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APPENDIX D

BELL ATLANTIC'S RESPONSES TO SPECIFIC ALLEGATIONS

Some of the commenters in this proceeding have raised specific allegations that are unrelated to this merger and, for the most part, merely rehash arguments competitors have made earlier in this proceeding or elsewhere. Nearly all of the allegations have been addressed in earlier filings in this proceeding, or in other proceedings before this Commission or before state regulatory agencies. There is no reason for the Commission to consider them here and, in any event, the allegations are without merit, as shown below.

1. Issues Relating To The Bell Atlantic/NYNEX Merger Conditions.

AT&T argues (at 25-26) that Bell Atlantic has failed to comply with the conditions imposed by the Commission on the Bell Atlantic/NYNEX merger. The only support it offers for this argument is its well-worn claim that Bell Atlantic has failed to comply with the condition that new interconnection prices must be based on forward-looking cost principles.

Response: AT&T first made this claim shortly after the merger was completed, in the form of a complaint to the Commission.¹ The Commission has repeatedly held that claims of this type should be addressed (if at all) in appropriate complaint or enforcement proceedings, rather than in license transfer proceedings. Here, AT&T concedes that the issue has been fully briefed and is ready for Commission decision. No purpose would be served by re-litigating AT&T's complaint in the context of the Bell Atlantic/GTE merger proceeding.

The simple truth is that there is no basis for AT&T's complaint. The Commission did not, as AT&T argued, require Bell Atlantic to propose new rates based on forward-looking costs after the merger was completed – and understandably so, as that would have entailed replacing proposals that had been filed and litigated prior to the merger, or abrogating prices that the state commissions had already set.² The merger conditions stated that “[t]o the extent that Bell Atlantic/NYNEX proposes rates” for interconnection

¹ *See* Complaint of AT&T Corp., File No. E-98-05 (filed Nov. 16, 1997).

² The fact that this condition is prospective only is hardly surprising. Prior to the merger, Bell Atlantic and NYNEX each had proposed interconnection prices based on forward-looking costs. The concern raised by the Commission was that, once the merger was completed, the combined new company might somehow restrict local competition in a way that the separate, pre-merger companies would not. *See Bell Atlantic/NYNEX Order*, ¶ 192. The pricing condition addressed this concern by ensuring that any new prices proposed by the combined company would continue to be based on forward-looking costs.

or unbundled network elements during the 48 month post-merger term of the conditions, “*any such proposal shall be based upon the forward-looking economic cost to provide those items.*”³ By its terms, this condition does not apply to the pre-merger prices about which AT&T complained.

Moreover, even if the merger condition applied to Bell Atlantic’s pre-merger interconnection rates (which it does not), there was no need for Bell Atlantic to propose new interconnection rates. As Bell Atlantic demonstrated in its response to AT&T’s complaint, the rates it proposed both before and after the merger were based on forward-looking costs. Contrary to AT&T’s claims, these rates were not based on “embedded costs,” which are the costs incurred in the past to build the existing network. Rather, those pricing proposals assumed the use of efficient forward-looking technologies and procedures.⁴ Indeed, AT&T itself has admitted that the rates that had been set in Bell Atlantic’s states – based in whole or in part on the prices proposed by Bell Atlantic – were in fact based on forward-looking economic costs.⁵

To support its argument that Bell Atlantic is not following forward-looking cost principles, AT&T claims (at n.13) that Bell Atlantic has proposed new rates for unbundled network elements in New York that are far above Bell Atlantic's current tariffed rates. AT&T makes an “apples-to-oranges” comparison that proves nothing. First, AT&T compares rates for two different types of loop interfaces -- a \$204.81 rate for Universal Digital Line Carrier (“UDLC”) to a \$4.39 rate for Integrated Digital Line Carrier (“IDLC”). Second, the UDLC rate that AT&T cites includes three work activities -- service ordering, central office wiring, and provisioning -- while the IDLC rate that AT&T cites only includes central office wiring. A proper comparison of like services would have shown that Bell Atlantic has applied forward-looking cost principles in its new UNE rate proposals. Bell Atlantic's forward-looking cost study in New York proposes a cost of \$4.86 for an IDLC “hot cut” (central office wiring plus provisioning), while the current tariff rate for comparable activities is \$14.56. Clearly, a proposed cost

³ *See* Bell Atlantic/NYNEX Order, App. C, Condition 6 (emphasis added).

⁴ For example, all switches were assumed to be digital, all interoffice cable were assumed to be fiber, loop costs reflected forward-looking fiber deployment, all loops that included fiber assumed use of digital line carrier equipment, and utilization rates assumed substantial improvement over actual utilization in the network today. *See* Bell Atlantic Motion to Dismiss (filed Dec. 15, 1997); Brief of Bell Atlantic (filed Mar. 13, 1998); Reply Brief of Bell Atlantic (filed Apr. 1, 1998).

⁵ This admission was in an “Arbitration Scorecard” contained in a “Local Competition Handbook” on AT&T’s Website (at www.att.com/publicpolicy/handbook). AT&T removed the Handbook when Bell Atlantic cited it in response to AT&T’s pricing complaint, but Bell Atlantic filed the full text with the Commission. *See* Letter from Lydia R. Pulley, Bell Atlantic, to Ms. Diane Griffin Harmon, FCC, File No. E-98-05, dated March 30, 1998.

that is two-thirds less than the current rate cannot be criticized as failing to follow forward-looking cost principles.

CompTel attached a copy of its November 23, 1998 comments in which it argued that Bell Atlantic had failed to comply with the condition of the Bell Atlantic/NYNEX merger to provide uniform interfaces for OSS functions throughout the combined region within 15 months of the date of the merger order. *See* CompTel, Attachment A, 14-15. As Bell Atlantic demonstrated in its December 23, 1998 reply, which is hereby incorporated by reference, it has spent millions of dollars to deploy new interfaces throughout the region. As a result, Bell Atlantic now has common interfaces available in all of its states. Unlike before the merger, a competing carrier can now do business throughout the former NYNEX and Bell Atlantic regions without developing separate systems to interface with Bell Atlantic's OSS. In fact, Bell Atlantic has gone well beyond the requirements of the merger order by also developing common business methods throughout the region, with full input by the competitive local exchange carriers and under a schedule agreed upon by AT&T and MCI.

2. Resale Issues

National ALEC Association/Prepaid Communications Association ("Resellers") make several complaints about the services that Bell Atlantic offers to resellers of its retail services.

a. Services Available For Resale.

Resellers argue (at 8-9) that Bell Atlantic does not offer services throughout the region that would block directory assistance calls and toll calls on resold lines.

Response: There is no requirement in the Act or in the Commission's rules for Bell Atlantic to develop such services on behalf of resellers. Section 251(c)(4)(a) only requires Bell Atlantic "to offer for resale at wholesale rates any telecommunications service that the carrier provides at retail to subscribers that are not telecommunications carriers." *See also* 47 C.F.R. § 51.603(a). Consequently, Bell Atlantic's only obligation is to offer its existing retail services, under the same terms and conditions, to resellers at wholesale rates. *See* 47 C.F.R. §51.603(b).

Moreover, Resellers are wrong on the facts. Bell Atlantic offers some type of toll blocking service and directory assistance blocking service in all 14 jurisdictions. However, Resellers want Bell Atlantic to develop new blocking services under different terms and conditions.⁶ As Resellers concede (9-10), Bell Atlantic has offered to develop

⁶ For instance, Bell Atlantic offers a service called "Call Gate" that can block directory assistance calls and toll calls. However, this service must be activated at the customer's premises, which some resellers find inconvenient.

these services if the resellers will pay Bell Atlantic for the initial and ongoing costs. They responded that they wanted the new services, but not if they had to pay for them. Clearly, it is unreasonable to expect Bell Atlantic to offer a service at a loss, especially when it has no legal obligation to offer that service in the first place.

b. Rates for Toll Blocking Services.

Resellers argue (at 11) that Bell Atlantic's retail rate for toll blocking in New Jersey is excessive, comparing the \$10.55 rate in that state to the "free" toll blocking service in Pennsylvania.

Response: This is a state ratemaking issue in which the Commission should not interfere. In New Jersey, the state regulatory commission determined that call restriction services were competitive. Accordingly, Bell Atlantic-New Jersey was not required to file cost-based rates, but was permitted to file competitive market-based rates.⁷ In Pennsylvania, the state commission ordered Bell Atlantic to offer call restriction service for "free," meaning that the costs of this service are recovered in other state rates. Resellers' proposal that the Commission order Bell Atlantic to offer toll blocking charges for "free" in all state jurisdictions would disrupt state rate structures, run roughshod over state policy decisions, and create an implicit subsidy that would require customers of other services to pay the costs of toll blocking.

c. Order Processing

Resellers make several complaints about the way that Bell Atlantic processes orders for resold lines.

First, Resellers argue (at 11-12) that Bell Atlantic takes one to two weeks to initiate service to a reseller's customer if the order is sent by fax or overnight mail, and five to seven days if the order is placed electronically.

Response: Resellers offer no evidence to support their allegation that Bell Atlantic does not process their orders promptly. The fact is that Bell Atlantic offers resellers that submit electronic orders the same provisioning intervals that it applies to orders from its own retail service centers. The usual interval for orders of 1 to 4 lines is 3 to 4 business days. However, if a reseller sends an order by mail or fax, Bell Atlantic must process the order manually, and the usual interval cannot be met. The usual interval for manually-processed orders is 5-6 business days. For this reason, Bell Atlantic discourages resellers from placing orders by mail or fax, and over 99.5% of orders are submitted electronically.

⁷ The \$10.50 rate that Resellers cite is for toll blocking on business lines, not on residential lines that Resellers use for their customers. The rate in New Jersey for toll blocking on residential lines is \$8.50. In addition, Bell Atlantic's offers "Call Gate" toll blocking service in New Jersey at \$5.00 for residential lines and \$4.00 for business lines.

Second, Resellers argue (at 11-12) that Bell Atlantic frequently does not activate toll blocking on orders for resold lines.

Response: Again, Resellers offer nothing to support their allegation. Bell Atlantic processes orders from resellers for toll blocking using the same systems that it uses for its own retail customers. There would be no difference in how the order was handled unless the reseller did not submit the order electronically. That would require Bell Atlantic to input the order manually into the service order processing system. However, once the order was in the system, it would be executed the same as an order for a Bell Atlantic retail customer.

Third, Resellers argue (at 12) that Bell Atlantic requires resellers to order a new due date if Bell Atlantic misses the original appointment, and often charges the resellers for both the original and the reorder.

Response: This is incorrect. If Bell Atlantic misses an appointment, it contacts the reseller to schedule a new installation date. The Bell Atlantic service representative sends confirmation of the new date to the reseller, either electronically or by fax, depending on how the order was originally sent. Bell Atlantic does not ask the reseller to cancel or reissue the service order request. For this reason, Bell Atlantic would not bill the reseller twice for the same order.

Fourth, Resellers argue (at 12) that Bell Atlantic does not adequately install and test the Network Interface Device ("NID") and its connection to the correct dial tone line in a customer's premises.

Response: The "problem" the resellers refer to does not result from "inadequate testing and installation of the NID," as alleged. Rather, it occurs when resellers place an order for Bell Atlantic to install service to a residential premises where there is already a working line in service, but the line may be suspended for nonpayment ("SNP"). Generally, Bell Atlantic is not allowed to disconnect a customer's line while it is suspended for nonpayment. Therefore, Bell Atlantic must install service ordered by a reseller as a new line to the NID. This means that the inside wiring of the dwelling has to be modified to change the connection from the suspended to the new line, which requires the reseller to dispatch its own technician to provide a working jack inside the end-user's premises. What resellers interpret as "misdirection of the dial tone line within the customer's premises" is actually Bell Atlantic's obligation not to disconnect the existing line, but to connect the new line to a new jack.

Fifth, Resellers complain (at 13) that Bell Atlantic has shifted to them the burden of determining if a customer's line is primary or non-primary for purposes of imposing the appropriate subscriber line charge.

Response: The Commission's order establishing the primary/non-primary rate structure did not require resellers to identify the status of their lines for purposes of applying the subscriber line charge. However, Bell Atlantic explained to the Commission

staff informally that it had installed “firewalls” in its service order software, at the resellers’ request, to protect the confidentiality of their customer data. These firewalls prevent Bell Atlantic from determining the primary/non-primary status of resold lines. The staff instructed Bell Atlantic to use its “best efforts” to develop a solution to this problem. The result was a manual process where Bell Atlantic and the reseller must provide information from each carrier’s database to classify a line as primary or non-primary. Resellers have been providing information for this purpose to Bell Atlantic for two years. Bell Atlantic asks the resellers for the same information that Bell Atlantic would have to develop from its own database to classify a line. Therefore, Bell Atlantic is not requiring resellers to bear any greater burden than Bell Atlantic bears when it provides more than one line to a customer premises.

d. Billing Process

Resellers argue (at 15) that Bell Atlantic does not discontinue billing for services immediately when a reseller requests that a line be suspended or disconnected for nonpayment.

Response: Bell Atlantic’s billing system starts and stops billing upon completion of a work order. If billing were driven by the date that an order was submitted, rather than when it was completed, Bell Atlantic would start billing resellers on the day that they submit an order rather than the day that the service was activated. Undoubtedly, the resellers would object to being billed for new lines prior to the date that a customer received service. Likewise, it is appropriate to bill the reseller until the date that the customer’s line is disconnected and can no longer be used to make calls. This is the same procedure that Bell Atlantic uses for its own retail customers.

e. Dispute Resolution Process

Resellers complain (at 15-16) that Bell Atlantic allows disputes over charges to resellers to linger for months, or even years, causing the reseller’s account balance to grow while late charges accrue. Resellers ask the Commission to require Bell Atlantic to resolve billing disputes within 60 days.

Response: Although it is in Bell Atlantic’s interest to resolve billing disputes as quickly as possible, resolution of these disputes is not solely within Bell Atlantic’s control. Bell Atlantic depends on the resellers to provide accurate information about their billing claims. Nonetheless, Bell Atlantic has established internal deadlines for each step in the process of responding to a billing dispute, including escalation measures that the reseller can pursue if it is not satisfied with the handling of the claim at each level. These processes are designed to resolve each claim within the first 30 days, unless additional time is needed due to the lack of information or failure to reach agreement with the reseller. In any event, late fees accrue only if the reseller’s claim is found to be inaccurate. If the claim is valid, the late fees are eliminated back to the date that the claim was submitted.

3. Reciprocal Compensation Issues

Focal Communications Corp. makes several allegations in connection with inter-carrier compensation to other local carriers for Internet-bound traffic that is delivered to Internet Service Providers (“ISPs”).

First, Focal claims (at 2-4) that Bell Atlantic has refused to pay such compensation, or has not paid all amounts due, even where states have interpreted interconnection agreements as requiring such compensation.

Response: Where states have still defined Internet-bound traffic as local and subject to “reciprocal compensation” provisions of interconnection agreements, Bell Atlantic has paid the required compensation.⁸ In some cases, the CLEC has billed Bell Atlantic for far more minutes than Bell Atlantic has delivered to that CLEC, and Bell Atlantic has paid for only the minutes it actually sent to that CLEC.⁹ Bell Atlantic has paid these undisputed charges at the rate specified in the interconnection agreements or in state commission orders, whichever are applicable. This is the case in Maryland, which Focal cites in its comments, and in all other Bell Atlantic jurisdictions.

Second, Focal asserts (at 4-5) that Bell Atlantic refuses to include a compensation arrangement for Internet-bound traffic in new interconnection agreements but, instead, forces each CLEC to arbitrate the issue.

Response: There is no basis for Focal’s claim, because Bell Atlantic has signed interconnection agreements with several CLECs, including Level 3 and PaeTec, that specify compensation levels for Internet-bound data traffic. And Bell Atlantic is willing to negotiate (and is currently negotiating) agreements with other CLECs that include the identical terms as are in those agreements, avoiding the need for arbitration.¹⁰ Some CLECs, including Focal, have declined to accept such agreements, because they are unreasonably demanding much higher compensation levels than their brethren have found acceptable. As a result, the issues have gone to arbitration.

Finally, Focal (at 5) contends that Bell Atlantic will not allow CLECs to opt into reciprocal compensation provisions of existing agreements with other CLECs.

⁸ See Inter-Carrier Compensation for ISP-Bound Traffic, 14 FCC Rcd 3689 (1999).

⁹ For example, in one month alone, Focal over-billed Bell Atlantic for hundreds of million of minutes in the New York City LATA.

¹⁰ Focal fails to note that the Maryland Commission order upon which it relies specifically provides that the parties are “free to negotiate another compensation rate to be applied to ISP-bound traffic.” Complaint of MFS Intelenet of Maryland, Inc. against Bell Atlantic – Maryland, Inc. for Breach of Interconnection Terms and Request for Immediate Relief, Case No. 8731, Order No. 75280 (Md. P.S.C. June 11, 1999) at 17.

Response: As discussed above, Bell Atlantic has offered to enter into agreements with such provisions, but Focal has rejected this offer. What Focal apparently wants is either to opt into agreements that have expired or to adopt provisions of agreements that have been superseded by arbitrated rates, terms or conditions that are not as favorable. It has no legal right to either one.

4. Digital Subscriber Line (“DSL”) Issues

Two parties raise allegations regarding Bell Atlantic’s marketing of DSL service. They argue that Bell Atlantic should be required to provide DSL service to customers who choose to subscribe to another local carrier’s local voice service.¹¹ CompTel claims that Bell Atlantic’s refusal to do so is anticompetitive. For its part, MCI asserts that Bell Atlantic “strongly encourages if not requires” DSL customers to buy Bell Atlantic’s Internet service.

Response: Neither CompTel nor MCI cites any provision of the Act or any Commission rule or order to support its claim that Bell Atlantic is required to provide DSL service to subscribers to another carrier’s local voice service, because none exists. The Commission’s Line Sharing order addresses the requirement that Bell Atlantic give other carriers access to the data portion of its voice line, and Bell Atlantic will fully comply with that order. Nothing in that order – or any other order – obligates Bell Atlantic to provide DSL to end users of another carrier’s voice service. MCI’s other claim, that Bell Atlantic requires DSL subscribers to take its Internet service, is simply wrong. Bell Atlantic offers DSL service on the identical terms and conditions to all Internet providers, both affiliated and non-affiliated. And several ISPs subscribe to Bell Atlantic’s DSL service and resell it along with their own Internet service. Bell Atlantic’s own Internet service provider is among Bell Atlantic’s DSL customers, but it is by no means the only one, and Bell Atlantic is actively marketing its DSL offering to additional non-affiliated Internet service providers.

5. New York OSS Issues

Two parties cite the software problems that Bell Atlantic has experienced in New York. MCI (at 2) asserts that this is an indication of service decline immediately after the Commission granted long distance relief, while CoreComm (at 48-49) claims that the problems shows that Bell Atlantic/GTE will not devote sufficient resources to the wholesale market.

Response: The operations support systems problems that Bell Atlantic recently experienced are neither an indication of service decline nor of insufficient resources. They were caused by an isolated software problem that is being remedied. Bell Atlantic

¹¹ CompTel at 3-4 and App. B, which contains a declaration from a New York customer in factual support of CompTel’s allegation; MCI WorldCom at 5, n.7.

recently implemented hardware and software changes to address the problem of delayed status notifiers. The Commission has issued an order accepting a consent decree involving a substantial voluntary payment to the United States Treasury and additional payments should the problem recur. The New York Public Service Commission also has addressed this problem and has imposed substantial penalties. These actions provide substantial incentives for Bell Atlantic to ensure that the problems will not recur and similar problems do not arise in the future. Given the payments that Bell Atlantic has already committed to make, and the additional penalties in the event of future problems, Bell Atlantic/GTE would have no incentive to reduce the resources devoted to serving wholesale customers. The incentives are all the other way – to devote the resources to ensure that all merger conditions and other requirements relating to service to wholesale customers are fully met, because the potential penalties will significantly exceed the cost of the resources needed to avoid those penalties.

E

APPENDIX E

GTE'S RESPONSES TO SPECIFIC ALLEGATIONS

As they did in 1998 when the merger application was filed with the Commission, certain parties have raised allegations of unfairness by GTE. The Commission should decline to consider these allegations for the same reasons GTE gave in its response nearly two years ago.

First, all of the allegations are irrelevant to the merger application. The Commission has long made clear that the relevant inquiry in a merger proceeding is whether there is a change between the pre-merger and post-merger markets.¹ None of the allegations raised here relates to any effect of this merger.

Second, the Commission should not consider issues that are pending or are appropriately addressed in other forums or proceedings. All of the allegations raised by the parties should be addressed either by state commissions or by the Commission in general rulemaking proceedings in which all interested parties are given an opportunity to participate. As GTE noted in its prior response: "The Commission has regularly declined to consider in merger proceedings matters that are the subject of other proceedings before the Commission because the public interest would be better served by addressing the matter in the broader proceedings of general applicability."² In addition, "the Commission has recognized that state public utility

¹ Applications of NYNEX Corporation, Transferor, and Bell Atlantic Corporation, Transferee, 12 FCC Rcd 19985, 20063-64, 20066-67 (1997); see, e.g., Qwest Communications International Inc. and US WEST, Inc. Applications for Transfer of Control of Domestic and International Sections 214 and 310 Authorizations and Application to Transfer Control of a Submarine Cable Landing License, CC Docket No. 99-272, ¶ 28 (rel. Mar. 10, 2000).

² Applications for Consent to the Transfer for Control of Licenses and Section 214 Authorizations from Southern New England Telecommunications Corporation, Transferor, to SBC Communications, Inc., Transferee, 13 FCC Rcd 21292, 21306 (1998) quoted in Joint Reply
(Continued...)

commissions have considerable tools 'at their disposal to protect their ratepayers from unlawful anti-competitive abuses' that may arise,"³ and interconnection-related disputes are specifically left by the 1996 Act to state commissions for resolution.

Finally, as shown below, the complaints cited by the commenters are unsubstantiated or inaccurate. Indeed, many of the allegations are so general that they lack any reference to particular conduct of GTE.

(...Continued)

of Bell Atlantic Corporation and GTE Corporation to Petitions To Deny and Comments, CC Docket No. 98-184, Attachment K (filed Dec. 23, 1998).

³ Joint Reply of Bell Atlantic Corporation and GTE Corporation to Petitions To Deny and Comments, CC Docket No. 98-184, Attachment K (filed Dec. 23, 1998) quoting Applications of Pacific Telesis Group, Transferor, and SBC Communications, Inc., Transferor, 12 FCC Rcd 2624, 2643 (1997) (footnote omitted).

Competitive Entry in GTE Local Operating Service Territories

Allegation: Some parties claim that GTE has been slow to implement the local competition provisions of the 1996 Act and that GTE has thwarted competitive entry into its local service areas.⁴

Response: Even a cursory examination of the competitive landscape in GTE's local exchange areas shows that competition is flourishing. Since the 1996 Act was passed, GTE has signed 1536 interconnection agreements with 544 CLECs. GTE is currently negotiating with 276 CLECs for additional agreements. Of the 544 CLECs with which GTE has already signed agreements, 236 are actively using GTE's electronic OSS interfaces to place orders for services. In addition, GTE is currently processing approximately 80,000 resale and UNE requests per month. GTE has currently resold or provisioned via UNE loops 807,000 lines. In addition, GTE has approximately 627 collocation arrangements in place and another 1,022 that will be completed shortly. Although competitive entry is occurring in all of GTE's service areas, the highest volume of entry is in California, Florida, Texas, Washington, and Indiana. Some of the CLECs that are most active in GTE's service areas are: SBC, Texas Communications South, In Touch, Preferred Carrier, Media One, MGC, Teleport, Hyperion, NorthPoint, Rhythms, and Covad.

AT&T and MCI WorldCom cite to their prior comments on the Bell Atlantic/GTE merger, in which they claimed to show that GTE was not meeting its obligations under the Act and that there was not competition in GTE's service areas. GTE responded to all of AT&T's and MCI WorldCom's claims in its Joint Reply of Bell Atlantic Corporation and GTE Corporation to Petitions To Deny and Comments filed in this docket on December 23, 1998. It hereby incorporates those responses by reference.

Availability of Unbundled Network Elements ("UNEs")

Allegation: Some CLECs state that GTE is routinely failing to provide unbundled loops within a reasonable period of time and claim that one CLEC has had over 201 loops delayed within approximately the last 30 days because of GTE's failure to provide a reasonable due date for provision of loops.⁵

Response: GTE generally provides unbundled loops to CLECs within reasonable time periods and provides loops within the same time periods as for its own operations. For example, for the 168 loops installed for MGC in December 1999 and January 2000, on average, GTE

⁴ Allegiance Telecom, Inc. at 5-6; RCN Telecom Services, Inc. at 1-2; AT&T at 15 (citing its prior comments); MCI WorldCom, Inc. at 2 (citing its prior comments).

⁵ Bluestar Communications, Inc., DSLNET, Inc., KMC Telecom, Inc. and MGC Communications Inc. at 17.

completed installation of unbundled loops in between 1.82 and 16.12 days, depending on the type of work required. Similarly, for the 28 loops installed for KMC Telecom in the same period, GTE completed installation, on average, in between one and 23.75 days, depending on the type of work required. The commenters did not specify which CLEC claims the delay of 201 loops or in which state these delays may have occurred. GTE is committed to working with any CLEC that is experiencing provisioning problems.

Allegation: Some parties claim they are experiencing chronic delays in Firm Order Commitment (“FOC”) dates from GTE for DS3 UNE facilities and that GTE is pushing out FOC dates in many cases or is simply missing the dates.⁶

Response: GTE follows the same process for confirmation and turn-up of a DS3 UNE as it does for all DS3s. The provisioning process is initiated upon receipt of an order from the CLEC. GTE’s order center sends a DS3 verification request to GTE’s engineering and provisioning groups. These groups have 48 hours to determine if facilities are available and return an acceptance to the order center or notify the order center that facilities are not available. Upon receipt of this information, the order center will provide a FOC or notify the CLEC that facilities are not available.

Allegation: Allegiance Telecom claims that GTE does not permit Allegiance to use existing customer loop facilities when it requests an unbundled loop and instead requires CLECs to use different cable pairs. Allegiance also argues that where no spare pairs are available, GTE will not convert customers to a CLEC until facilities become available or are constructed and, if construction is necessary, the CLEC must incur special construction charges.⁷

Response: In most cases, GTE does not require CLECs to use different cable pairs when a CLEC purchases an unbundled loop. When a complete order is submitted, GTE processes a disconnect order for the existing plain old telephone service (“POTS”) service and installs the unbundled loop. The same cable pair is used for the unbundled loop as was used to provision GTE’s POTS. However, there are two circumstances in which a different loop must be provisioned for the CLEC. First, when a loop used to provide POTS to an end user is provisioned through an Integrated Digital Loop Carrier (“IDLC”) device, the unbundled loop must be provisioned using a separate pair because there is no method of unbundling a loop served via IDLCs. No additional charges are assessed on the CLEC when a separate pair is available. Second, when a CLEC uses an unbundled loop to provide only a high-speed data service, a separate loop is provisioned for the new service, leaving the POTS service on the original loop. However, upon implementation of the Commission’s line sharing rules by June 2000, CLECs will be able to provide xDSL service over the same loop as is used for GTE POTS

⁶ Bluestar Communications, Inc., DSLNET, Inc., KMC Telecom, Inc. and MGC Communications Inc. at 17-18.

⁷ Allegiance Telecom, Inc. at 5.

(as long as provision of both services over the same loop does not adversely impact the quality of the existing voice service). Allegiance is asking that the Commission accelerate the effective date of the line sharing requirements solely for Bell Atlantic and GTE but gives no reason to support this change.

Allegation: Allegiance claims that to convert a customer served by a Remote Switching Unit (“RSU”), GTE requires competitive LECs to submit a bona fide request (“BFR”) for the installation of a D-4 channel bank for which GTE charges \$21,950. Allegiance also argues that it typically takes GTE about 45 days from submission of a BFR to provide a price quotation and that Allegiance has therefore been forced to curtail marketing to GTE customers that it believes are served by RSUs.⁸

Response: Many of the RSUs in GTE’s network are line concentration devices or DLCs. Where loops are served through these devices, and no alternative copper facilities exist to bypass them, facilities must be constructed and dedicated to the requesting CLEC. Bypass of the DLC is often best accomplished through installation of a D-4 channel system. Where a D-4 channel system with unused capacity is already in place, the unbundled loop is provisioned, and no additional charges are assessed to the CLEC. However, when a D-4 channel system must be constructed, the CLEC is asked to submit a BFR for construction of the facility so that GTE can provide a price quotation. In most cases, GTE delivers a price quotation in 30 days or less.

Allegation: Covad claims that GTE is not providing line sharing in a timely manner.⁹

Response: This claim is incorrect. Upon request by a CLEC, GTE will enter in good faith negotiations for line sharing as a UNE. GTE will be prepared to provide line sharing no later than the effective date of the Commission’s rules – June 6, 2000.

Allegation: Covad claims that GTE has been “slow-rolling” OSS access.¹⁰

Response: GTE has provided CLECs with access to its OSS since January 1, 1997, when GTE deployed its first version of the Secure Integrated Gateway System (“SIGS”). Since that time, GTE has continuously improved and updated its electronic access systems and now provides several options for meeting CLEC OSS needs. Currently, CLECs can: (1) use GTE’s proprietary Graphical User Interface (“GUI”) via the Internet or (2) develop their own systems and interface with GTE’s internal systems via application-to-application protocols. Smaller CLECs usually use GTE’s GUI, while larger CLECs usually choose application-to-application

⁸ Allegiance Telecom, Inc. at 5-6.

⁹ Covad Communications Company at 4.

¹⁰ Covad Communications Company at 13.

interfaces. In either case, CLECs have full electronic access to pre-ordering, ordering, provisioning, maintenance, and billing.

Collocation

Allegation: Some CLECs claim that GTE will not conduct an inspection and turn on power to collocation space for ten days after the collocation installation is complete, even where power is already available and installed.¹¹

Response: In order for GTE to provide power to a collocation space, GTE must inspect the CLEC's installation of equipment and complete its power provisioning process. If a CLEC requests inspection of its equipment installation and electrical power for a collocation arrangement at the same time, GTE will fulfill both requests and, assuming the installation passes inspection, will provide power within approximately four business days of the request. Inspection of equipment installation typically requires two days because the appropriate personnel must travel to the collocation site and perform the inspection. The power provisioning process takes approximately four business days. GTE first processes a "high-risk" activity notice. Such a notice is issued for any activity that has the potential to cause service interruptions. High-risk activities are performed between midnight and 6:00 a.m. to minimize potential problems. In addition, before such high-risk work is undertaken, GTE notifies its Network Operations Center and Central Office Maintenance Supervisor to ensure that the high-risk activity will not interfere with any other high-risk activities that have been scheduled and to ensure that there will be sufficient resources available in the event of a service interruption or other emergency. The time frames required for power provisioning are explained in detail in the Collocation Services Packet (caged, cageless, shared caged, subleased caged, and adjacent collocation) and the Expanded Interconnection Services (physical and virtual collocation) guide which are available to CLECs and will soon be available via the Internet.

Allegation: Some parties argue that GTE is not providing collocation on reasonable and non-discriminatory terms, including cost-based rates.¹²

Response: GTE has consistently agreed to negotiate collocation terms and conditions with CLECs and has included cost-based rates for collocation in its interconnection agreements. GTE has approximately 627 collocation arrangements in place and another 1,022 that will be completed shortly. Moreover, as part of its proposed conditions, GTE has committed to file state collocation tariffs in all of the states in which it has local exchange operations. The tariff process will establish a single set of rates and terms and conditions for all parties. Tariffs have already been filed in ten states and will be filed in an additional seven states by April 1, 2000. Some

¹¹ Bluestar Communications, Inc., DSLNET, Inc., KMC Telecom, Inc. and MGC Communications Inc. at 18.

¹² MCI WorldCom, Inc. at 2 (citing its prior comments); Covad Communications Company at 4.

parties have raised specific collocation-related issues with the Commission, and these issues are being addressed by the Commission in other proceedings.

Allegation: CoreComm claims that GTE did not provide CoreComm with a proposal incorporating the Commission's new collocation rules until the Commission's First Report and Order in CC Docket No. 98-147, FCC No. 99-48 (rel. March 31, 1999) ("Collocation and Advanced Services Order") had been in effect for four months.¹³

Response: This claim is inaccurate. The Collocation and Advanced Services Order required ILECs to make terms and conditions for cageless, adjacent, and shared collocation available to CLECs "as soon as possible." (§ 40) This Order was effective May 30, 1999. Because these types of collocation were completely new to GTE, GTE needed time to develop operating practices and procedures, terms, conditions, and pricing. GTE also required time to train staff located across the country. GTE's terms and conditions were made available to all CLECs on August 1, 1999, two months after the effective date of the Order.

Resale

Allegation: Some CLECs express concern that GTE is imposing termination penalties on resale customers switching to CLECs.¹⁴

Response: GTE does not impose any termination penalties on residential customers who switch to CLECs. However, for business customers, carriers – both ILECs and CLECs – typically use term arrangements to meet individual customer's telecommunications service and pricing needs. These typically tariffed service offerings, such as CentraNet, ISDN, and Digital Channel Service, are specialized in nature and require significant upfront investments, including equipment, facilities, and systems development, for the carrier. Termination liability provisions allow lower monthly payments for the customer, while protecting the carrier from customer default and abandoned investment. IXC's, such as AT&T, MCI WorldCom, and Sprint, use the same types of termination penalties in their tariffs and contracts with business customers. GTE's termination penalties are in line with industry and commercial practices.

Reciprocal Compensation on ISP-Bound Traffic

Allegation: One party claims that GTE has not complied with state decisions regarding payment of reciprocal compensation for ISP-bound traffic. It asserts that GTE has in some cases: refused to pay during the pendency of appeal of decisions requiring payment; unilaterally

¹³ CoreComm at 41.

¹⁴ Bluestar Communications, Inc., DSLNET, Inc., KMC Telecom, Inc. and MGC Communications Inc. at 18.

decided to pay only a percentage of amounts due; and limited the applicability of arbitration decisions to the specific CLEC involved.¹⁵

Response: These allegations are incorrect. GTE has complied with arbitration decisions and regulatory proceedings determining that it owes reciprocal compensation on ISP-bound traffic. In addition, GTE is currently paying reciprocal compensation while it pursues its appeals in Washington State, California, and Florida. GTE complies with all state decisions that are binding on it. However, GTE is not bound by arbitration decisions if the decision is based on an agreement to which GTE or the specific CLEC in question was not a party or if the agreement is in another jurisdiction. Decisions on the application of reciprocal compensation must be assessed on a case-by-case basis given the language of each agreement, the facts surrounding the particular agreement, the findings of the arbitrator, and the applicable law of the subject jurisdiction.

Allegation: Cox argues that GTE has not paid reciprocal compensation on ISP-bound traffic as required by its interconnection agreement with Cox in Virginia.¹⁶

Response: GTE has not paid reciprocal compensation to Cox because it is not required to do so under the terms of its interconnection agreement with Cox in Virginia. As GTE explained in its pleadings before the Virginia State Corporation Commission (“VSCC”), the Commission has determined that ISP-bound traffic is jurisdictionally interstate and is currently considering the adoption of a rule governing such compensation. Moreover, the interconnection agreement between Cox and GTE does not call for the payment of reciprocal compensation for calls to ISPs but rather only provides that reciprocal compensation “shall apply for traffic originated from Cox and terminated to GTE end offices or tandems and for traffic originated from GTE and terminated to Cox end offices or tandems.” ISP-bound traffic does not fall under these terms. Although the VSCC dismissed Cox’s petition and encouraged the parties to take this dispute to the Commission, this issue is unrelated to the merger and need not be addressed as part of this proceeding. The Commission is already considering ISP-bound traffic compensation issues in CC Docket Nos. 96-98, 99-68 and that is the appropriate forum for Cox’s request.

Number Portability

Allegation: An individual in Tampa claims that GTE is not LRN-LNP capable, as required by the Commission’s rules.¹⁷

¹⁵ FOCAL Communications Corporation at 2-3.

¹⁶ Cox Communications Inc. at 1-3.

¹⁷ Peggy Arvanitas at 1-2.

Response: This claim is incorrect. GTE completed implementation of local number portability in all of its Florida operating territories, including Tampa, by August 1999. GTE is charging the Commission-approved charge of \$0.36 per line per month and will discontinue this charge on or before March 2004, as required by the Commission. Moreover, GTE completed conversion of all of its non-top 100 MSA Florida locations by August 1999, despite the fact that GTE was required to deploy LNP in those locations only upon receipt of a bona fide request from a CLEC.

Advanced Services

Allegation: NorthPoint claims that GTE has not deployed OSS systems capable of providing mechanized access to loop qualification information, even though GTE has such capabilities to support its own retail DSL service offering. In addition, NorthPoint states that GTE has no plans to replace its manual ordering systems for DSL-capable loops.¹⁸

Response: NorthPoint is wrong on both counts. GTE does not yet have mechanized access to loop qualification information for its own or CLECs' use. Currently, GTE uses a manual process for its own retail operations and provides information to CLECs using that same manual process. However, GTE has developed a Graphical User Interface for electronic access to loop qualification information that will be available to CLECs through GTE's Wholesale Internet Services Engine ("WISE") Web Page as of May 2000. Transactions will follow the recent Ordering and Billing Forum ("OBF") standard. Information about loop availability and make-up can be obtained by entering either an in-service GTE telephone number or the end-user's street address. Information returned to the CLEC is very detailed and provided in the OBF format. When GTE receives an order for a DSL service, GTE will run a double-check on its internal loop qualification system (which is being developed and deployed simultaneously with the CLEC version) to determine if the GTE voice service will be degraded beyond the 8.0 dB loss standard if DSL services are provided to the customer.

Contrary to NorthPoint's claim, GTE does not require CLECs to use a manual ordering system for DSL-capable loops. All of GTE's local wholesale electronic ordering interfaces can be used to order this service. Currently, 96 percent of all DSL orders are received electronically, and NorthPoint sends GTE 100 percent of its orders electronically.

Allegation: MCI WorldCom claims that GTE is not providing xDSL-capable loops to competitors on reasonable and non-discriminatory terms, including cost-based rates.¹⁹

Response: MCI WorldCom's claim is incorrect. MCI WorldCom provides no specific allegations, but rather references its prior comments. GTE addressed all of MCI WorldCom's

¹⁸ NorthPoint Communications, Inc. at 9-10.

¹⁹ MCI WorldCom, Inc. at 2.

claims in its Joint Reply of Bell Atlantic Corporation and GTE Corporation to Petitions To Deny and Comments filed in this docket on December 23, 1998. It hereby incorporates those responses by reference. In any event, GTE is providing xDSL-capable loops to numerous CLECs throughout its local exchange areas. Although GTE does not specifically track the CLEC use of loops, GTE has provided over 6,700 loops to carriers such as Covad, NorthPoint, and Rhythms that are known to be providing predominantly xDSL services. This number does not include loops provided to larger carriers who offer xDSL and other services. GTE is providing these loops on the terms and conditions included in its interconnection agreements that are either negotiated or arbitrated by the state commission. Similarly, the rates which GTE charges are also either negotiated by the parties or approved by the state commission. Moreover, in 1998, GTE worked directly with Covad to improve GTE's xDSL loop provisioning processes so as to better meet CLEC needs.

Allegation: The Indiana Utility Regulatory Commission ("IURC") states that GTE has demonstrated "little desire" to upgrade its infrastructure and deploy broadband services.²⁰

Response: The IURC's concern regarding GTE's plans to provide advanced services is unfounded. GTE has been actively deploying advanced services throughout its local exchange areas. GTE now offers xDSL services in 17 states. GTE has installed 2,952 DSLAMs in 617 wire centers and will deploy xDSL in an additional 450-500 wire centers by the end of this year. This translates into 5.2 million capable lines currently and over six million capable lines by the end of 2000. Also, GTE has over 324 ISPs using GTE's xDSL service as an input to their retail offerings. The merger will only strengthen GTE's ability to provide these services. In their proposed conditions, Bell Atlantic and GTE have committed that their roll-out of advanced services will include 10 percent of their rural and urban areas that have the greatest number of low-income households. In addition, Bell Atlantic and GTE have committed to a \$500 million investment to provide local and advanced services to customers outside of their traditional service areas.

Universal Service

Allegation: The IURC states that GTE has asked the IURC to implement universal service surcharges and that GTE has not adequately supported its raising of universal service issues in TELRIC and interconnection proceedings.²¹

Response: Section 254 of the Communications Act requires that implicit support be replaced with explicit support. As GTE has explained numerous times before the IURC and the Commission, replacement of the implicit support for local rates with explicit universal service funding is critical to the development of competition, particularly in residential and higher-cost

²⁰ IURC at 13-14.

²¹ IURC at 6-7.

areas. Without elimination of implicit support, CLECs are artificially discouraged from serving higher-cost customers and from investing in facilities in higher-cost areas. The universal service surcharges proposed by GTE in Indiana are designed to replace implicit support in local rates and therefore give CLECs the proper economic incentives to bring the benefits of competition to all Indiana consumers, not just businesses in urban areas. These issues are clearly within the jurisdiction of the IURC.

Interconnection Agreements

Allegation: The IURC expresses concern regarding the inclusion of a number of provisions in GTE's negotiated agreements, including: universal service surcharges; price adjustment provisions; resale restrictions; wholesale discounts different from those adopted by the IURC; and a provision regarding changes to agreements based on the outcome of IURC cost proceedings.²²

Response: The IURC's concern regarding negotiated agreements is misplaced. First, the issues raised by the IURC are requirements of Sections 251(b) and (c), and negotiated agreements do not have to comply with these requirements. Second, by definition, negotiated agreements are satisfactory to both GTE and the CLEC involved. If the CLEC were not satisfied, it could request mediation or arbitration by the IURC. Third, under Section 252, the IURC is given the opportunity to review the agreements and can ask the parties to revise language that it finds to be inconsistent with the public interest. GTE has complied with the orders from the IURC rejecting certain provisions included in the agreements.

Allegation: The IURC claims that GTE North filed a tariff for resale services that was not in compliance with the IURC's order and then took two months to file one that was in compliance with IURC orders.²³

Response: As required by the IURC Order dated October 21, 1999, GTE North filed a permanent Resale Tariff on November 22, 1999 – within thirty days from the date of the Order. However, because the Order did not address Private Line Services, GTE North included rates in the tariff which mirror the rates in GTE's Interstate Access Tariffs (GTOC/GSTC FCC No. 1) filed at the Commission. These rates do not include a discount because these rates are already "wholesale" rates. During the IURC staff's review of the tariff, there was some discussion regarding discounts for Private Line Services. After these discussions, GTE filed revised Tariff pages for Private Line Services on January 25, 2000 which were approved by the IURC on January 27, 2000.

²² IURC at 6-9.

²³ IURC at 9.

Allegation: One party claims that GTE continues to bill a CLEC for service to a customer even after the CLEC requests disconnection of the customer.²⁴

Response: GTE has consistently processed disconnect orders for CLEC customers in a timely manner. To discontinue service to a customer, the CLEC must submit a local service request stating that the service to the customer should be discontinued as of a particular date. GTE ceases billing the CLEC as of that date. It may take two billing cycles for the CLEC's bill to reflect accurately the disconnection of the line and the appropriate charges.

Allegation: One party states that GTE's dispute resolution processes do not result in prompt resolution of the dispute and allow late fees to accrue.²⁵

Response: GTE's interconnection agreements include alternative dispute resolution processes that are designed to resolve disputes in a timely manner. Under the terms of the agreements, the parties have the flexibility to use a number of negotiated dispute resolution procedures, such as mediation. If these measures do not result in resolution of the dispute within sixty business days of the initial written request, either party can submit the dispute to binding arbitration. (However, if the dispute directly affects service to either party's end-user customers, the period of negotiated resolution is five business days.) Once a dispute is submitted to arbitration, arbitration is generally conducted pursuant to the expedited procedures of the Commercial Arbitration Rules of the American Arbitration Association. Thus, a dispute can only continue past sixty business days if both parties prefer negotiation and neither party requests binding arbitration. Typically, most disputes between GTE and CLECs are resolved without arbitration.

²⁴ National ALEC Association/Prepaid Communications Association at 15.

²⁵ National ALEC Association/Prepaid Communications Association at 15-16.

CERTIFICATE OF SERVICE

I hereby certify that on this 16th day of March, 2000, copies of the foregoing "Reply of Bell Atlantic and GTE in Support of Their Supplemental Filing" were sent by first class mail, postage prepaid, to the parties on the attached list.



Jennifer L. Hoh

* Via hand delivery.

Magalie Roman Salas*
Secretary
Federal Communications Commission
445 12th Street, SW
Room TW-A325
Washington, DC 20554

Original + 4 copies

Janice Myles*
Policy and Program Planning Division
Common Carrier Bureau
Federal Communications Commission
445 12th Street, SW
Room 5-C327
Washington, DC 20554

Matthew Vitale*
International Bureau
Federal Communications Commission
445 12th Street, SW
Room 6-A821
Washington, DC 20554

ITS*
445 12th Street, SW
Room CY-B402
Washington, DC 20554

Lauren Kravetz*
Wireless Telecommunications Bureau
Federal Communications Commission
445 12th Street, SW
Room 4-A163
Washington, DC 20554

Julie Patterson*
Policy and Program Planning Division
Common Carrier Bureau
Federal Communications Commission
445 12th Street, SW
Room 5-C134
Washington, DC 20554

6 copies