

EX PARTE OR LATE FILED **BELLSOUTH**

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August 4, 1998

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
1919 M Street, NW, Room 222  
Washington, D.C. 20554

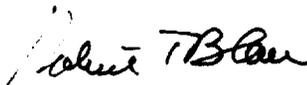
Re: Written Ex Parte in Sec. 1.1206 B in CC Docket Nos. 98-11,  
98-26, 98-32, 98-78, 98-91, and CCB CPD No. 98-15

Dear Ms. Salas:

This is to inform you that BellSouth Corporation has submitted today as a written ex parte a letter in response to questions posed by the Common Carrier Bureau regarding BellSouth's pending Sec. 706 proceeding.

Pursuant to Sections 1.1204(a)(10) and 1.1206(b) of the Commission's rules, we are filing two copies of this notice and that written ex parte presentation. Please associate this notification with the records of the proceedings identified above.

Sincerely,



Attachment

cc: Kathy Brown  
Larry Strickling  
Carol Matthey

**Robert T. Blau, Ph.D, CFA**  
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1133-21st Street, N.W.  
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August 4, 1998

Ms. Kathy Brown  
Common Carrier Bureau  
Federal Communications Commission  
1919 M Street, NW  
Room 500  
Washington, DC 20554

Written Ex Parte in CC Docket Nos. 98-11, 98-26, 98-32,  
98-78, 98-91, and CCB CPD No. 98-15

Dear Ms. Brown:

In recent discussions with the Bureau regarding the Commission's pending Sec. 706 proceeding BellSouth was asked to respond to a series of questions concerning 1) the types of advanced services that might be provided through a separate affiliate, and 2) various conditions that would reduce the cost of imposing separate affiliate requirements on the ILECs' data operations. BellSouth's responses are summarized in the attachment. Pages 1 and 2 of the attachment were provided to the Bureau staff on July 16, while page was provided on July 30. We are making this filing in response to a staff request made on August 3, 1998.

In responding to the staff's inquiries, BellSouth reiterated its long held belief that any benefits that consumers might conceivably derive from an ILEC providing advanced data services, or for that matter any other service, through separate affiliates would be far outweighed by the cost of doing so. In our view, this would be true even if the Commission took steps to mitigate those costs along the lines highlighted on page 2 of the attachment. In short, no proposal will bring forth significant consumer benefits unless it includes full InterLATA relief, the regulatory forbearance we discussed, and acknowledgement that current accounts can be transferred to and resources shared with the separate affiliates.

As required by Sections 1.1204(a)(10) and 1.1206(b) of the Commission's rules, two copies of this letter and its attachment are being filed with the Secretary. I would be pleased to answer any questions that you have about this matter.

Sincerely yours, -



Attachment

cc: Larry Strickling  
Carol Matthey

**RECOMMENDED SCOPE OF RELIEF  
("Advanced Services")**

**1. Business Data Services:**

- Services needed to provide intranets and extranets
- Ability to place multi-service (data, video, and "on net" voice)

**2. Internet-Related Services:**

- Dial and dedicated access
- Transport
- Switching and routing
- Servers and hosting

**3. High Speed (Broadband) Connection Services:**

- *E.g.*, xDSL for Consumers and Businesses

## **Conditions That Would Mitigate the Cost of Separate Affiliate Requirements**

- Grant interLATA relief for Advanced Services without delaying action on full relief.
- Lessen the degree of Section 272 separation to permit the following without a non-discrimination requirement:
  - Transfer of existing advanced telecommunications equipment and customer accounts from ILEC to affiliate without successor or assign liability or restrictions
    - FCC's interpretation of "successor or assign" to permit this result is consistent with intent of the Act, would not affect ILEC's ability to fulfill Section 251(c) obligations, and is consistent with the non-dominant position of ILECs in Advanced Services markets. FCC could adopt a *de minimis* standard for transfers of equipment and customer accounts that would be free of successor or assign liability.
  - Grandfather cage-less collocation of embedded equipment transferred to affiliate.
  - Permit shared customer care and network engineering, operations, and maintenance in addition to joint marketing.
  - Permit sharing of resources and assets other than local loop facilities and central office space.
- Do not require spectrum unbundling.
- Retain the Section 272 sunset provision.
- Declare that state discrimination against separate affiliate in carrier certification or regulation (CLEC and IXC) would be a barrier to entry in violation of Section 253 and adopt remedies to insure speedy certification of such affiliates.
- Do not foreclose Section 10 forbearance of tariff requirements, price regulation, etc. without forbearance of any Section 251(c) requirements and without separate affiliate condition.

- ❖ **Would modifying LATA boundaries to permit BOCs to connect to the nearest NAP for the Internet provide significant relief?**
  - **No. At a minimum, BOCs need the flexibility to connect to NAPs and peering points as required for optimal capacity management and routing.**
- ❖ **Provide specific examples of the kind of "sharing of resources and assets other than local loop facilities and central office space" that should be permitted without a non-discrimination requirement.**
  - **Use of BOC's provisioning, inventory and assignment systems such as TIRKS, PICS, and COSMOS.**
  - **Use of BOC's equipment ordering, warehousing, and delivery systems.**
  - **Use of BOC's network operations centers.**
  - **Use of BOC's CO technicians to support affiliate's data equipment located in BOC's COs.**
  - **Use of BOC's research and development and product development resources, including resources for vendor selection, technical expertise, and pre-deployment testing of network hardware and software.**
- ❖ **Provide number of customers and amount of annual revenues for existing services that might be transferred to a separate affiliate. (The following is a rough estimate based on the assumption that transferred customer accounts include fast packet services such as Frame Relay and ATM and data private line services up to 64 kbps.)**
  - **Customer accounts: Not more than 10,000 as of June 1998, which is less than one fourth of one percent of total customer accounts**
  - **Annual revenues: Not more than \$600 million as of June 1998, which is less than five percent of the BOC's total operating revenues**