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**BELLSOUTH**

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October 12, 2001

EX PARTE OR LATE FILED

EX PARTE

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
The Portals  
445 12<sup>th</sup> St. SW  
Washington, D.C. 20554

Re: CC Docket No. 01-277 ✓

Dear Ms. Salas:

This is to inform you that on October 11, 2001, Bob Blau, Glenn Reynolds, Jon Banks and I, representing BellSouth met with Jordan Goldstein, senior legal advisor to Commissioner Copps, to discuss BellSouth's recently filed applications for authorization to provide interLATA service in Georgia and Louisiana. We presented an overview of the state of competition in both states, as well as the steps taken by the public utility commissions of both states to assure that BellSouth had met the requirements of Section 271 of the Telecommunications Act. The attached documents formed the basis for our discussion.

We are filing notice of this ex parte meeting in the docket identified above, as required by Section 1.1206(b)(2) of the Commission's rules. Please associate this notice with the record of that proceeding.

Sincerely,



Kathleen B. Levitz

Attachments

cc: Jordan Goldstein (w/o attachments)

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## **State Proceedings**

### **Georgia**

#### **271 Compliance**

6863 – U (271 docket) [opened Sept. 1996]

**phase 1:** questions to BST

18 days of hearings, 5900 page transcript

1998 finding of partial satisfaction of 14-point checklist

**phase 2** [begun May, 2001] 2350 pages of comments  
finding of compliance on Oct. 2, 2001

#### **Resale and Unbundling**

7061 – U (TELRIC rates for UNEs) [  
workshops on BST cost studies

5-days of hearings

depositions and discovery

TELRIC rates adopted Dec. 16, 1997

8354 - U (OSS access Docket) [opened Oct. 1997]

technical workshops

hearings

collaboratives with joint status reports on OSS  
enhancements

independent third-party test

106692 – U (TELRIC rates for UNE combinations)

full record

hearings

rates adopted May 1999

11900 – U (TELRIC rates for xDSL and line sharing)

required cost studies

hearings

TELRIC rates adopted June, 2001

14361 – U (TELRIC Rates revisited) [opened September 2001]

to be completed in early 2002

## **Performance Measurements**

7892 – U (SQM docket) [opened Oct. 1997]

Phase 1: hearings in '97 leading to measurements,  
reporting requirements, dispute resolution process

Phase 2: [started in June, 2000] hearings leading to  
comprehensive set of measurements, standards, SEEMs  
plan

## **Louisiana**

### **Resale and Unbundling**

- U-20888 (local competition rules) [opened April 1994]
  - Technical conferences and presentations
  - Written comments
  - General Order adopted March, 1995 to define framework for competition
- U-22020 (resale cost study) [June 1996]
  - Set wholesale discount October, 1996
- U-22022/U-22093 (UNE and interconnection cost and tariffs) [opened June, 1996, April, 1996, consolidated Oct. 1996]
  - TELRIC rates adopted October, 1997
- U-22091 (terms and conditions of resale tariff; exclusions from resale) [opened February, 1997]
  - Order issued April, 1998 addressing CSAs
- U-22252 (CSA Discount) [ opened December 1996]
  - Order issued July 1, 1998 approving application of wholesale discount to CSAs
- U-24714 (TELRIC rates revisited)
  - Prefiled BST and CLEC testimony
  - Hearing
  - Post hearing briefs
  - Order adopted September 21, 2001

### **Performance Measurements**

- U-22252 (Interim SQM) [docket opened 1996]
  - June 1998 order adopted GA SQM
- U-22252 (Final SQM)
  - Opened rulemaking to define permanent SQM
  - Staff proposal adopted August, 1998
  - Workshops held to develop standards, SEEM
  - 9 workshops lasting total of 26 days
  - Consultant recommendations related to collocation intervals approved October 2000
  - Consultant recommendations on remaining 67 SQM issues approved on Feb. 21, 2001
  - Revised SQM and SEEM adopted May 14, 2001

## **271 Compliance**

- U-22252 (Initial 271 Application) [opened December, 1996]
  - Approval of BST 1997 SGAT
  - Federal Application denied Feb. 3, 1998
- U-22252 (Second Application) [held in 1998]
  - Approval of revised SGAT, interim SQM on June 18, 1998
  - Federal Application denied on Oct. 3, 1998
- U-2252 (Specific Discount for CSA and SBA wholesale offerings)
  - Discount of 9.05% adopted March, 1999
- U-22252 (2001 Application)
  - CLEC comments in response to BST Notice of Intent to File
  - Staff recommendation to endorse BST application
  - LPSC adopted recommendation on Sept. 19, 2001

## **The Dixon Collaboratives**

BST, CLEC and LPSC staff participated in 9 days of collaborative workshops covering issues such as customer conversions, trunking, provisioning, M&R, collocation, OSS, order processing; list of unresolved issues monitored by LPSC staff until resolved; outstanding invitation to raise action items

# BellSouth 271 Filings for Georgia and Louisiana

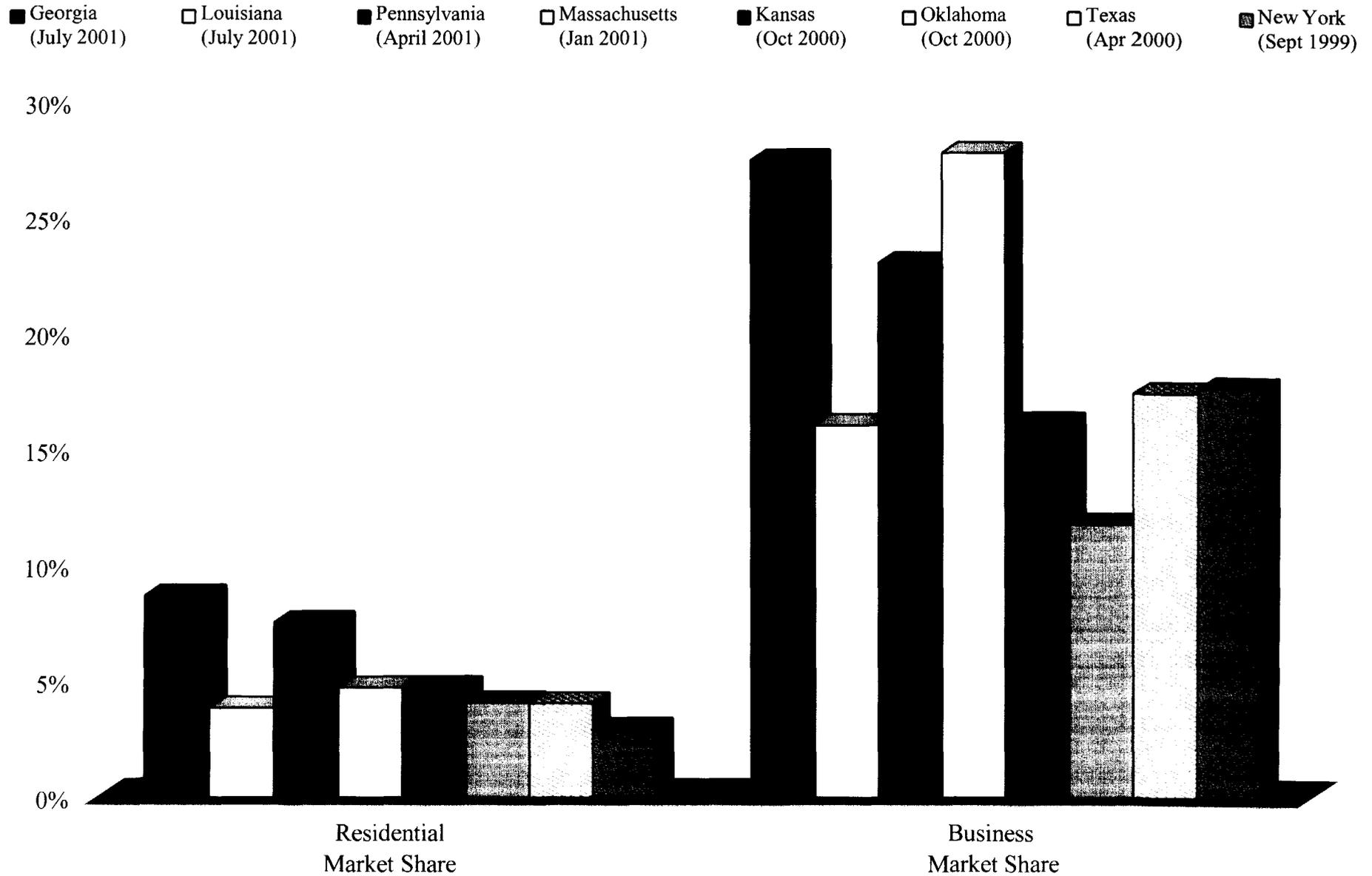
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# BellSouth Has Met Its 271 Requirements

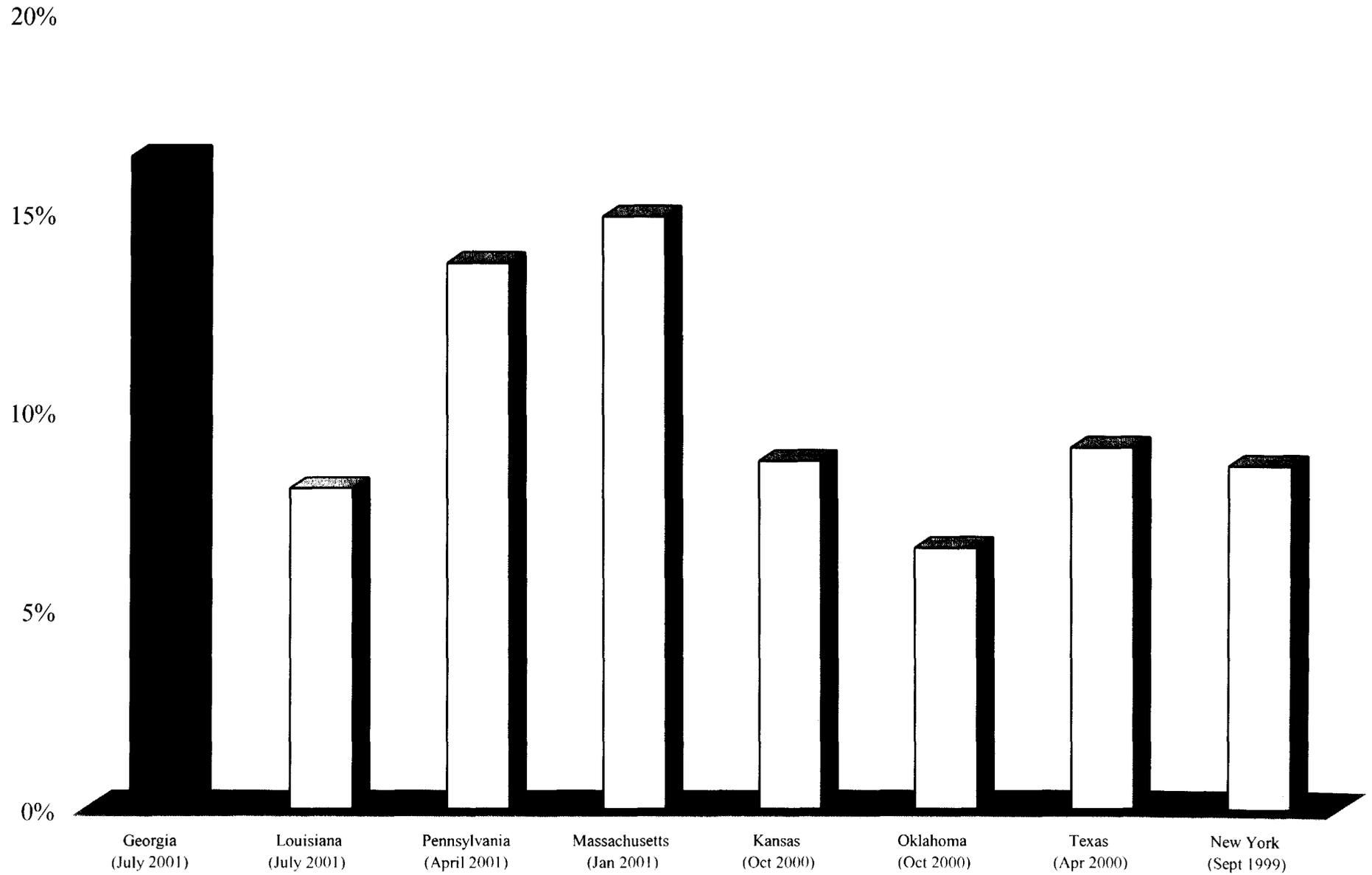
- Significant CLEC Competition
- Comprehensive Set of Performance Measurements; Rigorous Standards
- Strong Performance Results
- Tough SEEMS Penalty Plans
- Non-Discriminatory TELRIC Pricing

# CLEC Residential and Business Market Share



10/11/01

# CLEC Market Share



10/11/01

# Significant CLEC Competition

- Local Markets in Georgia and Louisiana are irreversibly open to competition
  - As of July, 2001, 105 CLECs are providing local service to at least 798,000 local exchange lines, or over 16.4% of BellSouth's total local exchange lines in GA. In LA, CLECs serve at least 204,000 lines or over 8.1% of the total local exchange lines.
  - In GA, CLECs are providing 27.5% of the business lines and 8.7% of the residential lines. LA CLECs are providing 16.1% and 3.9% respectively.
  - Approximately 85% of the CLEC lines are served over their own facilities, either exclusively or in combination with BellSouth UNEs and/or UNE-Ps.
  - In GA over 745 CLEC collocation arrangements are in 88 BellSouth wire centers that enable CLECs to reach 86% of residence and 93% of business access lines.
  - Nearly 470 collocation arrangements in LA allow CLECs to reach 73% of residence and 84% of business access lines.
  - In June, MCI/WorldCom announced its intent to aggressively solicit all 600,000 of its long distance customers in GA and expect double digit market penetration over the next year

# Comprehensive Performance Measures

- **Extremely Comprehensive Service Quality Plan**
  - GA plan tracks 12 separate categories and 2250 measures provide enormous amount of disaggregated data.
  - LA SQM adopted on May 14 2001 sets aggressive retail analogs and benchmarks for OSS performance.
- **BellSouth has dedicated**
  - Staff of almost 2400 employees to serve CLECs
  - \$1.6 billion to build operations support systems
- **GA Third-Party Test more than adequate and sufficient to meet FCC objections**
  - BST met every KPMG evaluation criterion for pre-ordering, billing, M&R, capacity management, change management and flow through. KPMG found that BellSouth had not satisfied only 1.8% of the over 1170 evaluation criteria.
  - Under KPMG test on data integrity, BellSouth satisfied 95.5% of criteria.
  - Testing comparable to NY and tougher than TX.
  - GA SQM provides for yearly audit
  - KPMG replicated 98% and 96% of BellSouth's results in first two audits.

# Strong Performance Results

- **BST:**
- Met 100% of its collocation benchmarks in both GA and LA for every month from May through July
- In LA  
Made each of 1391 scheduled hot cut conversions within 15 minute interval from May through July
- In GA  
Made 6615 of 6673 (99%) scheduled hot cut conversions within 15 minute interval from May through July
- Met 91% of OSS parity standards in both LA and GA for at least two of the three months from May through July
- Met 89% of the resale standards in GA and 86% of those standards in LA for two of the three months from May through July

# Tough Performance Assurance Plans

- GA and LA Plans include challenging performance measurements and stringent enforcement mechanisms
- Cap of 44% (\$336 million) of BellSouth's GA new revenues at risk. The GA percentage of revenue at risk exceeds either NY or TX. In LA procedural cap of \$59 million (20%) of BellSouth's net revenues; there is not limit, however, on liability under LPSC's plan.
- Effective even before 271 filing; GA Penalty Plan started March 2001, BellSouth has already paid millions for relatively minor performance misses.
- GA plan provides for GPSC staff review every six months, as does LA plan.
- GA plan provides for cessation of interLATA marketing if BellSouth's performance is persistently substandard. LA plan creates mechanism to recommend same consequence. No other states have this provision.

## UNE RATE COMPARISON (\$)

|                                   | NY       | MA                   | TX        | OK       | KS       | GA       | LA        |
|-----------------------------------|----------|----------------------|-----------|----------|----------|----------|-----------|
| <b>LOOP</b> <sup>(1)</sup>        |          |                      |           |          |          | (SL1)    | (SL1)     |
| Z1                                | 11.83    | 14.11 <sup>(2)</sup> | 12.14     | 12.14    | 11.86    | 14.21    | 12.90     |
| Z2                                | 12.49    | 16.12                | 13.65     | 13.65    | 13.64    | 16.41    | 23.33     |
| Z3                                | 19.24    | 20.04                | 18.98     | 26.25    | 23.34    | 26.08    | 48.43     |
| NRC                               | 61.95    | 26.02                | 24.75     | 57.96    | 42.70    | 55.69    | 51.46     |
| HCPM <sup>(3)</sup>               | 15.77    | 17.06                | 18.20     | 21.99    | 20.77    | 20.17    | 24.03     |
| <b>UNE-P</b>                      |          |                      |           |          |          |          |           |
| Z1                                | 14.33    | 16.11                | 14.61     | 14.32    | 13.47    | 12.59    | 13.13     |
| Z2                                | 14.99    | 18.12                | 16.70     | 15.86    | 15.25    | 14.26    | 23.75     |
| Z3                                | 21.74    | 22.04                | 23.19     | 28.83    | 24.95    | 21.62    | 49.62     |
| NRC                               | 3.73     | 0.19                 | 5.00      | 3.33     | 2.35     | 2.56     | 3.08      |
| <b>SWITCHING</b><br>(E.O. \$/MOU) | 0.001837 | 0.0032595            | 0.0011973 | 0.002268 | 0.001310 | 0.001633 | 0.0018679 |
| <b>FEATURES</b>                   |          |                      | In Port   | In Port  | In Port  | In Port  | In \$/MOU |

- (1) The recurring costs associated with the cross connects are not included. For GA, this rate is \$.30 per SL1. For LA, this rate is \$.0318 per SL1.
- (2) MA Loop rates are in 4 zones (metro, urban, suburban, rural). Urban, suburban, and rural were equated to zones 1, 2, and 3. (Metro = \$7.54)
- (3) HCPM average cost per loop from FCC 12/99 data based on total (switched & non-switched) lines.

# Relative Number of CLEC Lines

