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OFFICE OF THE SECRETARY

Mr. Lawrence E. Strickling
Chief, Common Carrier Bureau
Federal Communications Commission
445 12th Street, S.W., Room 5-C450
Washington, D.C. 20554

Dear Mr. Strickling,

This responds to your June 2, 2000 letter, in which you request a progress report regarding SBC's implementation of line sharing, as set forth in the Commission's *Line Sharing Order*.[1] We are pleased to provide you with that report, which is attached.

As you know, SBC's incumbent local exchange carriers (collectively, SBC) implemented line sharing on May 29, 2000, a full week earlier than the June 6, 2000, deadline. As set forth in the attached report, line sharing implementation was a major project, involving more than 65,000 person hours and more than $85 million purchases for splitters and system upgrades. SBC developed its line sharing products through an extensive collaborative process, including a collaborative trial with CLECs spanning all of SBC's operating company regions. This collaborative process led to many product improvements requested by CLECs.

SBC's line sharing offering provides CLECs flexibility on splitter deployment, permits CLECs to purchase splitter capability on a line-at-a-time basis, and gives CLECs access to ILEC loops for intrusive testing purposes. SBC negotiated amendments to interconnection agreements for line sharing contract terms, and conditions with several CLECs. SBC also has completed interim line sharing arbitration proceedings in Texas and California, which set interim rates, terms, and conditions for the line sharing UNE in those states, and is participating in other state commission proceedings regarding line sharing issues. As a result of these efforts, SBC already has executed 34 line sharing agreements, including interim agreements, and it is in the process of completing 27 more. Today, SBC is providing line sharing in all of its operating company regions consistent with these agreements.

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[1] *See Third Report and Order in CC Docket No. 98-147 and Fourth Report and Order in CC Docket No. 96-98*, Deployment of Wireline Services Offering Advanced Telecommunications Capability and Implementation of Local Competition Provisions of Telecommunications Act of 1996, 14 FCC Rcd 20912 (1999) ("Line Sharing Order").

Please contact me if you have any questions or if we can provide any additional information.

Sincerely,

Priscilla Hill-Ardoin

SBC LINE SHARING IMPLEMENTATION REPORT

DATED: JUNE 20, 2000

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SBC LINE SHARING IMPLEMENTATION REPORT

JUNE 20, 2000

INTRODUCTION

This report details the implementation by the SBC incumbent local exchange carriers (collectively, "SBC" or "SBC ILECs") of the Federal Communications Commission's (FCC's) Line Sharing Order.[1] This report is being submitted in response to the June 2, 2000, request from Larry Strickling, Chief of the FCC's Common Carrier Bureau, for a report on SBC's implementation of line sharing.[2]

As explained in more detail below, SBC has successfully implemented line sharing. SBC committed substantial time, energy, and resources making line sharing available to competitive local exchange carriers (CLECs), including its own advanced services affiliates. SBC has spent more than 65,000 personnel hours and well in excess of $85 million in equipment and network upgrades to make line sharing available. Working extensively with CLECs through a collaborative trial, SBC improved its planned services to satisfy CLEC requests, and it offered its line sharing products commercially as early as May 29, 2000, a full week earlier than the FCC's June 6, 2000 implementation deadline.

SBC offers CLECs flexibility in offering their own high frequency products under its line sharing service. CLECs may install and use their own splitter equipment, or lease splitter capacity from SBC. SBC prioritized its splitter installations based on CLECs' projected demand. SBC offers timely installation, in as little as five business days under certain conditions.[3] SBC has completed the initial stages of state commission arbitration proceedings in California and Texas on contract terms. Between the line sharing trial, one-on-one negotiations, and state arbitration proceedings, SBC has made substantial progress in providing line sharing agreements. Including interim agreements, 34 agreements have been signed, and 27 others are in the process of being completed. SBC is offering line sharing in all of its operating company territories consistent with those agreements.

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[1] *See* Third Report and Order in CC Docket No. 98-147 and Fourth Report and Order in CC Docket No. 96-98, Deployment of Wireline Services Offering Advanced Telecommunications Capability and Implementation of Local Competition Provisions of Telecommunications Act of 1996, 14 FCC Rcd 20912 (1999) ("Line Sharing Order"). In the Line Sharing Order, the FCC determined that the high frequency portion of the loop should be classified as an unbundled network element (UNE), when the ILEC provides analog voice service to the end user customer.

[2] See Letter from Larry Strickling, CCB, to Priscilla Hill-Ardoin, SBC (June 2, 2000).

[3] The Texas commission requires installations for 1-20 loops that do not require conditioning in three business days.

This report summarizes the scope and status of SBC's line sharing implementation effort, including: its multi-region collaborative line sharing trial; the development of its methods and procedures for its line sharing offerings; modifications of operational support systems made to permit line sharing; and the completion of contract terms for SBC's line sharing arrangements.

SBC'S COLLABORATIVE LINE SHARING TRIAL

As a first step toward complying with the Line Sharing Order, SBC proactively engaged interested CLECs in a collaborative line sharing trial to address open issues unique to a line sharing environment. SBC conducted a collaborative line sharing trial with all interested CLECs in each of the SBC operating regions.

The trial successfully tested two different network architectures for line sharing in all SBC operating company regions. The trial also led to many CLEC-requested improvements in SBC's line sharing offerings, and SBC made many modifications based on CLEC input. Examples include offering the product with a SBC-owned splitter, offering to lease SBC-owned splitters a line at a time, providing expedited augmentation processes for initial CLEC splitter deployment, and agreeing to prioritize its deployment of splitters according to a CLEC-ranked schedule of offices.

DEVELOPMENT OF THE TRIAL

In order to develop the trial, SBC invited all CLECs from each of its operating company regions to a kick-off meeting in San Francisco on January 25, 2000. This meeting was announced in an Accessible Letter sent across all regions. A copy of the Accessible Letter sent by SWBT (CLEC00-012) is contained in Attachment A to this report. During that meeting, participants formed three working teams that developed the details of the trial. This resulted in a series of working-level meetings, the first of which was held on February 2, 2000. Participants in the trial included AT&T, Allegiance, Birch Telecom, Covad, DSL Net, FirstWorld, IP Communications, NextLink, NorthPoint, Rhythms, Sprint, US West, WorldCom, and SBC advanced services affiliates ASI and AADS.

TRIAL OBJECTIVES AND STRUCTURE

The primary objective of the trial was to identify and understand key aspects of operating in a line sharing environment and, based on that experience, to develop workable line sharing arrangements. The specific trial objectives included determining network architecture(s) based on ownership and location options for the splitter; identifying and resolving key ordering and provisioning processes; determining and implementing necessary OSS changes; and developing test access, maintenance, and repair procedures.

SBC and the CLECs agreed to a three-committee structure: an executive/ administration committee with oversight for the trial, an engineering/technical sub-committee; and, a systems/process sub-committee. The Executive/Administrative committee was established to make policy decisions and address logistical issues. The Network/Technical sub-committee focused on network related issues. The Systems/Process sub-committee focused on the ordering, provisioning, maintenance and billing issues. The SBC team co-led the executive/administration committee, participated in the engineering/technical sub-committee, and led the systems/process sub-committee. These meetings were extensive; throughout the trial, the committees met weekly, completing more than 30 meetings.

The line sharing trial was held in the following locations, which were selected with CLEC input:

- Two central offices in the SWBT region (Addison and Emerson (Dallas), Texas).
- Two central offices in the Ameritech region (Lakeview and Hinsdale, Illinois).
- Two central offices in Pacific Bell region (San Francisco 12 and San Jose 12, California).
- One office in the SNET region (New Haven 03, Connecticut).

The information gained through the line sharing trial has been used to develop SBC's commercial line sharing product. In trial meetings, all parties raised various issues and desired items that each hoped would be a part of the final product. Through various compromises, the parties developed two architectures that ultimately were adopted and used. Once the architectures were determined, the committees set specific objectives. Phase I of the trial addressed new connects with existing SBC-provided retail POTS. Phase II of the trial addressed disconnects of SBC-provided retail POTS and conversions from one data CLEC to a second data CLEC while the customer retained SBC-provided retail POTS. Both phases have been successfully completed.

NETWORK ARCHITECTURES

As noted above, two network architectures were developed in the line sharing trial. The first architecture involves the CLEC purchasing, installing, owning, and maintaining a splitter in its collocation arrangement. A diagram that illustrates this scenario where the CLEC provides the splitter is provided in Attachment B, Figures 1 and 3. The cabling from the distribution frame (the main distribution frame (MDF) was used for purposes of the trial, but an intermediate distribution frame (IDF) may be used, depending on the office) to the CLEC collocation arrangement is installed during the collocation construction or augmentation process.[4] The

[4] Depending on the configuration, CLECs may choose to use existing cabling arrangement.

CLEC designates specific cable pairs to terminate on its splitter for both the incoming line that carries voice and data, as well as the outgoing pair that will return the voice signal to SBC. The CLEC installs the necessary cabling between its splitter and its Digital Subscriber Line Access Multiplexer ("DSLAM") in its collocation arrangement prior to placing an order for line sharing. Once necessary equipment has been installed and inventoried, a CLEC order for line sharing indicates the pair to be used for the line, and a second pair for the analog voice. SBC then provisions the necessary jumpers to enable the DSL service to be provided along with SBC's retail voice service.

The second architecture in the trial involves SBC purchasing, installing, inventorying, maintaining, and leasing splitters. SBC agreed to the CLEC's request to trial an arrangement in which SBC provided its own splitters, on a per-line basis (as opposed to one shelf, or 96 lines, at a time), for CLEC use. In this arrangement, SBC installs a splitter in its equipment space and builds out the necessary cabling to the distribution frame (again, a MDF was used for the trial, but an IDF could be used instead) where the CLEC collocation cabling is terminated. A diagram that illustrates the scenario where SBC provides the splitter is provided in Attachment B, Figures 2 and 4. Once the splitters and associated cabling are installed and inventoried, a CLEC order for line sharing indicates the pair to be used for the high frequency portion of the loop (or the data portion). SBC assigns the incoming line (voice and data) and outgoing analog voice cross-connects. Once assigned, SBC provisions all necessary jumpers to enable the service.

TRIAL RESULTS AND FINDINGS

The trial successfully tested both architectures and SBC's processes and systems to implement line sharing. CLECs began submitting line sharing orders during the week of March 5, 2000. In the trial, SBC provisioned 93 total orders, including orders in each operating company region.

At each step in the trial, SBC provided trial decisions and trial results to its implementation organizations for development of the necessary processes and OSS enhancements. SBC has built its processes and work flows around the decisions made in committee meetings and the early findings of the trial, as needed, in order to be ready for commercial implementation of line sharing in accordance with the Line Sharing Order.

During the collaborative sessions with the CLECs, SBC socialized its proposed contract language and allowed CLECs to gain a better understanding of the contract content and product offering which facilitated negotiations of the product offer.

SBC also shared with all trial participants the Local Service Request ("LSR") form, including all necessary information required on the LSR necessary for SBC to provision a line shared loop. This enabled CLECs to become familiar with the LSR fields and should reduce ordering errors.

CLECs also benefited from the trial by reviewing and offering suggestions to improve the Collocation application and cable augment processes. SBC and CLECs defined and enhanced the Collocation application, which allowed CLECs to augment their existing collocation arrangement to facilitate their line sharing installations. Application sections that were not required for line sharing were deleted and a section was added for designation of the line sharing cable pairs. SBC also provided expedited cable augments in certain circumstances.

Another key decision driven by trial activity related to test access activity, where SBC agreed to two separate improvements. First, SBC agreed to purchase and install special splitter cards that provide test access at the splitter. SBC agreed to place the splitters in common collocation areas, where available, to allow CLECs access to those splitter cards. Second, although SBC was not required to provide both physical access and remote testing capabilities, SBC also granted CLECs intrusive test access to loops where they have shared service via unrestricted use of SBC's Maintenance Loop Testing (MLT). This allows CLECs physical access to the splitter as well as permitting intrusive testing through a standardized interface, allowing CLECs to perform testing without having to purchase their own equipment and develop their own testing systems.

The deployment schedule for SBC's voluntary offer to own the splitter and offer it a line at a time was developed as part of the trial. All interested CLECs ranked, in order of preference, all the central offices in SBC's 13-states where they wanted SBC to install splitters. They then submitted forecasts for those offices, which SBC received on March 21. SBC then began engineering each of the 1242 central offices where forecasts were provided, ordering the splitters and cabling, and coordinating with equipment vendors to ensure shipment of the orders and coordinating with installation vendors to ensure timely installation. At the request of CLECs, SBC agreed to compress the installation schedule, developed new contracts with equipment and installation vendors, and reduced the overall implementation schedule by approximately nine weeks.

Finally, a billing error in the CRIS system was identified in the context of the line sharing trial. This billing error was corrected in advance of the commercial roll out mitigating potential billing inaccuracies.

CONTINUING COLLABORATION

SBC continues to host weekly collaborative line sharing meetings to discuss and resolve systems, network, and engineering line sharing issues. These meetings address technical issues that arise with initial implementations, and seek consensus on appropriate technical solutions. Examples of issues discussed include CLEC requests to allow 50-pair dedicated cables for line sharing (although SBC uses 100-pair blocks to maximize frame efficiency), CLEC requests to have SBC inventory embedded CLEC facilities in both TIRKS and SWITCH to allow CLEC flexibility, and providing CLECs the ability to identify the POTS telephone number associated with the line sharing service.

OPERATIONAL SUPPORT SYSTEMS

SBC has invested significant time and resources in writing the business requirements and making modifications to its operations support systems (OSS) in order to provide requesting carriers access to the high frequency portion of the loop. These OSS modifications were completed on May 27, 2000, in advance of the required compliance date. As described below, SBC coded and programmed its OSS functions to provide the capabilities and functionalities for pre-ordering, ordering, provisioning, maintenance and repair, and billing.

PRE-ORDERING

Loop qualification information, which identifies the physical attributes of loop plant, is useful to carriers seeking to use the high frequency portion of the loop to provide advances services. Access to loop qualification information is associated with one of the conditions for SBC/Ameritech merger. This merger condition required SBC to negotiate with CLECs a Plan of Record (POR) for OSS advanced services development within a given time frame. As discussed below, SBC has completed the POR negotiations and has submitted the results to the FCC for approval.

SBC notified CLECs of the completion of the POR for Uniform and Enhanced OSS in compliance with paragraph 15 of the SBC/Ameritech Merger Conditions approved in the Memorandum of Opinion and Order, released on October 8, 1999. A copy of the Accessible Letter (CLEC99-183) sent by SWBT is provided in Attachment C. In compliance with Phase 1 of the merger conditions, this notification and the attached POR were sent to all CLECs who have current interconnection agreements with SBC/Ameritech in any of the following thirteen states: Arkansas, California, Connecticut, Illinois, Indiana, Kansas, Michigan, Missouri, Nevada, Ohio, Oklahoma, Texas and Wisconsin. SBC and the CLECs were able to reach agreement on many issues. Issues that were not voluntarily resolved are pending before the Commission.

Through the collaborative trial and POR negotiations, SBC identified enhancements (described below) to its mechanized pre-order and order systems to provide CLECs with mechanized access to loop qualification information and to minimize the need for manual handling of xDSL capable loop and line sharing order requests. The first of these enhancements was made available in SWBT and Pacific/Nevada on March 18, 2000. These modifications streamline the pre-order and order processes. The notification to CLECs was distributed via the Accessible Letter process in the SWBT and Pacific/Nevada regions, a copy of which is provided in Attachment D.[5]

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[5] As part of the same release, SBC began providing CLECs with mechanized loop qualification via its Verigate and DataGate interfaces, as referenced in Attachment D. SBC began offering CLECs mechanized access to certain loop make-up information on that date. However, the response to this functionality was even greater than SBC foresaw, resulting in some requests

The loop make-up information described in this release is based on designed loop make-up information. Designed loop make-up information is the loop make-up for the standard design for the longest loop serving the end user's distribution area. This information is available in Pacific and SWBT regions, but is not used in the Ameritech region because Ameritech has actual loop information available for most loops. Actual loop make-up, on the other hand, is specific loop make-up information for an actual loop serving the requested end user's address. CLECs have the option of placing an order based upon the designed loop make-up information or requesting a manual loop qualification request to obtain the actual loop make-up information. If the CLEC desires actual loop make-up information, it may submit its manual loop qualification request directly to OSP Engineering through the Verigate or DataGate interfaces. The LSC is no longer involved in this process, which reduces the potential for inaccuracies (which always are possible with manual processes). Once OSP Engineering has completed the manual request, the information is updated in the mechanized loop qualification system. The CLEC also has the option of receiving an email notification, containing the loop qualification results, when the manual loop qualification is complete. Otherwise, the CLEC will have to make a results request in DataGate or Verigate to obtain the loop qualification results.

SBC further enhanced its mechanized loop qualification offering for SWBT and Pacific/Nevada on April 29, 2000, and notified CLECs of this enhancement via an Accessible Letter. A copy of the Accessible Letter sent by SWBT (CLECSS00–034) is provided in Attachment E. With this release, SWBT and Pacific/Nevada made available electronic access to any actual loop make-up information contained in SBC's electronic systems through Verigate and DataGate/EDI. Whenever a CLEC requests a mechanized loop qualification through one of SBC's mechanized interfaces, SBC first will search for actual loop make-up information in its internal databases. If actual loop make-up information is available, SBC will provide this information to the CLEC electronically. If actual loop make-up information is not available, SBC will provide the CLEC with designed loop make-up information. The completed mechanized loop qualification will indicate whether the information is actual or designed. CLECs still have the option of requesting a manual look-up if actual loop make-up information is not available in any mechanized database.

Ameritech provided CLECs notice of pre-ordering processes separately, due to the different support systems involved. On February 4, 2000, Ameritech provided CLECs with information regarding its pre-qualification process, which provides actual loop information on an EDI-only basis. This information was provided to CLECs via an update to TCNet.

SBC has developed and implemented both application-to-application interfaces and Graphical User Interfaces ("GUI") (where available) for CLEC pre-ordering transactions related to advanced services and the high frequency portion of the loop. These CLEC interfaces are not

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"timing out." SBC made immediate adjustments to its system to expand capacity, adding database connections and memory. As a result, the "timing out" problem has been fully resolved.

currently available to SBC's retail operations, and they have been voluntarily provided by SBC in order to make the pre-ordering process easier and more efficient for the CLECs.

ORDERING

CLECs have the option of ordering the high frequency portion of the loop manually or mechanically via the LSR process. Three basic changes were required in order to establish appropriate line sharing ordering processes. First, the interfaces used for ordering of xDSL loops had to be adapted to support access to the high frequency portion of the loop as an unbundled element. Next, changes were required to the existing fields on the network element ordering formats. Finally, appropriate records were established for customer service, trouble management, billing and inventory functions associated with the high frequency portion of the loop. As described below, SBC has made all of these changes to these ordering functions.

All necessary interface and ordering format changes have been completed. As a result, mechanization for line sharing was made available to CLECs on May 29, 2000. A copy of the Accessible Letter sent by SWBT announcing this change (CLECSS00-37, dated March 17, 2000) is provided in Attachment F. The line sharing EDI/LEX ordering requirements were included in the notice and include new, change, and disconnect work activity. A walk-through was conducted on March 22, 2000 for review of the May 27, 2000 system release requirements. A copy of the Accessible Letter sent by SWBT (CLECSS00-039) providing CLECs these requirements is provided in Attachment G. CLEC testing for the line sharing release was conducted between April 24 and May 27, 2000. The necessary Universal Service Order Codes (USOCs) have been established and registered with Telcordia. Internal methods and procedures for the Local Service Center (LSC) were completed on April 15, 2000.

Likewise, SBC's processes to establish records necessary for customer service, trouble management, and inventory functions were completed on May 27, 2000. For purposes of customer service and trouble management, SBC has made the appropriate designations in its accounts to show that the customer's line is line shared and that POTS service is working on the given customer line. Records will be maintained both by telephone number (for the POTS service) and by circuit ID (for the high frequency portion of the loop). Operational flowcharts outlining the comprehensive trouble management processes performed in the SBC Local Operations Centers and field have been provided to the CLECs. The collaborative process was used to modify these processes to optimize time and resources of both the CLEC and SBC in resolving service anomalies.

Except as described above, line sharing will not affect the pre-ordering and ordering functionality that is available today or planned for the future for CLECs provisioning xDSL services to their end users. To the extent possible, SBC has built on these functionalities in developing its procedures relative to deployment of the high frequency portion of the loop, splitter equipment and facilitation of line sharing.

PROVISIONING

SBC has developed new provisioning flows to ensure successful provisioning of the line shared service. One of the first issues faced by SBC in building OSSs to support the line shared product was how to provision the loop when the service is provided by two separate carriers. While the SBC POTS service must be left intact, the line shared product has unique provisioning requirements demanding new processes.

In order for SBC to provision a request for the high frequency portion of the loop, several key components had to be put in place. These include: (a) an inventory and assignment system; (b) CLEC cabling and termination from the IDF/MDF to the CLEC's collocation arrangement; and (c) a re-write of former central office methods and procedures for wiring. As described below, all of these components are in place.

Provisioning line sharing involves several steps. The OSS systems then must assign cable pairs, cross-connects, and splitter ports (when SBC owns the splitter) to complete the work order. The SBC OSSs must assign and re-inventory the POTS line before being able to assign the line sharing order. Next, the line sharing order is queued for dispatch to a central office technician, who must wire the service and conduct basic continuity tests before completing the order. If the order requires SBC to conduct a line and station transfer to free up a cable pair, a field technician must be dispatched to the remote terminal and a coordinated transfer between the ILEC and CLEC is conducted.

Prior to a CLEC submitting a request for the high frequency portion of the loop, it is necessary for the CLEC to have an existing collocation arrangement with specific DSL equipment and dedicated cabling to the SBC distribution frame. CLECs may place equipment in the central office under existing collocation terms and conditions (whether those arrangements are in interconnection agreements or an applicable tariff). A CLEC may also place its splitter in an area not contiguous with its existing collocation arrangement. However, this area, common or otherwise, is collocated space and will be provided as such (either caged, cageless, or virtual). Cabling for the data traffic between the splitter and the DSLAM should be done with direct cabling, not via cross-connects to the IDF/MDF.

For loops that require conditioning, the existing xDSL loop conditioning process applies to the high frequency portion of the loop orders.

MAINTENANCE, REPAIR, AND TESTING

As the Line Sharing Order notes, existing methods and procedures for testing, maintenance, and repair can fundamentally accommodate the needs of the ILEC, CLECs, and end users in the servicing of the high frequency portion of the loop. In addition, the FCC agreed that while testing access must be made available, this access must be provided without disturbing the other carrier's service. A high degree of cooperation and communication among ILEC and

CLEC must exist in order to maintain the reliability of the network and for the successful deployment of line sharing. SBC has put in place the processes for such cooperation and it provides assistance to CLECs in resolving all such issues promptly.

In general, once a trouble is reported, and SBC identifies a significant degradation or an out of service condition, SBC will notify the CLEC of the trouble and create a trouble ticket. The CLEC will allow the end user the option of restoring the POTS service if the end user is not satisfied with the repair interval provided by the CLEC. If the end user chooses to have the POTS service restored until such time as the high frequency portion of the loop problem can be corrected and notifies either CLEC or SBC, either party will notify the other and SBC will "cut around" the POTS Splitter/DSLAM equipment to restore POTS. This process, for example, might be requested by an end user whose lifeline POTS service is on the same line as the data services.

During the collaborative trial discussions, SBC and most CLECs agreed that the "other" party must be allowed to test and may disrupt the other carrier's "shared" service. It was agreed that this type of "intrusive" testing can be performed by either carrier with the documented concurrence of the "end" subscriber and generally does not require the expressed consent of the "shared" service provider prior to testing.

BILLING

The billing system modifications necessary to support unbundled access to the high frequency portion of the loop UNE are relatively minor compared to the "major overhauls" associated with provisioning of the high frequency portion of the loop. The existing billing process is used to provide billing capability for this UNE. As has been mentioned before, the line shared USOCs have been established and an internal team defined and created billing requirements. The billing requirements were programmed into the Carrier Access Billing System (CABS). A billing rate table was updated with the respective product USOC to ensure that CABS will recognize the code after distributed by SORD and submit an accurate bill for recurring and non-recurring charges. In all operating company regions except Southern New England Telephone (SNET), the billing work activity described above was completed on May 27, 2000. In SNET, the CABS changes will be completed on October 2, 2000. In the meantime, SNET has implemented an interim manual billing process and has made the necessary arrangements in the LSC to track the number of orders provisioned and to submit an accurate and timely bill to its CLEC customers for recurring and non-recurring charges.

METHODS AND PROCEDURES

SBC has developed the necessary methods and procedures to support CLEC requests for the high frequency portion of loops. The methods and procedures that have been created support

ordering, provisioning, repair and maintenance, and billing that supports all line sharing product offerings.

The LSC Methods and Procedures (M&Ps) that instruct the LSC personnel how to accurately input a manual CLEC LSR into SORD, have been created. In addition, training associated with processing LSRs has been completed in all the LSCs across SBC's 13-state operations.[6]

The M&Ps for central office activity have been created and distributed to the network organizations throughout SBC's entire region. These M&Ps outline the necessary central office work necessary to provision the CLEC request for line sharing. They address both network architectures – where the CLEC owns the splitter, and where SBC owns the splitter – and direct the central office technicians as to the appropriate way to install the necessary jumpers to create the data, voice and combined voice/data path to enable the loop to carry the voice and data over the shared loop.

In the Local Operation Center (LOC), the M&Ps that instruct the LOC personnel how to process CLEC maintenance requests have been created and distributed to LOC personnel.

Finally, SBC has updated its on line CLEC Handbook and TCNET to provide the CLEC industry all relevant product information on a consistent real time basis. The CLEC Handbook and TCNET have been updated to include all relevant line sharing information.

LINE SHARING CONTRACT TERMS AND CONDITIONS

As explained in more detail below, SBC has entered into numerous interconnection agreement amendments ("Appendix HPFL") with CLECs under which it provides line sharing.[7] Several of these amendments were arrived at through voluntary negotiations, and others were finalized through interim arbitration results in the States of California and Texas, or by carriers "MFN'ing" into the amendments produced by those arbitration proceedings. A chart summarizing the amendments executed and those pending execution as of June 16, 2000, including negotiated, arbitrated, and "MFN'ed" agreements, is provided in Attachment H to this report. As that report shows, counting each CLEC by state and including interim agreements,

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[6] In addition, under paragraph 29 of the SBC/Ameritech Merger Conditions, CLECs have the option to obtain direct access to SBC's SORD and SNET and Ameritech equivalent systems for ordering the high frequency portion of the loop.

[7] SBC also offers a combined HPFL/DSL appendix, which includes terms for both line sharing and stand-alone DSL-capable loops. In addition, for carriers that wish to enter the market immediately while they negotiate and/or arbitrate, SBC offers an interim HPFL appendix, which contains the same terms and conditions as the attached appendix.

SBC has 34 agreements executed with CLECs, 9 agreements awaiting execution by CLECs, and 18 agreements being prepared for execution, for a total of 61 agreements.

In Connecticut, line sharing is provided by tariff or agreement, pursuant to state commission requirements. SNET's line sharing tariff (Section 18 of the Connecticut access tariff) was filed on May 31, 2000, and it has been available for CLECs to purchase line sharing service since that date. Under Connecticut law, the tariff is scheduled to become effective June 20, 2000. A copy of the Connecticut tariff is provided in Attachment I.

THE ROLE OF THE COLLABORATIVE TRIAL IN NEGOTIATIONS

The collaborative trial has served as an important mechanism for CLEC negotiations, as SBC has received and responded to CLEC requests through that process. Through the collaborative process, SBC has negotiated many issues, resulting in SBC's agreement to modify internal policies and positions. Some of SBC's accommodations of CLEC requests are:

- splitter configuration options, which allow leasing of SBC-owned splitters on a per-line basis;
- CLEC-specified central offices for deployment of SBC splitters, permitting CLECs to chose from all offices, without a cap, and to rank and rate each office by deployment priority;
- CLEC-driven SBC splitter deployment, with the quantity driven by CLEC demand forecasts; and
- central office access for testing purposes (including special cards for trials, MLT access, and splitters placed in common areas).

SBC PROPOSED GENERAL TERMS AND CONDITIONS FOR INTERIM CONTRACTS

SBC offers a comprehensive set of terms and conditions to permit CLECs to engage in line sharing on an interim basis. These options allow CLECs the flexibility to get into business immediately, using line sharing to provide DSL services over the high frequency portion of the loop. A copy of SBC's current 12-state (excluding Connecticut, as explained above) generic contract proposal is provided in Attachment J.

As discussed above, SBC's high frequency portion of the loop offering provides CLECs with two network architecture options, which are set forth in Section 4.8 of Attachment J. Under the first option, described in Section 4.8.1.1 of Attachment J, the CLEC owns and has sole responsibility for forecasting, purchasing, installing, inventorying, provisioning, and maintaining its splitters. The CLECs' existing collocation options apply to these splitters, including physical and virtual collocation options, and additional cabling will be installed according to the shorter

intervals for cable augments under existing collocation arrangements. Splitter provisioning will use standard SBC configuration for cabling and wiring in SBC locations.

Under the second option, described in Section 4.8.2 of Attachment J, SBC agrees to purchase, own, install, inventory, provision, maintain, and lease splitters. In order to provide this option, SBC agreed to a detailed rollout schedule for installing splitters, and it requested that CLECs provide realistic demand forecasts. SBC is providing splitters in 1242 central offices across its 13-state operating territory, and SBC has agreed to install splitters in all these offices by August 27, 2000.

SBC's proposal includes timely provisioning options as well, as set forth in Section 7.3 of Attachment J. For orders that do not require loop conditioning, orders of 1-20 loops will be filled in 5 business days; orders for more than 20 loops will be filled in 15 business days. For loops that require conditioning, orders of 1-20 loops will be filled in 10 business days. Orders for more than 20 loops that require conditioning will be handled on an agreed-upon schedule.

CLECs also would receive extensive testing options under SBC's proposal, as set forth in Section 8 of Attachment J. CLECs would receive access to Maintenance Loop Test (MLT) standardized interface to test loops. CLECs would receive physical test access to splitters located in common collocation areas. CLECs also would have access to the loop for testing at customers premises.

SBC's proposed price for the high frequency portion of the loop is one-half of the standard UNE loop rate, unless an interim rate has been set by the appropriate state commission. The OSS charge is $0.60. Loop conditioning is at the standard rate for DSL services, or at a tariffed rate.

INTERCONNECTION NEGOTIATIONS

SBC has conducted negotiations with many CLECs desiring access to the high frequency portion of the loop. One-on-one negotiations have resulted in signed Interim Agreements with at least one CLEC in each of the 12 SBC states that require contracts. SBC entered into such negotiated agreements with a number of CLECs, including NorthPoint (which executed agreements for California, Kansas, Missouri, Indiana, Ohio, Illinois, and Wisconsin), and New Path (Illinois, Indiana, Michigan, Ohio, Wisconsin, Kansas, Arkansas, Missouri, and Oklahoma).

Negotiations are proceeding with other carriers, and SBC continues to seek voluntary agreements where parties can reach agreement. However, for the initial deployment on interim terms, it would not have been possible for SBC to address all of the options requested by CLECs and to have met the implementation deadline. Although it was not possible for SBC to address additional options as part of its initial product rollout, SBC continues to review and consider CLEC requests for additional line sharing options, as CLEC raise these issues in collaborative discussions and contract negotiations.

Other line sharing arrangements, such as installation of a splitter for CLECs where SBC is not the voice service provider, present potential business opportunities for SBC. After issues regarding mandated line sharing arrangements are resolved, SBC intends to more fully evaluate these business opportunities and to discuss with CLECs whether mutually agreeable terms, conditions, and prices can be negotiated for such options.

STATE LINE SHARING PROCEEDINGS

Recent arbitrator's decisions in California and Texas, which adopted a large majority of the terms and contract language proposed by SBC, underscore the reasonableness of the positions SBC has taken in contract negotiations. The California Public Utilities Commission (CPUC) and the Public Utilities Commission of Texas (PUCT) have completed interim arbitration hearings on line sharing issues, and set interim rates for the high frequency UNE offering.

The CPUC arbitrator issued his final report on interim terms and conditions on May 26, 2000. The CPUC arbitrator resolved 38 specific issues, many of which were resolved in favor of the ILECs (Pacific Bell and GTE) in whole or in part. The arbitrator ordered the parties to use the agreement form provided by Pacific Bell (modified pursuant to the arbitration findings). Pursuant to the arbitrator's order, the parties submitted conforming agreements to the CPUC for approval on June 2, 2000, and are proceeding in accordance with the arbitrator's report. The CPUC is expected to issue its final ruling on the conformed interim agreements in less than 60 days.

The PUCT issued its interim award on June 6, 2000. The PUCT order addressed issues associated with splitter options, testing, provisioning, pricing, and contractual terms on an interim basis. The PUCT found in SBC's favor on many issues, including splitter options, SBC's "line-at-a-time" splitter offering, and testing options. The PUCT proceedings will move into consideration of final terms and a public hearing to set permanent rates, terms and conditions is set for September 19, 2000.

The California and Texas arbitration proceedings have also resulted in line sharing agreements. Specifically, PacWest, First World, Covad, and ASI have filed amendments with the California PUC based on the arbitration decision. The Texas PUC has directed SWBT to make available to all CLECs an Interim Agreement, but allowed parties to make modifications to the arbitrated terms upon mutual agreement. SBC is honoring "MFN" requests and continues to negotiate contract terms in accordance with the state commission decisions.

Some state commissions are holding general proceedings addressing line sharing issues, which may affect the outcome of line sharing offerings in those states. SBC is actively participates in those proceedings, and these decisions may address some of the outstanding issues in those states.

CONCLUSION

Using extensive collaboration with CLECs, SBC not only met the FCC's June 6, 2000 deadline for implementing line sharing, it exceeded it. SBC made line sharing available a full week before the FCC's implementation date. 34 line sharing agreements, including interim agreements, have been executed between SBC and CLECs, and 27 more are in the process of being completed. In the few days since implementation, SBC has received manual and electronic requests for line sharing in all of its operating company regions. In sum, SBC has fully implemented line sharing in accordance with the FCC's schedule and requirements.