31. BellSouth's policy position on UNE combinations continues to prevent the parties from defining the means for ordering and provisioning such combinations and obtaining the necessary usage information so that AT&T can bill its customers, BellSouth and other CLECs. In his OSS affidavit, BellSouth's witness William Stacy admitted that substantial developmental work on BellSouth's OSS's would be required to permit CLECs to receive UNE combinations priced at cost-based rates and that "[s]ince the Eighth Circuit has upheld BellSouth's disagreement with the FCC position on providing UNE combinations as a matter of law, BellSouth therefore has not yet undertaken such development." BellSouth Stacy Aff. ¶ 102. BellSouth's unrelenting refusal to develop electronic interfaces for UNE combinations (much less fully test such interfaces and make them operationally ready) further blocks AT&T's entry into Louisiana local markets. Even in Kentucky, where the Kentucky Public Service Commission ruled against BellSouth's position on UNE combinations, AT&T has been unable to order UNE combinations. As the affidavits of John Hamman and Jay Bradbury explain, when AT&T sought to test BellSouth's ability to provision and bill UNE orders, BellSouth provisioned the first orders as if they were for resale. Subsequent orders could not be processed electronically. Indeed,

---

(...continued)

> Q. [By AT&T Counsel Jim Lamoureux] Let me make sure I understand. Even if AT&T agrees to buy the loop and the port physically separated and agrees to buy collocation space and agrees to combine the loop and the port in that collocation space, BellSouth will still charge AT&T the resale rate for the loop and the port?
>
> A. [By BellSouth witness Alfonso Varner] Yes, Because that is what AT&T's interconnection agreement says.

AT&T has filed a complaint with the Kentucky Public Service Commission because of BellSouth's failure to provide UNEs to AT&T in accordance with the Act, the Kentucky Commission's orders and the AT&T/BellSouth Interconnection Agreement. See AT&T Communications of the South Central States v. BellSouth Telecommunications, Case No. 97-521 (filed Dec. 22, 1997). BellSouth also has only been willing to discuss collocation as the sole means for AT&T to combine UNEs, although AT&T has raised several alternatives. See Affidavit of Robert Falcone.

32. BellSouth's efforts also have forced its competitors to participate in lengthy and costly legal proceedings merely to secure the performance of duties to which they are entitled under the Act. AT&T's entry plans in Louisiana have been postponed substantially, and remain uncertain at this time, because it is completely unclear whether and when BellSouth will decide (and develop the ability) to comply or be required to comply with its legal obligations. I still do not know whether and when BellSouth will consent to provide AT&T with reasonable access to UNEs at cost-based rates, much less whether or when BellSouth will be able to provide its OSS on a non-discriminatory basis, and in commercially significant volumes. This uncertainty severely impedes AT&T's ability to plan and execute strategies for entry into local markets in Louisiana.

III. BELL SOUTH HAS ALSO FRUSTRATED THE DEVELOPMENT OF RESALE COMPETITION IN LOUISIANA.

33. BellSouth also has acted to block resale as an entry vehicle at every turn as well. Although, since the passage of the Act, BellSouth has acknowledged its obligation to permit CLECs to resell its services, BellSouth's actions demonstrate that it is intent on delaying and impeding any entry by a large scale reseller. In early 1996, Charles Coe, BellSouth's Group President - Customer Operations, told AT&T's Vice President - Local Services for Southern States, Jim Carroll, that BellSouth was in the "retail business" and was "not interested in developing a wholesale business." BellSouth's subsequent actions have confirmed Mr. Coe's statements. Indeed, BellSouth has taken a series of actions, which have effectively prevented AT&T from offering even resold services in Louisiana.

34. First, BellSouth placed competitively significant restrictions on its resale offerings. Until April 30, 1998, when BellSouth filed its amended SGAT in Louisiana, BellSouth refused to offer at wholesale rates for resale the individual contract service arrangements ("CSAs") that it is increasingly using to lock up large customers from competitive threat. See BellSouth Sept. 1997 SGAT § XIV.B ("discounts do not apply to . . . Contract Service Arrangements"). BellSouth had excluded these arrangements despite the Commission's ruling that the Act's resale requirements make "no exception for promotional or discounted offerings, including contract and other customer-specific offerings." Local Competition Order ¶ 948.

35. The La. PSC originally approved BellSouth's SGAT provision, even though it clearly conflicts with the requirements of the Act and expressly "exempt[ed] from mandatory resale" all BellSouth CSAs that were in place as of January 28, 1997, the effective date of the Arbitration Order. La. PSC Arbitration Order at 4 (emphasis added). Thus, for all customers BellSouth was able to lock up with a CSA, both before the Act and for a full eleven months after the Act was passed, CLECs were prohibited from competing with BellSouth by means of resale. Moreover, BellSouth's policy is that, even under the revised SGAT, CSA's are not available for resale to new customers -- including end users (or collections of end users) who could satisfy the terms and conditions of a particular CSA. BellSouth itself operates under no such restriction. That is, if BellSouth wishes to offer the same terms and conditions contained in a CSA, it is free to do so. BellSouth's refusal to permit others to resell service offered under a CSA to any customer other than BellSouth's existing customer is clearly a "discriminatory" and "unreasonable" condition on the resale of BellSouth's services.

36. Second, BellSouth has not developed sufficiently reliable electronic access to its OSS to permit CLECs to ramp up the scale of its entry through resale to competitively significant levels. Once again, BellSouth's pattern of resistance was initially reflected in a narrow and erroneous interpretation of its obligations under the Act. In May 1996, BellSouth contended that a "PC to PC fax interface initially proposed meets the letter and spirit of the Telecommunications Act of 1996 as to interface requirements . . . " Letter from W. Scott Schaefer, Bell South Vice President - Marketing, to William J. Carroll (May 16, 1996)

(Attachment 7). For almost all of 1996, based on its erroneous belief that it was not obligated under the Act to provide electronic interfaces, BellSouth further delayed development of such interfaces until negotiations could be undertaken related to BellSouth's cost recovery for "discretionary work" done in connection with the development of electronic OSS interfaces. Id.

37. As a result, despite the fact that AT&T began negotiating electronic interfaces with BellSouth over two years ago, BellSouth refused to develop the electronic OSS interfaces requested by AT&T and now mandated by the Commission. The details of the problems associated with BellSouth's current OSS interfaces are provided in Mr. Bradbury's affidavit. As Mr. Bradbury explains, the interfaces BellSouth provides CLECs deny CLECs the functionality, capability, timeliness, and accuracy that BellSouth enjoys in its retail operations. Moreover, BellSouth does not provide CLECs with adequate documentation or follow a change-management process that could enable CLECs to develop and maintain necessary interfaces. The deficiencies in BellSouth's OSS were, of course, presented to the La PSC. As the affidavit of Sharon Norris explains, the La PSC ALJ made detailed findings concerning BellSouth's failure to provide nondiscriminatory access to its OSS. Without any analysis or explanation, however, the La. PSC refused to follow the ALJ's recommendations.

38. These deficiencies, moreover, affect the CLECs ability to enter the local market in any manner, and are not just limited to the resale of BellSouth services. For its part, AT&T continues to use the BellSouth interfaces for its embedded resale base in Georgia, for

AT&T Digital Link, and for UNEs. As explained in Mr. Bradbury's affidavit, these interfaces continue to be plagued with the same infirmities which resulted in this Commission rejecting the two previous BellSouth applications under Section 271. Indeed, in some circumstances AT&T's ability to place orders successfully and efficiently for AT&T Digital Link service over BellSouth interfaces today is inferior to the ordering process in effect just a few months ago.

39. Although BellSouth seeks to trivialize them, these OSS difficulties have posed and continue to pose a substantial constraint on AT&T's ability to compete in the market. Moreover, nearly all improvements in OSS access that have been made thus far have occurred in response to prodding by regulators regarding problems identified by BellSouth's competitors in the course of Section 271 proceedings. If BellSouth is granted Section 271 approval before its OSS have been fully tested, and are reliably and permanently operational and capable of providing parity in service, BellSouth will have little or no incentive to achieve - and therefore will never achieve - those crucial objectives. Having worked with BellSouth on interconnection issues for the last two years, I have no doubt what BellSouth will do once it gets 271 relief -- retrench on even its minimal efforts to open the local market to competition.

CONCLUSION

40. AT&T has attempted to enter Louisiana local markets through every available means -- resale, UNEs and facilities. Contrary to the claims in its 271 application, BellSouth's unwillingness to comply with the explicit obligations imposed by the Act and the Commission's regulations, and the La. PSC's unwillingness to require such compliance, have created massive roadblocks and effectively frustrated AT&T's entry plans.

FCC DOCKET CC NO. 98-121
AFFIDAVIT OF MICHELLE L. AUGIER

I declare under penalty of perjury that the foregoing is true and correct. Executed on July 23 1998.

Michelle L. Augier

Sworn to and subscribed to before me

this 23rd day of July, 1998

Sheila C. Calbert

Notary Public Notary Public Gwinnett County, Georgia
My Commission Expires March 14th, 1999

ATTACHMENT 1

William J. (Jim) Carroll
Vice President

Room 4170
1200 Peachtree St., NE
Atlanta, GA 30309
404 810-7262

June 6, 1996

Via Facsimile and Hand Delivery
Mr. C. B. Coe
Group President-Customer Operations
BellSouth Telecommunications, Inc.
675 W. Peachtree Street, NE
Suite 4514
Atlanta, GA 30375

Dear Charlie:

I am writing to you regarding a disturbing development in our negotiations with BellSouth under the Telecommunications Act of 1996 ("Act") regarding unbundled network elements.

In an executive meeting between AT&T and BellSouth on May 23, 1996, Hank Anthony stated that he wanted the record to reflect that "just because AT&T had listed various unbundled elements and that BellSouth was discussing these elements with AT&T that this did not constitute BellSouth's admission that BellSouth is legally required under the Telecommunications Act of 1996 to provide these elements to AT&T." As I reflected on this comment, it disturbed me given the extent of dialogue that has occurred between our companies at the Subject Matter Expert, Core, and Executive level meetings since March 4, 1996. To insure I understood the intent of Hank's statement, I talked with Scott Schaefer on the morning of May 24, 1996. After some discussion, Scott stated he would talk with Hank and get back to me.

At a Core Team meeting later in the day on May 24, 1996, Suzie Lavett of BellSouth gave us the attached document described as a "revised routing policy." Please note the second paragraph.

In our Executive meeting on May 29, 1996, Scott and Hank affirmed that "it was BellSouth's position that Operator Services, Directory Assistance, and Repair Service are not required to be unbundled under the Act." AT&T disagrees with BellSouth's position.

Specifically, Operator Systems (whether used to provide operator services, directory assistance or other related services) are "facilit[ies]" and "equipment" that are "used in the provision of a telecommunication service" to (one) complete calls and are therefore "network elements" subject to the Act's unbundling requirements. Additionally, the technical feasibility of unbundling operator systems cannot be disputed.

You also should know that on May 29, 1996, I also asked Scott and Hank if there were other network elements which BellSouth believed it was not required to provide to AT&T on an unbundled basis. Scott and Hank stated that it would be approximately two weeks before BellSouth could complete its determination of other elements that might not be covered by the Act. Charlie, AT&T requests that this be done expeditiously.

Perhaps you can better understand my frustration at this latest turn of events if you knew more specifically the number of times AT&T has advised BellSouth of our position on unbundled network elements.

1. At our first negotiating session with BellSouth on March 11, 1996, I personally reviewed AT&T's unbundled elements with BellSouth's Executive Team.

2. On March 28, 1996, we gave BellSouth Version 1 of AT&T's
   - Unbundled Network Elements - Local Platform, Version 1 dated March 27, 1996
   - Loop Unbundled Resale with Interconnection Planning Document, Version 2, dated March 28, 1996

3. On April 4, 1996, I met with you and gave you an overview of AT&T's unbundled network elements expectations. I followed up my visit by sending you a copy of Version 2 of AT&T's unbundled network elements.

4. In my meeting with you on April 4, 1996, and with Scott on April 12, 1996, we discussed the complexity of unbundled network elements and our capability to reach agreement by mid July. Additionally, our correspondence dated April 12 and April 23, 1996, reflected our dialogue.

Charlie, even though we agreed to disagree, BellSouth expeditiously identified access and LEC to LEC agreements as areas where we had different interpretations of applicability of the Act. BellSouth obviously has not done this with unbundled network elements. Again, we would appreciate it if BellSouth would advise us as soon as possible of its position on what network elements BellSouth is not required to unbundle under the Act.

Regards,

William J. Carroll

Attachment

CC: Scott Schaefer

ATTACHMENT 2

AT&T Communications, Inc.
Local Network Elements
Local Platform

Proprietary and Confidential Information
Subject to a BellSouth and AT&T
nondisclosure agreement and should not be shared except as provided thereto
March 27, 1996

200564

Unbundled Network Elements
Local Platform

I. Introduction:

This document provides an overview, including definitions, of the unbundled network elements which AT&T wishes to purchase either individually or in combinations. This document also includes high level technical requirements to which the incumbent LEC shall adhere in support of the unbundled network element platform, some of the ancillary capabilities needed to provide local service and the operational requirements which must be met to support service. These operational requirements of the LEC include; network engineering, service order provisioning, maintenance and recording. This document will describe how the network platform arrangement will enable carriers to order a combination of unbundled network elements which will allow new entrants to offer local exchange and access services. Though the document will be primarily focused on one combination of network elements which supports switched services, there are other combinations which may be considered for purchase by a new entrant to the local service market. These combinations are also not limited to voice services.

Description:

The network platform arrangement is characterized by the ability to disaggregate and recombine the physical components of the local exchange network into component piece parts called basic network functions or elements. A basic network functions or element can be individually priced, and provided by LECs via tariffs or contracts to competitors. This will enable LEC competitors to purchase individual elements or combinations of elements needed to provide service to local end user customers and other carriers. While the list of network elements contained in this document is envisioned to be those required at this time the list will change as technological advances are made and new services evolve. It is also important to note that the list of network elements will contain network components which may be obtained by new entrants from a supplier other than the LEC or may be self provisioned.

The list of network elements is consistent with existing network architectures and will be adaptable to any future changes, if required. Each network element included within met the following criteria:

- Has a clearly identified interface.
- Is measurable and can be billed, or has the potential for such.

AT&T PROPRIETARY - (RESTRICTED)

Unbundled Network Elements
Local Platform

- Utilizes transmission and/or switching protocol and physical interconnection standards, recommended by the industry.
- Can be provided to a new entrant by another vendor.
- Can be ordered in combinations to facilitate the development of a competitive service offering.

However, offering unbundled network elements alone is not sufficient for new entrants to gain value from this arrangement. There must be provisions for the necessary automated operational interfaces and processes to support competing' services. More importantly, there must be agreement on the specifications for these processes between incumbent LEC and the new entrant to ensure seamless high quality service to customers and fair treatment of the new entrant by incumbent LEC in an atmosphere supportive of competition. It is therefore necessary to identify and address the operational interfaces and processes which will support the new entrant's ability to order, provision, maintain and bill a quality competitive service offer for their customers.

In addition to the network elements and the operational interfaces, there are essential ancillary capabilities which the incumbent LEC must make available as part of the combinations or separately to new entrants. These ancillary functions would be available to new entrants via tariffs, contracts, or letters of agreement, depending on the specific ancillary function.

AT&T PROPRIETARY - (RESTRICTED)

ATTACHMENT 3

AT&T Communications, Inc.
Unbundled Loop Combination and Interconnection Planning Document for Network Product and Services, Network Interconnection, Network Operations, Access, Account Maintenance and Billing, Security and Pricing and Compensation in the Local Exchange Service Marketplace

Proprietary And Confidential Information
Subject to a BellSouth and AT&T
nondisclosure agreement and should not be shared except as provided thereto.

200705

AT&T Communications, Inc.
Unbundled Loop Combination and Interconnection Planning Document for Network Product and Services, Network Interconnection, Network Operations, Access, Account Maintenance and Billing, Security and Pricing and Compensation in the Local Exchange Service Marketplace

Preface

AT&T plans to enter the local exchange market throughout the BellSouth States. In anticipation AT&T is investigating viable alternatives available through which this service may be provided.

This may be accomplished through "Total Service Resale", through the purchase of unbundled network elements (e.g. loop combination resale) and/or a facilities build out that would provide AT&T with the ability to service Customers in a manner that is consistent with the high quality and service standards with which the AT&T brand is associated.

This includes the full spectrum of BellSouth network services, both current and new including features for both business and residence markets as well as various unregulated or enhanced services such as voice mail and inside wire. All services will need to be provided in a seamless fashion so as not to impact customer service.

For all features and services described AT&T will require cost based (TSLRIC) pricing options and competitive service intervals in order to finalize our marketing plans. This request is separated into 7 major categories: Services and Products, Network Interconnection, Network Operations, Access, Local Account Maintenance and Billing, Security, and Pricing and Compensation.

The required interfaces for the interconnection, ordering, provisioning, maintenance, billing, and security of the various services and features must be fully tested and verified to ensure AT&T of general availability on the first day service is made available in each state by BellSouth. AT&T is prepared to commit the necessary resources and time required to bring the negotiations to a successful conclusion. AT&T welcomes the opportunity to work cooperatively to enhance system interfaces leading to a more robust and cost effective network on a going forward basis.

Proprietary And Confidential Information
Subject to a BellSouth and AT&T
nondisclosure agreement and should not be shared except as provided thereto.

200708

UNBUNDLED LOOP COMBINATION RESALE WITH INTERCONNECTION

I. Network Services and Products

In Unbundled Loop Combination Resale with Interconnection, the Quality, Integrity, and Responsiveness for provisioning and maintenance of the resold loop and interconnection to AT&T's network, is essential to AT&T in reaching an agreement

AT&T would like to work with BellSouth in developing a comprehensive response which covers these requirements, including a pricing structure that will accurately reflect the economies realized by BellSouth and make this alternative attractive to AT&T.

It is our desire to be able to offer via an Unbundled Loop Combination Resale with Interconnect agreement, all the network capabilities and functions needed to offer residential and business customers a wide array of basic exchange services in a technically equivalent fashion to the services that are currently offered by BellSouth to its own customers. The Unbundled Loop Combination Resale agreement includes Physical Interconnection, Co-Location, Signaling, traffic exchange, and electronic interface requirements, as well as access to all supporting databases. The sections of this document which list services and feature functionality are not meant to be inclusive of, or all encompassing of BellSouth's services which might be needed.

In the event that BellSouth should develop a new service or feature, AT&T would expect to be able to offer that service at the same time it is offered by BellSouth. In the pages that follow the basic requirements for Services and Products are detailed.

A. Network Elements and Basic Service Requirements

1. Loop and Loop Sub-Elements
    a. Loop distribution
    b. Loop concentrator
    c. Loop feeder
2. End Office Switch, (AKA unbundled port)
3. Signaling
    a. Signaling Links
    b. Signal Transfer Points
    c. Service Control Points
4. Common Transport

230710

ATTACHMENT 4

BEFORE THE LOUISIANA PUBLIC SERVICE COMMISSION

RECEIVED
MAR 05 1996

IN RE: APPLICATION OF AT&T COMMUNICATIONS OF THE SOUTH CENTRAL STATES, INC. FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO PROVIDE TELECOMMUNICATION SERVICES THROUGHOUT LOUISIANA

AT&T COMMUNICATIONS OF THE SOUTH CENTRAL STATES, INC.'S APPLICATION FOR A LOCAL CERTIFICATE

AT&T Communications of the South Central States, Inc. (here "AT&T"), pursuant to the Telecommunications Act of 1996, files this Application seeking authority to offer and provide telecommunication services throughout Louisiana; and for grounds states that:

1. AT&T Communications of the South Central States, Inc. is a Delaware corporation, authorized to do business, and doing business in Louisiana. The address of its principal office is 295 North Maple Ave., Basking Ridge, New Jersey 07920. It is a wholly owned subsidiary of AT&T Corp. Exhibit A is a copy of AT&T's Certificate of Incorporation, by-laws, and authorization to transact business in Louisiana.

2. AT&T Corp. is a New York corporation, authorized to do business, and doing business in Louisiana. The address of its principal office is 32 Avenue of the Americas, New York, New York 10013-2412. It is the parent of AT&T Communications of the South Central States, Inc.

ROUTE TO Legal ROUTE FROM
DEPT. GFK DATE 2-29-96 DEPT. LCS
DEPT. UD DATE 3-4-96 DEPT. gtk
DEPT DATE DEPT.

RECEIVED
FEB 29 1996
LOUISIANA PUBLIC SERVICE

3. AT&T has been providing telecommunications services in Louisiana pursuant to the rules and orders of this Commission; and this Commission is thoroughly familiar with its managerial, financial, and technical abilities.

4. AT&T is familiar with applicable Commission policies, rules, and orders, has adhered to them in conducting its past and present operations in Louisiana, and will continue to adhere to them.

5. The management personnel of AT&T, who will be the same as in AT&T's existing Louisiana operations, have long experience in the provision of interexchange telecommunication services and have the managerial ability to provide the applied for services. The names and addresses of AT&T's principal corporate officers is reflected on Exhibit B.

6. AT&T is financed by its parent AT&T Corp., which has a long history of financing telecommunication services in this state and is fully capable of providing the financial resources to provide the applied for services. A copy of the 1994 annual report of AT&T Corp., including financial statements, is attached as Exhibit C to this Application.

7. AT&T, its parent AT&T Corp., and its affiliated corporations are among the foremost experts in the world with respect to the technical aspects of providing telecommunication services. AT&T has the technical ability to provide the applied for services.

8. AT&T intends to offer local exchange service once it completes its negotiations with incumbent LECs and/or once the Commission rules on local competition issues brought before it. AT&T has attached as Exhibit D an illustrative tariff for information.

9. The Commission should approve this request at an early date, and should issue a certificate of public convenience and necessity authorizing AT&T to provide telecommunications services, including local exchange services, throughout Louisiana.

The premises considered, the Applicant prays that:

1. The Commission grant this Application and issue a certificate to authorizing it to provide telecommunication services throughout Louisiana;

2. The Applicant have such other, further, and general relief as the justice of its cause may entitle it to receive.

Roger A. Briney
AT&T
1200 Peachtree Street, N.E.
Atlanta, GA 30309
(404) 810-8550

Timothy E. Kelly
Kelly & Guerry, LLC
8641 United Plaza Blvd.
Suite 200
Baton Rouge, LA. 70821-1508

Attorneys for Applicant, AT&T Communications of the SOUTH CENTRAL STATES, Inc.

Louisiana Public Service Commission

POST OFFICE BOX 91154
BATON ROUGE, LOUISIANA 70821-9154

Telephone: (504) 342-4416

COMMISSIONERS

John F. Schwegmann, Chairman
District I
Irma Muse Dixon, Vice Chairman
District III
Don L. Owen, Member
District V
Dale Sittig, Member
District IV
Ross Brupbacher, Member
District II

LAWRENCE C. ST. BLANC
Secretary

BRIAN A. EDDINGTON
General Counsel

November 1, 1996

Mr. Roger Briney
AT&T
295 North Maple Avenue
Basking Ridge, New Jersey 07920

Dear Mr. Briney:

This is to acknowledge receipt of your application on behalf of AT&T Communications of the South Central States, Inc. to operate as a Telecommunications Services Provider within the State of Louisiana. The application submitted by the company to operate as a Competitive Local Exchange Carrier within Louisiana was presented to the Commission's ACRES Panel, and was approved subject to the amendment of its tariff as recommended. These conditions having been met, the Commission hereby finds AT&T to be in compliance with the rules and regulations pursuant to the Commission's General Order dated March 15, 1996.

The tariff filed by AT&T original tariff pages 1 through 29 have been accepted with an effective date of November 1, 1996 and an issue date of July 31, 1996. The tariff now on file in the Commission's Baton Rouge Office is to be modified to reflect the issued and effective dates stated above. Please resubmit a copy of the tariff reflecting this change.

The acceptance of this application is done without prejudice to the authority of this Commission to make an investigation or require any changes it may legally find to be appropriate and reasonably necessary.

If you should need any additional information or if we can be of any assistance, please contact our office at the above mentioned number.

Very truly yours,

Lawrence C. St. Blanc
Secretary

LCS:pcm
cc: Department of Revenue