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January 3, 2005

Mrs. Blanca Bayo, Director
Division of Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

**RE: Docket No. 040301-TP -**
**SUPRA'S RENEWED MOTION FOR INTERIM RATE FOR UNE-P TO UNE-L CONVERSIONS BASED ON CHANGE OF CIRCUMSTANCES**

Dear Mrs. Bayo:

Enclosed are the originals and fifteen (15) copies of Supra Telecommunications and Information Systems, Inc.'s (Supra) Renewed Motion For Interim Rate For UNE-P To UNE-L Conversions Based On Change Of Circumstances to be filed in the above captioned docket

A copy of this letter is enclosed. Please mark it to indicate that the original was filed and return it to me.

Sincerely,

Brian Chaiken / [illegible]

Brian Chaiken
Executive Vice President, Legal Affairs

# CERTIFICATE OF SERVICE
**Docket No. 040301-TP**

**I HEREBY CERTIFY** that a true and correct copy of the following was served via Facsimile, E-Mail, Hand Delivery, and/or U.S. Mail this 3rd day of January 2005 to the following:

***Jason Rojas/Jeremy Susac***
*Office of the General Counsel*
*Florida Public Service Commission*
*2540 Shumard Oak Boulevard*
*Tallahassee, FL 32399-0850*

***Nancy White***
*c/o Ms. Nancy H. Sims*
*BellSouth Telecommunications, Inc.*
*150 South Monroe Street, Suite 400*
*Tallahassee, FL 32301-1556*

***E. Earl Edenfield, Jr.***
*BellSouth Telecommunications, Inc.*
*BellSouth Center – Suite 4300*
*675 West Peachtree Street, N.E.*
*Atlanta, GA 30375*

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Brian Chaiken Hwa

By: Brian Chaiken

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

| | | |
|---|---|---|
| In Re: Petition of Supra Telecommunications and Information Systems, Inc.'s for arbitration with BellSouth Telecommunications, Inc. | ) ) ) ) | Docket No. 040301-TP<br>Filed: January 3, 2005 |

## SUPRA'S RENEWED MOTION FOR INTERIM RATE FOR UNE-P TO UNE-L CONVERSIONS BASED ON CHANGE OF CIRCUMSTANCES

Supra Telecommunications and Information Systems, Inc. ("**Supra**") hereby files its renewed request that the Commission establish an interim rate for UNE-P to UNE-L conversions. This renewed request is based on a change of circumstances – namely, the December 15, 2004 adoption by the Federal Communications Commission ("FCC") of new permanent UNE rules on remand from the U.S. Court of Appeals for the District of Columbia Circuit, which vacated the FCC's previous Triennial Review Order. ("TRO Remand Rules").[1] As the result of the issuance of the TRO Remand Rules, a definite end date, slightly over a year from now, will soon be established for federally mandated UNE-P.[2] During this abbreviated 12 month period, Supra will need to convert to UNE-L more than 200,000 Florida UNE-P lines and other CLECs will be similarly converting hundreds of thousand of UNE-P lines to UNE-L. Since, as reflected in this proceeding, BellSouth is demanding a very high conversion rate that is not based on the particular functions involved in this conversion, if a rate based on the cost of this particular conversion process is not promptly established, Supra and other CLECs will be induced to postpone conversion until such a rate is established. The result will be a chaotic, last-minute rush of conversions that will result in massive service disruptions, to the severe

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[1] See copy of FCC press release attached hereto as **Exhibit A**, summarizing the TRO Remand Rules. The precise text of the TRO Remand Rules is expected to be released some time in January, 2005.

[2] The precise date will be 12 months from the date that the TRO Remand Rules are published in the Federal Register, or approximately March 2006.

detriment of hundreds of thousands of Florida consumers. Despite admissions[3] that BellSouth's hotcut process is infinitely scalable, BellSouth has already made policy statements which limit the number of UNE-P lines that can be converted to UNE-P to 125[4] per day. This is far short of what will be required to convert Supra's customer base, much less all competitive lines in the 12 month phase out period.

Supra is the CLEC with the most access lines in the State of Florida – over 240,000, the vast majority of which are served via UNE-P. As a result of the TRO, if adopted by the Florida Commission, means that federally mandated UNE-P has a limited and finite one year sunset, at which point the price at which BellSouth can charge Supra will increase[5], forcing Supra to pass on such costs to its customer base, and in turn making Supra less competitive in the marketplace. Perhaps even more significant is the fact that Supra will not be able to add any new UNE-P customers as of approximately March 1, 2005. The result is that BellSouth will be able to continue to winback customers from UNE-P based CLECs such as Supra, and Supra will be unable to competitively add new customers unless they go directly to UNE-L, the competitiveness of which will, of course, be dependent upon the non-recurring costs of converting a customer to such.

Supra therefore urges the Commission to establish an interim rate in this proceeding, so that conversions can go forward in an orderly fashion, rather than waiting for a last-minute rush that will inevitably result in service problems for hundreds of

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3 Testimony of K. Ainsworth in Docket 03-0851-TP

4 See BellSouth's Unbundled Network Element Platform/DSO Wholesale Local Platform Service to UNE Loop Bulk Migration CLEC Information Package, Version 4, dated October 15, 2004, Section 8.2, attached hereto as **Exhibit B.**

5 The amount of such increase has yet to be determined. BellSouth still has an obligation to provide the elements that comprise UNE-P at "just and reasonable" rates, pursuant to 47 U.S.C. §§ 271 and 201.

thousands of Florida consumers. Alternatively, should the Commission choose not to set an interim rate, Supra requests that this Commission immediately set this matter for a one-day hearing. The parties were ready for a December 1-2, 2004 hearing, but two days before it was scheduled to begin, they agreed that the hearing could be accomplished in one day. Shortly thereafter, the Commission postponed the hearing. At that time, the parties were ready for hearing, so they should not need additional time to prepare for a rescheduled hearing

**BACKGROUND**

Supra is the CLEC with the most access lines in the State of Florida –more than 240,000, the vast majority of which are served via UNE-P. As a result of the adoption of TRO Remand Rules, if adopted by the Florida Commission, means that UNE-P has a limited and finite one year sunset, at which point, BellSouth will no longer be required to provide UNE-P under 47 U.S.C. §§ 251 and 252 at TELRIC prices. The price that BellSouth can charge Supra for UNE-P service will therefore increase,[6] forcing Supra to pass on such costs to its customer base, and in turn making Supra less competitive in the marketplace. To continue to compete for the business of its existing customer base, Supra will need to convert most or all of its UNE-P customers to UNE-L within the next year, to immediately begin adding new customers as UNE-L, and it should go without saying that it is not feasible for Supra and BellSouth to wait until the last few months to convert more than 200,000 UNE-P lines to UNE-L. Supra has been seeking a just and reasonable non-recurring rate for UNE-P to UNE-L conversions since February of 2003. BellSouth has done everything in its power to delay such, including unilaterally

[6] The amount of such increase has yet to be determined., BellSouth still has an obligation to provide the elements that comprise UNE-P at "just and reasonable" rates, pursuant to 47 U.S.C. §§ 271 and 201.

terminating negotiations with Supra based on false allegations.[7] Supra initially filed its Petition in this Docket on April 5, 2004, seeking resolution of a contractual dispute, or, in the alternative, requesting that the Commission set a rate for UNE-P to UNE-L conversions. Although this matter was set for hearing on December 1st and 2nd, 2004, this Commission granted BellSouth's Emergency Motion for Continuance (filed two days before the hearing was to commence), indefinitely postponing adjudication of this matter.

On December 15, 2004, the FCC issued its press release (Exhibit A hereto), summarizing the major rulings stemming from its TRO Remand Rules. Specifically, the FCC stated:

> Mass Market Local Circuit Switching. Incumbent LECs have no obligation to provide competitive LECs with unbundled access to mass market local circuit switching. We adopt a 12-month plan for competing carriers to transition away from use of unbundled mass market local circuit switching.
>
> This transition plan applies only to the embedded customer base, and does not permit competitive LECs to add new switching UNEs. During the transition period, competitive carriers will retain access to the UNE platform (i.e., the combination of an unbundled loop, unbundled local circuit switching, and shared transport) at a rate equal to the higher of (1) the rate at which the requesting carrier leased that combination of elements on June 15, 2004, plus one dollar, or (2) the rate the state public utility commission establishes, if any, between June 16, 2004, and the effective date of this Order, for this combination of elements, plus one dollar.

Neither party is prejudiced whatsoever in the event the Commission sets an interim rate, subject to true up upon a final rate being set. However, in the event the

[7] BellSouth claimed that Supra "breached" its confidentiality obligations relating to settlement negotiations mediated by the FCC, and therefore BellSouth would not negotiate this issue further with Supra. However, when asked by Supra for any factual or legal support for such an accusation, BellSouth admitted that it was unaware of any third party to whom Supra provided any confidential information, or any legal support which would provide that a party has breached its confidentiality obligations absent a wrongful communication of confidential information.

Commission does not set an interim rate, Supra is severely prejudiced while BellSouth stands to receive a gigantic windfall.

If no interim rate is established, Supra must either a) pay the excessively high conversion prices that BellSouth has unilaterally set; b) pay BellSouth excessive "market" rates for the equivalent UNE-P services, knowing that BellSouth's current marketing activities make that option infeasible as BellSouth is already undercutting Supra's services offerings at prices below what Supra pays for UNE-P at TELRIC rates, much less "market" rates; or c) continue to place its business plans on hold by postponing the transition of its current UNE-P customers to UNE-L and experiencing a dramatic loss in customers as of the effective date of the TRO Remand Rules, which prevent Supra from adding any new UNE-P customers. The former option allows BellSouth to charge Supra over-inflated rates for conversions until the PSC sets a reasonable rate, with no means for Supra to recover the excessive costs it pays, thereby providing BellSouth a windfall. The latter option will result in Supra deferring conversions, in the hope that the Commission will establish a cost-based permanent rate enough in advance of the end of UNE-P that Supra can convert its more than 200,000 Florida customers, at the same time that other Florida UNE-P carriers do likewise, without major mishaps and disruption of service. Until this rate is established, Bellsouth will continue to charge inflated rates for commercial UNE-P at rates 5 to 12 times the TELRIC rate this Commission set for unbundled switching. Given the FCC's exhaustive documentation of problems with service disruptions when large numbers of hot-cuts are attempted in a short time frame,[8] this is a recipe for disaster. The inevitable result of delay is that BellSouth will be

[8] *See In the Matter of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers*, CC Docket No. 01-328 (FCC August 21, 2003) at ¶ 466.

attempting to convert hundreds of thousands of Florida end-users from UNE-P to UNE-L at the last minute (at the same time that it is performing similar conversions in its other eight states), and numerous consumers will suffer service disruptions. The FCC is providing a 12-month period to allow the transition to proceed smoothly, but the absence of a cost-based nonrecurring rate for work required to perform the transition is undermining the FCC's efforts to space out the conversions. Plainly, the public interest favors avoiding this result by establishing a reasonable rate early in the process that will encourage Supra (and other CLECs, several of which manifested their interest in this process by recently filing a petition asserting that they need "rates, terms and conditions" for the UNE-P to UNE-L conversion process "as soon as possible, in advance of any discontinuance of UNE-P services") to begin the conversion process now, and avoid the disruptions that will result from allowing BellSouth to discourage early conversions with its insistence on an outrageous rate that is not subject to true-up. Furthermore, as a result of the FCC's ruling, Supra's customer base will be eroding away week by week as a result of BellSouth's aggressive winback promotions, promotions which allow end-users to enjoy rates lower than those set for the individual UNEs which comprise UNE-P at TELRIC rates.[9]

## ARGUMENT

### 1. Supra is and continues to be prejudiced by the delay in the establishment of either an interim or permanent hot-cut rate.

As a result of the TRO Remand Rules, Supra is now forced to choose between three options. The first option is to agree to pay BellSouth's so-called market rates for UNE-P, while leaving its customers on BellSouth's network. As the Commission is well

[9] See BellSouth's latest promotions regarding Complete Choice (being sold at $25.00 per line) and Preferred Pack (being sold at $21.95 per line).

aware, this will result in an enormous increase in costs and make it economically infeasible for Supra to serve a significant number of customers through its current methods. The second option is to do nothing and wait for this Commission to set a reasonable cost-based rate for UNE-P to UNE-L conversions. The third option is to immediately begin converting the UNE-P customer to UNE-L.[10] This third option is the focus of this case.

Conversion of customers from ILEC facilities to CLEC facilities is what all parties (BellSouth, the FCC and the FPSC) have been urging and what Supra has been attempting to do for the last two years. BellSouth, having successfully urged regulators and the courts to channel competition away from UNE-P and into the CLECs use of their own facilities, now seeks to stifle that facilities-based competition from Supra by imposing a $59.31 conversion charge that was not established by the Commission for this purpose. Rather, it was established as the price that a CLEC that won a *new* customer—who might or might not have any existing service--and desired to serve that customer via UNE-L would pay for the installation of a loop. Absent the establishment of an interim or a permanent UNE-P to UNE-L conversion rate by this Commission, BellSouth will be able to force this inappropriate rate on any CLEC conversions, simply by refusing to perform any conversions absent a CLEC agreement to pay BellSouth's rate.

The existing record in this case shows that the $59.31 rate advocated by BellSouth is inappropriate because it includes the cost of work activities that are not necessary in a UNE-P to UNE-L conversion. Perhaps most indicative of BellSouth's inclusion of work

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[10] A third option, signing a "commercial agreement" with BellSouth, would entail a big cost increase and would lock Supra into an approach that precluded it from transitioning its customer base to its own facilities for a significant period of time.

activities that never need to be performed when performing a UNE-P to UNE-L conversion, as opposed to installing a new UNE loop, is the fact that for each and every time a dispatch is required to perform such, BellSouth includes the cost of sending a service technician to **both** the crossbox and the end-users' premises. There is simply no need to ever send the technician to the end-users' premises when the line is already in service, as in a UNE-P to UNE-L conversion. BellSouth's subject matter expert, James McCracken, testified at deposition regarding this point:

> Q I really don't understand why it is you're changing the F2 when we already have a working UNE-P line, even if it's served by IDLC. **Can you explain to me why that needs to take place?**
>
> A **That's just the way the assignments have been -- or the assignments did come out at that time. All of the pairs were being shown as new instead of reuse.**
>
> Q **And why is that?**
>
> A **I don't have that answer.**
>
> Q Is that how it's done today?
>
> A I don't know how it's done today.
>
> Q If you were to design this process today, do you think that would be necessary?
>
> A I'd have to go back and see what all the processes really are to really say that I could change the process from yesterday to today.
>
> Q Okay. Well, based on your understanding of a UNE-P to UNE-L conversion which IDLC is involved, do you believe it's necessary to change the F2?
>
> A I'm not sure how the records and the way that they can assign a working pair now, if they can reuse that or whatever, so I'm not familiar with how they actually assign them. I'm just familiar with what we need to do at the end when I get the service order and the work that I'm going to perform on that dispatch.

Q Is the only factor that you're aware of that would change your -- or affect your response to my last question be the way that the lines are assigned?

A **It's what -- it's what the assignments are on that dispatch.**

Q So the answer would be yes?

A The answer would be yes.

See James McCracken, Deposition Transcript taken on November 16, 2004, pg. 26 line 18 – pg. 28 line 3.

As testified to by Mr. McCracken, in the cost study upon which BellSouth relies for its $59.31 rate, **<u>all of BellSouth's assignments</u>**, when a dispatch was required, were shown as new installs, as opposed to reusing the facilities that are already in place in a UNE-P to UNE-L conversion scenario. BellSouth recovers $5.76, improperly, on every conversion.

Furthermore, BellSouth seeks to recover the UNEC (CWINS) work in the amount of $7.1468 per A.1.1 SL1 loop for work which is never performed for an SL1 conversion. See Depo. Tr. of BellSouth's James Ennis Pg. 46-47.

This amounts to costs of as much as $12.91 that are **never** performed in a UNE-P to UNE-L conversion for SL1 loop conversions **by BellSouth's own testimony!** As such, it cannot be disputed that BellSouth's purported cost study contains processes which are over and above what is necessary to effectuate conversions of working UNE-P lines.

As BellSouth witnesses have admitted at depositions and in testimony in this proceeding, the 2000 cost study upon which BellSouth relies considers non-working loops that should not be considered in a UNE-P to UNE-L conversion, and considers and involves work steps that are not needed for all UNE-P to UNE-L conversions. Furthermore, this 2000 cost study assumed one-at-a-time processing, not the kind of batch processing that is inherent in the mass conversions that Supra proposes, and therefore, significantly overstates BellSouth's actual costs for the tasks involved in converting UNE-P lines to UNE-L.

BellSouth has been charging this rate for over two years and now seeks to impose this charge on a going forward basis on the grounds that it allegedly comes closer to modeling the costs of a UNE-P to UNE-L conversion than any other nonrecurring charge previously established by the Commission. BellSouth also seeks to impose this charge on a non-refundable (no true-up) basis until and unless the Commission establishes a permanent rate for the UNE-P to UNE-L conversion. Given high churn rates caused by BellSouth's aggressive winback programs triggered by the very LSR used to order the UNE-L loop, if Supra and other CLECs cannot recover the inflated non-recurring costs for switching a customer to their network that BellSouth seeks to impose within a reasonable period of time, facilities based competition will never succeed in Florida.

Further delay in establishing a cost-based rate for UNE-P to UNE-L conversions thus benefits BellSouth, at the expense of Supra, Supra's customers (who may well lose the competitive benefits that Supra provides), and competition for the provision of telephone service in the portions of Florida served by BellSouth.

In fact, the Commission previously acknowledged the need for the setting of a new rate and for such to be done on an expedited basis. At the September 21, 2004

Agenda hearing on Supra's Motion to Establish an Interim Rate, the following colloquy took place:

> COMMISSIONER DEASON: Well, there's been a request for an interim rate. It's been determined that it's not appropriate, at least at this time, to address that. After the conclusion of the hearing that commences on December the 1st if we make a determination that there needs to be some type of a rate established on a going-forward basis, when and how do we do that? And is it in the context of a complaint or is it new docket, or how do we address that procedurally?
>
> MR. DOWDS: It's our belief it would be done in his proceeding.

See September 21, 2004 Agenda hearing transcript at pg. 14, lines 12 – 21.

> COMMISSIONER DAVIDSON: If there is no rate and we have to set a rate, the setting of that rate will also occur in this docket; whether to set a rate will, will occur. I mean, this is not going to get postponed for a year.
>
> MR. SUSAC: No, Commissioner, you are correct.

*Id.* at pg. 18, lines 8 -12.

Unfortunately, as this Commission granted BellSouth's Emergency Motion for Continuance, via Order No. PSC-04-1180-PCO-TP on November 30, 2004, an adjudication of this matter has been indefinitely delayed, further preventing Supra's ability to make use of its own network facilities and thereby effectively reducing its costs. Supra has over 240,000 access lines which it would like to convert to UNE-L. Given BellSouth's current limitation on the number of lines it will convert per day (i.e. 125)[11], even if Supra started doing the maximum number of conversions allowed by BellSouth beginning January 1, 2005, Supra would be unable to convert all of its embedded lines

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[11] See BellSouth's Unbundled Network Element Platform/DSO Wholesale Local Platform Service to UNE Loop Bulk Migration CLEC Information Package, Version 4, dated October 15, 2004, Section 8.2, attached hereto as **Exhibit B.**

before BellSouth's obligation to provide UNE-P has ended. Such a result will necessarily result in substantial prejudice and harm to Supra, and if Supra is induced by the absence of a cost-based conversion rate to postpone the conversion process, this problem will be seriously exacerbated.

**2. This Commission has ordered interim rates in the past.**

The FPSC set an interim rate in the generic UNE docket for the recurring portion of the loop rate when they discovered that they were unable to meet the FCC's May 1, 2000 deadline for establishing the de-averaged UNE rates. (See Order No. PSC-00-0380-S-TP, Docket No. 990649-TP, issued on February 22, 2000.) Although in that case the parties to the docket mutually agreed to the interim rate, the fact that the Commission entered the order approving an interim rate establishes that the Commission (and the parties, including BellSouth) believes it has, and actually does have, the authority to enter interim rates.

Furthermore, Florida Statutes Section **364.01(4)(b), (f) and (i)** give the Commission latitude whereby it could order interim rates to foster and encourage competition, eliminate rules that impair the smooth delivery of the benefits of competition, and in keeping with its historical role as the surrogate [i.e., when in doubt, rule in favor of competition] for competition.

**3. The Commission should immediately grant Supra an interim rate for such conversions at no greater than 50% of what BellSouth seeks to currently charge, subject to true up after the establishment of a permanent rate.**

An interim rate would preferably be based on the record of this proceeding, and Supra suggests that such rate should be no greater than $15.00 per conversion.[12],[13] Alternatively, the Commission could look to the permanent non-recurring rates set by other states, such as Georgia, for UNE-P to UNE-L conversions. What the Commission should not do, however, is establish the rate proposed by BellSouth as an interim rate. For the reasons set forth above, that rate clearly overstates BellSouth's costs for this function. The establishment of an interim rate, subject to true-up, will accomplish two things: (1) ease the immediate cash flow burden on Supra and allow it to immediately begin converting customers to its own facilities, and (2) provide that neither party is harmed as a result of the true-up provision. This latter point is important in that investors are poised to remove Supra from bankruptcy, but only if they have confidence that the costs of UNE-P to UNE-L conversions will be reasonable, as such a large part of Supra's going-forward business model is reliant upon such. Knowledge at this point in time that the rate will be trued up will provide at least some modest degree of assurance that the conversion charges they pay will ultimately be returned, if not shown to be cost-justified.

As another alternative, Supra suggests that the interim blended rate be established at $23.09 for SL1 hot cuts and $53.58 for SL2 hot cuts. Supra arrives at these numbers by using BellSouth's bulk migration process (batch hot cuts), and using the rates BellSouth claims apply to the processes being performed in this proceeding[14], Supra submits that it would pay BellSouth $49.57 for the first hot cut, and $22.83 for the

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[12] See Direct and Rebuttal Testimonies of David Nilson submitted in this docket on September 8, 2004 and October 8, 2004, respectively.

[13] See BellSouth Florida SGAT, and the BellSouth MCI Florida interconnection agreement (amended March 4, 2003) re CLEC to CLEC conversion rates, arguably identical to a CLEC UNE-P to UNE-L process, which set a rate of approximately $15.00.

[14] Per rebuttal testimony of Caldwell, weighted as suggested by both Caldwell and Nilson relative to the percentages of lines deployed by technology.

subsequent 98 hot cuts. As Supra only intends to issue bulk migration orders, and would agree to do so in writing, and as all such orders must incorporate telephone numbers to be converted out of the same office, Supra believes that, at worst, BellSouth will be recovering what it is presently seeking for the nonrecurring cost of an SL1 UNE loop. The same formula was used for the SL2 rate. As Supra believes these numbers will be drastically reduced once a hearing takes place and evidence is presented, Supra requests that these numbers be subject to true-up.

Supra further suggests that no charge be allowed for collocation cross connects, which currently are priced at approximately $7.22 for the first one and $5.35 for each additional. If BellSouth is successful in a later hearing establishing that such rates apply in addition to the non-recurring costs of an SL1/SL2 hot cut, then BellSouth would be entitled to a true-up.

Supra agrees that the mechanized OSS ordering charge applies and will pay that in its entirety as ordered and accurately billed.

Alternatively, Supra suggests that the Commission can do what the Georgia Public Service Commission ("GPSC") did in Docket No. 14631-U, Order issued March 18, 2003 as it relates to BellSouth's non-recurring costs. There, the GPSC entered an order slashing all of BellSouth's non-recurring costs in half[15]. In that Order, the GPSC stated:

> AT&T/WorldCom claim that hot cuts are necessary for CLECs to use, but that BellSouth's proposed charge for hot cuts effectively precludes their use. *Id.* at 127. AT&T/WorldCom set forth the following four problems stemming from BellSouth's reliance on work sampling in developing its rate for hot cuts: (1) "many of the functions BellSouth identified in the 'order Coordination for Specified Conversion Time' non-

[15] See the Georgia Public Service Commission Order issued on March 18, 2003 in Docket No. 14631-U, attached hereto as **Exhibit C.**

recurring charge are functions that are already recovered in the non-recurring charge for the unbundled loop," (2) "BellSouth relied on the inaccurate work sampling approach for the CWINS functions," (3) BellSouth included unnecessary levels of managers, and (4) BellSouth included two levels of technicians for work that a single technician could perform.

Allegiance makes arguments similar to those made by AT&T/WorldCom regarding BellSouth's proposed non-recurring charges. Allegiance contends that BellSouth's non-recurring cost studies are fundamentally flawed because they rely upon a flawed work sampling study. (Allegiance Post-Hearing Brief pp. 32-33) Allegiance specifically addresses BellSouth's proposed hot cut rates and concludes that they are excessive, not reflective of forward–looking costs and will have a negative impact on facilities based competition. *Id. at 36.*

Although BellSouth contends that the Georgia Work Time Study was based upon the Commission order in Docket No. 11900-U, BellSouth also admits that the study was used to support task times for UNEs other than those covered by the Commission Order. Rates in this docket cannot be based upon a time and motion/work sampling study that does not take into account forward-looking labor and task times to provision UNEs. The Commission's analysis consists of examining both whether the model is structured to capture forward-looking costs and whether the estimates of these costs are reasonable. The problem with the time and motion studies as pointed out by other parties to the docket and admitted to by BellSouth is that these studies include embedded inputs (Tr. 474). While BellSouth claims that it made adjustments to these embedded inputs to arrive at forward-looking costs, other parties to the docket have made strong cases that these adjustments were either not made or inadequate.

As to the specific modifications, the Commission finds that several of the arguments by AT&T/WorldCom, Allegiance, AccuTel and Covad's regarding eliminating certain tasks and reducing the task times for various BellSouth centers have merit. For example, **the Commission agrees with Covad that BellSouth included higher task times for DSL-Capable Loops in comparison to analog loops for the same tasks.** Also, even BellSouth agrees with AT&T/WorldCom's position that the LSCS time associated with handling UNE-P orders that fall-out should be dramatically reduced from the forty minutes included in BellSouth's cost studies. (Tr. 448). **In addition, the Commission finds persuasive AT&T/WorldCom's argument that BellSouth's dispatch probability should be reduced based on data taken from CWINS sampling work papers.**

> Therefore, not only is BellSouth's use of its Georgia Work Time Study problematic because the study is not forward-looking, but it is also inaccurate. The record reflects that CLEC witnesses had ample expertise to support their recommendations. For instance, AT&T/WorldCom witness Mr. Turner has had experience provisioning, engineering and testing circuits. (Tr. 1753). **Taking into consideration both the adjustments to the study that the evidence reflects would result from a forward-looking study and the adjustments related to the inflated work times and unnecessary tasks, the Staff recommended that all of the non-recurring rates BellSouth filed on January 18, 2002 be reduced by fifty (50) percent. The Commission agrees with this methodology and believes that reduction will result in reasonable non-recurring rates.** GPSC Order pp 59-62. (Emphasis added.)

Similarly, in this case, the Commission could reduce BellSouth's proposed non-recurring rates for UNE-P to UNE-L conversions by fifty (50%) percent as an interim rate subject to true up.

## CONCLUSION

For the reasons stated hereinabove, the Commission should immediately establish interim rates, to be subject to true up upon the establishment of permanent rates. Alternatively, the Commission should immediately set a hearing date for evidence to be presented in this matter.

EXHIBIT – A

# NEWS

Federal Communications Commission
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FOR IMMEDIATE RELEASE:
December 15, 2004

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## FCC ADOPTS NEW RULES FOR NETWORK UNBUNDLING OBLIGATIONS OF INCUMBENT LOCAL PHONE CARRIERS

*New Network Unbundling Rules Preserve Access to Incumbents' Networks by Facilities-Based Competitors Seeking to Enter the Local Telecommunications Market*

Washington, D.C. – The Federal Communications Commission today adopted rules concerning incumbent local exchange carriers' (incumbent LECs') obligations to make elements of their network available to other carriers seeking to enter the local telecommunications market. The new framework builds on actions by the Commission to limit unbundling to provide incentives for both incumbent carriers and new entrants to invest in the telecommunications market in a way that best allows for innovation and sustainable competition.

The rules directly respond to the March 2004 decision by the U.S. Court of Appeals for the D.C. Circuit which overturned portions of the Commission's Unbundled Network Element (UNE) rules in its Triennial Review Order. We provide a brief summary of the key issues resolved in today's decision below.

- **Unbundling Framework.** We clarify the impairment standard adopted in the *Triennial Review Order* in one respect and modify its application in three respects. *First*, we clarify that we evaluate impairment with regard to the capabilities of a *reasonably efficient* competitor. *Second*, we set aside the *Triennial Review Order*'s "qualifying service" interpretation of section 251(d)(2), but prohibit the use of UNEs for the provision of telecommunications services in the mobile wireless and long-distance markets, which we previously have found to be competitive. *Third*, in applying our impairment test, we draw reasonable inferences regarding the prospects for competition in one geographic market based on the state of competition in other, similar markets. *Fourth*, we consider the appropriate role of tariffed incumbent LEC services in our unbundling framework, and determine that in the context of the local exchange markets, a general rule prohibiting access to UNEs whenever a requesting carrier is able to compete using an incumbent LEC's tariffed offering would be inappropriate.

- **Dedicated Interoffice Transport.** Competing carriers are impaired without access to DS1 transport except on routes connecting a pair of wire centers, where both wire centers contain at least four fiber-based collocators or at least 38,000 business access lines. Competing carriers are impaired without access to DS3 or dark fiber transport except on routes connecting a pair of wire centers, each of which contains at least three fiber-based collocators or at least 24,000 business lines. Finally, competing carriers are not impaired without access to entrance facilities connecting an incumbent LEC's network with a competitive LEC's network in any instance. We adopt a 12-month plan for competing carriers to transition away from use of DS1- and DS3-capacity dedicated transport where they are not impaired, and an 18-month plan to govern transitions away from dark fiber transport. These transition plans apply only to the embedded customer base, and do not permit competitive LECs to add new dedicated transport UNEs in the absence of impairment. During the transition periods, competitive carriers will retain access to unbundled dedicated transport at a rate equal to the higher of (1) 115% of the rate the requesting carrier paid for the transport element on June 15, 2004, or (2) 115% of the rate the state commission has established or establishes, if any, between June 16, 2004 and the effective date of this Order.

- **High-Capacity Loops.** Competitive LECs are impaired without access to DS3-capacity loops except in any building within the service area of a wire center containing 38,000 or more business lines and 4 or more fiber-based collocators. Competitive LECs are impaired without access to DS1-capacity loops except in any building within the service area of a wire center containing 60,000 or more business lines and 4 or more fiber-based collocators. Competitive LECs are not impaired without access to dark fiber loops in any instance. We adopt a 12-month plan for competing carriers to transition away from use of DS1- and DS3-capacity loops where they are not impaired, and an 18-month plan to govern transitions away from dark fiber loops. These transition plans apply only to the embedded customer base, and do not permit competitive LECs to add new high-capacity loop UNEs in the absence of impairment. During the transition periods, competitive carriers will retain access to unbundled facilities at a rate equal to the higher of (1) 115% of the rate the requesting carrier paid for the transport element on June 15, 2004, or (2) 115% of the rate the state commission has established or establishes, if any, between June 16, 2004 and the effective date of this Order.

- **Mass Market Local Circuit Switching.** Incumbent LECs have no obligation to provide competitive LECs with unbundled access to mass market local circuit switching. We adopt a 12-month plan for competing carriers to transition away from use of unbundled mass market local circuit switching. This transition plan applies only to the embedded customer base, and does not permit competitive LECs to add new switching UNEs. During the transition period, competitive carriers will retain access to the UNE platform (*i.e.*, the combination of an unbundled loop, unbundled local circuit switching, and shared transport) at a rate equal to the higher of (1) the rate at which the requesting carrier leased that combination of elements on June 15, 2004, plus one dollar, or (2) the rate the state public utility commission establishes, if any, between June 16, 2004, and the effective date of this Order, for this combination of elements, plus one dollar.

Action by the Commission, December 15, 2004 by Order on Remand (FCC 04-290). Chairman Powell, Commissioners Abernathy and Martin, with Commissioners Copps and Adelstein dissenting. Chairman Powell, Commissioners Abernathy, Copps and Adelstein issuing separate statements.

Wireline Competition Bureau Staff Contact: Jeremy Miller, 418-1507; Email: jeremy.miller@fcc.gov

-FCC-

EXHIBIT – B

BELLSOUTH



# *Unbundled Network Element Platform (UNE-P)/DSO Wholesale Local Platform Service to UNE-Loop (UNE-L) Bulk Migration*

## *CLEC Information Package*

Version 4
October 15, 2004

## Table of Contents

# UNE-P to UNE-L Bulk Migration

## 1. Introduction & Scope

This Product Information Package is intended to provide CLECs general ordering information specific to the *UNE-P/DSO Wholesale Local Platform Service to UNE-L Bulk Migration* process described herein. Any UNE-P references, USOC definitions and procedures describe in this document and in other guides on the BellSouth Interconnection Web Site will also apply to the equivalent DSO Wholesale Local Platform Services. The DSO Wholesale Local Platform Service was formerly known as DSO Wholesale Local ***Voice*** Platform Service. This Information Package applies to both services.

The information contained in this document is subject to change. BellSouth will provide notification of changes to the document through the CLEC Notification Process.

Please contact your BellSouth Local Support Manager if you have any questions about the information contained herein.

## 2. Contract Requirements

The CLEC must have an Interconnection Agreement (IA) that includes terms and conditions for Bulk Migration. The IA must also include the terms, conditions and rates for each loop type to which the UNE-P service is migrated. The IA must be in effect for all states where the CLEC plans to order these unbundled loops.

The information contained herein applies to Bulk Migration and is part of the standard IA. The general offering is in accordance with BellSouth policies, procedures and regulatory obligations as well as the IA. The general offering does not address specific contract issues within a CLEC's IA that may be different from the general offering. Where specific contract language differs from the information provided here, the contract provisions will prevail for the term of the specific CLEC IA. Otherwise, the general offering provisions will apply.

## 3. Revisions

### 3.1 Version 4 Revisions

1) **Section 4, Service Description** – modified to remove references to BellSouth Customer Care Project Manager providing due dates to the CLEC.
2) **Section 5, Requirements –** modified to remove references to the Project Notification form and to add references for the Bulk Migration Scheduling Tool.
3) **Section 6.2, After Hours/Weekend Migrations** – modified to include the Special Handling option in the Scheduling Tool for requesting after hours or weekend migrations; removed references to Project Notification form.
4) **Section 6.4, Time Windows for Coordinated Conversions –** modified to include Special Handling option in the Scheduling Tool for requesting time windows; removed references to Project Notification form.
5) **Section 6.5.1, Coordinated or Non-Coordinated '*Completed*' UNE-L order** (Restoral Process section) – updated to remove Atlanta Fax server number.
6) **Section 6.6, Same-Day End-User Account Migrations** – modified to include Special Handling option in the Scheduling Tool for requesting same-day end-user migrations; removed references to Project Notification form.
7) **Section 6.7, CLEC to CLEC Migration of UNE-P to UNE-L** – modified to remove Project Notification form requirement for obtaining BOPI; included Scheduling Tool requirement for BOPI.
8) **Section 7, Bulk Migration Submission/Flow Process –** revised to remove Project Notification form requirement; added Scheduling Tool requirement.
9) Old **Section 8, BellSouth UNE-P to UNE-L Bulk Migration Project Notification Process** section deleted.
10) New **Section 8, Bulk Migration Scheduling Tool** – added new section that describes the Scheduling Tool.
11) **Section 11.1 & 11.2, Intervals** – deleted and replaced with **Section 11, Bulk Request Service Order Intervals** which references eight (8) business days as the interval.

### 3.2 Version 3 Revisions

1) Modified **section 1 Introduction and Scope** to include the DSO Wholesale Local Platform Service reference.
2) Added **section 2 Contract Requirements** section.
3) Updated **sub-section 6.3 Two hour Go Ahead Notification** to include the Notification Tool reference.
4) Added new **sub-section 6.3.2 Web Based Notification Tool.**
5) Updated **section 11 Intervals** to reflect the reduction in the provisioning interval from 14 business days to 8 business days.

# UNE-P to UNE-L Bulk Migration

### 3.3 Version 2 Revisions

1) Following are the revisions in section 5 "Bulk Migration Options" that are enhancements to the Bulk Migration process as referenced in Carrier Notification Letter SN91083967.

- After Hours/Weekend Migrations
- Two-Hour Go Ahead Notifications for SL1 non-coordinated migrations
- Time Windows for coordinated conversions
- Pre and Post order completion restoral process (Throwback)
- Same-Day end-user account migration
- CLEC to CLEC migration (UNE-P to UNE-L)

2) Additional revisions include interval reductions in the table in section 10.1 "**Bulk Migration Project Notification Interval**".

- For a "Maximum of 99" telephone numbers the CCPM interval has been reduced from 7 business days to 4 business days.
- For "100-200" telephone numbers, the CCPM interval has been reduced from 10 business days to 6 business days.

# UNE-P to UNE-L Bulk Migration

## 4. Service Description

The Unbundled Network Element – Port/Loop Combination (UNE-P) to Unbundled Network Element – Loop (UNE-L) Bulk Migration process may be used by a CLEC when migrating existing multiple non-complex UNE-P Services to a UNE-L offering. This allows migration of multiple UNE-P end-users to a UNE-L offering without submitting individual Local Service Requests (LSRs). All Bulk Migration orders will be project managed by a BellSouth Project Manager. .

UNE-P and UNE-L are defined below:

### 4.1 UNE-P

UNE-P is a UNE Port/Loop Switched Combination that combines a UNE local switch port and UNE loop to create an end-user-to-end-user transmission path and provides local exchange service. The CLEC may also choose to use the vertical services that are available through the features and functions of the local switch.

### 4.2 UNE-L

UNE-L is defined as the local loop network element that is a transmission facility between the main distribution frame (MDF) in BellSouth's central office and the point of demarcation at an end-user's premises. This facility will allow for the transmission of the CLEC's telecommunications services when connected to the CLEC's switch equipment. The local loop will require cross-connects for connection to the CLEC's collocation equipment. BellSouth does not provide telecommunications services with the UNE-L.

## 5. Bulk Migration Requirements

Major requirements for UNE-P to UNE-L Bulk Migration process are listed below. For complete requirements, refer to the **UNE to UNE Bulk Migration** section of the **Local Ordering Handbook (LOH).**

- Bulk Migration is available for migrating existing **non-complex** Port/Loop Combination services to Unbundled Loops with Local Number Portability (LNP).
- A UNE Loop will be provided for each ported telephone number formerly associated with the UNE-P Service.
- Complex UNE-P accounts are prohibited on Bulk Requests. Examples of Complex UNE-Ps are 2 Wire ISDN/BRI Digital Loop & Port UNE Combination, 4 Wire ISDN/PRI Digital Loop & Port UNE Combination, UNE-P Centrex, Digital Direct Integration Termination Service (DDITS), etc.
- The UNE-Ps that can be migrated are listed in the **UNE-P USOC** section.
- UNE-Ps can be migrated to the UNE-Ls listed in the **UNE-L USOC** section.
- Bulk Requests that require a change in existing loop facilities to a type of facility that is not available, resulting in a Pending Facility (PF) status on Due Date –4 days, must be cancelled by the CLEC and removed from the Bulk Request.
- All Existing Account Telephone Numbers (EATNs) on the Bulk Request must use the existing Regional Street Address Guide (RSAG) valid end-user address.
- All EATNs must be served from the same BellSouth Serving Wire Center (SWC).
- All UNE-Ps on a Bulk Request must be migrated to a single UNE-L type.

# UNE-P to UNE-L Bulk Migration

**Requirements (continued)**

- No end-user moves or changes of address will be allowed on the Bulk Request.
- Non-Recurring rates for the specific loop type being requested will be charged.
- Service order charges for mechanized orders (SOMEC) will be charged based on the current rules for individual Local Service Requests (LSRs) created per EATN of a Bulk Request.
- CLEC must obtain a Bulk Order Package Identifier (BOPI) and reserve due dates and numbers of lines to be migrated through the Bulk Migration Scheduling Tool (*see Section 8*).
- A BellSouth Customer Care Project Manager (CCPM) will project manage the Bulk Request.
- A minimum of two (2) EATNs and up to a maximum of ninety-nine (99) EATNs can be placed on a single Bulk Request.
- A maximum of twenty-five (25) end-user telephone numbers per EATN can be placed on a Bulk Request.
- No additional EATNs or end-user telephone numbers may be added to the Bulk Request once it has been submitted with due dates and BOPI obtained from the Bulk Migration Scheduling Tool.
- Order Coordination-Time Specific option is not applicable for a Bulk Request.
- UNE-Ls that require a Service Inquiry and/or Unbundled Loop Modification are excluded from the Bulk Request process.
- A Reservation Identification (RESID) (also referred to as a Facility Reservation Number (FRN)) is required on the Bulk Request for Unbundled ADSL Compatible Loops, HDSL Compatible Loops and Unbundled Copper Loop - Designed (UCL-D). Refer to the **Unbundled ADSL and Unbundled HDSL Compatible Loop, UCL-Designed CLEC Information Packages** and **Loop Make-Up CLEC Information Package** for RESID/FRN requirements.
- When a Mechanized Loop Make Up with Facility Reservation Number (FRN) is requested, the CLEC must submit the Bulk Request with the FRN to BellSouth within 24 hours of receiving FRN.
- Firm Order Confirmation (FOC) will be sent on individual LSRs generated from the Bulk Request.
- Upon receipt of a Reject (1st level validation), CLEC must re-submit a corrected Bulk Request or submit a cancellation of the Bulk Request BOPI within the scheduling tool.

## 6. Bulk Migration Options

### 6.1 Order Coordination (Coordinated Hot Cut)

- Order Coordination (OC) is available in situations where the UNE-L is provisioned over an existing circuit that is currently providing service (reuse of existing facilities) to the end-user.
- OC is included with the UVL-SL2, 2 Wire ADSL and 2/4 Wire HDSL Loops at no additional charge.
- OC is available as a chargeable option for conversions to UVL-SL1, UCL-Non Designed and UCL-Designed Loops. An OC charge will be applied to each loop on the EATN for which OC has been requested.

### 6.2 After Hours/Weekend Migrations

- Migrations will typically be completed during normal working hours of 8 a.m. – 5 p.m. However, for CLECs that have customers who need cutovers completed outside of normal business hours, after hours/weekend migrations are available at the CLECs request.
- Bulk Requests for "out of normal business hours" migrations may be scheduled by use of the Special Handling option within the Scheduling Tool.
- The CLEC will identify the Bulk Migration Handling type as "Special Handling" by use of a drop-down box. The CLEC may then select one of the After Hours/Weekend Migrations Special Handling options according to the table below.
- The CCPM will recognize the Bulk Migration Request for Special Handling and contact the CLEC to coordinate the requested migration activity.

| Days | After-hours Time-Windows | Minimum Lines | Maximum Lines | Special Considerations | Add'l charges |
|---|---|---|---|---|---|
| Mon – Fri [1] | 7 a.m. – 8 a.m. | 10 | 25 | NA | Per CLEC's IA[3] |
| Mon – Fri [1] | 5 p.m. – 7 p.m. | 10 | 50 | NA | Per CLEC's IA[3] |
| Saturday [1] | 8 a.m. – 5 p.m. | 50 | 100 | UVL-SL1 Non-Coordinated only | Per CLEC's IA[3] |
| Mon-Fri [2] | 7 p.m. – 12 midnight<br>6 a.m. – 7 a.m. | Individual Case Basis | Individual Case Basis | CO work only – no outside dispatches | Yes Overtime |

[1] Extended Basic Hours

[2] Extended Overtime Hours

[3] Interconnection Agreement

# UNE-P to UNE-L Bulk Migration

**Bulk Migration Options (continued)**

### 6.3 Two (2) Hour Go Ahead Notification (For Non-Coordinated Bulk Migrations)

The Go Ahead Notification can be provided using one of three methods. The first and second methods are by facsimile or email. The third method is through a web based Notification Tool. These methods are described below:

#### 6.3.1 Facsimile or Email

- For ***non-coordinated*** non-designed migrations, the CLEC will be notified within a maximum of two (2) hours of the cutover.
- A Go Ahead Notification will be sent to the CLEC by facsimile* or email for UVL-SL1 and UCL-ND non-coordinated migrations.
- Once the CLEC is notified of the cutover completion, the CLEC can then complete the necessary number porting activities.

***Note**: To change from fax to email notification, the CLEC should contact its BellSouth Local Contract Manager (LCM) and provide its Alternate Exchange Carrier Number (AECN) and email address.

#### 6.3.2 Web Based Notification Tool

The Notification Tool provides service order provisioning status associated with a non-coordinated migration for Non-Designed UNE-Ls. Additional information and access to the Notification Tool is via the Operations Report menu within the Performance Measurement and Analysis Platform (PMAP) web site located at:

http://pmap.bellsouth.com

### 6.4 Time Windows for Coordinated Conversions

Time Windows for Coordinated Conversions are available for bulk migration orders at the CLEC's request as follows:

- There are two (2) time window options:
  - *8 a.m. – 12 p.m.*
  - *1 p.m. – 5 p.m.*
- Bulk Requests for "Time Windows for Coordinated Conversions" may be scheduled by use of the Special Handling option within the Scheduling Tool.
- The CLEC will identify the Bulk Migration Handling type as "Special Handling" by use of a drop-down box. The CLEC may then select one of the Time Windows Special Handling options.
- The CCPM will recognize the Bulk Migration Request for Special Handling and contact the CLEC to coordinate the requested conversion activity.
- Prior to the due date, the BellSouth CCPM will coordinate with Customer Wholesale Interconnection Network Services (CWINS) to ensure that CWINS and Network forces are scheduled and loaded to perform the migration in the designated 4-hour time window.
- On the due date, the coordinated cutover will take place using current provisioning processes.

# UNE-P to UNE-L Bulk Migration

**Bulk Migration Options (continued)**

### 6.5 Pre and Post Order Completion Restoral Process (or Throwback Process)

- The restoral process (also referred to as a throwback process) is available at the CLEC's request due to out-of-service issues and when the CLEC requires a restoral/throwback back to the UNE-P service.
- ***The restoral/throwback process can only occur within a twenty-four (24) hour window of the UNE-L order Due Date.***
- The CLEC will use follow the requirements in 6.5.1 or 6.5.2 or 6.5.3 below depending on whether the order is (1)coordinated/non-coordinated *completed* UNE-L order; (2)coordinated *not* completed UNE-L order; (3)non-coordinated *not* completed order:

### 6.5.1 Coordinated or Non-Coordinated '*Completed*' UNE-L order

- CLEC submits Expedited LSR to the Local Carrier Service Center (LCSC) using the Birmingham Fax Server number 888-792-6271.
- The LSR Package requesting a throwback to UNE-P must contain the following information:

| LSR Fields | Field information |
|---|---|
| LSR Remarks | Restoral UNE-L to UNE-P |
| REQTYP | M |
| Local Service Request Page | ACT = V<br>MI = C. D |
| Port Service Page | LNA = V, G<br>FA=N<br>UNE-P Telephone Number |
| Port Service Page - ECCKT Field | UNE-L associated Loop Circuit ID |
| Directory Listing | Fill out as any other ACT=V migration request |
| EXP | Y |

- The CLEC must advise the BellSouth CCPM of the restoral/throwback request.
- UNE-P Non-Recurring, Recurring and Expedite rates will be charged if applicable.

### 6.5.2 Coordinated '*Not Completed*' UNE-L Order

- CLEC calls the CWINS Provisioning Group to request restoral/throwback to the UNE-P and if the number porting has been completed, the CLEC requests port-back activity.
- Refer to the **CWINS Location and Hours** web site for CWINS telephone numbers.
- Orders will be placed in Missed Appointment (MA) status.
- CLEC submits supplemental (sup) order to cancel or reschedule conversion request.
- After receipt of the sup order FOC, the CLEC will create a new Subscription Version (SV).
- The CLEC must advise the BellSouth CCPM of the restoral/throwback request.

# UNE-P to UNE-L Bulk Migration

**Bulk Migration Options (continued)**

### 6.5.3 Non-Coordinated *'Not Completed'* UNE-L order

- CLEC emails CWINS Enhanced Delivery (EnDI) Group to request restoral/throwback.
- CWINS EnDI email address is cwins.lnp@bellsouth.com
- Orders will be placed in MA status.
- If the number porting has been completed, the CLEC will call the Fleming Island LCSC Call Center at 800-872-3116 to request port-back activity before the CLEC submits a sup order.
- LCSC will advise the CLEC of port-back process.
- CLEC submits sup order to cancel or reschedule conversion request.
- After receipt of the sup order FOC, the CLEC will create a new Subscription Version (SV).
- The CLEC must advise the BellSouth CCPM of the restoral/throwback request.

### 6.6 Same-Day End-User Account Migrations

- Same day End-user Account Migrations are available upon CLEC request.
- Same day end-user account migration means that all lines associated with an end-user from the same Serving Wire Center will be assigned the same due date.
- CLEC will request Same-Day End-User migrations through the Special Handling option in the Scheduling Tool.
- After Scheduling Tool activities are completed, the BellSouth CCPM will contact the CLEC via email/telephone and will coordinate with the appropriate internal groups to ensure that all end-user account migration activity is performed on the same due date.

### 6.7 CLEC to CLEC Migration of UNE-P to UNE-L

This process is available with the Bulk Migration process as follows:

- CLEC (CLEC A) to CLEC (CLEC B) Migration of UNE-P to UNE-L is defined as a facility based CLEC (CLEC B) that is migrating the UNE-Ps, previously held by another CLEC (CLEC A), to UNE-Ls.
- CLEC B will utilize the Scheduling Tool to obtain a BOPI for input on their LSR using the same Bulk Migration requirements as specified within this document.
- CLEC B must have an end-user letter of authorization (LOA) on file (it must be available if requested).

## 7. Bulk Migration Submission/Flow Process

The Bulk Request must be submitted according to the guidelines contained in the *LOH*. Below are the steps in the process :

| Step # | Action |
|---|---|
| 1 | The CLEC will first reserve due dates and schedule numbers of lines by Central Office through the Bulk Migration Scheduling Tool according to the guidelines in Section 8 below. CLEC will also obtain a Bulk Ordering Package Identifier (BOPI) per Bulk Migration request.<br><br>**Note:** *BellSouth recommends that before the Scheduling Tool is accessed to reserve due dates the CLEC should identify the current UNE-P facilities as IDLC or non-IDLC, for each of the UNE-P lines to be migrated. This will ensure the accurate scheduling of UNE-P-on-IDLC migrations.* |
| 2 | Upon completion of the Scheduling Tool process to obtain the BOPI, CLEC then submits Bulk Request package with BOPI and reserved dates for each EATN/PON via the electronic ordering interface. |
| 3 | At this point, the Bulk Request package will be processed for 1st level validation and any rejects will be mechanically generated to the CLEC. |
| 4 | The electronic ordering systems will accept the Bulk Request package, break the individual PONs into separate LSRs and populate the remaining required LSR fields from Operation Support System (OSS) systems prior to sending the individual LSRs downstream to the Local Number Portability (LNP) Gateway. |
| 5 | The LNP Gateway will perform 2nd level validations and provide any fallout, per "business as usual" processes. The Local Carrier Service Center (LCSC) will handle all fallouts as normal. Any of the individual PONs that must be clarified will be sent back to the CLEC, business as usual. |
| 6 | After LNP Gateway issues the service orders, the LCSC will handle all manual service order fallouts as normal. The BellSouth Service Representative will send any PF and Missed Appointments (MA) to the CLEC via a jeopardy notice. |
| 7 | LNP Gateway will send a FOC on each individual PON associated with the Bulk Request package, to the CLEC. |
| 8 | If the CLEC wants to supplement (SUP) (01,02,03) an individual PON, the request <u>must</u> be sent through the same electronic ordering system as the original Bulk Request. |
| 9 | The Project Manager will monitor PON, Service Order and Porting Statuses associated with the Bulk Request package. BellSouth's Service Representative and Project Manager will monitor the LNP gateway for the "Number Ported" messages and the Service Representative will handle manual port out order processing if required |

## 8. Bulk Migration Scheduling Tool

### 8.1 Scheduling Tool Description

The Bulk Migration Scheduling Tool is a web-based tool that replaces the Project Notification Form spreadsheet process to schedule Bulk Migration due dates. The CLEC will select the due dates based on BellSouth Bulk Migration Network availability that will be displayed in the Scheduling Tool. The Tool will also allow the CLEC to request special handling options such as time windows, after- hours cutovers, etc., as described in section 6.

### 8.2 Scheduling Tool Capabilities

- BellSouth Network will establish Bulk Migration capacity for each CO per business day as follows:
  - 200 lines total per day per CO for all CLECs combined
  - A single CLEC may schedule a maximum of 125 lines of the 200 total
  - Of the 200 total, IDLC conversions may not exceed 70 per CO, per day, for all CLECs combined
- The tool will display a calendar of days for the next 120 days that can be scheduled for that CO. Clicking on a date within the calendar will display the number of lines available for that day.
- Special Handling request options may be selected for the following:
  - Time Windows – AM or PM (coordinated only)
  - After-hours or Saturday cutovers (Saturday cuts are for non-coordinated migration only)
  - Same-Day End-User Account Migrations

### 8.3 Scheduling Tool Process

CLECs using the Bulk Migration process must access the Scheduling Tool to obtain due dates and a single BOPI per Bulk Migration request. To access the Scheduling Tool, follow the steps below:

- Access the PMAP web site at:

  http://pmap.bellsouth.com/
- After logging in to PMAP, choose the Bulk Migration Tool option on the Welcome page
- The Welcome page will include a description of the Scheduling Tool and will also provide a link to the **'Scheduling Tool Tutorial'**
- The CLEC should review the Tutorial for information to help the CLEC navigate and use the Tool
- After the CLEC provides the necessary information in the required Scheduling Tool fields, a BOPI will be returned to the CLEC for input to the Bulk Request mechanized system in the Project Id field.

## 9. UNE-P USOCs

The UNE-P Services that can be migrated to UNE-L are represented by the Port USOCs listed in the table below:

| Port USOC | Unbundled Port/Loop Combination Element | Description of Combinations using an Unbundled Exchange Port (UEP): |
|---|---|---|
| UEPBX | UEPLX | UEP, Business, 2 Wire Analog Business Line Port, UNE=P Basic Class of Service |
| UEPRX | UEPLX | UEP, Residence, 2 Wire Analog Residence Line Port, UNE-P Basic Class of Service |
| UEPCO | UEPLX | UEP, Coin Basic Class of Service UNE-P |
| UEPBV | UEPLX | UEP, Remote Call Forwarding, Business Basic Class of Service |
| UEPVR | UEPLX | UEP, Remote Call Forwarding, Residence Basic Class of Service |

## 10. UNE-L USOCs

Below are the UNE-L types and associated USOCs to which the UNE-Ps can be migrated:

| Loop USOC | Description |
|---|---|
| UEAL2 | 2 Wire Unbundled Voice Loop – SL1 |
| UEAL2, UEAR2 | 2 Wire Unbundled Voice Loop – SL2 |
| UCLPW | 2 Wire Unbundled Copper Loop – Designed without manual Service Inquiry |
| UCL4W | 4 Wire Unbundled Copper Loop – Designed without manual Service Inquiry |
| UEQ2X | 2 Wire Unbundled Copper Loop – Non-Designed |
| UAL2W | 2 Wire Unbundled ADSL Loop without manual Service Inquiry |
| UHL2W | 2 Wire Unbundled HDSL Loop without manual Service Inquiry |
| UHL4W | 4 Wire Unbundled HDSL Loop without manual Service Inquiry |

## 11. Bulk Request Service Order Intervals

The BellSouth interval requirement is the eight (8) business day provisioning interval. The CLEC must submit the Bulk Request and it must be accepted by the mechanized system at least eight (8) business days in advance of the earliest scheduled due date.

**Note:** *With the implementation of the Scheduling Tool, the prior requirement for a pre-order CCPM interval to obtain a due date has been eliminated. After the CLEC accesses the Scheduling Tool referenced in Section 8, the CLEC may schedule their desired due date(s) and obtain the Bulk Request BOPI for input on the LSR.*

# UNE-P to UNE-L Bulk Migration

## 12. Acronyms

| | |
|---|---|
| AECN | Alternate Exchange Carrier Number |
| ADSL | Asymmetrical Digital Subscriber Line |
| BOPI | Bulk Order Package Identifier |
| CCPM | Customer Care Project Manager |
| CHC | Coordinated Hot Cut |
| CLEC | Competitive Local Exchange Carrier |
| CWINS | Customer Wholesale Interconnection Network Services |
| DDD | Desired Due Date |
| EATN | Existing Account Telephone Number |
| EnDI | Enhanced Delivery |
| FOC | Firm Order Confirmation |
| FRN | Facility Reservation Number |
| HDSL | High-Bit-Rate Digital Subscriber Line |
| LCSC | Local Carrier Service Center |
| LNP | Local Number Portability |
| LSR | Local Service Request |
| MDF | Main Distribution Frame |
| OC | Order Coordination |
| OSS | Operation Support System |
| PON | Purchase Order Number |
| RESID | Reservation Identification |
| RSAG | Regional Street Address Guide |
| SUP | Supplemental |
| SWC | Serving Wire Center |
| UCL-D | Unbundled Copper Loop – Designed |
| UCL-ND | Unbundled Copper Loop – Non-Designed |
| UNE-P | Unbundled Network Element-Port/Loop Combination |
| UNE-L | UNE Loop |

# EXHIBIT – C

**DOCKET NO. 14631-U**

**ORDER**

**IN RE:** **Review of Cost Studies, Methodologies, Pricing Policies, and Cost Based Rates for Interconnection and Unbundling of BellSouth Telecommunications, Inc.'s Services**

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## I. Introduction

The Georgia Public Service Commission ("Commission") initiated this docket to examine the cost of each unbundled network element ("UNE") and interconnection service offered by BellSouth Telecommunications, Inc. ("BellSouth"), including those for which rates were established in Docket Nos. 7061-U and 10692-U.

### A. Background

On December 16, 1997, in Docket No. 7061-U, the Commission established cost-based rates applicable to BellSouth's interconnection and unbundling including the unbundled network elements, nonrecurring charges, collocation, and access to poles, ducts, conduits and rights-of-way. On February 1, 2000, the Commission issued its Order in Docket No. 10692-U establishing long-term pricing policies for combinations of UNEs and establishing recurring and nonrecurring rates for particular combinations of UNEs.

The February 1, 2000 Order directed BellSouth to file a revised Statement of Generally Available Terms and Conditions ("SGAT") reflecting and implementing the rates and policies established by the Order and reflecting the unbundling requirements of the FCC's Third Report and Order. The Commission also ordered BellSouth to file additional cost studies for those loop/port and loop/transport combinations that were not in place at the time of the Commission Order in Docket No. 10692-U.

In Docket No. 11853-U, AT&T Communications of the Southern States, Inc. ("AT&T") petitioned the Commission to arbitrate the unresolved issues for its interconnection agreement with BellSouth. Issue 7 in AT&T's Petition addressed the prices that BellSouth should be permitted to charge for specific element combinations. The combinations, DS3 digital loop with DS3 dedicated interoffice transport, 4 wire DS1 local channel with DS1 interoffice transport and DS3 local channel with DS3 interoffice transport, had not been addressed by the Commission in its February 1, 2000 Order in Docket No. 10692-U. The Commission determined that rather than conclude the issue in an individual arbitration proceeding, it would initiate a generic proceeding to establish permanent rates for the combined UNEs that have arisen since Docket No. 10692-U. (Docket No. 11853-U, Order, p. 4).

### B. Statement of Proceedings

On August 27, 2003, the Commission issued its Procedural and Scheduling Order ("Scheduling Order") in this proceeding. The Commission stated that it would "examine the cost of each UNE and interconnection service offered by BellSouth, including those for which rates were established in Docket Nos. 7061-U and 10692-U." (Scheduling Order, p. 1). The Scheduling Order provided that any party submitting a cost study was required to provide comprehensive and complete work papers that fully disclose and documented the process underlying the development of each of its economic costs, including the documentation of all judgments and methods used to establish every specific assumption employed in each cost study. The Scheduling Order required that the work papers clearly and logically represent all data used in developing each cost estimate, and must be so comprehensive as to allow others initially unfamiliar with the studies to replicate the methodology and calculate equivalent or alternative results using equivalent or alternative assumptions. The Scheduling Order required that the work papers be organized in such a manner as to clearly identify and document all source data and assumptions, including investment, expense, and demand data assumptions.

The Scheduling Order provided for the filing of Direct Testimony and cost studies on October 1, 2001. BellSouth filed with the Commission its Direct Testimony and cost study on this date. The Commission granted the October 16, 2001 Motion for Extension of Filing Deadlines and Continuance of Hearing and issued an Amended Procedural and Scheduling Order ("Amended Scheduling Order") on November 7, 2001. Pursuant to the Scheduling Order, a workshop was conducted on October 30, 2001. At the workshop, BellSouth and other interested parties presented an overview of the Cost Models relied upon to generate forward-looking costs. As a result of the workshop, the Commission amended the Scheduling Order a second time in order to allow for the filing by BellSouth of a description of the changes to its cost study. On December 3, 2001, in accordance with the Second Amended Procedural and Scheduling Order, BellSouth filed with the Commission a description of all of the changes to its October 1, 2001 cost study.

On January 2, 2003, the Commission issued its Third Amended Procedural and Scheduling Order ("Third Amended Scheduling Order"). This order required BellSouth to re-file a recurring and non-recurring cost study that included Georgia-specific values to reflect a forward-looking network, forward-looking costs, and forward-looking labor and task times. (Third Amended Scheduling Order, p. 1). The Commission specified that the cost study should incorporate the cost of money and the depreciation rates approved by this Commission in Docket No. 7061-U. Id. The Commission further ordered that the cost study should include the bottoms up approach that BellSouth utilized in the cost study it filed with the Commission on December 10, 2001. Id.

The Commission held hearings in this proceeding on May 7 and May 8, 2002. Testimony was filed on behalf of BellSouth, Access Integrated Network, Inc., AT&T, Birch Telecom of the South, Inc., Covad Communications Company ("Covad"), ITC^DeltaCom, Inc., NewSouth Communications, Inc. ("NewSouth"), TalkAmerica, Inc., United States Department of Defense ("DOD"), WorldCom, Inc. ("WorldCom") and Z-Tel Communications, Inc. At the conclusion of the hearings, the Commission received closing briefs from interested parties. In addition to receiving briefs from most of the parties sponsoring witnesses, the Commission received briefs from AccuTel of Texas, Inc. d/b/a 1-800-4-A-PHONE ("AccuTel") and Allegiance Telecom of Georgia, Inc ("Allegiance").

C. Jurisdiction

Under the Federal Telecommunications Act of 1996 (Federal Act), State Commissions are authorized to set rates and pricing policies for interconnection and access to unbundled elements. In addition to its jurisdiction of this matter pursuant to Sections 251 and 252 of the Federal Act, the Commission also has general authority and jurisdiction over the subject matter of this proceeding, conferred upon the Commission by Georgia's Telecommunications and Competition Development Act of 1995 (Georgia Act), O.C.G.A. §§46-5-160 *et seq.*, and generally O.C.G.A. §§ 46-1-1 *et seq.*, 46-2-20, 46-2-21, and 46-2-23.

Last, the Staff recommended eliminating the costs for "Test Tape Per New OCN Receiving Tape" in the ODUF cost study. BellSouth has two alternatives for CLECs to receive DUF messages; CLECs can receive messages electronically or on a magnetic tape. The charge for messages received electronically is on a per message basis and the charge for the magnetic tape is on a per tape basis. However, BellSouth included the costs for providing the magnetic tape feed in the costs for processing messages generally. BellSouth provided testimony that the costs "may appear to more appropriately belong with element M.2.3, the per Magnetic Tape Provisioned element." (Tr. 670). The Commission agrees with the Staff's recommendation to eliminate these costs from the ODUF cost study. CLECs who only receive DUF messages electronically should not also have to pay for the magnetic tape development costs. Therefore, the Commission adopts the Staff's recommendation on this issue.

17. Non-Recurring Charges ("NRCs")

Positions of the Parties

Non-recurring charges are the one-time costs for activities required by BellSouth to initiate or provide unbundled network elements that are necessary for establishing, disconnecting or rearranging telecommunications service for a CLEC customer. BellSouth developed the non-recurring cost study in this proceeding by looking at the time it takes for each discrete activity involved in completing a CLEC order from start to finish. That is, BellSouth looked at the time between the receipt of the request to provide service to the CLEC customer and when the customer's service is installed. Next, BellSouth proposed a cost for each of the tasks and work times that were identified.

On October 1, 2001, BellSouth filed a non-recurring cost study and a "Georgia Work Time Study" to support some of the non-recurring rates. According to BellSouth, due to time constraints, the Georgia Work Time Study was a substitute for the time and motion study that the Commission ordered in Docket No. 11900-U for xDSL non-recurring rates. (Tr. 558). However, the Georgia Work Time Study was used to support non-recurring costs for additional UNEs other than those specified by the Commission order in Docket No. 11900-U. As a result, on January 2, 2002, the Commission required BellSouth to re-file the non-recurring cost study using forward-looking labor and task times. On January 18, 2002, BellSouth re-filed its non-recurring cost study.

BellSouth's case on nonrecurring costs consisted of a defense of its methodology, a general rebuttal to the CLECs' recommendations as a whole and specific rebuttals to issues raised by CLECs. BellSouth argues that the "Georgia Work Time" Study was properly designed and executed. Work sampling was used because the resource and time constraints made it too burdensome to complete a "true time and motion study." (Tr. 558). Although the two-week time period for the work sampling was less than ideal, the methods employed by BellSouth in the "Georgia Work Time" study were based on well-established techniques and the study is a reasonable representation of BellSouth's work process. (David B. Laney Surrebuttal Testimony, pp. 3-4). BellSouth witness David B. Laney took issue with the criticisms by AT&T/WorldCom concerning data substitutions because the post-study data substitutions he observed favored CLECs. Id. at 4-5. Mr. Laney testified that the criticisms of AT&T/WorldCom witness, Mr.

Turner, stemmed from Mr. Turner's confusion over work sampling. Id. at 6. BellSouth recommends that the Commission reject AT&T/WorldCom's recommendation to rely upon subjective judgments as an alternative to relying upon data collected during the "Georgia Work Time" study. Id. at 9.

BellSouth contends that it has used the appropriate task times and other inputs to calculate the non-recurring rates proposed in this proceeding. (BellSouth Post-Hearing Brief, p. 41). Subject Matter Experts ("SME") for each of the work centers/groups involved in providing UNEs to CLECs took into account efficient practices in a forward-looking environment along with their personal experiences to provide the work times for the tasks required to provision UNEs to CLECs. Consistent with the Commission's previous order in Docket No. 11900-U, BellSouth conducted a work sampling and self-reporting time and motion study to examine work activities associated with xDSL loops and related UNEs. Id. at 42. BellSouth also had SMEs determine if the results from the work sampling and self-reporting time and motion study were consistent with forward-looking tasks times. Id. In some cases, the SME used the "Georgia Work Time" study merely as a data point in developing the forward-looking task time estimates and in other cases, the SME determined that the "Georgia Work Time" study results were consistent with forward-looking estimates Id. at 42-43.

BellSouth argues that the testimony of its experts should carry more weight with the Commission because they have more experience and familiarity with the subject matter. (BellSouth Post-Hearing Brief, pp. 42-43). The difference in experience accounts for the difference in recommendations. BellSouth states that the CLECs' proposed non-recurring rates are based on unrealistic assumptions about "automated processes or systems that do not exist." Id. at 45. Another difference between the parties concerns whether the costs for certain work activities are recovered in recurring rates. BellSouth states that this difference results from the CLECs' failure to recognize the difference between capitalized labor and nonrecurring labor expense. Id. at 46. BellSouth contends that non-recurring rates in other states do not provide a useful comparison because the UNEs being compared are not always the same and the UNE rate structures offered by other incumbents are substantially different. Id. at 47. BellSouth claims that the unrealistic assumptions relied upon by CLECs do not account for the real costs of the work activities associated with ordering and provisioning UNEs. Id. 47-48.

BellSouth responded to criticisms made by Covad's witnesses concerning the Address and Facility Inventory Group ("AFIG"). "The AFIG is responsible for data base inventory and assignment of basic central office and outside plant facilities to service orders" as well as "for maintenance of street address records, and for processing engineering work orders to the assignment data bases that add and rearrange outside plant facilities." (Tr. 439). For line sharing, AFIG processes Request for Manual Assistance ("RMA") when fallout occurs due the CLEC's failure to pre-qualify the loop or when the submitted Facility Reservation Number ("FRN") is incorrect Essentially, BellSouth states that the AFIG's involvement in line-sharing provisions is only one (1) minute and should not be an issue. (Tr. 439). Circuit Capacity Management ("CCM") plans and initiates the timing and sizing for interoffice facilities and equipment additions and removals. Common Systems Capacity Management ("CSCM") plans and initiates the timing and sizing of "common type" facilities and equipment in central offices BellSouth argues that although the work times for the CCM and CSCM should be reduced, Covad is incorrect in its assertion that the work times for these centers are unnecessary for installation of a line splitter. (Tr. 441-42).

BellSouth contends, contrary to assertions by Covad, that the Complex Resale Support Group ("CRSG") is neither unnecessary nor duplicative. According to BellSouth, CRSG is the quality control point to ensure that line splitter orders are accurate and handled promptly. (Tr. 441). Review of a Line Splitter System Ordering Document ("LSOD") is done at different stages in the order process flow and there is no duplication by BellSouth's work groups in reviewing this information. The work functions by CRSG, including disconnecting line splitters, are critical to the line splitter process. (Tr. 441).

The COSMOS/Switch Group is part of the Facility Assignment Control System ("FACS") provisioning group for service order processing. (Tr. 444). The disagreement between BellSouth and Covad on the COSMOS/Switch Group relates to whether this function is already accounted for in the "installed investment in BellSouth's recurring costs. BellSouth states that it is not accounted for because while the CLEC is not required to activate its cable and pair assignment at the time of splitter installation, when the CLEC does make this request, the COSMOS/Switch Group must verify the correct format, ensure that the request is not a duplicate request, check the frame identification and location and input this information into the database. (Tr. 444). BellSouth is not aware of any future enhancements that would eliminate the need for the COSMOS/Switch group to manually check the database before placing the line sharing activation order. (Tr. 445). In addition, BellSouth and Covad disagree as to whether the time BellSouth has included for the COSMOS/Switch Group to process an RMA is reasonable. In short, BellSouth argues that there are numerous reasons for an RMA, no system enhancements that would eliminate the need for RMAs. (Tr. 445-46).

BellSouth next responds to AT&T/WorldCom's criticisms of its proposed costs related to the Local Carrier Service Center ("LCSC"). The LCSC is not overstaffed as AT&T/WorldCom contends. The LCSC is a regional center that processes Local Service Requests ("LSRs") for numerous products. BellSouth argues that the blank tally sheets for employees that were included in the "Georgia Work Time" study were not reflective of work performed by the LCSC because the majority of the work performed by the center – UNE-P and resale orders – was not a part of the study. (Tr. 447). BellSouth disputes the recommendation by AT&T/WorldCom that five (5) minutes is a reasonable amount of time for the LSCS to handle UNE loop and UNE-P orders. This estimate does not account for the amount of work required by the LCSC for some of the more time consuming orders that fall out for manual processing. (Tr. 448). Finally, BellSouth argues that the fallout rate calculated by AT&T/WorldCom's witness looked at a small sample and was based on a misunderstanding of how sampling works. (Tr. 449).

BellSouth developed Customer Wholesale Interconnection Network Service Center ("CWINS") data using average work time information for instances in which the function being analyzed did not vary by loop type. BellSouth disagrees with the criticism that such a methodology is arbitrary. (Tr. 450). AT&T/WorldCom and BellSouth also disagree over the appropriate use of Florida cost information for developing costs in this proceeding. First, BellSouth argues that some CWINS times are less for Georgia than for Florida. (Tr. 45-51). Second, BellSouth urges this Commission not to apply probabilities from the Georgia work time study to work times from the Florida cost study. BellSouth argues that this method advocated by AT&T/WorldCom artificially reduces CWINS work times. (Tr. 451). CWINS also has to perform manual work whenever Local Number Portability ("LNP") is involved with an order. (Tr. 451). BellSouth also responds to AT&T/WorldCom's proposed correction to the dispatch probability. BellSouth claims that the work sampling data cannot be used to calculate a dispatch probability because the CWINS is not a dispatch center. (Tr. 452).

BellSouth argues that Covad's assertions regarding duplicative tasks for CWINS are incorrect. The frame continuity date and the due date are not the same dates. Testing is done on each date, but it is different testing. (Tr. 455). Furthermore, BellSouth argues that the adjustments by Covad to the CWINS work times for the unbundled copper loop – non-designed, the ADSL compatible loop, the ISDN-IDSL capable loop and loop testing assume an automated process that does not exist. (Tr. 456-57). In addition, the CWINS tasks for an SL1 loop cannot be compared to an xDSL loop because an SL1 loop is a non-designed loop and an ADSL-compatible loop is a designed loop that has additional features such as loop testing. BellSouth also argues that an unbundled cooper loop – non-design ("UCL-ND") is a non-designed loop and does not contain time for CWINS to perform additional testing that is performed on a designed loop. (Tr. 458-59).

According to BellSouth, AT&T/WorldCom erred in its reliance upon the year 2000 Florida cost study to eliminate work times for the Service Advocacy Center ("SAC") that was included in the non-recurring cost study in this proceeding. The SAC has assumed additional work activities since the 2000 Florida cost study. BellSouth also recommends that the Commission reject AT&T/WorldCom's modifications to the SAC task time probabilities derived from the "Georgia Work Time" sampling data. AT&T/WorldCom witness, Mr. Turner did not understand how the study was performed and is inconsistent with Mr. Turner's criticism of BellSouth's work sampling effort. (Tr. 461).

Covad's adjustment to SAC work times for xDSL capable loops should be rejected because there are technical differences between analog loops and xDSL capable loops. It is the work activities for a UCL-ND and SL1 loop that should be compared to each other because the work times and activities are the same. (Tr. 461-62). BellSouth disputes Covad's contention that the SAC work times for an IDSL-capable loop are inflated. The higher work times result from the differences in the technical parameters and provisioning process between voice grade loops and IDSL-capable loops. (Tr. 462).

Covad and BellSouth disagree over whether the tasks for SAC, specifically those associated with "field assist" and "field assist service order monitoring," are duplicative. BellSouth explains that its collective bargaining agreement with the Communication Workers of America requires various tasks associated with field assistance to be performed by varying levels of personnel. Each task is necessary to ensure that service is provided on the due date. (Tr. 464). BellSouth also disagrees with Covad's criticisms of the work times associated with a variety of activities. First, BellSouth defends its work times for UCL-ND by stating that the tasks performed by the SAC for the UCL-ND are the same as those for voice grade loops. With respect to ADSL-capable and IDSL-capable loops, BellSouth states that work is required by SAC to check loop parameters to ensure that the requested service will function on the loop. Finally, BellSouth states that SAC involvement with loop conditioning is time intensive and a prerequisite for loop conditioning, and Covad does not support its allegation that the proposed work time is unreasonable. (Tr. 465-66).

BellSouth's Installation & Maintenance/Special Services Installation & Maintenance ("I&M/SSI&M") technicians are responsible for repair, installation, rearrangement or removal of telephone services in the outside plant. I&M is responsible for non-designed, POTS and ADSL products and SSI&M is responsible for designed or special services. (Tr. 366). The issue concerning I&M/SSI&M work times boils down to whether the work required for DSL-capable loops is the same as what is required for an analog loop. BellSouth claims that the times required for each are different. BellSouth argues that its proposed work times are based on actual data and are more accurate than Covad's proposals, which were based on assumptions and estimates. (Tr. 372).

The Central Office Field Work Group ("COFWG" or "CO") is responsible for testing, adjusting and/or repairing central office equipment and facilities used in providing network switching, trunking and special services. The technicians perform installation and maintenance tasks on switching, trunking, and special services circuits and perform routine central office equipment maintenance. (Tr.374-75). BellSouth and AT&T/WorldCom differ as to how much work the central office technicians perform. BellSouth cites to two complicating factors that it believes AT&T/WorldCom did not properly account for in their recommendation. First, the "loop appearance" and the "collocation appearance" are not located on the same distributing frame. Second, AT&T/WorldCom did not consider that the COFWG technicians perform testing and coordination functionality on designed circuits. **(Tr. 375).** BellSouth relies on the personal experience of its witness to defend the times included in its cost studies for installing and removing jumpers. Further, BellSouth states that it is reasonable to use different work times for installing and removing a jumper since the functions involved are different. (Tr. 376). Finally, BellSouth and AT&T/WorldCom differ as to whether the technicians perform any testing beyond continuity testing. BellSouth argues that central office technicians perform much more than just continuity testing and that this additional testing cannot reasonably be accomplished in the two minutes recommended by AT&T/WorldCom. (Tr. 377).

BellSouth argues that Covad's criticisms of the CO work times in the Line Sharing cost study do not make sense because they are based upon assumptions of a splitter arrangement that BellSouth does not use and will not use in the future. (Tr. 379). In addition, Covad has made several incorrect assumptions about the line sharing arrangement that result in incorrect assumptions about the work times for the CO. (Tr. 379). BellSouth dismisses Covad's recommendation to eliminate CO work times from the ADL-compatible and IDSL-compatible cost studies stating that the Covad underestimates the amount of time and effort associated with designed circuits. (Tr. 381).

BellSouth states that the flaw in AT&T/WorldCom's recommendations regarding a fallout rate is that it fails to recognize the difference between fall out in the ordering process and fall out in the provisioning process. The cost study, consistent with the FCC's decision in the Second Louisiana Order, treats each type of fallout differently. Fallout percentages for LSR's are in the ordering process. Fallout in the provisioning process is not a specific input to BellSouth's cost study. (Pate Surrebuttal Testimony, pp. 3-4). There are two categories of ordering process fallout: fallout caused by a system design and fallout caused by CLEC errors on the LSR. Id. at 4. Fallout rate caused by a system design represents those LSRs for services that can be requested electronically, but have not been designed to flow through BellSouth's ordering systems. BellSouth disputes AT&T/WorldCom's contention that the fallout is caused by error. Id. at 5. In response to charges that errors take place in the provisioning process, BellSouth states that it is unrealistic to expect a flawless OSS. Id. at 6. BellSouth disputes claims by AT&T/WorldCom that its cost study does not reflect implementation of forward-looking efficient electronic interfaces. The cost study projects improvements in fallout for connects and disconnects for UNE-P combinations. Id. at 6-7. BellSouth dismisses AT&T/WorldCom's proposed 1.3 percent fallout rate as unsubstantiated. Id. at 7.

BellSouth's hot cut process offerings include both order coordination ("OC") and order coordination with a specified conversion time ("OC-TS"). It is this duel offering that BellSouth claims is responsible for AT&T/WorldCom's misapprehension that the functions covered by the order coordination for a specified conversion time are recovered twice. (Tr. 454). Contrary to assertions by AT&T/WorldCom, BellSouth contends that the nonrecurring charges for the OC-TS hot cuts are not recovered in the non-recurring charges for all unbundled loops. (Tr. 455).

AT&T/WorldCom proposed several modifications to BellSouth's non-recurring cost study to ensure that the non-recurring charges only reflect the costs for activities required in a forward-looking environment. AT&T/WorldCom cited to non-recurring charges recently ordered in other states to establish the overstatement in BellSouth's proposed non-recurring charges. (AT&T/WorldCom Post-Hearing Brief, p. 93).

According to AT&T/WorldCom, BellSouth has relied upon the flawed "Georgia Work Time" study for many of the task times for the various UNE work centers. BellSouth's reliance on time and motion studies and the work sampling methodology means that its study reflects embedded costs rather than forward-looking prices. Id. at 96. On this point, AT&T/WorldCom claim that BellSouth's cost study does not account for the efficiencies related to transitioning from manual to electronic handling of orders. Id. It would be assumed that handling orders electronically would take less time.

AT&T/WorldCom provided an analysis of the "Georgia Work Time" study to demonstrate the flawed data collection procedures used in the study. The study has sampling errors which produce invalid results, incorrectly assumes that all work activities have the same duration, included work activities in the study for non-CLEC related activities, did not provide precise definitions for how to record strokes for tasks, had calculation errors in the work papers and used data in an arbitrary manner. Id. at 98-104. In addition, AT&T/WorldCom question the time periods used in the study. Even though the study was for a ten (10) day period, some of the activities were measured for fourteen (14) days. Also, the ten (10) day period was not a sufficient amount of time to determine if this period was representative of what occurs in the work center during the remaining part of the year. (Mount-Campbell Rebuttal Testimony, pp. 8-9). Finally, AT&T/WorldCom argue that BellSouth's use of work sampling to measure some activities and self-reported time studies for others is inconsistent. Moreover, self-reporting time studies are fundamentally unreliable. Id. at 11-13.

AT&T/WorldCom also detailed the specific adjustments that are needed for BellSouth's non-recurring cost study to reflect forward-looking task times for the SAC and CWINS centers. Because the "Georgia Work Time" study was flawed, AT&T/WorldCom relied upon the year 2000 Florida cost study for SAC labor times and probability percentages. (AT&T/WorldCom Post-Hearing Brief, p. 108). For CWINS, AT&T/WorldCom also relied upon the Florida cost study for labor times for work activities and probability percentages to determine how often the activity would occur. Id. at 109.

As to the COFWG, AT&T/WorldCom contend that the work times should be reduced for the technicians to install jumpers and perform loop testing. In the experience of its witness, Mr. Turner, it should take the same amount of time to install and disconnect a jumper. (Tr. 1649). Also, Mr. Turner stated that only one technician is needed to wire and test an SL1 loop and that only a limited amount of testing is required. (Tr. 1651). AT&T/WorldCom also eliminated the CWINS task times for LNP because BellSouth has separate rate elements in the cost study to recover LNP costs. (AT&T/WorldCom Post-Hearing Brief, p. 109).

AT&T/WorldCom also modified BellSouth's non-recurring cost study with respect to the costs for I&M labor. AT&T/WorldCom eliminated the labor time related to functions that would be recovered in the unbundled loop recurring rate. (Tr. 1647).

AT&T/WorldCom next addressed the service order costs and non-recurring UNE-P migration charges proposed by BellSouth. The service order costs, which are composed primarily of labor costs for the LCSC, are inflated because the task times for the LCSC are based upon the "Georgia Work Time" study. (Tr. 1656). Mr. Turner testified that the underlying data indicates that BellSouth included in its Georgia analysis work that was not performed for Georgia. (Tr. 1656). Even though BellSouth later revised the times for the LCSC, AT&T/WorldCom contend that the LCSC task times are still inflated.

AT&T/WorldCom recommend that the Commission reduce BellSouth's non-recurring charges by reflecting the use of dedicated inside plant ("DIP) and dedicated outside plant ("DOP"). The use of DIP and DOP means that the wiring in the field and in the central office from the loop to the switch is already in place so that an order can be fulfilled electronically without the need for a field technician. (AT&T/WorldCom Post-Hearing Brief, p. 126). BellSouth uses DIP and DOP in order to provide immediate service to the next customer at that customer's premises. Id. BellSouth's own data indicates that a high percentage of all loops can be provisioned in this manner. Id. at 127.

AT&T/WorldCom claim that hot cuts are necessary for CLECs to use, but that BellSouth's proposed charge for hot cuts effectively precludes their use. Id. at 127. AT&T/WorldCom set forth the following four problems stemming from BellSouth's reliance on work sampling in developing its rate for hot cuts: (1) "many of the functions BellSouth identified in the 'Order Coordination for Specified Conversion Time' non-recurring charge are functions that are already recovered in the non-recurring charge for the unbundled loop," (2) "BellSouth relied on the inaccurate work sampling approach for the CWINS functions," (3) BellSouth included unnecessary levels of managers, and (4) BellSouth included two levels of technicians for work that a single technician could perform. Id. at 128-29.

Allegiance makes arguments similar to those made by AT&T/WorldCom regarding BellSouth's proposed non-recurring charges. Allegiance contends that BellSouth's non-recurring cost studies are fundamentally flawed because they rely upon a flawed work sampling study. (Allegiance Post-Hearing Brief pp. 32-33). Allegiance specifically addresses BellSouth's proposed hot cut rates and concludes that they are excessive, not reflective of forward-looking costs and will have a negative impact on facilities-based competition. Id at 36).

AccuTel states that the non-recurring charges BellSouth has proposed for UNE-P are excessive when compared to other states. AccuTel argues that the disparity is not justified because there should be no significant difference between the rates proposed by BellSouth and those of other ILECs. (AccuTel Post-Hearing Brief, pp. 1-2).

In both testimony and brief, Covad issued several general criticisms about BellSouth's proposed non-recurring charges for xDSL loops. Covad's witness panel, Terry L. Murray and Joseph P. Riolo, emphasized that the non-recurring charges are inflated because BellSouth included unnecessary tasks and inflated task times in the non-recurring cost study. (Tr. 1425). In addition, Covad's witness panel testified that BellSouth assumed higher task times for xDSL-capable loops when compared to the same tasks for voice-grade loops. (Tr. 1425). In brief, Covad outlined a number of additional problems with BellSouth's non-recurring cost study. These problems consisted of the inclusion of fieldwork in the non-recurring cost study that should be included in the recurring cost study, the assumption that all DSL-capable loops must be designed, the assumption of an unreasonable amount of manual process for a forward-looking cost study, the inclusion of tasks for loop make up even for loops offered without loop makeup and the inclusion of a shared and common cost markup. (Covad Post-Hearing Brief, pp. 25-26). Covad also argued that the Commission should adopt Covad's recommendation for non-recurring charges to connect xDSL-capable loops. Id. at 26.

Covad argues that BellSouth's non-recurring rates for line shared loops are unreasonable. Covad notes that BellSouth did not explain why the proposed rates in this docket are 40 percent higher than what BellSouth proposed in Docket No. 11900-U. Id. at 17. Covad states that the proposed non-recurring charge for BellSouth-owned splitters does not comply with TELRIC and results from problems with BellSouth's cost study. Id. The non-recurring charges for BellSouth-owned line splitters were based upon the "Georgia Work Time" study that did not have sufficient data for line sharing orders on which to base the non-recurring costs. BellSouth did not make forward-looking adjustments to this data and included inappropriate and unnecessary task times for the CSCM, CRSG and COSMOS/Switch work group. Id at p. 18. Finally, Covad contends that the non-recurring cost study duplicates tasks for the CSCM work group and over recovers the cost for BellSouth owned splitters. Id. at 18-20.

Covad argues that consistent with the Commission's decision in Docket No. 11900-U, there should be not be a non-recurring charge for CLEC-owned splitters. Covad also proposes a reduction to BellSouth's proposed per-line activation charge. For BellSouth-owned splitters, BellSouth proposes a per-line activation charge of $40.19; for CLEC-owned splitters, BellSouth proposes a per-line activation charge of $35.63. Covad argues that an appropriate charge for both of these elements would be $8.67. The problems that Covad identifies with BellSouth's per-line activation cost study include incomplete documentation, inflated fallout percentages, unnecessary tasks included in the COSMOS/SWITCH group, inflated task times for the central office and inappropriate assumptions about line and station transfers. Id. at 21-23.

Covad agrees with AT&T/WorldCom that the service order charges BellSouth proposed are not forward-looking and should be rejected by the Commission. Id. at 33. BellSouth exaggerated the time required for manual processing of UNE-P orders and the assumed fallout rate for such orders should be lower. Id. at 34. Covad argues that BellSouth has included in its OSS charges aimed at recovering its competitive entry costs from its competitors and an "Ongoing Process" charge that is not non-recurring. Covad argues that both these categories of costs should be disallowed from the non-recurring rate, although Covad states it would be appropriate to allow an additive to recurring UNE charges to recover the "Ongoing Process" charge. Id. at 35-39). According to Covad, BellSouth should not be allowed to pass its competitive entry costs onto CLECs. If BellSouth were required to pay these costs, Covad also argues that the Commission should disallow recovery of an electronic ordering charge for Line Sharing because these costs are already recovered in BellSouth's recurring rates. Id. at 39.

Discussion

Although BellSouth contends that the Georgia Work Time Study was based upon the Commission order in Docket No. 11900-U, BellSouth also admits that the study was used to support task times for UNEs other than those covered by the Commission Order. Rates in this docket cannot be based upon a time and motion/work sampling study that does not take into account forward-looking labor and task times to provision UNEs. The Commission's analysis consists of examining both whether the model is structured to capture forward-looking costs and whether the estimates of these costs are reasonable. The problem with the time and motion studies as pointed out by other parties to the docket and admitted to by BellSouth is that these studies include embedded inputs. (Tr. 474). While BellSouth claims that it made adjustments to these embedded inputs to arrive at forward-looking costs, other parties to the docket have made strong cases that these adjustments were either not made or inadequate.

As to the specific modifications, the Commission finds that several of the arguments by AT&T/WorldCom, Allegiance, AccuTel and Covad's regarding eliminating certain tasks and reducing the task times for various BellSouth centers have merit. For example, the Commission agrees with Covad that BellSouth included higher task times for DSL-Capable Loops in comparison to analog loops for the same tasks. Also, even BellSouth agrees with ATT/WorldCom's position that the LCSC time associated with handling UNE-P orders that fall-out should be dramatically reduced from the forty minutes included in BellSouth's cost studies. (Tr. 448). In addition, the Commission finds persuasive AT&T/WorldCom's argument that BellSouth's dispatch probability should be reduced based on data taken from CWINS sampling work papers.

Therefore, not only is BellSouth's use of its Georgia Work Time Study problematic because the study is not forward-looking, but it is also inaccurate. The record reflects that CLEC witnesses had ample expertise to support their recommendations. For instance, AT&T/WorldCom witness Mr. Turner has had experience provisioning, engineering and testing circuits. (Tr. 1753). Taking into consideration both the adjustments to the study that the evidence reflects would result from a forward-looking study and the adjustments related to the inflated work times and unnecessary tasks, the Staff recommended that all of the non-recurring rates BellSouth filed on January 18, 2002 be reduced by fifty (50) percent. The Commission agrees with this methodology and believes that this reduction will result in reasonable non-recurring rates.

### 18. xDSL Loops and Related Services

In Docket No. 11900-U, the Commission established rates for xDSL elements that were just, reasonable and consistent with TELRIC.

In this proceeding, BellSouth filed new cost studies and rates for xDSL elements. BellSouth argues that the rates it proposes for xDSL loops and related services are based on comprehensive cost studies, are just and reasonable, and should be adopted by this Commission. (BellSouth Post-Hearing Brief, pp. 50-60).

Covad was the only party to provide a detailed critique of BellSouth's cost study for xDSL elements. Covad contends that BellSouth has not only failed to meet its burden that the proposed xDSL rates, terms and conditions are forward-looking, cost based, just and reasonable, but also that the rates, terms and conditions proposed by BellSouth are anticompetitive and would destroy competition in the nascent xDSL markets in Georgia (Covad Post-Hearing Brief, p. 45).

The xDSL issues raised by BellSouth in this proceeding fall into three general categories: (1) xDSL loops, (2) loop conditioning and (3) line splitting and line sharing. Each category is discussed below.

#### a) xDSL loops

<u>Positions of the Parties</u>

BellSouth offers CLECs a wide array of xDSL-capable loops. These loops have different technical parameters, and some are designed circuits, while others are not. BellSouth has proposed new recurring and nonrecurring rates for these xDSL-capable loops and has proffered cost studies in an effort to support those proposed rates. The primary dispute regarding xDSL loops is BellSouth's proposal to charge different rates for different types of xDSL compatible loops.

BellSouth asserts recurring costs differ between designed xDSL-capable loops and designed voice grade loops. In support of its assertion, BellSouth claims that substantial differences exist between the work activities required to provision a designed xDSL-capable loop and to provision a designed voice grade loop. For example, BellSouth claims that, unlike a voice grade loop, a number of factors require it to dispatch technicians to designed xDSL-capable loops in order for the technician to locate compatible facilities and to perform the testing necessary to ensure that

Post-Hearing Brief, p. 118). The BSCC uses these expense accounts to calculate the recurring costs in providing UNEs. Therefore, OSS costs are already recovered in the recurring rates. Id.

Allegiance takes the position that BellSouth's OSS proposal violates TELRIC because its non-recurring cost study does not rely upon efficient OSS. Allegiance argues that an efficient OSS would not require manual intervention for fallout regardless of whether such fallout was associated with CLEC ordering errors or BellSouth system design errors. (Allegiance Post-Hearing Brief, p. 42). Furthermore, Allegiance argues that BellSouth's cost study assumes a higher fallout rate than what BellSouth's own data demonstrates. If the Commission adopts a fallout rate, Allegiance recommends adoption of the rate proposed by AT&T/WorldCom. Id. at 44-46.

Discussion

In Docket No. 7061-U, the Commission ordered that BellSouth recover OSS charges through a monthly charge from CLECs that use BellSouth electronic interfaces. (Order, p. 57). In this proceeding, BellSouth proposes to change this rate design to recover OSS costs solely on a "per LSR basis." The Commission addressed this question in Docket No. 7061-U. The Commission determined that this type of rate design would have a chilling effect on CLECs placing orders, and that this chilling effect would negatively impact competition. Id. The logic of the Commission's prior decision holds true today. Therefore, the Commission rejects BellSouth's proposal to alter the previously approved rate design.

AT&T/WorldCom, Allegiance and Covad oppose a non-recurring charge for OSS. The Commission has previously determined that CLECs should bear the costs incurred by BellSouth to develop and implement these interfaces. This decision remains sound because these are costs incurred by BellSouth in response to orders submitted by CLECs.

The Staff has recommended that the OSS rates from Docket No. 7061-U remain in effect The evidence does not support a finding that the prior rates are unreasonable. The Commission agrees with the Staff recommendation on this issue and finds that the initial charge of $200 for use the OSS and a monthly charge of $550.00 for up to 1,000 orders and $110.00 per thousand orders above the first 1,000 each month to be reasonable and cost-based.

## III. Conclusion and Ordering Paragraphs

The Commission concludes and finds that the rates, terms and conditions as discussed in the preceding sections of this Order should be adopted for the interconnection with and unbundling of BellSouth's telecommunications services in Georgia and comply with the requirements of the Telecommunications Act of 1996 and the Georgia Telecommunications and Competition Development Act of 1995.

**WHEREFORE IT IS ORDERED,** that all findings, conclusions, statements, and directives made by the Commission and contained in the foregoing sections of this Order are hereby adopted as findings of fact, conclusions of law, statements of regulatory policy, and orders of this Commission.

**ORDERED FURTHER,** the cost-based rates determined by the Commission in this Order (ATTACHMENT A) are established as the rates for BellSouth's unbundled network elements. BellSouth shall submit such compliance filings as are necessary to reflect and implement the rates and policies established by this Order. Within 30 days from the date of this order, BellSouth shall file a revised Statement of Generally Available Terms and Conditions (SGAT) reflecting and implementing the rates and policies established by this Order.

**ORDERED FURTHER,** the Commission shall reevaluate the availability of UNEs every three years in a manner consistent with the Third Report and Order.

**ORDERED FURTHER,** that a motion for reconsideration, rehearing, or oral argument or any other motion shall not stay the effective date of this Order, unless otherwise ordered by the Commission.

**ORDERED FURTHER,** that jurisdiction over these matters is expressly retained for the purpose of entering such further Order or Orders as this Commission may deem just and proper.

The above by action of the Commission in Administrative Session on the18th day of March, 2003.

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| Reece McAlister<br>Executive Secretary | Robert B. Baker, Jr.<br>Chairman |
| Date | Date |