

to use these loops and provide the same level of service now offered with the use of special access loops, AT&T would need to overcome many of the same hurdles relating to building access as it faces with a full facilities build-out – a circumstance which makes the use of such loops in the near future impossible.

46. In order to remedy this situation Pacific's DS1 UNE offering must include access to all of its facilities up to the privately owned wiring at a customer premise. These facilities include terminating equipment, such as smart jacks, channel banks, and any other cross-connection functionality, including all necessary test loop back and electrical protection owned or controlled by Pacific which can reasonably be construed to represent the NID facility.⁴

47. An example of the need for these facilities is evident in Pacific's current special access offering. With the special access DS1, Pacific delivers the DS1 to the end user via a "Smart Jack" or "RJ48." This piece of

⁴ As AT&T argued at p. 93 of its Comments before the FCC *In the Matter of Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, FCC CC Docket 96-98:

"[T]he Commission must ensure that CLECs have access to all the incumbent's equipment and facilities up to the privately owned wiring at a customer premise. These facilities would include terminating equipment, such as smart jacks, channel banks, and any other cross-connection functionality, including all necessary test loop back and electrical protection owned or controlled by the incumbent LEC which can reasonably be construed to represent NID functionality. As Level 3 (at 20) notes, these equipment and facilities form the latest "last one hundred feet" of the loop. Access to them is essential if loop unbundling is to have any meaning. If a CLEC cannot obtain access all the way to the privately owned wires serving a customer, it often simply cannot provide service."

equipment carries the capabilities of multi-line testing, remote maintenance, and trouble administration functions that are key functions for AT&T to serve medium and large business customers. This equipment is the standard connector arrangement described in the ANSI specification for Network-to-Customer Installation – DS1 Metallic Interface (ANSI T1.403-1995; Exhibit 8, p. 22). Further, Pacific included the cost of this piece of equipment in its 4-wire DS1 UNE Loop cost analysis submitted to the California PUC in June 1999.⁵ Simply, without this piece of equipment, the customer in this important market segment will not have the benefit of competition.

48. Despite the fact that this equipment was included in the 4-wire DS1 UNE Loop cost analysis, Pacific has notified AT&T that the only way to pursue UNE Loops which are at parity with the Special Access options is to submit a Bona Fide Request (“BFR”), Exhibit 10 hereto, or Interconnection Network Element Request (“INER”) form. However, AT&T should not have to submit a BRF to obtain this equipment. Moreover, AT&T is concerned with the instructions on the new BFR forms located on the SBC website that guarantee the rejection of most requests. This page, reserved for use by a

⁵ Although Pacific’s actual cost studies are proprietary and confidential, Pacific’s Comments explaining those cost studies are not. On June 4, 1999, Pacific filed the Opening Comments of Pacific Bell (U 1001 C) On Proposed Decision of ALJ McKenzie Dated May 10, 1999 (attached as Exhibit 9 hereto). At p. 23 of those Opening Comments, Pacific notes the *“the loop includes the NID* [network interface device] and therefore a CLEC is not required to separately order the NID.” (Exhibit 9, emphasis added)

Pacific Account Team employee, instructs him/her that "only extraordinary circumstances will be considered." Exhibit 10 hereto; see also generally Affidavit of Al Finnell on Interconnection, Unbundled Network Elements, and E911 at ¶¶ 88- 97. AT&T is continuing discussions with Pacific in the hopes of resolving this issue and proceeding on to the testing and provisioning of 4-wire DS1 UNE Loops in order to serve its mid to large business customers.

VII. CONCLUSION

49. The importance of adhering to the established processes for carrying out UNE Loop with LNP Hot Cut orders cannot be overstated, particularly as AT&T begins submitting substantially higher volumes than is experienced today. As indicated on the detailed flow chart jointly documented by AT&T and Pacific, these processes are extremely complicated, with a variety of problems that can arise relating to the physical disconnection and reconnection of the loop, the associated software translations, and the porting of the numbers. Until Pacific can demonstrate that it can faithfully carry out these processes, AT&T expects to uncover new problems, and deal again with some of the problems experienced earlier this year, as we ramp up volumes, transition from the CESAR to LEX interface, and begin ordering and provisioning 4 wire UNE DS1 loops with LNP.

I declare under penalty of perjury that the foregoing is true and accurate to the best of my knowledge and belief.

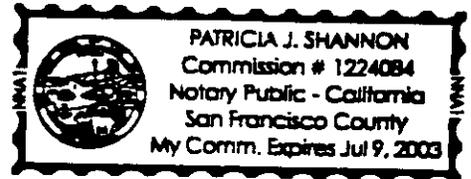
Executed on August 11, 1999.

Sarah DeYoung
Sarah DeYoung

State of CALIFORNIA
County of SAN FRANCISCO

SUBSCRIBED AND SWORN TO
BEFORE ME this 11th day of August, 1999:
By SARAH DeYoung

Patricia J. Shannon
Notary Public



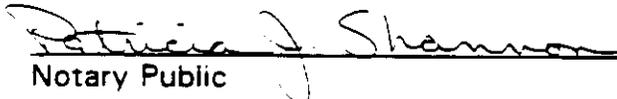
I declare under penalty of perjury that the foregoing is true and accurate to the best of my knowledge and belief.

Executed on August 11, 1999.


Eva Fettig

State of CALIFORNIA
County of SAN FRANCISCO

SUBSCRIBED AND SWORN TO
BEFORE ME this 11th day of August, 1999:
By EVA FETTIG


Notary Public

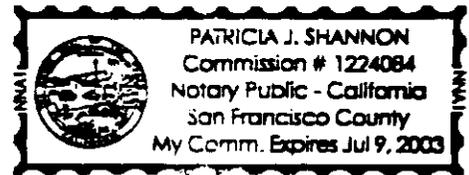




Exhibit 1
all information contained in Exhibit 1
is proprietary to
AT&T and Pacific Bell





Frank Ianna
President-Network Services

Room 4449F3
295 N. Maple Ave
Basking Ridge, NJ 07920
908 221-5100

April 12, 1999

Mr. Royce F. Caldwell
President - SBC Operations
SBC Communications, Inc.
175 East Houston
Suite 1307
San Antonio, Texas 78205

Re: UNE Loop Orders

Dear Royce:

I write this letter to request your personal involvement in ensuring that SBC promptly implements the necessary processes and system capabilities throughout its service area to enable the ordering and provisioning of UNE loops for AT&T at commercial volumes without service disruption to AT&T customers.

AT&T believes it is critical that we establish with SBC explicitly defined and agreed upon processes and procedures for all phases of this service, from order entry through provisioning, with particular emphasis on performing "coordinated hot cuts" -- the process of cross-connecting a customer's unbundled loop to AT&T's switch and simultaneously porting the customer's local telephone number. Experience has shown that the failure to have adequate coordinated hot cut processes in place can lead to service disruptions for customers that are seeking to leave the incumbent LEC for a competitive local carrier such as AT&T. Such a situation, which is unheard of in the highly competitive long distance market, is intolerable for AT&T and its customers, and inhibits competition for facilities-based local service. Failure to have appropriate, explicitly defined processes in place can also lead to wasteful and inefficient use of resources for both AT&T and SBC.

As you may be aware, there have been instances where AT&T end user customers in California have experienced outages as a result of flaws in Pacific Bell's coordinated hot cut (or TBCC—To Be Called Cut) procedures. Our team has recently discussed with SBC representatives problems that include (1) premature cuts caused by the failure of Pacific's Local Service Center to properly associate the "Connect" and

Mr. Royce F. Caldwell
April 12, 1999
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"Disconnect" orders or schedule the orders for a coordinated hot cut, (2) Pacific's lack of formalized coordinated acceptance testing procedures, (3) unnecessary outages caused by Pacific's failure to verify the Automatic Number Identification (ANI) associated with the customer's line at pre-wire or earlier in the process, and (4) Pacific's persistent inability to complete all of the AT&T loop cutovers scheduled each evening, resulting in the need to "build-back" dozens of customer accounts for which we have received firm order confirmations and which were later reconfirmed 48 hours prior to the scheduled cutover date.

As discussed when Ben LaMontagne met with Sandy Kinney last month, SBC and AT&T teams have made progress in improving communications and loop cutover processes. I understand that both teams have identified additional process improvements to the loop cutover processes, including a trial of Pacific's FDT (Frame Due Time) process to improve order throughput and assist with load balancing in Pacific's provisioning coordination center.

AT&T plans to ramp up substantially the volume of UNE loop orders in the Pacific Bell territory, and to begin placing UNE loop orders in SWBT and SNET territory, in the next few months. Before doing so, we want to be sure that we will not be putting our customers' service in jeopardy. Therefore, your commitment is needed to continue to work collaboratively with AT&T to fully document and implement the necessary procedures to ensure that AT&T can meet this schedule and place orders at commercial volumes with no service disruption to our customers. Based on the discussions and experience of our teams to date, key process improvements SBC needs to implement include (but are not limited to) the following:

1. SBC must test for AT&T dial tone at its intermediate distribution frame (IDF) 48 hours in advance of a scheduled hot cut. By testing for AT&T dial tone at the IDF in SBC's central office, the integrity of all of the network elements between the AT&T switch and the IDF are tested, including many elements solely under SBC's control. For example, the test will validate the cable and pair assignments. Where a faulty or incorrectly provisioned network element is present, a timely test will afford the parties 48 hours to postpone the coordinated hot cut and resolve the specific problem.
2. SBC must conduct a test, concurrent with the one referred to in the preceding paragraph, to verify the Automatic Number Identification (ANI) as provisioned in the SBC switching platform 48 hours in advance of a coordinated hot cut. This test will ensure that the physical loop that will later be disconnected from the SBC switch and reconnected to the IDF connected to AT&T's switch actually belongs to the customer moving to AT&T.

Mr. Royce F. Caldwell

April 12, 1999

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3. SBC must work with AT&T to formalize cooperative acceptance testing for all loop types.
4. SBC must improve processes to track, resolve and status AT&T on provisioning troubles and to handle temporary customer restorals (build-backs).
5. AT&T has encountered problems in some ILEC service areas ordering and provisioning UNE loops for customers that are served by integrated digital loop carrier. AT&T would like to understand the process for ensuring that AT&T receives timely notification of those unbundled loops served by integrated digital loop carrier, and for providing AT&T with satisfactory alternatives to obtaining a loop in those cases.
6. AT&T has recently experienced a serious problem associated with Local Number Portability, where high usage local trunk groups use 5-digit translations (rather than 7- or 10-digit translations), and inbound calls to our customers go to a disconnect announcement. AT&T would like assurances that this is not an issue in SBC's network and that SBC's network has been tested for these types of translations.

Furthermore, AT&T's trial of the FDT process for small customer accounts did not go well and resulted in outages for over half of the trial customers. This process will require significant enhancements before AT&T would be willing to re-consider continuing with the trial.

In the systems arena, SBC needs to expedite the system fix which will provide a circuit ID on the FOC notice, currently scheduled to be implemented between May 1 and July 1. Until that time, AT&T is unable to utilize either the LEX or EDI interfaces for UNE loops and is forced to use a manual fax interface in SWBT territory, and the CESAR interface in Pacific Bell territory. This problem alone will prevent AT&T from meeting our objectives.

As your customer, we need to understand fully the quality of the service that you supply to us. Accordingly, it will be necessary to measure and track the quality of the loop hot cut provisioning process, and to further improve the process if for any reason the experience of our customers is not satisfactory. Consequently, we must ensure there is a means of measuring the end-user customer experience during the hot cut loop provisioning process. Ultimately, that experience is the true measure of whether or not the process actually works. I understand that SBC has committed to gather performance data to help both companies better assess and monitor the effectiveness of the current cutover processes, and I hope SBC will continue to make this a priority.

Mr. Royce F. Caldwell

April 12, 1999

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Finally, once a revised hot cut loop provisioning process is explicitly defined, understood and agreed upon, and a performance measurement scheme is identified, we must then come to grips with the equally significant task of ensuring that the process will work successfully under full market conditions. I hope that the critical work in development of a defined process and measurement scheme will be completed quickly so that we will be able to test the process and achieve full commercial volumes as soon as possible.

Please provide a written response by April 19, 1999, committing SBC to take the foregoing actions and to place the highest priority on working with AT&T to establish as quickly as possible explicitly defined and agreed upon processes and procedures for performing "coordinated hot cuts," measuring the customer experience associated with the process and testing the process to support full commercial volumes throughout the Pacific Bell, SWBT and SNET service areas. I propose that we each designate a company representative to lead our implementation teams. AT&T's representative will be Greg Terry, Local Services and Access Management Vice President.

Very truly yours,

A handwritten signature in black ink, appearing to read "Greg Terry". The signature is fluid and cursive, with a large initial "G" and a long, sweeping tail.

cc: Ms. S. Kinney - SBC



Sandy Kinney
President
Johnny Martin

SBC Telecommunications, Inc.
One Bell Plaza, Suite 5705
Dallas, Texas 75202
Phone 214 484-4111
Fax 214 484-8470



April 19, 1999

Mr. Frank Ianna
President - Network Services
AT&T
295 North Maple Ave
Basking Ridge, NJ 07920

Dear Mr. Ianna:

I received a copy of your letter to Royce Caldwell dated April 12, 1999. As the senior executive responsible for all aspects of your local market entry, let me assure you the SBC family of companies remains committed to meeting its obligations to process your service requests in an accurate and timely manner, as specified in our interconnection agreements. Over the last month our respective organizations have been actively working the issues outlined in your letter, and we remain committed to work with AT&T to bring any remaining items to resolution.

It is my belief that this joint effort mentioned in your letter has been productive, and has already yielded actions to improve both of our companies' respective performance. In addition to some of the observations you cite, SBC personnel have provided on-site training to your ALS ordering centers in an effort to improve the accuracy of the orders AT&T sends to initiate loop and number portability requests. We have also been actively working with your Operations organization to improve the accuracy of your collocation inventory records to insure the correct facilities are identified for these conversions. We are jointly working to identify the performance measures that will accurately determine the effectiveness of the end-to-end process, and facilitate joint root cause analysis on both AT&T and SBC caused errors.

SBC remains committed to implement the corrective actions the working teams jointly determine will improve our respective performance in this area. I infer from your letter that AT&T places the same priority on implementing the necessary corrective actions in your work centers. Greg Terry may continue to work with Dave Young in the SWBT region and Allan Jaffe in the Pacific region, to resolve any open issues.

Mr. Frank Inna

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April 19, 1999

In addition to continuing the collaborative problem solving, SBC would find it helpful to receive forecasts of your intended volumes. I believe AT&T committed to provide this information to aid our operational planning in our meeting with Al Hansen February 18, 1999, and again with Ben Labdenagne on March 23, 1999. This data will insure we have the proper resources deployed by region to support your service needs.

Frank, thank you for sharing your concerns. If you feel our on-going efforts are not on target to meet your needs, please do not hesitate to call me.

Sandy Kinney





Frank Ianna
President-Network Services

Room 4449F3
295 N. Maple Ave
Basking Ridge, NJ 07920
908 221-5100

June 16, 1999

Mr. Royce F. Caldwell
President - SBC Operations
SBC Communications, Inc.
175 East Houston
Suite 1307
San Antonio, Texas 78205

Re: UNE Loop Orders

Dear Royce:

This letter is a follow up to my April 12 letter to you, and Sandy Kinney's April 19 response, regarding the necessary processes and system capabilities that SBC needs to provide throughout its service area to enable the ordering and provisioning of UNE loops for AT&T without service disruption to AT&T customers.

I understand that there have been a number of working team meetings since I sent my letter to discuss and reach agreement on many of the process and system enhancements outlined in my letter. I also understand that the teams have completed process flow documentation of SBC's "coordinated hot cut" provisioning process and that this documentation is being reviewed by both teams and internal stakeholders to ensure their accuracy and efficacy.

Our understanding of the status of the items covered in my previous correspondence is as follows:

1. 48 Hour Dial Tone Check

Southwestern Bell:

Southwestern Bell has indicated it will perform dial tone checks 48 hours in advance for orders with a 5-day interval, and 24 hours in advance assuming a 3 day interval. However, SWBT will only perform dial tone pre-tests in Texas and Missouri on a remote basis (from the Local Operations Center), and only if loop cross connects are ordered with Remote Test Access capability. Southwestern Bell asserts that this

Mr. Royce F. Caldwell

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capability results in an additional one-time charge per loop of approximately \$5.00, and a recurring charge of approximately \$1.25 per loop, as ordered by the Texas and Missouri Commissions. AT&T should not be required to order and pay for Remote Test Access capability in order to achieve a process that ensures customers will not be harmed when they transfer to AT&T.

Southwestern Bell will perform the same dial tone pre-tests in Oklahoma, Kansas, and Arkansas, where all loops are automatically available with Remote Test Access capability and loop prices already reflect applicable costs.

Pacific Bell:

Pacific Bell has agreed to perform 24-hour dial tone pre-tests at the frame assuming a 3-day standard interval, and 48-hour dial tone pre-tests for 5 day intervals.

2. 48 Hour ANI Check

Southwestern Bell:

Southwestern Bell has agreed to perform remote (from the Local Operations Center) 48 hour ANI pre-tests provided that AT&T's Universal 800 # ANI Test Line is available. While AT&T still needs to investigate possible cost recovery and regulatory issues associated with making this test number available across the industry, AT&T will make this number available to Southwestern Bell for this purpose.

Pacific Bell:

Pacific Bell has agreed to perform an ANI pre-test at the same time as the dial-tone pre-test, again predicated on the availability of AT&T's Universal 800 # ANI Test Line.

3. Acceptance Testing

SBC's Coordinated Hot Cut/To Be Called Cut (CHC/TBCC) process includes the key elements that AT&T is seeking in regards to test and turn-up. As I understand it, our two companies are creating detailed documentation of this process. AT&T looks forward to the timely completion of this effort.

4. Restoration Process

SBC's restoration processes provide some of the elements that AT&T needs in regards to customer restorations. However, our working and executive teams have not yet reached closure on specific parameters for a restoration interval (e.g. start and stop clocks, allowable exceptions, data collection process, etc.). Without such agreement, AT&T's customers will continue to be vulnerable to unacceptable outages. As you may be aware, while the number and duration of outages in California appear to have improved, there continue to be instances where AT&T end user customers experience

Mr. Royce F. Caldwell

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outages as a result of flaws in Pacific Bell's coordinated hot cut (or TBCC—To Be Called Cut) procedures. The establishment of an agreed-upon interval for service restorations, as well as development of data collection system to monitor the impact of service disruptions on end users, is critical to reaching closure on this item.

5. Loops on IDLCs

SBC/AT&T Interconnection Agreements include provisions for loops riding IDLCs that provide for moves to spare copper pair or a universal DLC at no additional charge and with no impact on provisioning intervals. The contracts also provide for notification of the lack of spare facilities within 48 hours, with alternative arrangements available via the Special Request Process as defined in the Interconnection Agreements. We plan to monitor closely our experience with SBC in this area, and expect to revisit these provisions if they are inadequate to ensure that AT&T is able to compete effectively for customers with loops based on this technology.

6. 5 Digit Translations

SBC has provided assurances that this is not an issue in SBC territory.

* * * * *

In addition to resolving open issues described above, AT&T is also interested in transferring learnings and other process improvements currently in place at Pacific Bell to UNE loop ordering operations in Southwestern Bell and Southern New England Telephone territories. These include:

- The exchange of manual "cut sheets" 48 hours in advance of scheduled cutovers;
- Additional processes to review the order 24 hours prior to cutover and run the wire jumper from PIN and LUG to the main distribution frame;
- Establishment of a SWBT Service Manager role to support AT&T provisioning and maintenance issues within SWBT's Local Operations Center;
- Daily Jeopardy Reports and daily executive conference calls to discuss individual service outages and implement corrective action;
- Bi-weekly conference calls between the AT&T and Pacific Bell centers to share information and discuss process improvements;
- Monthly face-to-face leadership team meetings between AT&T and Pacific Bell stakeholders to monitor results and identify improvement initiatives.

Finally, as referenced in my previous letter, once a revised hot cut loop provisioning process is explicitly defined, understood and agreed upon, and a performance measurement scheme is identified, we must then come to grips with the equally

Mr. Royce F. Caldwell
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Page 4

significant task of ensuring that the process will work successfully under full market conditions. I would like to see our teams close out all open issues in development of a defined process and measurement scheme by no later than July 1, 1999. AT&T is now sending electronic UNE loop orders to Southwestern Bell in Texas in offices where we have activated equipped collocation space. It is critical that the processes and measurements schemes be in place to ensure a smooth ramp-up toward full commercial volumes.

Please provide a written response by June 23, 1999, committing SBC to take the foregoing actions. I look forward to your response.

Very truly yours,

A handwritten signature in black ink, appearing to be 'R. Caldwell', with a long horizontal flourish extending to the right.

cc: Ms. S. Kinney - SBC





Sandy Kinney
President-
Industry Markets

SBC Telecommunications, Inc.
One Bell Plaza, Suite 3700
Dallas, Texas 75202
Phone 214 404-6111
Fax 214 404-8210

June 23, 1999

Mr. Frank Larva
President - Network Services
AT&T
295 North Maple Avenue
Basking Ridge, NJ 07920

Dear Frank:

I am responding to your letter of June 16, to Royce Caldwell regarding UNE Loop Orders. I would like to clarify what our respective companies have agreed to with respect to this issue, and clearly state our position in terms of our negotiated Interconnection Agreements.

Listed below is the status of each issue you mentioned in your letter:

1. 48 Hour Dial Tone Check:

- Pacific Bell's current practice is to check for dial tone on the day of installation. We are investigating the feasibility of a check 24 hours before the cut. This practice must be agreed to by the CLEC community to insure equal treatment of all customers. While Pacific's hot cut performance has been outstanding; many of the instances of no dial tone have been due to incorrect wiring by ALS at the collocation cage.
- Southwestern Bell will perform a dial tone check 48 hours in advance, as long as the loops are ordered with remote test access and the interval for the order is five days or longer. The charges for test access ordered by the Texas and Missouri commissions are appropriate and part of the interconnection agreement that both parties have signed. To suggest that AT&T should not have to pay for remote test access after reaching an agreement to do so is clearly without merit.

2. 48 Hour ANI Check:

- In Pacific ANI is checked on the day of installation. Pacific is investigating a 24-hour ANI check coincident with the dial tone check. Pacific intends to check ANI by using 1-800-346-0152 (AT&T's Universal 800 # ANI Test Line).
- In Southwestern Bell, a remote ANI check will be performed using the same ANI test line as long the loops are ordered with remote test access and the interval for the order is five days or longer.
- Both Pacific and Southwestern Bell can do ANI check only if there is one number used for the entire CLEC community. We are working under the premise that the "cost recovery and regulatory issues associated" with the use of this number as referenced in your letter will be resolved satisfactorily.

3. Cooperative Acceptance Testing:

- Both Pacific and Southwestern Bell perform cooperative acceptance testing in manners acceptable to AT&T, and we have documented these processes.

4. Restoration Process:

- Pacific and Southwestern Bell have documented restoral processes. Our objective is to restore service to customers as quickly as possible. This provides service that is at parity with service for our retail customers. There are a variety of factors that affect restoration time, such as type, quantity, and complexity of services, that render a universal objective subjective and arbitrary. Further, SWBT/Pacific are in compliance with the required performance measures in our interconnection agreements. If you wish to alter these requirements, we are willing to negotiate this issue given AT&T's willingness to accept changes in terms and conditions desired by SWBT/Pacific.

5. Integrated Digital Loop Carrier (IDLC)

- Pacific/SWBT intend to abide by the terms of our Interconnection Agreements with respect to how we handle requests for unbundled loops on facilities served by IDLC.

6. Five Digit Translations:

- Our working teams understand this was not an issue in any SBC locations.

Mr. Frank Ianna
Page 3
June 23, 1999

With respect to the items you added since your April letter, they are more appropriately discussed at the working level. Since Southwestern Bell had not seen these requests before, I believe our teams should discuss these issues as they continue working through the process flows.

To date, we have not received forecasts for the commercial volumes of orders you discussed in both of your letters, and promised by your executive and working level teams. Not only are forecasts necessary to provide the level of service AT&T desires, they are required by our interconnection agreements. Once again, I am requesting that AT&T furnish accurate wire center forecasts for UNE's and interconnection trunks.

Frank, Pacific Bell and Southwestern Bell have gone "the extra mile" to work with AT&T on the above requests. We continue to expend significant resource in supporting AT&T's market entry on these and other issues. For example, we have processed a significant number of expedited trunk orders to relieve blocking on your local switches. Frank, we are not in a position to indefinitely support your customer recovery efforts absent adequate planning and forecasts by AT&T.

We also continue to provide direct support to your Sacramento, Mesa, and Denver ordering centers in efforts to improve their service order quality in order to reduce the number of service failures discussed in your letter. As AT&T works to scale its operating capability for "full market entry," I would like to again suggest that we allow our respective teams to work these, and whatever new issues arise, to resolution.

Sincerely,

Sandy Kinney

cc: Mr. Royce Caldwell

