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October 30, 1998

EX PARTE PRESENTATION

RECEIVED

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EX PARTE PRESENTATION

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, NW
Washington, DC 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: *In the Matter of Application by SBC Communications Inc., Southwestern Bell Telephone Company, and Southwestern Bell Communications Services, Inc. d/b/a Southwestern Bell Long Distance for Provision of In-Region, InterLATA Services in Oklahoma, CC Docket No. 97-121*

Dear Ms. Salas:

Enclosed for your information and reference is SBC Communications' *October 1998 Competition Report*, which outlines SBC's success in opening its local markets. SBC provides this report on a monthly basis to Commission staff in an effort to keep it informed about the market opening activities of SBC's telephone operating companies. The report demonstrates that SBC's operating companies have made available products, services, and systems required by Section 251 and the competitive checklist of the 1996 Act and, furthermore, that competitive local exchange carriers (CLECs) have ordered and are actually using each of the 14 checklist services and products to provide local service in all of SBC's seven states. For example, SBC has lost over one million lines to CLECs in its region. *SBC is the first incumbent local exchange carrier in the Nation to lose over one million lines to competitors.*

Should you have any questions concerning the report, do not hesitate to contact me. In accordance with the Commission's rules, an original and two copies are submitted herewith.

Respectfully submitted,

Enclosure

| | | | |
|-----|-----------------|-------------------|---------------------|
| cc: | Mr. T. Power | Mr. K. Dixon | Mr. T. Krattenmaker |
| | Mr. J. Casserly | Mr. K. Martin | Ms. C. Matthey |
| | Mr. P. Gallant | Mr. L. Strickling | Mr. M. Pryor |
| | Ms. A.C. Wright | Mr. P. Wynns | Ms. E. Burton |

SBC'S SUCCESS IN OPENING ITS LOCAL MARKETS AND COMPLYING WITH THE 1996 TELECOMMUNICATIONS ACT

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SBC'S SUCCESS IN OPENING ITS LOCAL MARKETS AND COMPLYING WITH THE 1996 TELECOMMUNICATIONS ACT

October 1998 Report -- Overview

SBC has dedicated significant resources and investment to open its markets to local competition and to comply with all requirements contained in the 1996 Telecommunications Act. SBC is committed from the highest levels of the company to open its local networks to enable others to enter the local exchange telecommunications markets in which SBC operates. As described in detail below and demonstrated in the attached checklist provisioning status report, SBC's local exchange companies (Southwestern Bell Telephone, Pacific Bell and Nevada Bell) have made available products, services and systems required by Section 251 and the competitive checklist of the 1996 Act, and competitive local exchange carriers ("CLECs") or local wholesale customers have ordered and are actually using each of the 14 competitive checklist services and products to provide local service in all seven SBC states.

There is irrefutable evidence that new entrants are obtaining the network elements that they need from SBC to provide local service, that they are providing such exchange services to end users and that their ability to enter the market is unambiguous. SBC has lost more access lines to its local wholesale customers than any other LEC in the country and in May, 1998 became the first RBOC to lose more than one million lines to CLECs. Taken together, these data demonstrate that barriers to entry into the local market in SBC's states have been eliminated, that competitive entry is occurring and that all 14 checklist items are legally and practically available to CLECs that want them. CLECs have obtained a **minimum of 1.2 million to 1.86 million resold and facilities-based lines in SBC's states**. As described below, the 1.2 million lost lines figure is a minimum and clearly understated number and the 1.86 million figure is a realistic estimate based on very conservative assumptions. Of the approximately **1.86 million** lines obtained by CLECs, approximately **686,000** were resale lines and an estimated **1.2 million** lines were captured by facilities-based carriers. These lost lines, moreover, represent a disproportionate revenue loss since the major long distance carriers and CLECs have publicly acknowledged that they have targeted the more profitable "high value" heavy users. As a result of SBC's compliance efforts, CLECs now can use resale, interconnection or unbundled network elements to compete for and take SBC customers.

In the face of undeniable market facts, it is clear that SBC has opened its markets to local competition and made available the statutorily required 14 point checklist items. The numbers are clear and irrefutable. For example in the past 2½ years, not only has SBC lost almost two million lines to CLECs, but through the end of September, 1998:

- SBC has also signed 390 interconnection agreements with local wholesale customers and 286 of these agreements have been approved by state PUCs
- 264 CLECs are operational and have passed local orders to SBC
- More than 124 CLECs are using SBC's Directory Assistance and Call Completion Services
- More than 3.1 million CLEC service orders have been processed without a backlog
- 557,400 CLEC customers are listed in SBC's White Pages
- More than 438,400 trunks have been provisioned to CLECs (with a call carrying capacity of 4.3 million lines and it is estimated that each of these trunks supports at least 2.75 CLEC lines)
- 124,000 lines have been converted to CLECs via interim number portability and LNP
- 59,600 unbundled loops have been provisioned
- 846 operational physical collocation cages have been provided to CLECs
- 26.6 million telephone numbers have been provided to CLECs for facilities-based use

- More than 17.2 billion minutes of local and Internet traffic have been exchanged between SBC and CLEC networks

Moreover, SBC has developed and implemented more than 65 performance measurements in each of its seven states covering all aspects of its relationships with CLECs. These measurements mirror precisely the model performance measurements advocated by the U.S. Department of Justice. The results generated from these measurements demonstrate that SBC is providing CLECs with checklist items in substantially the same time and manner that it providing such services to itself. Thus, the IXCs' and CLECs' argument that SBC has not lost the required number of local customers is an intentional mischaracterization of the Act, as conceded by the DOJ and the FCC. Both of these agencies acknowledge that there is no market share loss or metric test required by the Act. The only statutorily required test is embodied in the competitive checklist and irrefutable market facts confirm that SBC has made available the checklist items.

The fact that CLECs have obtained almost two million lines from SBC is compelling evidence that SBC has opened its markets to competition. In light of the market facts, listed above, it is clear that many of the isolated, anecdotal, outdated and unrepresentative complaints raised by the major long distance carriers are self-serving and have less to do with whether SBC has actually made available specific checklist items in an appropriate manner and more to do with protecting their long distance market shares and profits from the increased competition that would result from SBC entering that market. Moreover, isolated and anecdotal complaints raised by other CLECs must also be put in context since it is in their self-interest to delay SBC's entry into the long distance market for as long as possible so that they can continue to use the 271 process as leverage to obtain additional advantages from regulators and to target and offer one-stop shopping to high profit business customers while SBC is denied the ability to offer comparable full-service bundles of services to business and residential customers. Notwithstanding the extraordinary efforts it has made to date to open its markets, SBC is continuing to make improvements in its procedures and systems, it is actively participating in collaborative processes in Texas and California, and it is working with regulators and wholesale customers to resolve identified issues.

SBC's Capital and Expense Investments To Open Its Markets

- Since the passage of the 1996 Act on February 6, 1996, SBC has devoted significant financial, technical and personnel resources to implement the market- and network-opening requirements of Sections 251 and 252 of the Act. SBC management and employees have made extraordinary efforts to open SBC's networks to competitors. SBC has incurred more than \$1.2 billion in expense and capital expenditures and devoted more than 3,300 employees to implement the Act and open its local markets to competition – including but not limited to operational support systems, number portability, trunking, local service centers, equipment, computer hardware, software and manpower. Of these expenditures, Pacific Bell and Nevada Bell have spent more than \$702 million and SWBT has expended more than \$493 million. By the end of 1998, SBC estimates that it will have spent a total of \$1.3 billion making certain it meets the requirements of the Act.

Interconnection Agreements

- **Signed Agreements:**

SBC and CLECs have signed 390 interconnection and resale agreements within SBC's seven-state service area. In addition, 535 CLECs have received PUC approved certificates to provide local service in SBC states. The good faith associated with SBC's negotiation of interconnection agreements with CLECs is illustrated by the fact that the parties voluntarily consummated 390 agreements and only 26 arbitrations were required. In excess of 90 percent of the agreements

approved by PUCs have never been appealed, they are in force, and CLECs have access to all of their terms and conditions.

- **PUC Approved Agreements:**

The various state commissions have approved 286 SBC-CLEC interconnection and resale agreements. These approved agreements give the CLECs everything they say they need to provide local services and compete against SBC. There are a large number of PUC approved agreements in each of SBC's states: Texas: 126; California: 31; Kansas: 35; Arkansas: 29; Oklahoma: 22; Missouri: 30 and Nevada: 13 approved agreements.

- **Current Negotiations:**

SBC currently is in the process of negotiating more than 537 additional interconnection, resale and combination interconnection agreements.

CLECs Competing Against SBC

- As of the end of September 1998, 264 CLECs were operational in SBC's territory and passing resale, interconnection or UNE orders to SBC. 122 CLECs were passing orders in Texas alone.

SBC Access Lines Lost to CLECs Based on E-911 Listings and Resale

- Through the end of September 1998, 1.2 million access lines have been captured by CLECs through resale or through the establishment of new facilities-based service (based on E-911 by CLECs in SBC's seven-state service area). Approximately 714,000 SBC lines have been resold by CLECs and approximately 480,500 additional customers are being served on a facilities-basis (as indicated by CLEC E-911 listings) by CLECs in SBC's territory. As described below this is a conservative and minimum number of lines served by CLECs.

SUMMARY TABLE OF LINES LOST—CONSERVATIVE ESTIMATE

A conservative and understated estimate of the approximate number of lines lost to CLECs in SBC's 7 states on a resale and facilities-basis (using E-911 listings as the indicator) is:

| | <u>Resale Total</u> | <u>Resale Residential</u> | <u>Resale Business</u> | <u>Resale Priv. Coin</u> | <u>Facilities Based Lines</u> | <u>Total Lines Lost</u> |
|-------------------------------------|-------------------------|-------------------------------|----------------------------|------------------------------|-----------------------------------|-----------------------------|
| a) California: | 251,600 | 121,900 | 120,230 | 9,470 | 345,070 | 596,670 |
| b) Texas: | 317,128 | 197,066 | 106,114 | 13,948 | 80,173 | 397,301 |
| c) Kansas: | 61,847 | 26,736 | 35,101 | 10 | 2,416 | 64,263 |
| d) Oklahoma: | 34,555 | 25,322 | 8,341 | 792 | 20,038 | 54,593 |
| e) Missouri: | 29,741 | 16,027 | 13,663 | 51 | 5,633 | 35,374 |
| f) Arkansas: | 16,892 | 14,464 | 2,418 | 10 | 12,422 | 29,314 |
| g) Nevada: | 2,115 | 327 | 1,788 | 0 | 14,792 | 16,907 |
| RESOLD LINES: | 713,778 | 401,842 | 287,655 | 24,281 | | |
| FACIL.-BASED LINES LOST: | | | | | 480,544 | |
| SBC TOTAL LINES LOST: | | | | | | 1,194,322 |

REALISTIC ESTIMATE OF TOTAL COMPETITIVE LINES SERVED BY CLECS

It is also possible to estimate how many lines are being served by facilities-based carriers by calculating the "estimated bypass" associated with the interconnection trunks that have been provided to CLECs. Facilities-based CLECs do not order trunks unless they have local lines and traffic to support and utilize such trunks. Based on past engineering experience, most LECs would estimate that every trunk could support approximately ten facilities-based lines. Since CLEC networks may not be engineered for maximum efficiency and since CLECs are disproportionately serving heavy use Internet lines, we have made the very conservative assumption that CLEC trunks are serving only 2.75 facilities-based lines per end-office interconnection trunk. Using, this conservative methodology demonstrates that **CLECs are serving approximately 1.86 million lines in SBC's states (i.e., 713,778 resold lines and an estimated 1,146,099 facilities-based lines)**. The following chart illustrates the number of resold and bypass facilities-based lines that are being served by CLECs in SBC's seven states:

| | <u>Resold Lines</u> | <u>Unbundled Loops</u> | <u>Total Lines Provided By SBC</u> | <u>Interconnection Trunks</u> | <u>Estimated Bypass Lines¹</u> | <u>Total Competitive Lines served by CLECs</u> |
|--------------|-------------------------|----------------------------|------------------------------------------------|-----------------------------------|---------------------------------------------------|--------------------------------------------------------------------|
| California | 251,600 | 47,275 | 298,875 | 273,813 | 705,710 | 957,310 |
| Texas | 317,128 | 2,651 | 319,779 | 121,691 | 331,999 | 649,127 |
| Missouri | 29,741 | 1,770 | 31,511 | 17,918 | 47,504 | 77,245 |
| Kansas | 61,847 | 402 | 62,249 | 4,153 | 11,018 | 72,865 |
| Oklahoma | 34,555 | 1,701 | 36,256 | 11,514 | 29,962 | 64,517 |
| Arkansas | 16,892 | 1,853 | 18,745 | 6,434 | 15,840 | 32,732 |
| Nevada | 2,115 | 3,986 | 6,101 | 2,928 | 4,066 | 6,181 |
| TOTAL | 713,778 | 59,638 | 773,416 | 438,451 | 1,146,099 | 1,859,877 |

SBC has made Resale available

- Given that CLECs now resell more than **713,800** lines in SBC's territory, there can be no dispute that resale of local service is available and significant in SBC's territory. SBC has demonstrated that it has made resale available and that its OSS can process CLEC resale orders in an accurate and timely manner without any backlogs. For example, in the last four months of 1997 (before AT&T and MCI unilaterally decided to abandon residential resale competition), SBC processed an average of 60,000 resale orders in each of these four months without a backlog. These numbers confirm that SBC has developed state-of-the art operational OSS that can handle large volumes of CLEC resale orders in an accurate, timely and non-discriminatory manner.

¹ Bypass estimate assumes 2.75 lines per interconnection trunk minus the number of Unbundled Loops. This number represents the estimated number of bypass lines served by facilities-based carriers in SBC's seven states.

- Resale activity has changed and slowed since April 1999 as AT&T and MCI continued their efforts to redline the residential resale market. First, beginning in April, there was a noticeable shift by CLECs from residential to business customers. Prior to April, CLECs had used resale to serve more residential than business customers. After April, CLECs shifted their efforts to use resale to serve business customers, almost to the exclusion of residential customers. For example, prior to April, 66 percent of the 615,000 resale lines in SBC's states served residential customers and 34 percent served business customers. Between April and September, the trend reversed and CLECs used resale to serve business customers almost exclusively (e.g., during that period, CLECs obtained 100,000 business resale lines compared to only 10,000 net residential lines). Second, between March and September, CLECs have almost completely abandoned the residential resale market in California. Prior to March, CLECs served more than 145,000 resale lines in California, but from March to September, cumulative residential resale lines in California declined by more than 25,500 lines as a result of publicly acknowledged decisions by AT&T and MCI to stop signing up new residential resale customers in California and by encouraging their existing resale customers to switch to other carriers. Nevertheless, even if the major IXCs chose for their own strategic, internal business and regulatory reasons not to take advantage of the residential resale option made available to them by SBC because they do not like the resale pricing discounts required by the 1996 Act and approved by the PUCs, there can be no dispute that SBC has met its obligations under the Act to make resale available to its local wholesale customers. The figures listed above demonstrate that SBC has made available to CLECs all the systems and services they need to compete on a resale basis in each of SBC's states. In all of SBC's states, competitors can sign-up any or all resale customers in those states for their local service as easily as they sign-up long distance customers.

FACILITIES-BASED COMPETITION STATUS:

Facilities-based competition in SBC's states is substantial and has increased dramatically in recent months. CLECs are serving a minimum of **480,500 to 1.2 million lines on a facilities-basis** in SBC's territory. The following market facts demonstrate that SBC has opened its local markets to competition and that in addition to making resale available to competitors, SBC is also providing CLECs with the facilities and network elements they need from SBC in order to compete on a facilities-basis in the local exchange market. Information is not available to SBC to identify with precision the full extent of facilities-based competition in each of its states. Available indicators underestimate the extent of facilities-based competition and are imperfect measures of competitive entry because each captures only that part of entry that requires action by SBC and does not capture the extent of facilities-based self-supply being undertaken by CLECs. Nevertheless, a review of available indicators (e.g. CLEC E-911 listings and lines served by Interconnection Trunks) demonstrate that there is significant and growing facilities-based competition in SBC's states and that a minimum of **480,500** lines are being served by facilities-based carriers and that a more realistic estimate is that an estimated **1.2 million** lines are being served on a facilities-basis by CLECs in SBC's states.

CLEC E-911 Numbers—Best Conservative Indicator of Facilities-Based Competition

- CLEC listings in the E-911 database is the best conservative available indicator of the minimum number of access lines being served on a facilities basis by facilities-based carriers. These numbers, however, underestimate the actual number of facilities-based lines being provided by CLECs because many businesses only use a single number or a few numbers to serve a large group of access lines. Nevertheless, the E-911 listings show that CLECs serve a minimum of **713,778** lines in SBC's 7 states on a facilities-basis. Specifically, CLECs have requested E-911 service for 713,778 lines from their own NXX Codes that were assigned to them to provide facilities-based service.

- In California alone, 14 facilities-based carriers serve approximately 345,000 lines on a facilities basis (based on E-911 listings). CLEC E-911 listings indicate that there is at least the following number of lines being served on a facilities-basis in the other SBC states: Texas: 80,000; Oklahoma: 20,000; Nevada: 14,800; Arkansas: 12,400; Missouri: 5,600; and Kansas: 2,400 facilities-based lines.
- See above for a description of the 1.86 million facilities-based lost lines estimate based on interconnection trunks being used by CLECs.

Numbers Ported—Another Indicator of Facilities-Based Competition

- More than **124,000** existing SBC lines have been ported via interim number portability (108,269 lines) and long-term number portability (15,768 lines) to facilities-based competitors in each of SBC's seven states. CLECs have chosen to port mostly business lines, but the same basic processes and procedures can be used to port residential lines. This is one indicator of facilities-based competition that has occurred in SBC's seven states, but it underestimates the actual amount of facilities-based competition that has occurred. Each of the numbers ported represents conversion of an existing line from SBC to a facilities-based CLEC provider. It should be noted, however, that lines do not have to be ported when CLECs serve new lines/customers on a facilities-traffic.

Minutes Exchanged – Another Indicator That SBC's Networks Are Open

- The fact that more than **17.2 billion** minutes of local and internet traffic has been exchanged between SBC and CLEC networks is compelling evidence that SBC has opened its networks and has met the competitive checklist. Reciprocal compensation minutes of use is an indicator that demonstrates that actual local traffic is being exchanged between CLECs and SBC. A substantial amount of local traffic has been exchanged between SBC and CLECs, with most of that traffic (and the corresponding reciprocal compensation) going from SBC to the CLECs. For example, approximately **5.3 billion** minutes of local traffic (excluding Internet traffic) has been exchanged between SWBT/Pacific Bell/Nevada Bell and CLECs over interconnection trunks. More than 80% of this local traffic has been exchanged from SBC to CLEC networks. It should be noted, that these minutes do not capture all local minutes being generated by CLECs because they do not include CLEC-to-CLEC traffic or on-net (i.e., intra-CLEC) traffic.
- In addition, the fact that an additional **11.9 billion** minutes of Internet traffic has been exchanged between SBC and CLEC networks also demonstrates that SBC's networks have been opened to competition. The **17.2 billion** minutes of local and Internet minutes-of-use exchanged between SBC and CLEC Networks confirm that SBC's networks are open to and connect with CLEC networks.

UNEs, Interconnection and Other Facilities-Based Products Provided By SBC to CLECs

- **Interconnection Trunks:**

SBC's provisioning of local interconnection trunks is an indicator that the interconnection checklist requirement has been met and that actual local exchange traffic is being exchanged between CLECs and SBC. SBC has provisioned approximately **438,400** one-and two-way interconnection trunks to CLECs in SBC's seven-state service area. This represents the call carrying capacity on the local service provider networks for 4.3 million lines. Moreover, as described above, facilities-based carriers do not order trunks from SBC unless they have local lines and traffic to utilize such trunks. It can be conservatively estimated that each trunk being used by a CLEC is supporting at least 2.75 facilities-based lines being provided by that CLEC. These trunks allow CLECs to connect their networks and customers to SBC's network. The

following number of trunks were provided by SBC to CLECs: California: 273,800 trunks; Texas: 121,600; Oklahoma: 11,500; Missouri: 17,900; Arkansas: 6,400; Kansas: 4,100; and Nevada: 2,900 trunks.

- **Unbundled Loops:**

Unbundled loops are the direct connection between the local network and customer's premises. CLECs can provision loops themselves, or they can lease unbundled loops from SBC or other suppliers. Because CLECs can self-provision loops, the number of unbundled loops provided by SBC understates the extent of existing facilities-based competition. Nevertheless, approximately **59,600** unbundled loops have been provisioned by SBC to CLECs in SBC's seven states.

- **CLEC Collocation Arrangements:**

Collocation is an important measure of competitive facilities-based presence because once a competitor is collocated in an SBC central office it has access to every loop connected to that central office. **846** physical collocation arrangements are operational in SBC's seven-state service area -- 262 of these are in SWBT's region, with 581 in California.

- 386 physical collocation arrangements (96 in SWBT and 289 in California/Nevada) are currently being worked on and pending completion.

- 121 virtual collocation arrangements are operational in SWBT's five-state territory.

- **E-911 Trunks:**

CLECs have requested and SBC has provisioned **908** operational E-911 trunks to facilities-based CLECs in SBC's seven-state service area. Of this number, 632 are located in California and 270 are in SWBT states.

- **DA/OS Trunks:**

More than **1,270** Directory/Operator Assistance trunks have been provisioned by SWBT to CLECs in the five SWBT states. More than 120 CLECs are using SWBT's Directory Assistance and "O" Call Completion services.

Telephone Numbers Requested By and Assigned to CLECs

- 2,661 NXX codes (each code representing 10,000 numbers) have been assigned to facilities-based CLECs in SBC's seven-state service area, with an additional 278 assignments pending. In other words, CLECs have requested and SBC has assigned **26.6 million** telephone numbers to CLECs in its seven states; more than 14.9 million numbers have been requested by CLECs in California and an additional 11.6 million numbers have been requested in SWBT's five states.

Access to SBC White Page Directories

- CLEC information can be included in all SBC White Page directories in SBC's seven state service areas. SBC has provided more than **557,000** white page listings for its local wholesale customers. Of these listings, 375,000 have been in SWBT states and 180,800 in California.

Access to SBC Poles and Conduits

- SBC has provided competitors with access to more than **374,000** of its poles and approximately **8.4 million feet** of conduit space for their use to compete against SBC in its seven states.

CLEC Orders Handled by SBC's OSS and Local Service Centers

- Since the 1996 Act passed, SBC's OSS and Local Service Center personnel have handled more than **3.1 million** service orders from CLECs to order facilities, network elements and resold or

second lines for their customers, change or add vertical services etc. More than 2.1 million orders from CLECs have been processed in the SWBT five-state region and approximately 925,000 orders have been processed in California/Nevada. The fact that SWBT processed more than 1.2 million orders in 1997, and an additional 1.4 million orders in the first nine months of 1998, without a backlog, is strong evidence that SBC has developed state-of-the-art OSS and that these systems are being used by CLECs to compete in the local market against SWBT. Orders are also being processed in California in a similar timely and accurate manner without any backlogs.

- SBC also demonstrated in Texas that its OSS (which is the same system used in all five SWBT states) could handle large increases in volumes from CLECs. Over **1.6 million** CLEC service orders in Texas have been processed, with over 1 million orders processed in January through September of 1998. SBC's OSS and Local Service Centers have handled the increased volume of service orders without experiencing a backlog.

Performance Measurements

- SBC has also developed and implemented more than 65 performance measurements that cover all aspects of its relationships with CLECs in all seven SBC states. These measurements mirror and fully comply with the model set of measurements advocated by the U.S. Department of Justice. SBC's performance measurements cover each of the five recognized OSS functions (i.e., preordering, ordering, provisioning, maintenance and repair, and billing).
- The results generated by these performance measurements compare SBC and CLEC performance for each of the measurements and these results confirm that SBC is providing each of the 14 competitive checklist items in substantially the same time and manner that is it providing such services to itself.

Conclusion

- The resale, interconnection, facilities-based and OSS-related numbers listed above provide compelling evidence that SBC has opened each of its seven states to resale and facilities-based competition and that SBC provides its local wholesale customers with the systems and services they need to compete and capture SBC's local customers.
- The record confirms that CLECs have captured **almost 2 million** resold and facilities-based lines in SBC's states, that CLECs have obtained millions of checklist products from SBC, that SBC has provided CLECs with practical and real access to all 14 competitive checklist items and that SBC has opened its local markets to competition.
- IXCs and CLECs who have made a strategic decision not to invest or compete in SBC's local markets on a broad-scale or facilities basis, particularly the residential market, are doing so for their own economic, regulatory and business reasons, not because they are unable to obtain competitive checklist products and services from SBC. CLECs who do want to compete on either a resale or facilities-basis in SBC's territory for business or residential customers can provide and are, in fact, already providing such local services in direct competition with SBC.

SBC's Section 251 / Checklist Provisioning Status

Data through: 9/98 (unless otherwise noted)

Date Produced: 10/21/98

Shaded data through 8/98 (unless otherwise noted)

Green, italicized, bolded data is corrected from previous edition.

| # | CHECKLIST DESCRIPTION | PRODUCTS PROVIDED | SWBT's | | | | | | | CA | NV | SBC TOTAL |
|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|---------|---------|-----------|---------|---------------|------------|--------------------|--------------------|------------|-----------|
| | | | AR | KS | MO | OK | TX | 5 States | | | | |
| 1 | Interconnection for the transmission and routing of telephone exchange service and exchange access at any technically feasible point within the carrier's network. | Total Interconnection Trunks Provided to CLECs (see Item #7 for more trunk information) a/o 10/5/98. | 6,434 | 4,153 | 17,918 | 11,514 | 121,691 | 161,710 | 273,813 | 2,928 | 438,451 | |
| | | · One Way Trunks (SBC to CLEC) | 4,502 | 2,109 | 6,991 | 8,849 | 58,379 | 80,830 | 12,134 | 0 | 92,964 | |
| | | · One Way Trunks (CLEC to SBC) | 954 | 640 | 2,435 | 1,609 | 21,626 | 27,264 | 1,288 | 0 | 28,552 | |
| | | · Two Way Trunks | 978 | 1,404 | 8,492 | 1,056 | 41,686 | 53,616 | 260,391 | 2,928 | 316,935 | |
| | | Physical Collocation * a/o 10/15 | | | | | | | | | | |
| | | · Operational Cages | 10 | 18 | 39 | 35 | 160 | 262 | 581 | 3 | 846 | |
| | | · Pending Cages | 0 | 3 | 12 | 3 | 78 | 96 | 289 | 1 | 386 | |
| | | Virtual Collocation * a/o 10/15 | | | | | | | | | | |
| | | · Operational Arrangements | 7 | 7 | 12 | 9 | 85 | 120 | 1 | 0 | 121 | |
| | | · Pending Arrangements | 0 | 0 | 0 | 0 | 104 | 104 | 1 | 0 | 105 | |
| | Number of Collocated Wire Centers | 4 | 13 | 12 | 18 | 76 | 123 | 162 | 3 | 288 | | |
| 2 | Nondiscriminatory access to network elements. (In addition, See Items 3-6 below) | Number of CLECs passing orders in 1998 | 20 | 21 | 25 | 22 | 122 | 210 | 48 | 6 | 264 | |
| | | Total orders processed (2/8/96 - 9/98) ** | 105,930 | 154,201 | 102,457 | 131,734 | 1,686,261 | 2,180,583 | 925,337 | 7,083 | 3,113,003 | |
| | | · Manual | 97,994 | 101,199 | 55,081 | 114,189 | 1,323,604 | 1,692,067 | 100% in 1996 | 7,083 | | |
| | | · Electronic | 7,936 | 53,002 | 47,376 | 17,545 | 362,657 | 488,516 | 288,626 | 0 | 777,142 | |
| | | Total orders processed in 1997 ** | 19,035 | 41,476 | 6,396 | 22,832 | 641,098 | 730,837 | 516,162 | 3,511 | 1,250,510 | |
| | | · Manual | 19,035 | 28,972 | 6,309 | 20,408 | 495,077 | 569,801 | ~80% | 3,511 | | |
| | | · Electronic | 0 | 12,504 | 87 | 2,424 | 148,021 | 161,036 | ~20% | 0 | | |
| | | Total orders processed in 1998 ** | 86,895 | 112,725 | 96,057 | 108,898 | 1,003,559 | 1,408,134 | 338,978 | 3,572 | 1,750,684 | |
| | | · Manual | 78,959 | 72,227 | 48,768 | 93,777 | 786,923 | 1,080,654 | 175,591 | 3,572 | 1,259,817 | |
| | | · Electronic | 7,936 | 40,498 | 47,289 | 15,121 | 216,636 | 327,480 | 163,387 | 0 | 490,867 | |
| Total orders processed in September 1998 ** | 13,750 | 25,614 | 23,529 | 23,365 | 246,628 | 332,884 | 29,045 | 322 | 362,251 | | | |
| · Manual | 12,017 | 19,138 | 15,496 | 19,599 | 216,783 | 283,033 | 19,286 | 322 | 302,641 | | | |
| · Electronic | 1,733 | 6,476 | 8,033 | 3,766 | 29,843 | 49,851 | 9,759 | 0 | 59,610 | | | |
| 3 | Nondiscriminatory access to poles, ducts, conduits and rights of way. | Total Number of Poles Attached (Note 1) | 263 | 56 | 384 | 186 | 2,577 | 3,466 | 370,060 | 508 | 374,034 | |
| | | Total Feet of Duct Occupied (Note 1) | 244,369 | 13,214 | 61,530 | 99,180 | 725,364 | 1,143,657 | 7,236,650 | 16,225 | 8,396,532 | |
| 4 | Local loop transmission from the central office to the customer's premises, unbundled from local switching or other services. | Unbundled Loops | 1,853 | 402 | 1,770 | 1,701 | 2,651 | 8,377 | 47,275 | 3,986 | 59,638 | |
| 5 | Local transport from the trunk side of a wireline local exchange carrier switch unbundled from switching or other services. | Unbundled Transport | | | | | | | | | | |
| | | · Dedicated Transport Available? | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | |
| | · Shared Transport Available? | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | | |
| 6 | Local switching unbundled from transport, local loop transmission or other services. | Unbundled Switch Ports | 0 | 0 | 0 | 0 | 462 | 462 | 194 | 0 | 656 | |
| 7 | Nondiscriminatory access to 911 and E911, directory assistance, and operator call completion services. | E911 Trunks (not included in Item 1 Total) | 18 | 24 | 16 | 20 | 192 | 270 | 632 | 6 | 908 | |
| | | DA/OA Trunks (not included in Item 1 Total) *** | 88 | 0 | 88 | 85 | 871 | 1,132 | 120 | 18 | 1,270 | |
| | | CLECs using Directory Assistance Service (Note 2) | 11 | 15 | 19 | 11 | 110 | 124 | Data Not Available | Data Not Available | | |
| | | CLECs using "0" Call Completion Service (Note 2) | 11 | 14 | 18 | 10 | 109 | 123 | Data Not Available | Data Not Available | | |
| | | Are CLECs offered E-911 service directly to government bodies or interconnecting with SBC's existing service arrangements? | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | |
| | | Number of Facilities Based CLEC End User E-911 Listings SWBT a/o 9/27/98 | | | | | | | | | | |
| | | · Residence | 160 | 2 | 10 | 65 | 6,819 | 7,056 | Res/Bus Split | | 7,056 | |
| · Business | 12,262 | 2,414 | 5,623 | 19,973 | 73,354 | 113,626 | Not Available | | 113,626 | | | |
| · Total | 12,422 | 2,416 | 5,633 | 20,038 | 80,173 | 120,682 | 345,070 | 14,792 | 480,544 | | | |
| 8 | White pages directory listing for customers of other carrier's telephone exchange service. | Number of CLEC End User White Pages Listings | | | | | | | | | | |
| | | · Resale | 15,072 | 52,442 | 24,482 | 30,786 | 244,808 | 367,590 | 157,057 | 742 | 525,389 | |
| | | · Facilities Based | 1,031 | 317 | 1,022 | 1,209 | 3,783 | 7,362 | 23,806 | 929 | 32,097 | |
| | | · Total | 16,103 | 52,759 | 25,504 | 31,995 | 248,591 | 374,952 | 180,863 | 1,671 | 557,486 | |
| 9 | Nondiscriminatory access to telephone numbers for assignment to the other carrier's telephone exchange service customers. | Telephone Numbers Provided to CLECs (Note 3) | | | | | | | | | | |
| | | · Numbers Assigned | 140,000 | 210,000 | 1,510,000 | 570,000 | 9,180,000 | 11,610,000 | 14,970,000 | 30,000 | 26,610,000 | |
| | | · Numbers Pending Assignment | 0 | 0 | 30,000 | 0 | 100,000 | 130,000 | 2,650,000 | 0 | 2,780,000 | |
| 10 | Nondiscriminatory access to databases and associated signaling necessary for call routing and completion. | Access to 800, Line Information Database (LIDB), Calling Name Delivery Database (CNAM), and SS7 Signaling Network Available? | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | | |

SBC's Section 251 / Checklist Provisioning Status

Data through: 9/98 (unless otherwise noted)

Date Produced: 10/21/98

Shaded data through 8/98 (unless otherwise noted)

Green, italicized, bolded data is corrected from previous edition.

| # | CHECKLIST DESCRIPTION | PRODUCTS PROVIDED | AR | KS | MO | OK | TX | SWBT's 5 States | CA | NV | SBC TOTAL |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|----------------------------------|----------------------------------|----------------------------------|-----------------------------------------|-----------------------------------------|----------------------------------------|----------------------------|-----------------------------------------|
| 11 | Interim number portability through RCF or DID trunks. Each line ported represents conversion of an existing line from SBC to a facilities-based provider. | Numbers Ported to CLECs via INP · Residential Lines · Business Lines · Total Numbers Ported to CLECs via LNP -Total In-Service Port Outs | 104 4,345 4,449 0 | 0 1,320 1,320 15 | 3 2,370 2,373 256 | 1 16,623 16,624 1 | 38 28,018 28,056 11,514 | 146 52,676 52,822 11,786 | 5,883 41,328 47,211 3,982 | 0 8,236 8,236 0 | 6,029 102,240 108,289 15,768 |
| 12 | Nondiscriminatory access to services and information required to allow implementation of dialing parity. | · Are additional access codes or digits needed to complete local calls to or from CLEC customers? · IntraLATA toll dialing parity available concurrent with SBC's provision of interexchange service? | No Yes | No Yes | No Yes | No Yes | No Yes | No Yes | No Yes | No Yes | No Yes |
| 13 | Reciprocal compensation arrangements. (Note 4) **** | Local and EAS Minutes of Use Exchanged Over Interconnection Trunks Since 1/1/97 (In Millions) · From SBC to CLEC · From CLEC to SBC (CA - does not incl. Jan-98) · Total Local and EAS Minutes of Use Exchanged Over Interconnection Trunks In July 1998 (In Millions) · From SBC to CLEC · From CLEC to SBC · Total Local and EAS Minutes of Use Exchanged Over Interconnection Trunks In August 1998 (In Millions) · From SBC to CLEC · From CLEC to SBC · Total | 36.3 14.6 50.9 | 5.7 0.0 5.7 | 52.6 0.5 53.1 | 176.7 14.0 190.7 | 350.3 337.5 687.8 | 621.6 368.6 988.2 | 3,512.6 743.8 4,256.4 | 35.8 0.0 35.8 | 4,170.0 1,110.4 5,280.4 |
| 14 | Offering for resale at wholesale prices any telecommunications services offered at retail to subscribers who are not themselves carriers. | Resold Access Lines · Business Lines (Simple and Complex) · Private Coin Lines · Residential Lines · Total | 2,418 10 14,464 16,892 | 35,101 10 26,736 61,847 | 13,663 51 16,027 29,741 | 8,341 792 25,322 34,455 | 106,114 13,948 197,066 317,128 | 165,637 14,611 279,615 460,063 | 120,230 9,470 121,900 251,600 | 1,788 0 327 2,115 | 287,655 24,281 401,842 713,778 |

Note 1: CA and NV data updated bi-annually. CA Total Feet of Duct Occupied reflects both IXC and CLEC facilities.

Note 2: SWBT total counts each CLEC once, although it may appear in multiple states and as both a facilities based and resale provider.

Note 3: Each NXX Code equals 10,000 telephone numbers.

Note 4: Totals do not include disputed Internet minutes of use. However, the fact that over 11.88B minutes of Internet traffic have been exchanged between SBC and CLEC networks in 1997 and 1998 also demonstrates that SBC's networks have been opened to competition. SWBT 1997 and 1998 totals include only Local and Optional EAS traffic. PB 1997 totals also include intraLATA toll. MOU recording days decreased between July and August, reflecting some decreases in MOU. Also, the green, bolded, italicized data is updated MOU data not originally reflected in the July report.

* Count now reflects number of cages for all SBC States. Prior to 7-98 report, only the single instance of collocation by CLEC by wire center was counted for SWBT States.

** CA Order Volumes reflect a true-up to include resale and previously unrecorded facilities-based activity (Facilities-based data taken from the Carter Report).

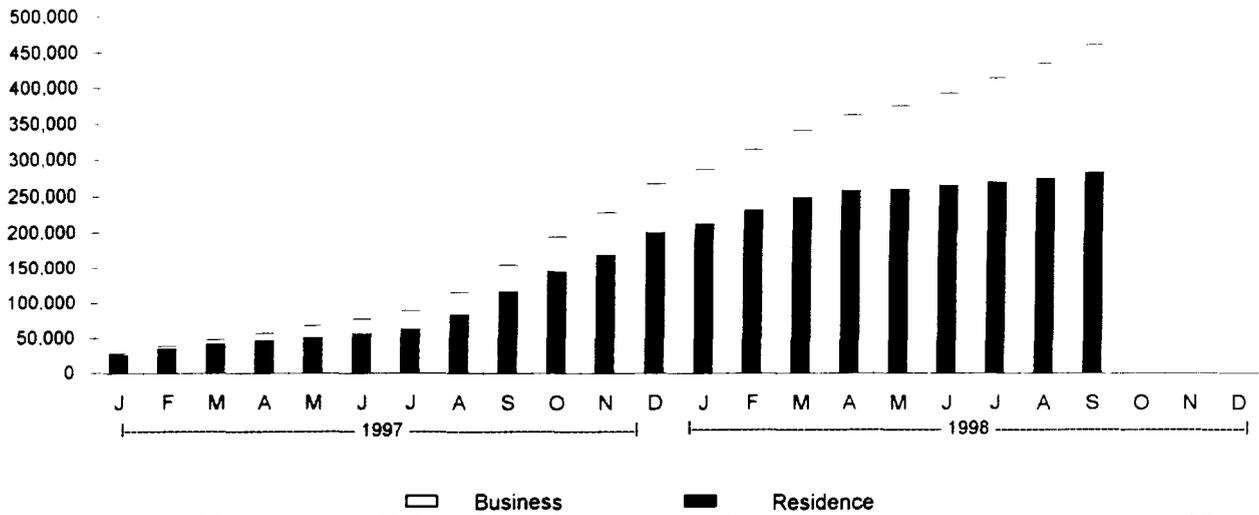
*** KS does have OA/DA trunks, but they appear in MO as they serve both MO and KS.

**** Represents only that traffic for which originating records have been exchanged. MOU data is now reported one month in arrears.

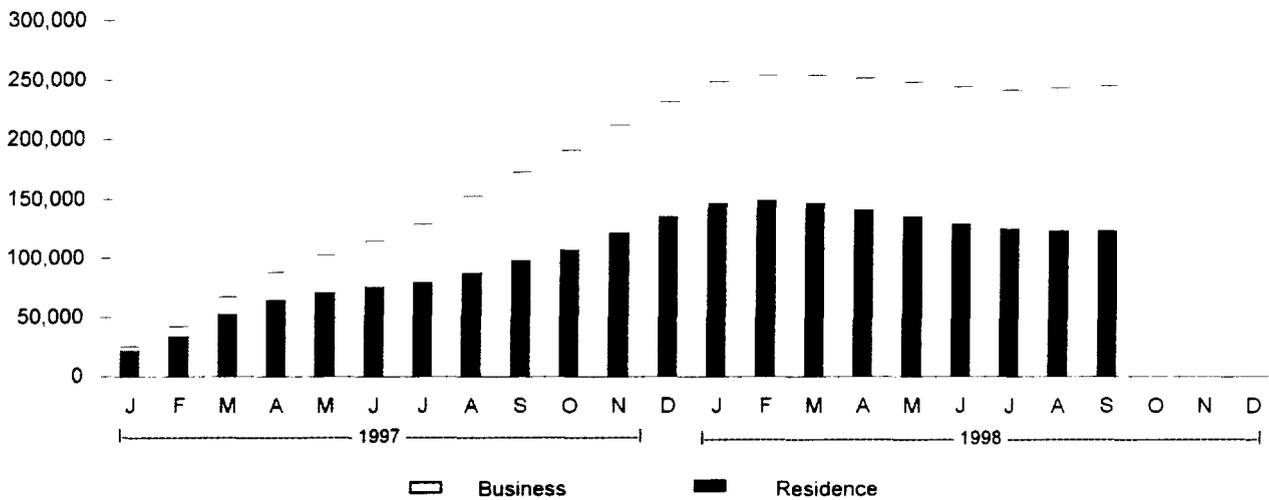
| CLECs with Certifications | AR | KS | MO | OK | TX | SWBT's 5 States | CA | NV | SBC TOTAL |
|----------------------------------------------------|----|----|----|----|-----|--------------------|-----|----|-----------|
| · Number Approved | 28 | 59 | 46 | 46 | 164 | 343 | 132 | 60 | 535 |
| · Number Pending | 24 | 6 | 23 | 18 | 10 | 81 | 19 | 2 | 102 |
| CLEC Interconnection Agreements a/o 10/2/98 | | | | | | | | | |
| · Number Signed (Resale, FB, & Combo) | 38 | 44 | 47 | 45 | 156 | 330 | 44 | 16 | 390 |
| · Number Approved (Resale, FB, & Combo) | 29 | 35 | 30 | 22 | 126 | 242 | 31 | 13 | 286 |
| · Number of Arbitrations Completed | 1 | 3 | 3 | 1 | 11 | 19 | 4 | 0 | 23 |
| · Number of Arbitrations In Progress | 0 | 0 | 0 | 0 | 2 | 2 | 0 | 1 | 3 |
| · Number Under Negotiation (Resale, FB, & Combo) | 69 | 65 | 77 | 72 | 146 | 429 | 66 | 42 | 537 |

SBC Resold Lines - Cumulative Resale Lines Lost to CLECs

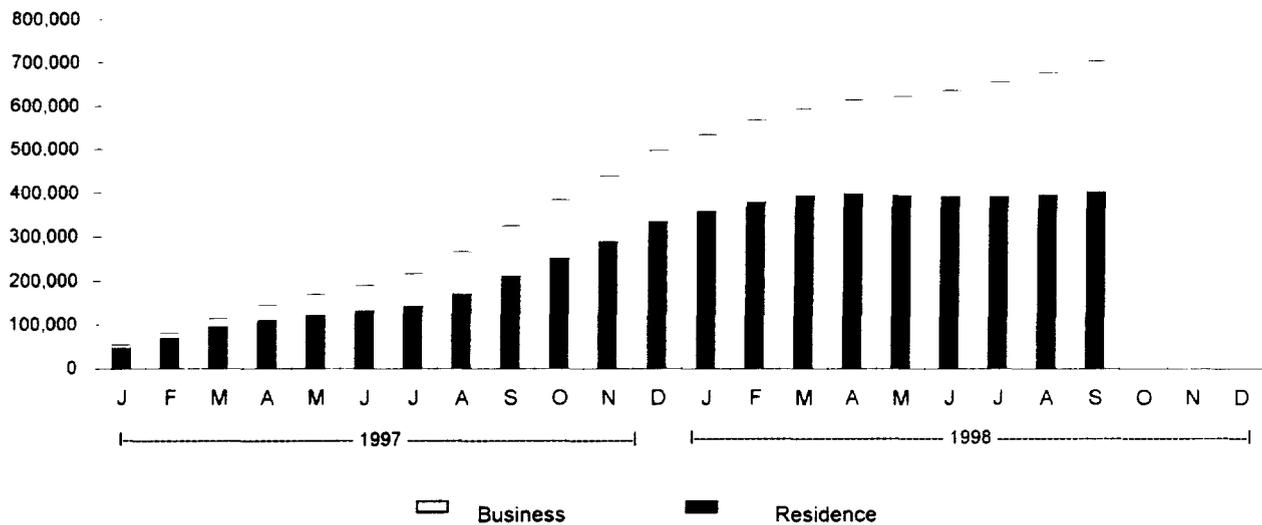
Southwestern Bell Telephone



Pacific Bell & Nevada Bell

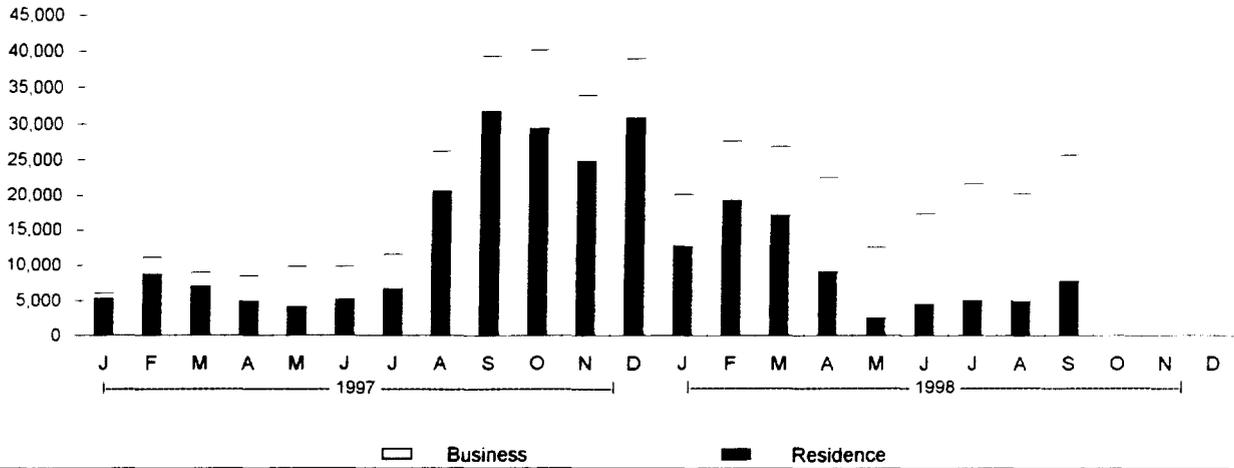


SBC Consolidated

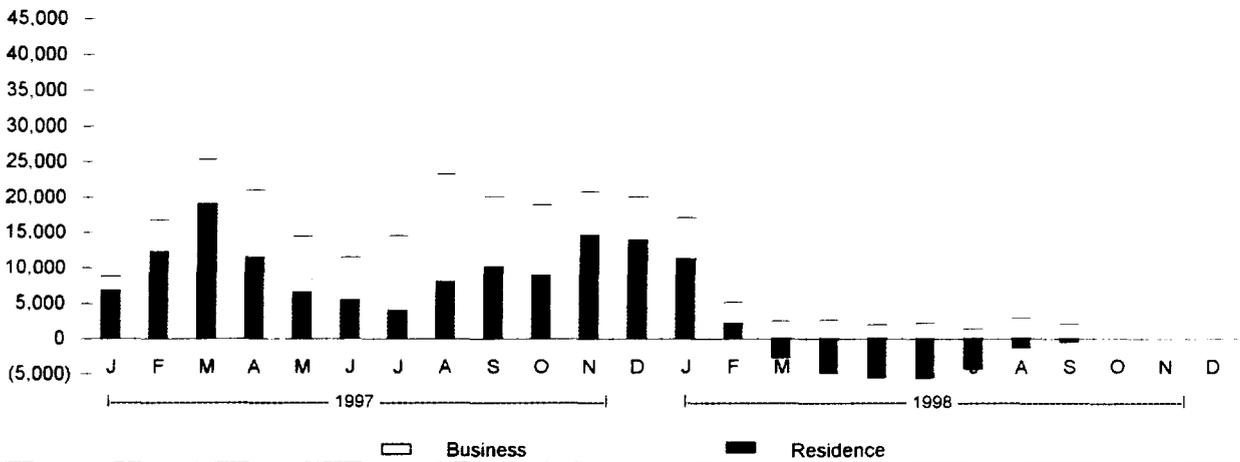


SBC Resold Lines - Monthly Resale Lines Lost to CLECs

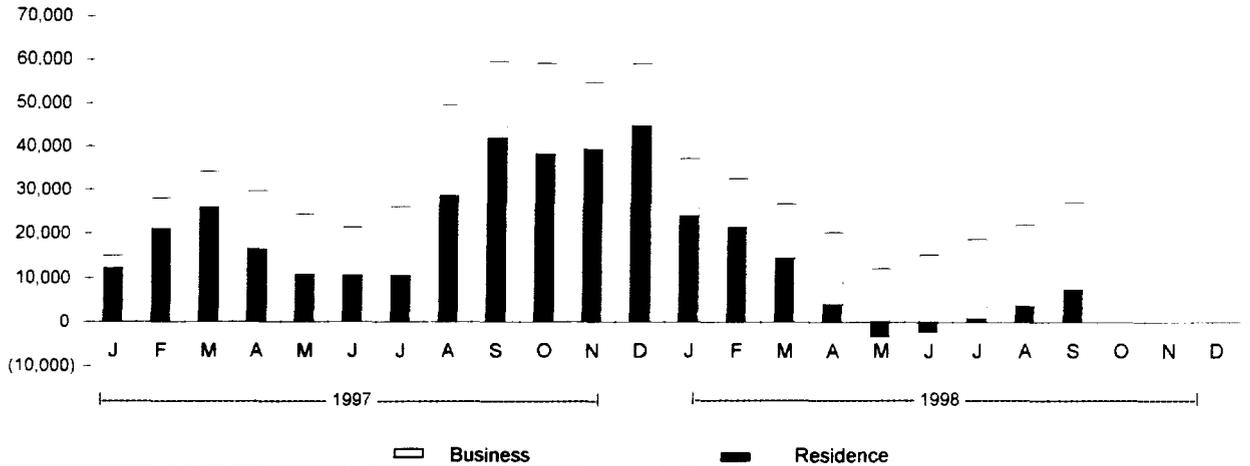
Southwestern Bell Telephone



Pacific Bell & Nevada Bell



SBC Consolidated



SBC Resold Lines - Cumulative Resale Lines Lost to CLECs

Southwestern Bell Telephone

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|--------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 1998 | | | | | | | | | | | | |
| Business | 76,177 | 84,587 | 94,367 | 107,852 | 117,972 | 130,824 | 147,372 | 162,625 | 180,485 | #N/A | #N/A | #N/A |
| Residence | 210,457 | 229,564 | 246,513 | 255,456 | 257,876 | 262,225 | 267,134 | 272,001 | 279,615 | #N/A | #N/A | #N/A |
| Total | 286,634 | 314,151 | 340,880 | 363,308 | 375,848 | 393,049 | 414,506 | 434,626 | 460,100 | #N/A | #N/A | #N/A |
| 1997 | | | | | | | | | | | | |
| Business | 2,808 | 5,342 | 7,445 | 11,147 | 16,950 | 21,831 | 26,880 | 32,539 | 40,279 | 51,191 | 60,425 | 68,703 |
| Residence | 25,366 | 34,034 | 40,937 | 45,783 | 49,850 | 54,884 | 61,404 | 81,863 | 113,492 | 142,650 | 167,231 | 197,875 |
| Total | 28,174 | 39,376 | 48,382 | 56,930 | 66,800 | 76,715 | 88,284 | 114,402 | 153,771 | 193,841 | 227,656 | 266,578 |
| 1996 | | | | | | | | | | | | |
| Business | - | - | - | - | 15 | 65 | 167 | 187 | 212 | 728 | 1,328 | 1,930 |
| Residence | 3 | 74 | 255 | 479 | 1,166 | 2,250 | 4,017 | 6,419 | 8,161 | 11,549 | 15,978 | 20,096 |
| Total | 3 | 74 | 255 | 479 | 1,181 | 2,315 | 4,184 | 6,606 | 8,373 | 12,277 | 17,306 | 22,026 |

Pacific Bell & Nevada Bell

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|--------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 1998 | | | | | | | | | | | | |
| Business | 103,374 | 106,374 | 108,952 | 111,625 | 113,641 | 115,943 | 117,401 | 120,485 | 122,559 | #N/A | #N/A | #N/A |
| Residence | 145,692 | 147,836 | 145,212 | 140,350 | 134,598 | 128,142 | 123,886 | 122,665 | 122,241 | #N/A | #N/A | #N/A |
| Total | 249,066 | 254,210 | 254,164 | 251,975 | 248,239 | 244,085 | 241,287 | 243,150 | 244,800 | #N/A | #N/A | #N/A |
| 1997 | | | | | | | | | | | | |
| Business | 4,510 | 9,110 | 15,355 | 25,013 | 33,001 | 39,134 | 49,796 | 65,154 | 75,075 | 85,114 | 91,351 | 97,532 |
| Residence | 20,715 | 32,912 | 51,904 | 63,300 | 69,793 | 75,178 | 79,056 | 87,014 | 97,151 | 106,014 | 120,558 | 134,436 |
| Total | 25,225 | 42,022 | 67,259 | 88,313 | 102,794 | 114,312 | 128,852 | 152,168 | 172,226 | 191,128 | 211,909 | 231,968 |
| 1996 | | | | | | | | | | | | |
| Business | - | - | - | 83 | 69 | 113 | 188 | 276 | 377 | 577 | 1,146 | 2,435 |
| Residence | - | - | - | 2 | 2 | 27 | 55 | 99 | 833 | 1,994 | 7,222 | 14,012 |
| Total | - | - | - | 85 | 71 | 140 | 243 | 375 | 1,210 | 2,571 | 8,368 | 16,447 |

SBC Consolidated

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|--------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 1998 | | | | | | | | | | | | |
| Business | 179,551 | 190,961 | 203,319 | 219,477 | 231,613 | 246,767 | 264,773 | 283,110 | 303,044 | #N/A | #N/A | #N/A |
| Residence | 356,149 | 377,400 | 391,725 | 395,806 | 392,474 | 390,367 | 391,020 | 394,666 | 401,856 | #N/A | #N/A | #N/A |
| Total | 535,700 | 568,361 | 595,044 | 615,283 | 624,087 | 637,134 | 655,793 | 677,776 | 704,900 | #N/A | #N/A | #N/A |
| 1997 | | | | | | | | | | | | |
| Business | 7,318 | 14,452 | 22,800 | 36,160 | 49,951 | 60,965 | 76,676 | 97,693 | 115,354 | 136,305 | 151,776 | 166,235 |
| Residence | 46,081 | 66,946 | 92,841 | 109,083 | 119,643 | 130,062 | 140,460 | 168,877 | 210,643 | 248,664 | 287,789 | 332,311 |
| Total | 53,399 | 81,398 | 115,641 | 145,243 | 169,594 | 191,027 | 217,136 | 266,570 | 325,997 | 384,969 | 439,565 | 498,546 |
| 1996 | | | | | | | | | | | | |
| Business | - | - | - | 83 | 84 | 178 | 355 | 463 | 589 | 1,305 | 2,474 | 4,365 |
| Residence | 3 | 74 | 255 | 481 | 1,168 | 2,277 | 4,072 | 6,518 | 8,994 | 13,543 | 23,200 | 34,108 |
| Total | 3 | 74 | 255 | 564 | 1,252 | 2,455 | 4,427 | 6,981 | 9,583 | 14,848 | 25,674 | 38,473 |