI and LENS ordering interfaces do not allow all orders to flow through BellSouth's downstream systems to generate a mechanized order. BellSouth witness Calhoun states that mechanized orders for PBX trunks, multi-line hunt groups, Synchronet services, and basic rate ISDN service cannot be generated at this time, when placed via EDI.

Instead, orders for these services drop out of the system and go to the LCSC, where the order will be processed manually. The problem here, is that BellSouth's internal ordering systems, RNS and DOE, allow orders for these services to flow through the downstream systems to generate a mechanized order. Therefore, BellSouth has failed to provide services which it can order electronically on an equivalent basis to requesting carriers.

Problem 6: Sufficient capacity to meet demand.

The intervenors do not believe that BellSouth has sufficient capacity to meet their demand. In support of this claim, the parties have cited the following problems.

MCI contends, and witness Calhoun agrees, that due dates calculated via LENS for "conversion as specified" orders result in installation intervals greater than what BellSouth provides to itself. Witness Calhoun states that "some unexpected results on due date calculation" have resulted when an ALEC uses the firm order mode of LENS. This problem caused ALECs using the firm order mode for due date calculation to receive jeopardies, which is the industry term for due dates not met.

In addition, ICI states that it has experienced many backlogged orders for simple resold switch "As-Is" orders submitted through manual LSRs and through EDI-PC. Witness Chase states that since ICI began reselling services in October 1996, it has experienced hundreds of backlogged orders each month. Witness Chase states that when ICI used the manual paper LSR process for submitting simple resale services, seventy percent of the time it took BellSouth more than two days to send ICI a firm order confirmation (FOC) and customer service record (CSR). Furthermore, witness Chase states that the typical time period for receiving the FOC and CSR was ten working days, but that thirty percent of the time it would take up to four weeks to receive them. In addition, ICI stated that even when using the EDI-PC interface to process a simple switch "As-Is" order, ICI experienced a two to four week delay in receiving FOCs thirty percent of the time.

The parties also questioned the efficiency of BellSouth's Local Carrier Service Center (LCSC). BellSouth operates two LCSCs that interface with the ALECs for interconnection, UNEs, and resale

orders. Witness Scheye states that BellSouth does not use the LCSC for its retail operations. Instead, BellSouth has its own organizational group that performs analogous but different functions for BellSouth's retail customers. In addition, witness Scheye asserts that the job performed by BellSouth's LCSC employees ultimately affects BellSouth's OSS where an order requires manual intervention.

On March 13, 1997, an independent consultant, hired by BellSouth, submitted its evaluation of BellSouth's LCSC operations in Atlanta, Georgia and Birmingham, Alabama. The consultant stated that the company's objective ultimately was to "reduce costs while improving manager, supervisor and employee effectiveness." ICI cites to several parts of the consultant's analysis, stating that the problems identified by the consultant were having a direct, negative impact on the ALECs. For example, the consultant concluded that excessive errors and reworks were lowering the quality of BellSouth's service due to missed dates and excessive lead times. The consultant further stated that this "level of ineffective utilization is a result of unclear expectations, employee skill deficiencies, the lack of process documentation and control over the work flow." The consultant linked these problems to BellSouth's supervisors who were described as "passive or reactionary" and who were not observed actively training employees.

After concluding the initial review of the LCSC's performance, the consultant and BellSouth conducted a 22-week study to improve the deficiencies noted in the March 13, 1997, evaluation. The study began on March 17, 1997, and was to conclude on August 15, 1997. On July 8, 1997, the consultant released the status report for the end of Phase II of the project. ICI questioned witness Scheye about several of the problems identified by the consultant. The consultants found that the percentage of Local Service Requests (LSRs) that needed clarification during the week of June 25, 1997, was 64.6%. In addition, the consultants stated that the average number of times that these LSRs were sent back to MCI and AT&T in order to complete the processing was 1.7 times. Witness Scheye states that this meant 64.6 percent of all orders submitted by AT&T and MCI needed clarification. He further states that on average, the LCSC had to send these orders back to AT&T and MCI almost twice per order before an error free LSR was received. Thus, witness Scheye concludes that BellSouth needs to provide some additional

training or clarification to the carriers, so that fewer orders are submitted in error. Witness Scheye also states that BellSouth can provide ALECs with all of the training materials to provide BellSouth with accurate orders, but it is up to each ALEC to provide BellSouth with error free orders.

Despite the problems cited above, BellSouth believes that it has sufficient capacity to meet demand. BellSouth states that it has estimated that it would receive 5000 orders per day on a region wide basis, 4000 of which can be supported by EDI and 1000 supported by LENS. BellSouth also states that it expects Florida to account for 25% of the orders. In addition, witness Calhoun asserts that LENS was designed to handle pre-order activity in support of 5000 orders per day in the BellSouth region. Furthermore, witness Calhoun states that, "the combined peak daily ordering volume over the EDI and LENS interfaces has thus far been about 200 orders, which is significantly less than the current capacity of at least 5,000 orders per day." We note that there is no record evidence that documents how BellSouth derived its estimated pre-ordering and ordering capacity, nor is there any evidence estimating how many of the orders would be resale and how many would be for UNEs.

In response to the parties claims about BellSouth's LCSC, witness Scheye states that there were problems revealed in the 22-week study. Witness Scheye asserts that all but one of the items identified by the consultants have been fixed. The one outstanding item deals with the continuous improvement of BellSouth's LCSC. We note, however, that the record does not contain the final report by the consultants for the 22 week study.

Upon consideration, it appears that BellSouth has not met its burden to show that there is sufficient capacity. As noted above, there is no record evidence that documents how BellSouth derived its estimated pre-ordering and ordering capacity, nor is there any evidence estimating how many of the orders would be resale and how many would be for UNEs.

Problem 7: Insufficient testing and test documentation

BellSouth entered 86 binders of testing information into the record as support for its compliance with the 14 checklist items

and the SGAT. The binders contain technical service descriptions, testing results, ordering procedures, provisioning procedures, maintenance procedures, and other information that BellSouth uses internally to respond to orders for UNEs and resold services by an ALEC. Witness Milner testified that the end-to-end testing results contained within the 86 binders were performed to verify BellSouth's ability to respond appropriately to that order, whether it was submitted manually or via LENS or EDI. Witness Milner asserts, however, that the electronic ordering systems, LENS and EDI, were not included in "end-to-end" testing processes. Witness Milner states that "the end-to-end testing was not a test of the ordering vehicle." Further, witness Milner states that when BellSouth conducted its end-to-end testing, BellSouth entered the instructions for the test in BellSouth's direct order entry (DOE) system rather than in LENS or EDI. Witness Milner also asserts that a very large amount of duplication was resident within the binders. For example, witness Milner states that some of the documents contained in the binders were duplicated as many as 50 times. In addition, numerous places within the binders refer to draft or temporary instructions to show that BellSouth's methods and procedures are still evolving and changing.

Upon consideration, we do not believe that the internal testing results contained in the binders prove that BellSouth can actually provide the items required. In addition, the testing results were not verified by an independent third party. The FCC stated in the Ameritech Order that it agrees with the DOJ on the standard for operational readiness, which is evidence of actual commercial usage. The FCC asserted that actual commercial usage is the most probative evidence of operational readiness. The FCC does not require an RBOC to ensure that ALECs are using all OSS functions available to them; however, the RBOC is charged with demonstrating that the reason an ALEC is not using a particular OSS function is strictly a business decision of the ALEC, rather than a lack of OSS function availability. The FCC stated that it may consider other forms of evidence for commercial readiness if the RBOC can demonstrate why ALECs are not using all available OSS functions. The other forms of evidence that the FCC will consider, absent actual commercial usage are; carrier-to-carrier testing, independent third-party testing, and internal testing.

We do not believe that the manner in which BellSouth performed its internal testing is sufficient to demonstrate that its systems and processes are capable of responding to an order placed by an ALEC in a manner that is at parity with BellSouth's own abilities. We believe that end-to-end testing to demonstrate ordering and provisioning of services must be done as if an ALEC were placing the order. BellSouth performed end-to-end testing by using its own systems to demonstrate that it can provide service. We note, however, that not only do ALECs use different interfaces, but ALECs also use different downstream databases to process orders. Therefore, BellSouth has failed to demonstrate that ordering and provisioning functions placed through ALEC available systems do in fact work at parity with BellSouth's internal systems.

d. Ordering and Provisioning Summary

As discussed above, the intervenors cite many problems with BellSouth's ordering interfaces. The problems raised by the intervenors demonstrate that BellSouth has not provided nondiscriminatory access to the ordering and provisioning functions.

LENS and EDI do not incorporate the same level of on-line edit capabilities as BellSouth's internal interfaces. There is, therefore, a higher chance that orders will contain mistakes, which will be rejected by the downstream systems. The result of the limited edit capability is that ALEC orders will take longer to actually be provisioned than BellSouth orders.

Unlike RNS and DOE, LENS and EDI do not provide an order summary screen. This makes it very difficult and time consuming for an ALEC to verify a customer's order while the customer is on-line. We believe that LENS and EDI must provide this capability. We also find that the interfaces offered by BellSouth must offer similar functionality. As stated above, pending orders placed via LENS or EDI cannot be accessed to make changes. Instead, an order must be prepared. BellSouth's internal interfaces provide the service representative the ability to access orders pending implementation.

In order for ALECs to develop their side of the interface, they must first receive technical specifications for BellSouth's

proposed interfaces. BellSouth has not provided such specifications to requesting carriers.

As discussed above, there are three forms of manual intervention. We believe each of these forms of manual intervention must be eliminated before the nondiscriminatory access standard can be met. We find that to provide nondiscriminatory access to the ordering function, BellSouth must do the following: First, BellSouth must provide an interface that integrates the pre-ordering and ordering functions; second, BellSouth must provide ALECs with the same capability to generate electronic orders for the same services that BellSouth can electronically generate for itself; and third, BellSouth must provide the technical specifications necessary to permit ALECs to link their own OSS system to BellSouth's OSS. It is BellSouth's position that ALECs need to develop their own integration capabilities. BellSouth, however, has not provided sufficient technical documentation for LENS that would enable ALECs to do so.

On the first and second points the FCC concluded that "in order to meet the nondiscriminatory standard of OSS, an incumbent LEC must provide to competing carriers access to OSS functions for pre-ordering, ordering, provisioning, maintenance and repair, and billing that is equivalent to what it provides itself, its customers or other carriers." Regarding the third point, the FCC stated that a BOC is required to provide carriers with the technical specifications that will allow ALECs to modify or design their systems so that their OSS will be able to communicate with the BOC's legacy systems. The FCC further stated that BOCs "must provide competing carriers with all of the information necessary to format and process their electronic requests so that these requests flow through the interfaces, the transmission links, and into the legacy systems as quickly and efficiently as possible."

BellSouth has not demonstrated that its systems can process the number of orders per day that it claims it can. The consulting firm hired by BellSouth to perform an analysis of the Local Carrier Service Center (LCSC), stated in its report that BellSouth has missed service implementation dates. In addition, BellSouth has experienced problems providing firm order confirmations (FOCs) in a timely manner. This results in the ALEC not knowing when service was actually implemented, and has resulted in billing statements

being sent to the end user by both BellSouth and the ALEC. Although, BellSouth claims that it is currently receiving approximately 200 orders per day, BellSouth has not demonstrated that it can effectively handle this low volume of orders in an accurate and timely fashion. Therefore, we do not believe that BellSouth can currently meet service order demand requirements.

BellSouth has not provided sufficient test documentation to prove that it is capable of providing those services not yet requested. We believe that the manner in which BellSouth performed its internal testing is insufficient to demonstrate that its systems and processes are capable of responding to an order placed by an ALEC in a manner that is at parity with BellSouth's own abilities.

e. Maintenance and Repair

Problem 1: TAFI is a proprietary system that does not provide ALECs with machine-to-machine functionality.

Witness Bradbury states that TAFI is a human-to-machine interface that requires a new entrant to manually enter each trouble report order into the ALEC's own OSS, because TAFI does not allow electronic communication between BellSouth's OSS and a new entrant's OSS. Therefore, AT&T states because new entrants must manually input the maintenance and repair data twice, instead of only once, the ALECs are denied the ability to operate in substantially the same time and manner as BellSouth.

Witness Calhoun agrees that TAFI is not a machine-to-machine interface. She contends, however, that the TAFI interface is "intelligible to a human being" using this system. In addition, witness Calhoun states that TAFI is not an industry standard; however, the functionality that TAFI provides is "far superior" to the level of functionality that the industry defines in terms of exchanging information about a trouble report. She also asserts that TAFI can be used for any trouble identified with a telephone number, including residential and simple business services, and some UNEs, such as an unbundled port, interim number portability, PBX trunks and ESSX station lines.

Problem 2: The TAFI interface lacks sufficient capacity to meet demand.

AT&T argues that TAFI does not have the necessary capacity to meet the ALEC's demand. In support of this claim, AT&T states that TAFI currently has the capacity to support 195 simultaneous users in BellSouth's region if its "hot spare" arrangement is activated. According to witness Bradbury, this capacity is insufficient, because AT&T alone has several hundred repair attendants that would all need to be logged into TAFI at the same time, just as BellSouth's repair attendants.

BellSouth argues that TAFI has sufficient capacity to meet demand. Witness Calhoun testified that TAFI currently supports 65 simultaneous users with a second processor being installed that will double the capacity. In addition, BellSouth has a "hot spare" arrangement in place that can be activated almost immediately. The "hot spare" arrangement protects against equipment failure in case one of the main processors fails, and it would increase the capacity by an additional 65 users for a total of 195 simultaneous users. Further, for every 65 users, the TAFI system can handle 1300 troubles per hour. Witness Calhoun also states that additional processors can be added within 60 days to increase the capacity, if needed.

f. Maintenance and Repair Summary

Upon consideration, we find that BellSouth must provide ALECs with the technical specifications of TAFI so that ALECs can integrate their OSS with BellSouth's OSS for maintenance and repair. This electronic communication capability does not currently exist; therefore, an ALEC must manually re-enter each trouble report into its own OSS system. In addition, BellSouth must provide ALECs with the ability to have all of the ALECs' repair attendants logged into TAFI at the same time, just as BellSouth's repair attendants are, in order for the TAFI interface to meet the nondiscriminatory standard. The FCC concluded that "in order to meet the nondiscriminatory standard of OSS, an incumbent LEC must provide to competing carriers access to OSS functions for pre-ordering, ordering, provisioning, maintenance and repair, and billing that is equivalent to what it provides itself, its customers or other carriers."

g. Billing

Problem 1: BellSouth cannot render accurate bills for resold services.

MCI and AT&T both cite problems with BellSouth's billing of resold services. MCI and AT&T state that BellSouth cannot render accurate bills at the appropriate discount rates set by this Commission. For example, MCI states that BellSouth's end-to-end testing results show that Back-Up Line service, flexible call forwarding, and directory white page listings are being billed at a 12% discount, instead of the business discount rate of 16.81%. In addition, MCI and AT&T point out that BellSouth's end-to-end testing results show that directory assistance access resale is being billed at the business discount rate rather than the residential discount rate. AT&T also cites to the corrective action planned for this end-to-end testing result, which states that BellSouth does not plan to correct this problem until a new billing vehicle is introduced in 1998. Further, several of MCI's bills show that BellSouth is applying the wrong wholesale discount rate to recurring charges and that BellSouth has failed to discount non-recurring charges.

Witness Milner asserts that BellSouth has billed some resold services at a 12% discount, despite this Commission's Order that BellSouth bill a 16.81% discount for business customers. He further stated that "work is in progress to properly reflect those discount levels in the billing process." Witness Milner also asserts that BellSouth was billing the business rate rather than the residential rate on a residential line for the directory assistance access resale service. Witness Milner first states that this problem would be corrected in December 1997, with the 97.4 CRIS release, and that BellSouth "will refund or credit any improperly billed amounts." He states that BellSouth's Carrier Billing Service will retain customer records for bill reconciliation, but that a refund to affected customers will not be calculated until after the correction is in place. Further, witness Milner asserts that until this problem is fixed, there may be some customer confusion. Witness Milner later asserts, however, that BellSouth does not plan to correct this problem until a new billing vehicle is utilized in 1998, because of the expense of correcting the problem. In addition, witness Milner states that

BellSouth was applying the wrong wholesale discount rate to recurring charges and that BellSouth has failed to discount non-recurring charges on MCI's bills. However, witness Milner asserts that these problems were scheduled to be corrected in Florida on September 20, 1997.

h. Billing Summary

As shown above, BellSouth cannot render accurate bills for resold services. BellSouth acknowledges that it has billed the wrong wholesale discount rates, despite this Commission's Order that BellSouth bill a 16.81% discount for business customers and a 21.83% discount for residential customers. In addition, BellSouth's billing system is applying the business discount rate to a residential service. Witness Milner states that affected customers will receive refunds, but not until a new billing vehicle is implemented in 1998. BellSouth also acknowledges that it is applying the wrong wholesale discount rate to recurring charges and that it has failed to discount non-recurring charges on MCI's bills. Witness Milner claims that these problems would be corrected in Florida on September 20, 1997, but there is no evidence in the record to verify that these problems have been corrected. Thus, we find that BellSouth has not met the requirements of Order No. PSC-96-1579-FOF-TP, nor the requirements of Section 252(d)(3) of the Act.

i. Specific Resale Related Problems

In addition to the above OSS problems for resale, the following problems were raised by the intervenors.

Problem 1: Voice mail service is not being provided on an unbranded basis to MCI

In addition to the OSS problems above, MCI states that BellSouth has refused to provide MCI with voice mail service for resale on an unbranded basis. MCI states that the basis for BellSouth's refusal is that "voice mail is not a 'service' to which the contractual unbranding obligation applies." MCI cites to Attachment II, §2.3.10.1 of its interconnection agreement with BellSouth, which states, "MCI shall have the right to resell BellSouth Voice Mail services." MCI also cites Part A, §25.1 of its

interconnection agreement. This section states that BellSouth will brand any and all services at every point of customer contact exclusively as MCI services, unless MCI determines that it wants the service to be provided with no brand at all. This section further states that if BellSouth determines that it is not possible to brand operator services and directory service calls for MCI, BellSouth will "revert to generic unbranding for all local service providers, including itself." Therefore, MCI believes that BellSouth is required to provide MCI with voice mail service on an unbranded basis.

Problem 2: Disparity in conversion of customers

ICI states that BellSouth is not providing parity with respect to customer conversions. Witness Chase asserts that ICI's experience has shown that if an ICI customer wants to convert his or her service to BellSouth the customer "simply calls BellSouth and has that service switched almost instantly, with or without changes to the service itself." Witness Chase states, however, that if a BellSouth customer wants to convert his or her service to ICI, it takes two days to complete the conversion if everything works perfectly. Witness Chase further states that a perfect conversion rarely takes place. Instead, "about one third of the time it takes between two and four weeks to achieve the conversion of basic resale services."

Problem 3: Manual Ordering

Witness Chase asserts that when ICI began reselling services in October 1996, it used a manual paper Local Service Request (LSR) form to submit orders to BellSouth. Witness Chase describes this process as "complex, cumbersome, time consuming and prone to errors." Witness Chase further states that BellSouth has recently made EDI available for placing orders electronically, but that ICI is still using manual processes for these orders out of necessity. Witness Chase claims that ICI is testing the EDI process for "Move, Add, or Change" (MAC) orders for simple services, but that this testing did not begin until August 1997. In addition, witness Chase stated that complex and designed services cannot be ordered through EDI, but must be ordered on a manual basis through the BellSouth account team. Further, witness Chase states that despite BellSouth's claim that EDI was available to ALECs in December 1996,

ICI was not informed by BellSouth that EDI was available until late April 1997. Therefore, although it is in ICI's interest to utilize BellSouth's OSS as soon as practical, the transition from manual ordering to electronic ordering is a new process that will take time.

In addition, witness Bradbury asserts that LENS does not provide new entrants with the same electronic ordering capabilities that BellSouth provides itself. Witness Bradbury states that in one particular central office LENS revealed in the inquiry mode that 114 different services were available. Witness Bradbury claims that although BellSouth has the ability to order all of the 114 services, the new entrants can only order eight of the services electronically through LENS for resale. Witness Bradbury further states that new entrants must fax a service order to BellSouth "for those activities which LENS is not capable of performing."

4. Conclusion

A major area of concern with respect to the interfaces offered by BellSouth, is the amount of manual intervention that is required on behalf of an ALEC service representative. The amount of manual intervention required when placing a non-complex order via the EDI interface is far in excess of how BellSouth would place the same order. The primary problem is that BellSouth does not provide a pre-ordering interface that is integrated with an ordering interface that provides these functions in essentially the same time and manner as BellSouth's internal systems. In addition, the interface must provide the capability to interconnect the ALEC's own internal OSS to BellSouth's OSS. BellSouth has not provided the technical data to requesting carriers to permit the development of such interconnection. In the Ameritech Order, the FCC listed several components for the provision of access to OSS. These components include: 1) the interface, or gateway, which is used to interconnect the ALEC's own internal OSS to an RBOC's OSS; 2) a processing link, either electronic or manual, between the interface and the RBOC's internal OSS (which includes all necessary back office systems and personnel); and 3) all internal OSS or Legacy systems that an RBOC uses in providing resale to an ALEC.

According to the FCC, an RBOC must provide more than just an interface in order to comply with the nondiscriminatory access

standard for OSS. BellSouth has only provided a portion of one of the three components mentioned above. BellSouth has provided interfaces, but the interfaces do not permit interconnection to the ALEC's OSS at this time.

The FCC states that in order for an RBOC to meet the nondiscriminatory access standard, no limits may be placed on the processing of information between the interface and the legacy systems, if such limits do not permit an ALEC to perform a function in substantially the same time and manner as the RBOC performs the function for itself.

Upon consideration, we believe that BellSouth is required to demonstrate to this Commission and to the FCC that its interfaces provide nondiscriminatory access to OSS functions. Although AT&T witness Bradbury stated that there are five characteristics of a non-discriminatory interface, we find it appropriate to recognize four of those characteristics. They are: 1) the interface must be electronic. It must require no more human or manual intervention than is necessarily involved for BellSouth to perform a similar transaction itself; 2) the interface must provide the capabilities necessary to perform functions with the same level of quality, efficiency, and effectiveness as BellSouth provides to itself; 3) the interface must have adequate documentation to allow an ALEC to develop and deploy systems and processes, and to provide adequate training to its employees; and 4) the interface must be able to meet the ordering demand of all ALECs, with response times equal to that which BellSouth provides itself.

The fifth requirement as discussed by witness Bradbury, is that an interface must comply with national standards. Although we agree that an interface should comply with national standards, there are no national standards for pre-ordering interfaces. BellSouth's proprietary interface, LENS, could have been sufficient to meet the integrated interface requirement, if it had met all four of the requirements of a non-discriminatory interface. We find that BellSouth must offer a pre-ordering interface that is integrated with the industry-standard EDI interface for two reasons. First, integration of pre-ordering and ordering function must be provided simply because BellSouth has integrated its own internal pre-ordering and ordering functions; and second, BellSouth

has declared that EDI is the ordering interface that it recommends carriers use.

In summary, we find that the interfaces and processes offered by BellSouth do not permit an ALEC to perform OSS functions in substantially the same time and manner as BellSouth performs the functions for itself. In addition, the SGAT offers the same interfaces and OSS functions; therefore, the same problems identified above are applicable to the SGAT. These deficiencies also render the SGAT non-compliant with the resale portion of the checklist.

In addition, to the OSS concerns several resale problems were presented by the intervenors that did not fall into one of the OSS categories above. First, MCI states that BellSouth has refused to provide voice mail service for resale on an unbranded basis, as required by MCI's interconnection agreement with BellSouth. Despite this claim, BellSouth provided no evidence in this proceeding to refute MCI's position. As shown above, BellSouth is required by its interconnection agreement with MCI to provide voice mail service for resale on an unbranded basis. By refusing to do so, BellSouth has violated its interconnection agreement with MCI for providing voice mail service for resale on an unbranded basis.

Second, BellSouth is not providing parity with respect to customer conversions. As explained above, it has been ICI's experience that BellSouth can convert an ICI customer back to BellSouth on the same day the customer requests the switch. In contrast, ICI stated that if everything worked perfectly it would take two days to switch a BellSouth customer to ICI. In addition, witness Chase testified that a perfect conversion rarely takes place, and in some cases a conversion takes between two and four weeks for basic resale services. BellSouth has not provided any evidence in this proceeding to prove that parity exists for customer conversions. We find that BellSouth must provide ALECs with the ability to convert customers in the same time and manner as BellSouth converts customers for itself.

Based on the foregoing, BellSouth has not met its duty to provide nondiscriminatory access to resale to requesting carriers. We agree with the FCC that the RBOC must demonstrate that it is providing equivalent access to the OSS functions associated with

pre-ordering, ordering, provisioning, maintenance and repair, and billing.

The FCC concluded in the Ameritech order, that its requirement on RBOCs to demonstrate nondiscriminatory access to OSS functions is "achievable." The FCC stated: "We require, simply, that the BOC provide the same access to competing carriers that it provides to itself."

BellSouth must demonstrate to this Commission that it is providing, to requesting carriers, access to resale pursuant to the requirements of the Act. Based on the evidence in this proceeding, however, we find that BellSouth has not met the requirements of Section 271 (c)(2)(B)(xiv). BellSouth has failed to demonstrate that it is providing nondiscriminatory access to resold services, including access to its operations support systems functions as required by the Act, the FCC's rules, and this Commission's arbitration order.

VII. PERFORMANCE STANDARDS FOR UNES AND RESALE

A. Introduction

Section 271 requires BellSouth to provide nondiscriminatory access to OSS functions for both UNEs and resale services that BellSouth provides to all requesting ALECs. Similarly, the FCC in its First Report and Order requires that BellSouth shall provide UNEs and resale services that are at least equal in quality to that which BellSouth provides to itself or its affiliates. Thus, the FCC indicated that the use of manual processes directly affects the ILEC's ability to provision services on a timely basis. BellSouth has the burden to demonstrate compliance with the requirement of nondiscriminatory provision of UNEs, resale services, and access to OSS functions.

In the Ameritech Order, the FCC determined that nondiscriminatory provision of UNEs, resale services, and access to OSS functions must be based on empirical evidence. By empirical evidence, the FCC meant the presence of actual operational data, and in the absence of such operational data, the FCC indicated that data resulting from the provisioning of analogous retail services could be used. Therefore, the required empirical evidence is the

presence of measured and reported average installation intervals for both BellSouth and competing carriers. Also, the FCC determined that Ameritech could and should disaggregate its data to permit meaningful comparisons of individual services, and that the provision of clear and precise performance standards and measurements are critical in ensuring that ALECs are provided nondiscriminatory access to OSS functions.

It appears that the performance standards and measurements are the avenue by which the existence of nondiscrimination or parity will be established and monitored. To establish the existence of nondiscrimination or parity, an ILEC has to provide a means of comparing its operational performance data to that of a competing carrier. Such an instrument should be able to provide meaningful comparison between two sets of performance data in a rather simple, but meaningful way.

BellSouth has furnished a set of performance standards and measurements that it claims will be useful in establishing and thereafter, monitoring the existence of nondiscriminatory provision of resale services and UNEs. The question, therefore, is whether BellSouth's performance standards and measurements are adequate to detect discrimination as it relates to access to BellSouth's OSS functions, and if so, has the nondiscrimination standard been met.

BellSouth witness Stacy contends that performance standards and measurements are not a checklist item required by Section 271. He states, however, that the existing Commission requirements are adequate to ensure on-going quality of service. Notwithstanding, witness Stacy testified that BellSouth has established performance standards and measurements. According to witness Stacy, the measurements attached to his prefiled direct testimony are identical to those contained in attachment 12 of BellSouth's interconnection agreement with AT&T. He states that this same document has been filed with BellSouth's SGAT. Witness Stacy further states that BellSouth is still negotiating performance standards and measures with other ALECs.

AT&T witness Pfau argues that BellSouth has a statutory requirement to provide nondiscriminatory access to its operational support systems and functions. He argues that Attachment 12 to AT&T's interconnection agreement is not necessarily relevant to

this proceeding because Attachment 12 was constructed for the purposes of monitoring contract compliance and to allow AT&T's market entry. Thus, Attachment 12 is not adequate to detect or monitor discrimination or parity. Witness Pfau contends that Section 271 requires that when BellSouth provides service to ALECs, it has to provide that service in the same interval as it provides to itself. He further states that "[t]he FCC specifically recognized in its order that reliance on the interconnection agreements of filing BOCs could only be made after the FCC made a determination that the measures indeed showed that nondiscrimination could be detected."

AT&T witness Pfau further argues that Attachment 12 was designed to monitor the operation of the interconnection agreement between AT&T and BellSouth. Witness Pfau states that one of the failings of this document is the fact that none of the interface measurements are incorporated. Witness Pfau asserts that Attachment 12 is a representative subset of the necessary measurements needed to monitor the quality of support BellSouth provides to competing carriers. In addition, witness Pfau contends that Attachment 12 does not provide for meaningful comparison of performance.

Witness Pfau asserts that a major flaw of Attachment 12 is that it is difficult to tell from this document how long it takes BellSouth to provide a service, and that most of the measures do not demonstrate that the specific target interval has any relevance to BellSouth's data. Witness Pfau argues that the target-based measures that BellSouth uses are designed to monitor and compare performance to a fixed level of objective performance. As an example the witness states that the

...percent due dates met is a target-based measure, the due date in this case being the target. The problem with these measures is they can mask discrimination. If two companies both experience 95% due dates met, it does not mean parity. One company could experience an average service delivery interval of one day, and the other could experience a four-day service delivery interval. BellSouth would say if both had the same percent due date met, then parity exists.

Witness Pfau contends that the primary concern with target-based measures is the potential for masking discrimination. Witness Pfau asserts that negotiated targets represent "[s]imply what the parties agreed BellSouth would be obligated to deliver in the absence of actual comparative data of BellSouth."

B. BellSouth's performance target intervals and the SPC

BellSouth witness Stacy states that BellSouth has established performance target intervals that will be used to measure parity or nondiscrimination. BellSouth indicates that its retail analogues are the basis of its proposed target intervals. BellSouth contends that these performance targets are adequate to demonstrate parity, since the target intervals were set using BellSouth historical retail data. BellSouth concedes, however, that it does not provide UNEs to its end users; thus, it does not have any prior experience or historical data upon which it can establish performance target intervals for services, such as UNEs. BellSouth has derived performance target intervals based on its analysis and "best-effort" to allow the collection of data necessary to establish fact-based intervals.

To demonstrate nondiscrimination or parity, BellSouth has proposed the use of the Statistical Process Control (SPC) as a method of analysis and a reporting format. Witness Stacy states:

the SPC is a process control used, ..., in almost every industry, and particularly those who are interested in running a high-quality operation, to determine whether an existing process ... is operating in a controlled fashion, ... And there is a systematic method for taking a measurement on a process and determining whether the process itself is so-called in control or out of control.

Witness Stacy asserts that BellSouth will use its historical and current operational data to establish statistical control parameters, and will use the process control chart to report BellSouth's and ALECs' performance. BellSouth will use the SPC analysis to establish the average and the standard deviation, and set the lower/upper control limits at three standard deviations for the proposed control chart using its data. Witness Stacy contends that with three sigma deviations, the SPC captures approximately

99.7% variability in the sample data. Witness Stacy asserts that the ALECs' performance will be superimposed on this control chart for comparison, thus providing for a graphic comparison of BellSouth's and the ALECs' performance.

Witness Stacy argues that its proposed performance target intervals are sufficient to detect and show nondiscrimination in its processes. He contends that BellSouth's proposed use of the SPC as a statistical method through which parity could be proven is fact-based. BellSouth claims that the SPC is a process control system that has been tested and proven to be adequate in detecting problems in controlled processes. Specifically, BellSouth argues that its proposed target intervals and the SPC are sufficient to determine parity. Witness Stacy states:

I believe it is a valid method for making comparison between the services BellSouth is providing to itself, its own retail units and to the CLECs and is a method that will be easily understood and easily visible to the Commissions over a period of time to prove that parity exists.

AT&T witness Pfau asserts that performance metrics often monitor performance only against a given threshold value, and that

measures oriented toward percentages of cases exceeding a target do not allow monitoring of nondiscrimination because the measure only tracks the frequency that a potentially arbitrary threshold is exceeded rather than monitoring and comparing actual performance experienced.

Witness Pfau further asserts that nondiscriminatory support is best demonstrated by comparing the ALEC's performance to the performance BellSouth delivers to its retail operation in the same or reasonably analogous situations. He asserts that in the absence of such analogous operations, benchmark targets, such as those provided in the LCUG, can be used to establish minimum levels of performance on an interim basis pending the development of performance measures.

Witness Pfau argues that the SPC is not an adequate means for comparing two sets of performance for nondiscrimination. Witness

Pfau further argues that the SPC is designed for a single, stable operating process, whereby some observable patterns are obvious. According to witness Pfau, BellSouth is misapplying this monitoring tool by proposing to use it to observe multiple systems. i.e., BellSouth's and the ALEC's. He asserts that "[w]e have already seen that their interfaces are different, so there ... you are using a different way to get to their legacy systems," Witness Pfau asserts that these are new processes that lack the level of maturity to exhibit any stable performance. Witness Pfau argues that SPC is designed as a business decision criteria to elicit action when performance is outside some prescribed control parameters. Witness Pfau further argues that BellSouth's SPC will be slow to detect a discriminatory situation, and will only detect the most absurdly flagrant cases of discrimination.

Witness Pfau argues that BellSouth's measurements may actually hide discrimination. Witness Pfau believes that the Commission must require measurements that are specifically designed to monitor performance and detect discrimination. He argues that BellSouth's proposed measurements do not allow for direct comparison of any two sets of performance data. Witness Pfau insists that comparison is the only test and the basis for proving nondiscrimination.

Witness Pfau takes issue with BellSouth's use of three sigma deviations in its proposed use of the SPC. He argues that the three sigma deviation control limits are not restrictive enough to detect discrimination. According to witness Pfau, three sigma deviation provides for a .25% probability of having an observation fall outside the control limits. He states that an ALEC is not worried if the performance is better. According to witness Pfau, the ALEC is only concerned with one side of the statistical bell curve. Since the ALEC is only concerned with one side of the bell curve, the .25% probability is now reduced to half; "[w]e are down to a little over a tenth of a percent probability that BellSouth would be brought in to explain performance that truly was well within bounds of parity." Witness Pfau contends that this provides too much protection for BellSouth. Witness Pfau asserts that in the use of statistical testing for performance, a 95% confidence interval, i.e., two sigma deviations, is generally used compared to BellSouth's proposed 99.7% by the use of three sigma deviations.

AT&T witness Pfau insists that for the SPC to become suitable for monitoring nondiscrimination, the SPC must be set to efficiently detect nondiscrimination. Witness Pfau contends that this requires a time frame ranging from 6 to 12 months of data collection, and "[I] think Mr. Stacy said it takes six to nine months of data to build a historical track record."

AT&T witness Pfau argues that BellSouth could utilize a different statistical methodology to test for discrimination. He asserts that a mean performance test for both BellSouth and the ALEC would provide for direct comparison of the two sets of performance data. Witness Pfau further contends that a variability test, whereby the variability in an ALEC's performance is compared to the variability to BellSouth's retail performance, would be appropriate. Both of these tests, witness Pfau argues, must be conducted within a 95% confidence interval. He argues that with the proper operational data, these tests would allow one to determine when the testing results are materially different.

In addition, TCG witness contends that BellSouth does not provide measures for transport trunks for such activities as they relate to facilities-based carriers. ICI witness Strow states that BellSouth does not measure and monitor performance that relates to advanced data services.

Upon consideration, we believe that an effective monitoring system must allow for a simple but meaningful comparison of any two set of performance data. We do not believe that performance target intervals are adequate, nor can they provide a direct comparison, since target intervals measure the frequency of error in meeting the established target interval. We agree with AT&T that the proposed target intervals cannot tell how long it will take BellSouth to provide a service, nor do these measures demonstrate that the specific target intervals have any relevance to BellSouth's operational data. Thus, we agree that target-based measurements have a greater potential for masking discrimination. We also agree that the AT&T/BellSouth negotiated standards and measurements are only a representative sample of required measurements necessary to monitor the quality of support BellSouth provides to competing carriers. As indicated by both AT&T and BellSouth, Attachment 12 is subject to revisions and updates.

In addition, we do not believe that BellSouth's Statistical Process Control is adequate to demonstrate nondiscrimination and parity, since the SPC is generally utilized in stable, controlled, single system manufacturing environments. The SPC has had limited application, if any, in the service sector. We agree with AT&T that the SPC is not adequate to compare two sets of performance data for nondiscrimination. BellSouth is potentially misapplying the SPC by attempting to use it to monitor multi-system processes in the service environment as witness Pfau argues. The processes utilized to inject competition in the local exchange market are rather new processes, and therefore, lack the level of maturity that would warrant classifying these processes as stable. We also believe this method of evaluation skews the ALEC's performance analysis outcome, since BellSouth is superimposing the competitors' data onto its own.

We disagree with BellSouth's use of three sigmas to set the control limits for its proposed control chart since three sigmas imply 99.7% probability of any variability being within control limits. We do not believe the use of three sigmas is sufficiently restrictive to detect discrimination, especially if this is utilized in conjunction with target-based measurements. We note that BellSouth witness Stacy conceded that the control limits in the SPC could be set at any desired sigmas. AT&T suggests the use of a mean performance and performance variability testing using a 95% confidence interval as an effective method for comparing operational performance between BellSouth and the competing carriers. BellSouth did not address these suggestions. We, however, believe that mean performance testing and the performance variability testing provide for direct comparison better than any target-based measures.

C. The Intervenors' Proposed LCUG

Several intervenors including AT&T have expressed interest in the LCUG proposed metrics as a representative sample of a "critical few" measures which could serve as the start of an effective measurement plan. The intervenors contend that the LCUG measures could be construed as minimally acceptable measures for monitoring discrimination. These measures could be viewed as benchmarks that the LCUG requires in order to provide a competing carrier an opportunity to compete. These benchmarks are not based on actual

sampling of ILEC performance, but instead, are based on IXCs' experience or what could be termed as "best of the class." AT&T witness Pfau argues that the LCUG metrics are along the lines of the guidelines that the FCC has provided in the Ameritech Order.

AT&T witness Pfau contends that by presenting the LCUG, AT&T is in effect providing a reasonable alternative monitoring system to BellSouth's proposed monitoring system that AT&T and other ALECs believe is adequate for Section 271 compliance. Witness Pfau argues that the LCUG metrics propose direct comparison and not the standard use of benchmarks. Witness Pfau contends that the LCUG is actually a third resort because

what we are asking them to adopt is a measurement system that allows us to make direct comparisons and only revert to those LCUG standards when ... there is no analog or comparable internal function to compare to BellSouth and then ... only after BellSouth has not produced any special studies that would produce a different result than what LCUG proposes.

WorldCom witness McCausland argues that in presenting the LCUG metrics to BellSouth, the intent was that BellSouth could use the LCUG as the basis for future measurements. These intervenors argue that BellSouth is not disadvantaged, since its proffered performance standards and measurements have been deemed as only a starting point.

FCCA witness Kinkoph asserts that the LCUG metrics cannot be construed as providing parity, but simply as the best of class performance benchmarks that the states could use to establish required intervals based on the individual ILEC's operational performance. In the absence of an ILEC's operational data, witness Kinkoph contends that the LCUG metrics should become the default performance benchmarks. Sprint witness Closz contends that the LCUG still needs work since some of the measures are not fully known by either BellSouth or the intervenors. She further contends that some of these measures are surrogates and not fully described because of limited information to warrant good understanding of what such parity standards should be.

BellSouth witness Stacy disagrees with the use of the proposed LCUG metrics. He contends that BellSouth has a negotiated agreement with AT&T that contains a set of measures that meet both of their business needs. Witness Stacy argues that the LCUG has measurements that are arbitrary, and sets expectations that are not based on any concept of parity or BellSouth's best business interests. In addition, witness Stacy argues that the quantity of measures that the LCUG metrics require are far more than what BellSouth uses to manage its operation; thus, it is unreasonable.

Upon consideration, we find that the LCUG metrics are just a representative sample of a critical few measures that could serve as the initial step in an effective measuring plan for nondiscrimination. They should not be relied upon indefinitely and solely to determine nondiscrimination. We note the intervenors' concession that the LCUG's benchmarks are not based on actual ILEC's operational performance data, but instead, on the "best of class" as per their experience as IXCs.

D. Conclusion

BellSouth has proposed the use of its negotiated measures with AT&T, i.e., Attachment 12, as its performance standards and measurements in this proceeding. In addition, BellSouth has proposed to use the statistical control process as a reporting format for ALECs' performance. As discussed above, we reject both of these proposals. The FCC determined in the Ameritech Order that data on average installation intervals regarding the BOC's retail operations is critical in determining nondiscrimination. BellSouth has not provided such operational data in this proceeding; thus, BellSouth has not met this requirement. We believe that BellSouth must provide the necessary historical data to facilitate the establishment of initial benchmarks. These initial benchmarks should, at a minimum, address all of the functions listed in the LCUG. Further, we find that BellSouth should provide performance measures that are clearly defined, permit comparison with BellSouth retail operations, and are sufficiently disaggregated to permit meaningful comparison. We believe that one way to accomplish this is by mean provisioning intervals. BellSouth should provide statistically valid commercial usage data showing: 1) average installation intervals for resale; 2) average installation intervals for loops; 3) comparative performance information for

unbundled network elements; 4) service order accuracy and percent flow through; 5) held orders and provisioning accuracy; 6) bill quality and accuracy; and 7) repeat trouble reports for unbundled network elements. Regardless of the method used, BellSouth must demonstrate from commercial usage data that it performs analogous functions for itself and ALECs in a statistically comparable manner.

VIII. INTRALATA TOLL DIALING PARITY

Section 271(e)(2)(A) requires a BOC to provide intraLATA toll dialing parity throughout Florida coincident with its authorized exercise of interLATA services. Additionally, Section 271(e)(2)(B) states that except for single-LATA States and States that have issued an order by December 19, 1995, requiring a Bell operating company to implement intraLATA toll dialing parity, a State may not require a Bell operating company to implement intraLATA toll dialing parity in that State before a Bell operating company has been granted authority to provide interLATA services originating in that State or before 3 years after the date of enactment of the Telecommunications Act of 1996, whichever is earlier. We note, however, that by Order No. PSC-95-0203-FOF-TP, issued February 13, 1995, we implemented intraLATA toll dialing parity in Florida.

The FCC formulated rules (Section 51.205-51.215 contained in FCC Order 96-333, issued August 8, 1996) dealing with local and toll dialing parity, including implementation plans and schedules, and the recovery of dialing parity costs.

In its Order, the FCC concluded that national rules were needed for the recovery of dialing parity costs. The FCC further concluded that these costs should be recovered in the same manner as the costs of interim number portability, which were recovered on a competitively-neutral basis.

The United States Court of Appeals for the Eighth Circuit Court concluded, however, that the FCC had exceeded its jurisdiction in promulgating its dialing parity rules applicable to intrastate service. In Docket No. 96-3519, issued August 22, 1997, the Court vacated the FCC's dialing parity rules, 47 C.F.R. 51.205-51.515, as they apply to intraLATA telecommunications.

ORDER NO. PSC-97-1459-FOF-TL
DOCKET NO. 960786-TL
PAGE 187

By Order No. PSC-0203-FOF-TP, issued February 13, 1995, in Docket No. 930330-TP, we ordered BellSouth to provide 1+ intraLATA presubscription by the end of 1997.

Section 271(e)(2)(A) of the Act requires that BellSouth provide intraLATA toll dialing parity no later than the date on which it is granted interLATA authority. For the most part, the parties in this proceeding did not provide testimony directly related to this issue or dispute the fact that BellSouth has already implemented 1+ intraLATA presubscription in Florida.

The majority of the parties took the position that the burden of proof resides with BellSouth to prove that intraLATA toll dialing parity will be implemented as required by the Act. FCCA and ACSI assert they do not have sufficient information to formulate a response to this issue. ICI, AT&T, and WorldCom assert that BellSouth is the proper party to respond to this issue. Sprint and FCTA take no position on this issue.

MCI asserts that BellSouth has not implemented a competitively neutral method for cost recovery of intraLATA toll dialing parity pursuant to FCC Order 96-333, issued August 8, 1996. As discussed earlier, however, the United States Court of Appeals for the Eighth Circuit Court concluded that the FCC had exceeded its jurisdiction in promulgating its dialing parity rules applicable to intrastate services. In Docket No. 96-3519, issued August 22, 1997, the Court vacated the FCC's dialing parity rules, 47 C.F.R. 51.205-51.515, as they apply to intraLATA telecommunications. Thus, we find that MCI's contention is without merit.

Witness Varner asserts that BellSouth has been providing 1+ intraLATA toll presubscription in all of its end offices since the end of March 1997. We agree. Accordingly, we find that BellSouth has met the requirements of Section 271(e)(2)(A) of the Act.

IX. BELLSOUTH'S STATEMENT OF GENERALLY AVAILABLE TERMS AND CONDITIONS

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are

substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

Section 252(f)(2) of the Act requires that the SGAT meet two criteria: 1) it must comply with Section 252(d), which requires nondiscriminatory cost based prices, and regulations for interconnection, network elements, transport and termination of traffic, and wholesale rates; and 2) it must further comply with Section 251, which defines duties of interconnection, unbundled access, and resale. In addition, Section 252(f)(3) of the Act states that the state commission to which a SGAT is submitted shall review it within 60 days. If review of the SGAT by a State Commission is not completed within 60 days, the SGAT becomes effective.

BellSouth contends that its proposed SGAT meets each of the 14 checklist items. Furthermore, BellSouth asserts that the specifics of the various offerings that satisfy the checklist items are addressed in the correlating issues identified in the hearing in this docket. BellSouth contends that its final SGAT filed September 18, 1997, as late filed exhibit number 125 to this proceeding, was the same as its revised SGAT filed on August 25, 1997, which was an attachment to witness Scheye's testimony filed in this proceeding. While we agree that these filings are identical, the official SGAT was filed on September 18, 1997, after the close of the record on BellSouth's Petition filed pursuant to Section 271 of the Act. Since BellSouth's official SGAT was not a part of the record, we are issuing our decision on the SGAT as a proposed agency action.

Most of the competing providers in the proceeding on BellSouth's Petition argued that BellSouth's SGAT cannot be approved because it does not comply with Sections 252(f)(2) and 252(d)(1) of the Act. These sections require that the interconnection and network element charges in the SGAT be based on BellSouth's cost of providing interconnection or a network element. We note that BellSouth witnesses Varner and Scheye acknowledged that BellSouth did not file cost studies to support the prices in the SGAT. In addition, there are prices for interconnection and network elements in the SGAT that are not cost based. Witness Scheye stated in the 271 proceeding that there is no cost basis for the selective routing, loop distribution, and network interface

devices in the SGAT. In addition, witness Scheye asserted that there are interim rates that were established in the arbitration proceedings in Florida that may or may not be changed when the arbitrated rates become final.

The intervenors also argued that we should reject BellSouth's SGAT because it does not comply with the fourteen point checklist. Finally, they argued that BellSouth has not demonstrated that it has fully implemented the competitive checklist.

Upon review, we do not believe that approval of BellSouth's SGAT depends on whether it complies with the fourteen point checklist per se. The SGAT must comply with Sections 251 and 252(d) of the Act. These sections do contain provisions that mirror the requirements in the competitive checklist. BellSouth's SGAT, however, may lack certain provisions that are contained in the checklist, and on the other hand, it may also have additional provisions that are not contained in the checklist. Nonetheless, based on our review of checklist items 1-14 in the hearing on BellSouth's Petition, we are able to conclude that BellSouth's SGAT does not comply with Sections 251 and 252(d) of the Act at this time. A summary of our findings on the checklist items is set forth below. A more detailed analysis of the individual checklist items is contained in Part VI. of this Order.

Interconnection

Consistent with our discussion in Section VI.A., we do not believe that the language in the SGAT governing Trunk Groups complies with the terms of 47.C.F.R. §51.305(5)(f). That language requires that if technically feasible, two-way trunking shall be provided upon request. The SGAT language places more restrictions on provision of two-way trunking than the Act allows.

The SGAT defines "local traffic" for purposes of identifying service and distinguishing it from "exchange access." The definition is different from the language BellSouth used in its arbitrated agreements with AT&T and MCI. We now know there is a dispute over whether ISP traffic should be considered local traffic. BellSouth argues that it is jurisdictionally interstate. Since this is a dispute that must be resolved, we do not believe

that we should approve this language prior to the resolution of the dispute.

Provision of physical and virtual collocation

BellSouth's SGAT does not comply with Section 251(c)(6). The collocation rates in Attachment A to the SGAT are not those approved by this Commission pursuant to arbitrated or negotiated agreements. Based on the record, BellSouth changed the rates as a result of "additional cost work". The cost work was not submitted in this proceeding and has not been approved pursuant to Section 252(d)(1).

The Handbook contains no provision for ordering intervals, despite the fact that the Commission set such provisioning intervals in the BellSouth arbitration proceedings. We note that the Handbook should not be considered a part of the SGAT unless we approve the language contained therein and that language is incorporated by Order.

Access to Unbundled Network Elements

Our review of the SGAT reveals that there are several UNEs for which we did not set rates in an arbitration proceeding. These elements are sub-loop elements and consist of loop distribution, loop cross connect, and loop concentration. Since cost studies were not submitted with the SGAT for these elements, we do not know what the cost basis is for the rates. Further, there is no cost evidence in the record for us to conclude that the rates for these sub-loop elements would be reasonable, even as interim rates. We do not believe that interim rates can be used to support the SGAT or to demonstrate checklist compliance in general. We note, however, that we will be setting permanent rates for the UNEs for which BellSouth has interim rates in the near future. We would not reject BellSouth's application for interLATA authority simply because there are a limited number of interim rates that will be replaced by permanent rates in the near future. The SGAT and interconnection agreements can be revised once permanent rates are established for those UNEs.

It is not clear whether BellSouth can mechanically generate CABS formatted bills at this time, since BellSouth provided AT&T

with CLUB billing statements for the AT&T concept test. Although the draft SGAT provides CABS formatted billing for interconnection services, the draft SGAT does not state how carriers will be billed for UNEs. We conclude, therefore, that BellSouth must provide mechanically generated bills in the national standard CABS format.

BellSouth has not provided access usage detail to ALECs. Although it has provided this information for its own purposes, BellSouth has not demonstrated that it has, or that it can, provide access usage detail to requesting carriers. In conclusion, BellSouth records access usage billing for itself, therefore, it must provide such billing detail information to requesting ALECs.

Further, as discussed in Section VI.B., we find that the interfaces and processes offered by BellSouth do not permit an ALEC to perform an OSS function in substantially the same time and manner as BellSouth performs the functions for itself.

Access to Poles, Ducts, Conduits, and Rights-of-Way

Consistent with our discussion in Section VI.C. of this Order, we find that the SGAT satisfies the requirements of the Act regarding access to poles, ducts, conduits, and rights of way.

Local Loop Transmission Between the Central Office and the Customer's Premises

Consistent with our discussion in Section VI.D. of this Order, we find that this portion of BellSouth's SGAT satisfies the requirements of the Act.

Local Transport from the Trunk Side Unbundled from Switching

We find as discussed more fully in Section VI.E. of this Order, BellSouth has not demonstrated that it can bill for usage sensitive UNEs. Accordingly, BellSouth has not met the requirements of the Act.

Local Switching Unbundled from Transport, Local Loop
Transmission or Other Services

We find as discussed more fully in Section VI.F. of this Order, BellSouth has not demonstrated that it can bill for unbundled local switching on a usage sensitive basis. Accordingly, BellSouth's has not met the requirements of the Act.

Nondiscriminatory Access to 911 and E911 services;
directory assistance services and, operator call
completion services

As discussed in Part VI.G. of this Order, we find that BellSouth provides nondiscriminatory access to 911/E911 and operator call completion services. We conclude, however, that BellSouth is not providing all directory listings to requesting carriers at this time. BellSouth states that it cannot give out ALEC or ILEC customer information without permission from the ALEC or ILEC because of agreements they have entered into with them. We do not decide today whether those agreements are appropriate or constitute discriminatory behavior. We merely conclude that BellSouth is not providing all directory listings to requesting carriers at this time.

White Page Directory Listings for ALEC Customers

Consistent with our discussion in Section VI.H. of this Order, we find that this portion of BellSouth's SGAT satisfies the requirements of the Act.

Nondiscriminatory Access to Telephone Numbers for ALEC
Customers

Consistent with our discussion in Section VI.I. of this Order, we find that this portion of BellSouth's SGAT satisfies the requirements of the Act.

Nondiscriminatory Access to Signaling and Signaling Databases

Consistent with our discussion in Section VI.J. of this Order, we find that this portion of BellSouth's SGAT satisfies the requirements of the Act.

Provision of Number Portability

Consistent with our discussion in Section VI.K. of this Order, we find that this portion of BellSouth's SGAT satisfies the requirements of the Act.

Dialing Parity

Consistent with our discussion in Section VI.L. of this Order, we find that this portion of BellSouth's SGAT satisfies the requirements of the Act.

Reciprocal Compensation

Consistent with our discussion in Section VI.M. of this Order, we find that this portion of BellSouth's SGAT satisfies the requirements of the Act.

BellSouth Retail Services Available for Resale

The resale portion of the SGAT does not comply with the requirements of §251(c)(4) and 252(d)(3) as discussed more fully in Section VI.N. of this Order. Following is a summary of the problems we have identified.

BellSouth states that retail services must be resold in compliance with the applicable terms and conditions in BellSouth's existing retail tariffs. This restriction is in violation of FCC 96-325, ¶939, and Order No. PSC-96-1579-FOF-TP. The FCC's Order states, and we agree, that restrictions on resale, including those in the LECs' tariffs, are presumptively unreasonable and therefore in violation of Section 251(c)(4).

BellSouth also states that it reserves the right to periodically audit the services purchased by an ALEC to make sure that such services are being used in conformity with the SGAT and BellSouth's tariffs. We believe this requirement violates Section 251(c)(4).

BellSouth cannot render accurate bills for resold services. Also as stated in the UNE summary, we find that the interfaces and processes offered by BellSouth do not permit an ALEC to perform an

OSS function in substantially the same time and manner as BellSouth performs the functions for itself.

Performance Measures

As discussed more fully in Part VII. of this Order, we find that BellSouth's performance standards and measurements are not adequate to demonstrate nondiscrimination. BellSouth should provide performance measures that are clearly defined, permit comparison with BellSouth retail operations, and are sufficiently disaggregated to permit meaningful comparison.

We find that BellSouth's SGAT does not comply with Section 252(f)(2) of the Act at this time. Section 252(f)(2) of the Act requires that the SGAT comply with Section 252(d), which requires nondiscriminatory cost based prices. As discussed above, some of the rates specified in the SGAT do not meet the requirements of the Act. Section 252(f)(2) of the Act also requires that the SGAT comply with Section 251, which defines the duties of interconnection, unbundled access, and resale. As discussed above, we find that BellSouth's SGAT is not fully compliant with Section 251 of the Act. Accordingly, we deny BellSouth's request for approval of its SGAT pursuant to Section 252(f) of the Act.

X. CONCLUSION

This concludes our review of BellSouth's Petition filed pursuant to Section 271(c) and its Statement of Generally available Terms and Conditions. We believe that our decision on BellSouth's Petition is consistent with the terms of Section 271(c) of the Act, the provisions of the FCC's implementing rules that have not been vacated, and the applicable provisions of our arbitration orders. In addition, we have conducted our review of the Statement of Generally Available Terms and Conditions pursuant to Section 252(f) of the Act.

We note that although we are unable to approve BellSouth's Petition for InterLATA authority or its SGAT, we believe BellSouth has made significant progress in meeting the requirements of the Act at this time. We believe that by our decision today, we are narrowing the issues that need to be addressed before BellSouth may enter the interLATA market.

ORDER NO. PSC-97-1459-FOF-TL
DOCKET NO. 960786-TL
PAGE 195

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that each and all of the specific findings herein are approved in every respect. It is further

ORDERED that Part IX of this Order, issued as proposed agency action, shall become final and effective unless an appropriate petition, in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto. It is further

ORDERED that BellSouth has not met the requirements of Section 271(c)(1)(A), of the Telecommunications Act of 1996, as discussed in Part III of this Order. It is further

ORDERED that BellSouth has not met the requirements of Section 271(c)(1)(B), of the Telecommunications Act of 1996, as discussed in Part IV of this Order. It is further

ORDERED that BellSouth cannot meet the requirements of Section 271(c)(1), of the Telecommunications Act through a combination of Section 271(c)(1)(A) and Section 271(c)(1)(B), as discussed in Part V of this Order. It is further

ORDERED that BellSouth has not provided interconnection in accordance with the requirements of the Sections 252(c)(2) and 252(d)(1), pursuant to Section 271(c)(2)(B)(i) of the Telecommunications Act of 1996, as discussed in Section VI. A. of this Order. It is further

ORDERED that BellSouth has not provided nondiscriminatory access to network elements in accordance with the requirements of Sections 251(c)(3) and 252(d)(1), pursuant to Section 271(c)(2)(B)(ii) of the Telecommunications Act of 1996, as discussed in Section VI.B. of this Order. It is further

ORDERED that BellSouth is providing nondiscriminatory access to poles, ducts, conduits and rights-of-way, as required by Section

ORDER NO. PSC-97-1459-FOF-TL
DOCKET NO. 960786-TL
PAGE 196

271(c)(2)(B)(iii), of the Telecommunications Act of 1996, as discussed in Section VI.C. of this Order. It is further

ORDERED that BellSouth has unbundled the local loop transmission between the central office and the customers' premises as required by Section 271(c)(2)(B)(iv), of the Telecommunications Act of 1996, as discussed in Section VI.D. of this Order. It is further

ORDERED that BellSouth has not unbundled local transport as required by Section 271(c)(2)(B)(v), of the Telecommunications Act of 1996, as discussed in Section VI.E. of this Order. It is further

ORDERED that BellSouth has not unbundled local switching as required by Section 271(c)(2)(B)(vi), of the Telecommunications Act of 1996, as discussed in Section VI.F. of this Order. It is further

ORDERED that BellSouth is providing 911 and E911 services, and operator completion services in accordance with Section 271(c)(2)(B)(vii) of the Telecommunications Act, as discussed in Section VI.G. of this Order. It is further

ORDERED that BellSouth is providing white page directory listings in accordance with Section 271(c)(2)(B)(viii), of the Telecommunications Act of 1996, as discussed in Section VI.H. of this Order. It is further

ORDERED that BellSouth is providing nondiscriminatory access to telephone numbers in accordance with Section 271(c)(2)(B)(ix), of the Telecommunications Act of 1996, as discussed in Section VI.I. of this Order. It is further

ORDERED that BellSouth is providing nondiscriminatory access to databases and associated signaling necessary for call routing and completion in accordance with Section 271(c)(2)(B)(x), of the Telecommunications Act of 1996, as discussed in Section VI.J. of this Order. It is further

ORDERED that BellSouth is providing number portability in accordance with Section 271(c)(2)(B)(xi) of the Telecommunications

ORDER NO. PSC-97-1459-FOF-TL
DOCKET NO. 960786-TL
PAGE 197

Act of 1996, as discussed in Section VI.K. of this Order. It is further

ORDERED that BellSouth is providing local dialing parity in accordance with Section 251(b)(3), pursuant to Section 271(c)(2)(B)(xii) of the Telecommunications Act of 1996, as discussed in Section VI.L. of this Order. It is further

ORDERED that BellSouth is providing reciprocal compensation arrangements in accordance with the requirements of Section 252(d)(2), pursuant to Section 271(c)(2)(B)(xiii) of the Act, as discussed in Section VI.M. of this Order. It is further

ORDERED that BellSouth has not provided telecommunications services available for resale in accordance with the requirements of Sections 251(c)(4) and 252(d)(3), pursuant to Section 271(c)(2)(B)(xiv), of the Telecommunications Act of 1996, as discussed in Section VI.N. of this Order. It is further

ORDERED that BellSouth has not developed adequate performance standards for unbundled network elements and for services offered for resale as discussed in Part VII of this Order. It is further

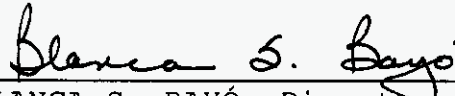
ORDERED that BellSouth has met the dialing parity requirements of Section 271(e)(2)(A) of the Telecommunications Act of 1996, as discussed in Part VIII of this Order. It is further

ORDERED that we do not approve BellSouth's Statement of Generally Available Terms and Conditions at this time as discussed in Part IX of this Order. It is further

ORDERED that this docket shall remain open.

ORDER NO. PSC-97-1459-FOF-TL
DOCKET NO. 960786-TL
PAGE 198

By ORDER of the Florida Public Service Commission this 19th
day of November, 1997.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

MMB/BC

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

As identified in the body of this order, our action in Part IX is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, at 2540 Shumard Oak

ORDER NO. PSC-97-1459-FOF-TL
DOCKET NO. 960786-TL
PAGE 199

Boulevard, Tallahassee, Florida 32399-0850, by the close of business on December 10, 1997. If such a petition is filed, mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing. In the absence of such a petition, this order shall become effective on the date subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

Any party adversely affected by the Commission's final action in this matter may request reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code.