He again gets the facts wrong in claiming that the AT&T 10 cent plan is cheaper than Canada because he fails to note the $4.95 monthly payment. Compared to Sprint in Canada a user would need to make 618 minutes of calls per month to break even using the AT&T plan, which is well beyond all but the largest users of long distance. Compared to Telus' long distance plan in Canada, a break even point might not even exist depending on the split between peak and offpeak calls. For an offpeak caller, Telus is always cheaper. Prof. Hall also states that the Canadian comparison should be done in terms of purchasing power parity.[16] However, even doing a modification using purchasing power parity calculations done by Statistics Canada (the Canadian statistical agency), Sprint's Canadian price would still only be 12.9 cents per minute (with no monthly fee) for any time of day which is below prices offered by AT&T and MCI in the U.S., except for large users. Thus, Canadian prices continue to be below U.S. prices, even after adjustments.

VI. Prof. Schwartz (DOJ)

30. I reply to the Supplemental Affidavit (Nov. 3, 1997) by Prof. Marius Schwartz, filed on behalf of the DOJ. I find it quite important that Prof. Schwartz has not changed his position at all despite the recent ruling by the Eighth Circuit. In terms of cost and benefits which can be forced by regulatory intervention by the FCC (endorsed by the DOJ) rather than allowing competition to occur, Prof. Schwartz position is identical to his earlier affidavit. ("Competitive implications of Bell Operating Company Entry Into Long-distance Telecommunications Services", May 1997). He admits to not quantifying the benefits or costs of delaying BOC entry (p. 4), but he comes to the same conclusion as before. When the institutional framework changes (here, by ruling out DOJ's prior view of the 1996 Act), economic conclusions

---

16. I do not agree with this criticism since, as I explained in my first declaration, long distance access prices are higher in Canada (in terms of US dollars) and equipment prices are determined in international markets.

change in what is known as "comparative statics" in economic analysis.[17] But since Prof. Schwartz has no model in which to assess his conclusions, contrary to myself and other BOC economists, he cannot analyze how institutional changes affect his conclusions. I find it to be a strange economic model indeed, which demonstrates no changes in conclusions to a major change in the institutional structure.[18]

31. Prof. Schwartz's reiterates that his conclusions rest on two main points: (1) the local market is larger than the long distance market and (2) the long distance market is more competitive. However, economic conclusions cannot be based on these two pieces of data alone without economic analysis. I repeat my fundamental equation from my first declaration which no economist in this proceeding, including Prof. Schwartz, has criticized.

---

17. Indeed, Prof. Paul Samuelson demonstrated the importance of this approach in this Foundations of Economic Analysis, Cambridge, 1948. Prof. Samuelson won the Nobel prize in part for this book.

18. Indeed, it becomes difficult to separate ideology from economics when a conclusion does not change in response to a major change in the institutional framework.

Change in Consumer Welfare from Price Changes

$$\Delta W \approx \sum_{i=1}^{m} -\Delta p_i \, (q_i + .5\Delta q_i)$$

$$\approx \sum_{i=1}^{m} -\frac{\Delta p_i}{p_i} \, [p_i q_i + .5\eta_i \left\{\frac{\Delta p_i}{p_i}\right\} (p_i q_i)] \qquad (1)$$

where: q_i = *quantity*

p_i = *price*

η_i = *price elasticity*

$\Delta p_i / p_i$ = *percentage change in price*

As the equation demonstrates, the two most important changes in consumer welfare arise from the change in price and from the price elasticity.[19] Yet, Prof. Schwartz has nothing to say about these parameters in markets for local services or for long distance services. I described in my first affidavit that price changes are likely to be larger in long distance because of effective regulation of local services and that the long distance elasticity is many times larger, indeed more than 100 times larger, than the local access elasticity. Since Prof. Schwartz does no formal economic analysis, he cannot conclude that benefits to delayed long distance are outweighed by his perceived benefits of faster local competition. Indeed, I believe that he is incorrect for reasons I discussed in my first declaration. Prof. Schwartz

19. Indeed, Prof. Schwartz makes a rather elementary economic error by not analyzing the relevant economic factors. He states that "The same percentage improvement in economic performance in both markets in response to increased competition would there generate considerably greater total benefits in the local market." (p. 8) Prof. Schwartz would only be correct if the demand elasticities were the same in both markets. They are not since the long distance elasticity is over 100 times greater than the local access elasticity. Prof. Schwartz's mistake demonstrates the mistakes that can be made when no formal economic analysis is done.

uses the phrase "the above logic" (p. 5), but he not done the requisite economic analysis.

32. Prof. Schwartz (p. 9, para. 21) asks the rhetorical question about improvement from competition in BOC markets "that today are largely monopolies". He forgets to say in this paragraph that the BOCs are regulated monopolies. Thus, no monopoly profits are being earned if the regulators are doing their job. The price distortions that exist come about largely due to regulation. Rural consumers receive quite large subsidies for local telephone service. However, the BOCs do not choose to do this policy by exerting monopoly power. The FCC and state regulators cause this outcome. For the FCC and DOJ to refuse to permit BOC entry because of the distortions created by the FCC itself is to doubly harm consumers: the harm created by cross subsidies and taxes imposed by the FCC and the harm created by supra-competitive long distance prices.

33. Prof. Schwartz (pp. 17-18, fn. 16) agrees with my claim that a marginal analysis is the correct way to proceed. However, he disagrees that the remaining barriers can be accurately portrayed as minor. But Prof. Schwartz has no way of deciding whether remaining barriers are "major" or are "minor" since he has no model to do the analysis and quantify the effect of remaining barriers. With no available model, Prof. Schwartz cannot draw reliable conclusions, nor are his conclusions falsifiable.[20] It has been known since the 1930's that if conclusions are not falsifiable, then they are do not provide a scientific guide to decision making.[21]

34. Prof. Schwartz makes another economic error when he criticizes my "double marginalization" analysis. He states that the imputation requirement

---

20. By falsifiable I mean that without quantification, it is impossible to decide whether barriers are "minor" or "major".

21. Indeed, Prof. Schwartz rather lengthy discussion on shifting of presumptions on pp. 20-21 demonstrates the opinion basis rather than a scientific basis for his affidavit. Arguments on shifting of presumptions do not reflect any actual economic analysis.

of Section 272 of the Act will cause a BOC to charge itself an access charge no lower than what is charged to an IXC. (p. 25) Where Prof. Schwartz goes wrong is that he fails to understand that employees will see beyond the "corporate veil" and take into account, at least to an extent, both margins that exist under imperfect competition. Otherwise, whenever a corporation had separate division and the upstream division charged the downstream division a transfer price, the company would make the incorrect pricing decision. Prof. Schwartz has confused accounting fictions with economic reality.

35. Since Prof. Schwartz cannot refute the double marginalization theory, he turns to the possibility of access discrimination. Here he makes yet another mistake. "Raising rivals costs" is a possibility, but economic analysis demonstrates that the gains from vertical integration exceed the effects of raising rivals costs in the current situation (and most other situations). Prof. Schwartz misses the point that merely making an argument (e.g. the possibility of discrimination) does not substitute for economic analysis. Furthermore, he never addresses the point, which I discussed in my first declaration, of why <u>every</u> other country has allowed vertical integration into long distance. Does Prof. Schwartz believe that the possibility of raising rivals costs does not exist in Canada? Yet the Canadians allow LECs to provide long distance and have lower long distance prices as I discussed in my first declaration. This empirical evidence would seem to cast a large element of doubt on Prof. Schwartz claims.[22]

36. Prof. Schwartz makes a rather fundamental mistake (pp. 26-27) when

---

22. Prof. Schwartz also never considers the experience in the U.K. residential market where about 7% of customers now subscribe to non-LEC (BT) service (ITC Cable Statistics, http://www.cable.co.uk) and BT now has negative growth in its residential lines service. The U.K. (OFTEL) has not followed the "regulatory perfection" standard of the U.S. but yet has much more local competition. Indeed, the UK has no forced unbundling and no forced TELRIC pricing yet residential consumers have a much large choice. Thus, Prof. Schwartz recommendation of continued regulation with absolute barriers to BOC interLATA entry is flatly contradicted by the actual market outcomes in the U.K.

he uses the industry elasticity of demand for long-distance (he uses 0.7) to conclude that the BOCs would prefer to raise the interLATA price, not lower it as I claimed and as experience in Connecticut with SNET has demonstrated. His mistake is that a BOC would face a firm elasticity of demand, not the industry elasticity of demand. The firm elasticity of demand is higher than the industry elasticity of demand and will exceed 1.0 in magnitude. The correct economic model then demonstrates that the BOC will desire lower prices unless it is able to achieve an extremely large share of the market, well beyond any realistic expectations. Prof Schwartz is only correct if he assumes (at least implicitly) that the BOCs will engage in coordinated interaction or form a cartel with the incumbent IXCs. Such an outcome seems extremely unlikely given the BOCs' economic incentives and the experience of SNET and GTE to date.[23]

37. Prof. Schwartz goes on to claim that the profit from BOC entry into long distance would come largely from diverting sales from IXCs. (p. 27) I never claimed otherwise, but since economics takes place at the margin the increased long distance usage from the lower price (which Prof. Schwartz agrees is likely to happen) will be a factor in increased consumer welfare (see my equation (1)).[24] To attempt to refute my analysis Prof. Schwartz compares his forecast of BOC revenues from long distance with the added profits from increased access minutes. This comparison is classic apples and oranges and further contradicts the claim made by Prof. Schwartz that he believes that long distance is considerably more competitive than local service.[25] However I have a

---

23. Prof. Schwartz has thus assumed his answer without any underlying economic model that is consistent with real world experience.

24. Indeed, in para. 20 of my first declaration I calculate that the consumer welfare increase from the lower prices due to increased usage is about $400 million year which is much smaller that the effect based on the same amount of usage. These calculations demonstrate that the main effect is from competition from the BOCs to the IXCs for the current amount of traffic.

25. Prof. Schwartz does not explain why he uses such high margins for long distance if he believe his earlier claim that long distance is significantly more competitive than local service.

much more fundamental objection to Prof. Schwartz conclusion here: he is protecting the profits of IXCs rather than analyzing the effects on consumers. Indeed, his analysis in this section is entitled "diverting sales from IXCs". (p. 27 and p. 29) No DOJ economist should worry about the fate of the incumbent IXCs here; the relevant point is the lower prices and increased consumer welfare. Somehow the process of competition has become subverted to protecting the current IXCs market share and profits. Prof. Schwartz does not consider how the BOCs will be able to "divert output away from IXCs" (p. 29) except by offering consumers a better deal. Don't consumers matter in the DOJ calculations?

38. Prof. Schwartz misstates my position (p. 31): he states that I "assume" that BOC entry would bring about a price reduction of about 18%. He fails to understand that my economic analysis and quantification led me to this conclusion. My approach is very much different than Prof. Schwartz; I look at actual market data rather than making unsupported arguments. He goes on to state that I overestimated the benefits from BOC entry since "only 77% of interLATA minutes originated in BOC service areas". (p. 31) Prof. Schwartz fails to note that all of the large IXCs have uniform national pricing policies, partly as a result of regulation and partly as a result of the inherent complications in billing systems. If AT&T is subjected to greater competition for 77% of its traffic, AT&T certainly will lower its prices on a nationwide basis.[26]

39. Prof. Schwartz criticizes my focus on certain AT&T rate plans. He is incorrect since I consider all AT&T rate plans. However, Prof. Schwartz gives no answer to my previous statements that AT&T spokespeople have stated that

---

26. Prof. Schwartz says that high volume customers will see less of a price decrease.(pp. 31-32). I agree; see the analysis in para. 16 of my first declaration. I have averaged price differences across difference usage patterns. However, Prof. Schwartz makes a mistake when he compares SNET's 12 cent rate to AT&T's rates. SNET charges on a per second increment basis while AT&T charges on a per minute increment basis. The difference is significant as I explained in para. 19 of my first affidavit.

about 50% of AT&T customers do not have a discount plan, which continues to be true today.[27] Prof. Schwartz engages in the same selective claims as the IXC economists by demonstrating that for some customers, IXCs offer lower rates for certain usage patterns. But he fails to answer the $64,000 question: why does SNET have a 35-40% market share if customers do not find that they are getting a better deal?[28] Prof. Schwartz lastly states that BOC entry could "accelerate" price decreases, but that over time the effect of the competition by BOCs would be less. (pp. 34-35) Unfortunately, Prof. Schwartz has forgotten the most famous dictum in economics: In the long rung run we are all dead. Current FCC policy is costing each household on average about $60-$70 per year in supra-competitive long distance charges. This ongoing consumer harm must be considered in any public interest determination against uncertain claims about what might happen in the long run.

VII. Conclusions

40. DOJ support of the FCC's regulatory perfection policy is costing U.S. consumers about $6-7 billion per year. The FCC and DOJ are not doing the correct marginal analysis which would compare this $7 billion gain to the gain from the remaining barriers that they have identified. Thus, the economic analysis of the DOJ and Prof. Schwartz is incorrect. To the extent that Prof. Schwartz has done no quantification of these potential gains and losses and has no economic model, no reliable conclusions can be drawn from his

---

27. "AT&T Will Simplify Its Pricing Structure", New York Times, Nov. 5, 1997, p. D6.

28. Prof. Schwartz admits that "some SNET customers may well be enjoying better rates." (p. 33) I submit that as a matter of economic analysis which should respect consumer sovereignty that almost all SNET customers are getting what they consider a better deal or they would not choose SNET. AT&T and MCI are hardly unknown companies to almost all long distance consumers.

affidavit. Where is the increased competition that the Telecom Act of 1996 promised consumers? Prof. Schwartz and the DOJ ask consumers to wait awhile longer. Yet the $7 billion per year in lost benefits is now equal to 1/3 of the entire federal budget deficit. Where has the public interest standard gone? Consumer benefits, as opposed to protecting IXC competitors, seems to have been lost in Prof. Schwartz analysis.

Jerry A. Hausman

affidavit. Where is the increased competition that the Telecom Act of 1996 promised consumers? Prof. Schwartz and the DOJ ask consumers to wait awhile longer. Yet the $7 billion per year in lost benefits is now equal to 1/3 of the entire federal budget deficit. Where has the public interest standard gone? Consumer benefits, as opposed to protecting IXC competitors, seems to have been lost in Prof. Schwartz analysis.

J. A. Hausman 12 Nov 1997

Jerry A. Hausman

3

Before the

FEDERAL COMMUNICATIONS COMMISSION

Washington, D.C. 20554

In the Matter of	)	
	)	
Application of BellSouth	)	Docket No. _________
Corporation to Provide	)	
In-Region, InterLATA Long	)	
Distance Services Under	)	
Section 271 of the	)	
Telecommunications Act of 1996	)	

AFFIDAVIT OF DAVID HOLLETT

David L. Hollett, being duly sworn, deposes and says:

1. I am David L. Hollett, Senior Director, Customer Billing Services, at BellSouth Telecommunications (BellSouth). Having provided an affidavit in BellSouth's initial 271 application before the FCC, I herein respond to comments received on the billing portion of that application.

2. MCI stated that BST does not provide CLECs with the daily usage for all customers - flat rate and usage sensitive. (Declaration of Samuel L. King on Behalf of MCI, p. 95). The Daily Usage File is for usage sensitive data

only. BST does not process all of the flat rated calls for its own end users and does not have the system capacity to do so. Therefore, BST does not include flat rated calls in the Daily Usage File.

3. MCI also asserted that BST does not provide billing information in industry standard format, CABS. (Declaration of Samuel L. King on Behalf of MCI, pp. 95 - 98). CABS is not the defined standard for everything as Mr. King states. While, in general, BellSouth does provide billing for resale and some unbundled network elements from its CRIS system, the OBF (Ordering and Billing Forum) has not defined standards for all aspects of local competition billing. For instance, OBF provided guidelines for data elements should an ILEC decide to use a CABS format for resale billing but did not purport that CABS was the standard. In addition, BellSouth has developed a process to provide MCI with its resale billing in a CABS format as agreed upon.

4. BST has provided MCI with CABS formatted resale data on five occasions and has worked cooperatively with MCI to resolve any concerns. The header problem referred to by MCI (King declaration, p. 97), was corrected with tapes sent October 23, 1997 and subsequent tapes. MCI did not review the data on prior tapes due to this header issue. However, data provided to AT&T in the same format was processed by AT&T.

5. Statements made by MCI that a CRIS bill does not provide usage sensitive data or call detail are entirely false. BellSouth uses the CRIS bill for its own end users. These bills, as were shown in exhibit 5 of my original affidavit, contain both local usage summaries and call detail for intraLATA toll, per use calling features, etc. For measured local plans, local usage is also available in

call detail format for the appropriate tariffed fee. Contrary to the comments made by MCI, the CRIS bill does provide the billing period date at the top of each page. Additionally, as described in my original affidavit, numerous CLECs are receiving and processing the CRIS bills for resold services.

6. MCI also claims that BellSouth has not made the necessary changes to allow for the discounting of nonrecurring charges. (Samuel L. King declaration, p. 98). Paragraph 18 of my initial affidavit describes the timeframes for system changes for discounting in South Carolina. MCI used a North Carolina bill as an example of incorrect discounting. For North Carolina, BST implemented nonrecurring discounts on September 10, 1997. Nonrecurring charges incurred after that date are appropriately discounted. Any nonrecurring charges incurred prior to that date would not reflect the resale discount. Therefore, the September 25, 1997 bill cited by MCI could reflect discounted and nondiscounted nonrecurring charges. The necessary billing changes have, nonetheless, been implemented. Additionally, the rate changes to implement the contractual discount levels for all other appropriate charges for North Carolina were run August 23, 1997.

7. AT&T has stated it has experienced a number of problems with billing information provided by BellSouth, including repeated and significant errors in the recorded usage data provided by BellSouth. (Affidavit of C. Michael Pfau, attached to the comments of AT&T at paragraph 47). Such comments are gross exaggerations. Of the approximately 85,000 messages being sent to AT&T each month, to date less than fifty could not be processed, and those were credit

records. All of the remaining records contained sufficient data to facilitate end user billing.

8. Sprint claimed that wholesale billing of its affiliate in Florida has been repeatedly incorrect. (Petition to deny of Sprint Communications Company, L.P., p. 18, Affidavit of Melissa L. Closz attached to Sprint petition, p. 29). BST has received complaints from Sprint related to charges received due to errors in service order issuance and timely changes in rates. The necessary adjustments have been issued for these occurrences. While it is unfortunate these problems happened, they do not reflect on the integrity of BST's billing system. Service order issuance is not a billing issue (rather, it is addressed in other affidavits filed with this application) and the rate change problem was a result of miscommunication not a fault in the rate change processing.

9. In summary, as some of the commentors readily admit (Samuel L. King declaration on behalf of MCI, p. 98), BST has now corrected most of the billing errors that have been identified. With implementation of so many new programs and processes, some errors were likely to occur. But, as has been noted, BellSouth is committed to correcting all legitimate problems identified and feels the billing system enhancements that have been made will fully allow CLECs to provide appropriate billing to their end users.

I hereby swear that the foregoing is true and correct to the best of my information and belief.

David L. Hollett

Sr. Director-Customer Billing Services,

BellSouth Telecommunications, Inc.

Subscribed and sworn to before me this 13th day of November, 1997.

Rita R. Barnwell

Notary Public

NOTARY PUBLIC STATE OF ALABAMA AT LARGE.
MY COMMISSION EXPIRES: Dec. 28, 2000.
BONDED THRU NOTARY PUBLIC UNDERWRITERS.

4

Before the

FEDERAL COMMUNICATIONS COMMISSION

Washington, D.C. 20554

In the Matter of	)	
	)	
Application of BellSouth	)	Docket No. _________
Corporation to Provide	)	
In-Region, InterLATA Long	)	
Distance Services Under	)	
Section 271 of the	)	
Telecommunications Act of 1996	)	

AFFIDAVIT OF W. KEITH MILNER

W. Keith Milner, being duly sworn, deposes and says:

1. I am W. Keith Milner, Director, Interconnection Operations, at BellSouth Telecommunications (BellSouth). Having provided an affidavit submitted as part of BellSouth's initial 271 application for South Carolina before the FCC, I herein respond to new claims made in comments received on the issues I addressed in that application.

2. MCI stated that BellSouth does not provide CLECs a Firm Order Confirmation (FOC) for access to the unbundled network element referred to as dark fiber (Affidavit of Marcel Henry on behalf of MCI, page 19). In paragraph 34 of my original affidavit, I stated that BellSouth provides access to unused transmission media. Provision of dark fiber is a complex undertaking during which BellSouth must determine the availability of dark fiber in a given geographic location, and any alternative serving arrangements, should there not be spare capacity. BellSouth provides FOCs to CLECs which request dark fiber, and this is done as soon as availability has been confirmed.

3. MCI, in the affidavit of Samuel King, and the Competitive Telephone Association complain that some CLEC customers experience disconnection of service when changing local service providers. Whether such disconnection of service is required is controlled by the CLEC. If the CLEC simply utilizes unbundled network elements to provide local service to an end user currently served by BellSouth's retail local service, without making any other arrangements, disconnection of service is technically required. The CLEC can reduce the outage period by electing to have BellSouth provide manual order conversion. Standard order coordination for Service Level 1 ("SL1") is "mechanized" order coordination such that a CLEC can specify one of three conversion windows (converting from BellSouth's local exchange service to a CLEC's service using an unbundled loop) for orders to be worked. For example,

10 a.m., 2 p.m. and 5 p.m. could become the three conversion windows. BellSouth's automated systems would begin to convert all orders with that conversion time until all orders are completed. It is possible that an existing customer could be out of service for a period of 15 minutes to one hour while the orders are being worked in the systems. If the CLEC requires a "manual order conversion" where the outage period is less than 15 minutes, BellSouth will notify the CLEC of the conversion time and will perform the work within a 15 minute timeframe. This manual conversion will be performed at an incremental charge as noted in the Statement. Service Level 2 ("SL2") includes the manual order coordination as part of the basic service. All SL2 orders are worked where the out of service period for existing customers is less than 15 minutes. There is also an optional "order coordination for specified conversion time" available on both SL1 and SL2 as well as other loop types. This option allows a CLEC to request a specific conversion time and BellSouth will make every effort to accommodate the request. In addition to these arrangements to reduce outage time, a CLEC could request arrangements that virtually eliminate outage time. For example the CLEC could resell BellSouth's service until the CLEC has assembled the unbundled elements. Then, the CLEC could simply disconnect the BellSouth service. In addition, the CLEC could request arrangements that give the customer dual service from the CLEC and BellSouth until the CLEC has assembled the network elements and then have the BellSouth service disconnected. The degree of any service outage is clearly under control of the CLEC.

4. ACSI stated that BellSouth's disconnections during cutovers of unbundled loop negatively impact ACSI's ability to compete (Affidavit of James Falvey on behalf of ACSI, page 34). During the process of loop conversions from BellSouth to a CLEC, the customer loop is physically removed from the BellSouth switch and then reconnected to the CLEC switch. This step is necessary in order to effect the conversion and does not produce lengthy interruptions of end user service. In paragraph 44 of my original affidavit, I discussed some loop cutover problems which occurred mostly in late 1996 and very early in 1997. These problems extended the time during which a loop could not be used by the end user during the cutover period. As explained in my initial affidavit, corrective action was taken by BellSouth. Since this corrective action was put in place early in 1997, no additional problems of this type have occurred.

5. WorldCom claims that BellSouth has not been completing cutovers of some loops within 15 minutes, as required by the interconnection agreement between WorldCom and BellSouth. (Affidavit of Ball on behalf of WorldCom, page 18). This is an issue that WorldCom would properly raise with the state commission if it truly believes BellSouth is not in compliance with the agreement. BellSouth does not maintain data specifically for WorldCom orders. However, BellSouth did conduct a study of its cutover results for one CLEC doing business in Georgia. As explained in paragraph 41 of my original affidavit, this investigation of cutovers between November 1996 and June 1997 showed that BellSouth's loop cutover process has delivered a very high level of on-time performance, even including the effect of early "start up" problems that were resolved during the study period.

6. Intermedia claims that it took BellSouth six weeks to provide a DS-1 circuit ordered by Intermedia in May 1997, while a BellSouth retail customer obtains the same service in one or two weeks. (Comments of Intermedia before the FCC, page 22). DS-1 service is a high capacity digital transmission facility capable of handling 24 simultaneous voice grade calls. In some cases, special facilities are required while in other cases existing facilities must be adapted to provide this service. It is therefore not at all uncommon for provisioning intervals to be longer than one or two weeks for BellSouth's retail customers (or BellSouth's wholesale customers), especially if new outside plant facilities are required. Further, Intermedia has cited only a single incident of supposed delay despite the fact that BellSouth has successfully provisioned thousands of DS-1 facilities to interexchange customers and others without incident or customer complaints.

7. Sprint, WorldCom and ACSI have claimed that BellSouth fails to properly coordinate Interim Number Portability (INP) with loop cutovers and that BellSouth fails to provide INP on a timely basis. (Petition to Deny by Sprint Communications Company, L.P, page 18, Ball Affidavit on behalf of WorldCom, page 19 and 21, and Comments of ACSI, page 31.) At paragraph 46 of my original affidavit, I discussed this topic. BellSouth has solved this problem by providing special training to BellSouth's technicians who make changes to the Simulated Facilities Group (SFG). BellSouth has also created an on-line reminder that informs the BellSouth technician of the critical nature of the SFG translation and requests the technician to positively affirm his or her intention to proceed with a change to the SFG. Since the introduction of the training and associated on-line reminders in early 1997, BellSouth has had no further occurrences of incorrect settings of SFGs for CLECs.

8. MCI claims that BellSouth's Statement of Generally Available Terms and Conditions (SGAT) makes no commitment to coordinate loop cutovers and INP, (Comments of MCI Telecommunications Corporation, page 64.) Provisions for ordering INP and coordination with loop cutovers are set out in Section XI of BellSouth's SGAT. Detailed guidelines for the provision of number portability are set out in Attachment G to the SGAT. Detailed guidelines for ordering number portability are set out in BellSouth's CLEC Ordering Guide, Section XV.

9. Sprint claims that BellSouth has in some cases provided fewer unbundled loops than Sprint requested. (Petition to Deny of Sprint Communications Company, L.P, page 18.) BellSouth can neither confirm nor deny Sprint's assertion given the vague reference provided. BellSouth is not aware of any such claim by Sprint in prior proceedings or discussions. In order for BellSouth to conduct a meaningful analysis of Sprint's claims, BellSouth expects that, at a minimum, Sprint would provide the date, Purchase Order Number and name of the customer for the alleged incident.

10. Intermedia claims that BellSouth will not provide the loops Intermedia requested to provide its Frame Relay service. (Comments of Intermedia, page 38.) In my original affidavit at paragraph 38, I discussed this topic. As I explained, BellSouth gives Intermedia a credit for the difference between the rate for DDAS and the rate for similar unbundled loops and unbundled transport such that Intermedia effectively pays BellSouth only for the equivalent of the required unbundled network elements.

11. BellSouth and Intermedia have subsequently determined and agreed to loop types and sub-loop elements required for Intermedia to provide its Frame Relay service and BellSouth stands ready to provide those items to the CLEC upon request. On March 17, 1997, BellSouth provided descriptions and drawings to Intermedia depicting the unbundled network elements required. These unbundled network elements for Frame Relay service provided from Intermedia's switch include the following:

- DS0 loop
- DS1 loop
- Interoffice transport
- Cross-connections within the BellSouth central office
- Loop concentration within the BellSouth central office

BellSouth has made all required elements available to Intermedia since March 24, 1997. BellSouth sent a proposed amendment to Intermedia on or about March 24, 1997 which included the offer of these unbundled network elements plus proposed prices for each element. To my knowledge, Intermedia has yet to sign the proposed amendment to the their interconnection agreement. Thus, contrary to Intermedia's assertion that it has taken BellSouth over fifteen (15) months to provide Intermedia with its requested UNEs, it is Intermedia's refusal to sign the proposed amendment , or even to suggest changes to that proposed amendment, that is the source of Intermedia's frustration.

12. MCI claims that BellSouth has failed to show that it can provide unbundled local transport to CLECs in a timely and nondiscriminatory manner. (Affidavit of Marcel Henry on behalf of MCI, page 22.) Mr. Henry acknowledges that BellSouth has already provided unbundled local transport in South Carolina with his statement that "BellSouth has provided only ten dedicated local transport trunks to CLECs in South Carolina." Mr. Henry nevertheless complains that "BellSouth is unable to quantify the shared transport trunks being provided to CLECs." As the name implies, a trunk used in providing shared transport cannot be assigned to any particular user. This was discussed in my original affidavit at paragraph 48. Minute-by-minute measurements are needed to allocate the costs of shared facilities since, at a given moment, all of the facilities may be used for one CLEC's traffic while, at another moment, all of the facilities might be used for BellSouth's traffic or the traffic of other CLECs. This type measurement is taken at the switch. In fact, BellSouth has gathered "minute-by-minute" usage data for years, for example, in connection with its interexchange access offerings. Thus, a CLEC can request and BellSouth will provide unbundled shared transport. The assertion that BellSouth cannot provide shared transport because the measurement to allocate the usage of the trunk group is taken within the switch is simply incorrect.

13. MCI claims that BellSouth's SGAT does not provide sufficient information to determine if BellSouth can provide unbundled local switching. (Affidavit of Marcel Henry on behalf of MCI, page 23.) Here again, Mr. Henry verifies that BellSouth is able to and is currently providing unbundled local switching when he states "BellSouth has provided twenty-one unbundled switch ports in other states in its