stated that the restrictions were necessary "to ensure that the use of combinations does not stifle the growth of competition." Id. at 31.

As previously discussed, BellSouth is required by the Federal Act and the FCC's rules to allow CLECs to purchase combinations of UNEs. Further, the nondiscriminatory provisions of the Federal Act and the FCC's rules are applicable to such combinations. With a limited exception discussed below, BellSouth's proposed restrictions would violate the Federal Act and the FCC's rules.

Section 251(c)(3) of the Act establishes:

> The duty to provide, to any requesting telecommunications carrier for the provision of telecommunications service, nondiscriminatory access to network elements.

Emphasis Added. More specifically, FCC Rule 51.309(a) provides:

> An incumbent LEC shall not impose limitations, restrictions or requirements on requests for, or the use of unbundled network elements that would impair the ability of a requesting telecommunications carrier to offer a telecommunications service in the manner the requesting telecommunications carrier intends.

Emphasis added. Accordingly, except as discussed below, the Commission rejects BellSouth's proposed restrictions on the use of UNE combinations.

One of BellSouth's proposed restrictions was that Loop/Transport combinations cannot be used by the entrant to provide special access service. On November 24, 1999, the FCC issued a Supplemental Order to its Third Report and Order. In this Supplemental Order, the FCC modified its conclusion in paragraph 486 of the Third Report and Order to now allow incumbent LECs to constrain the use of combinations of unbundled loops and transport network elements as a substitute for special access service. Supplemental Order, ¶ 4. IXCs may not convert special access services to combinations of unbundled loops and transport network elements, whether or not the IXCs self-provide entrance facilities, unless the IXC uses the combination "to provide a significant amount of local exchange service, in addition to exchange access service, to a particular customer." Id. at ¶ 5. Accordingly, the Commission finds that in order for a CLECs to use a loop/transport combination to provide special access service, the CLEC must provide a significant amount of local exchange service over the combination. Such CLECs must "self-certify that they are providing a significant amount of local exchange service over combinations of unbundled loops and transport network elements" in order to convert special access facilities to UNE pricing. Id. at footnote 9. The FCC did not find it to be necessary for ILECs and requesting carriers to undertake auditing processes to monitor whether requesting carriers are using UNEs solely to provide exchange access service. Id. The Commission finds that BellSouth shall not make auditing a precondition to converting special access to UNEs; thus the conversion of facilities will not be delayed. The Commission finds, however, that BellSouth shall be allowed to audit CLEC records in order to verify the type of traffic being transmitted over EELs. If, based on its audits, BellSouth concludes that a CLEC is not

providing a significant amount of local exchange traffic over the facilities, BellSouth may file a complaint with this Commission.

6. Commercial Agreements

BellSouth has stated that it is willing to make certain UNE combinations available to CLECs through "Commercial Agreements." BellSouth claims that these commercial agreements are not subject to Commission review or approval. As explained in the prior sections, BellSouth has an obligation under the Act to provide elements that it currently combines to CLECs at cost-based rates. A review of the Commercial Agreements filed with the Commission in this matter indicates that the combinations provided under the Commercial Agreements include combinations of elements that BellSouth currently combines. In addition, the combinations provided under the Commercial Agreements include combinations that are analogous to services that could be purchased at resale rates or under an existing tariff.

All interconnection agreements must be submitted to the Commission for approval. Section 252(e)(1). For negotiated agreements, the primary purpose of this requirement is so that the Commission can insure that the agreement does not "discriminate against a telecommunications carrier not a party to the agreement" and to insure that "implementation of the agreement [is consistent] with the public interest." Section 252(e)(2)(a)(i) and (ii). Obviously, the Commission cannot fulfill its obligations if it cannot even look at the agreements.[5] Accordingly, the Commission finds that BellSouth's commercial agreements are subject to Commission review and approval.

B. Cost Study Methodology and Major Assumptions

Both BellSouth and AT&T filed cost studies in this proceeding. BellSouth presented recurring and non-recurring cost studies which used basically the same methodology adopted by the Commission in its December 16, 1997 Order in Docket 7061-U. Most, but not all, of the adjustments that were ordered by the Commission in Docket 7061-U were incorporated into the new studies. AT&T presented the HAI Model 5.1 for a limited number of the recurring costs and the AT&T and MCI Non-Recurring Cost Model for a limited number of the non-recurring costs. For those costs not covered by its models, AT&T recommended that use BellSouth's cost studies with modifications. Other parties to this proceeding have recommended that the Commission make various adjustments to the proffered models.

5 Certainly, BellSouth cannot seriously suggest that the Commission simply ignore allegations that BellSouth is giving more favorable rates to CLECs that agree not to invest in facilities in Georgia than to those that do invest in Georgia. This is particularly the case where, for all practical purposes, BellSouth is simply selling a UNE combination at a rate other than the cost-based rate or is providing a resale discount other than the avoided cost discount set by the Commission.

1. Openness and Documentation

The Scheduling Order provided that any party submitting a cost study was required to provide comprehensive and complete work papers that fully disclosed and documented the process underlying the development of each of its economic costs, including the documentation of all judgments and methods used to establish every specific assumption employed in each cost study. The Scheduling Order required that the work papers clearly and logically represent all data used in developing each cost estimate, and be so comprehensive as to allow others initially unfamiliar with the studies to replicate the methodology and calculate equivalent or alternative results using equivalent or alternative assumptions. The Scheduling Order required that the work papers be organized in such a manner as to clearly identify and document all source data and assumptions, including investment, expense, and demand data assumptions.

BellSouth contends that AT&T has failed to support the basic underpinnings of the HAI Model and has failed to submit the documentation required by the Scheduling Order. BellSouth's Posthearing Brief, pp. 40- 42.

PNR and Associates (PNR) generated data for AT&T that was used to create inputs to the HAI cost proxy model for AT&T. In essence, when customers cannot be located by a mailing address (e.g., a customer has a rural P.O. Box), PNR uses mathematical processes to place the customers in surrogate locations. The customers are grouped into "clusters." This grouping process is considered by PNR to be a proprietary process. The clusters are then reconfigured to "serving areas." This process is also considered to be proprietary.

These processes are relevant to the Hatfield model because Hatfield builds its hypothetical network to these "serving areas." Since loop length is a major cost driver, the distribution of customers can greatly affect the costs generate by a model. BellSouth sought access to the PNR processes and data to determine whether the model designs these serving areas in a way that reflects the way customers are actually distributed and, if it does not, whether this results in an understatement of the costs. As BellSouth has stated, however, "AT&T has not produced a single document, study, or report that in any way validates or verifies the geocoding and clustering work performed by PNR for purposes of Hatfield version 5.1, even though AT&T was specifically requested to do so by BellSouth." BellSouth's Posthearing Brief, pp. 40-41.

AT&T, not BellSouth, must carry the burden of proof in regards to the HAI model. It is AT&T's responsibility to demonstrate to this Commission that its model produces costs in a well-reasoned way based on data shown to be reliable. See Docket 5825-U, January 20, 2000 Order. As the Commission's Order in Docket 7061-U demonstrated, when adopting a cost model, the Commission must weigh various competing factors, including, but not limited to, openness. Order in Docket No. 7061, p. 16. The Commission finds that AT&T has not adequately supported the basic underpinnings of the Hatfield Model in this proceeding. The Commission finds that while some of the principles used in constructing the Hatfield model are useful to consider in evaluating and in making adjustments to BellSouth's model, the Hatfield model itself has not been demonstrated to be

a reliable method for computing the cost-based rates.

2. Conformance with TELRIC

CLECs have alleged that because the BellSouth models are premised on an assumption of the existing network configuration, while the FCC's pricing rules require the use of a "scorched node" network configuration, that the Commission should not use the BellSouth models. The Commission's options in this matter are limited to accepting or adjusting the competing models presented to it. As discussed in the prior section, from the standpoint of documentation in the record, AT&T's network configuration is essentially pulled out of thin air. In contrast, BellSouth's network configuration has verifiable underpinnings that have an objective basis. The Commission has previously approved the use of this model and has found it to be reliable, consistent, and accurate in computing forward-looking costs. The Commission finds that the costs generated by the BellSouth models, with the proper modifications and inputs, best reflect the forward-looking costs of UNE Combinations.

In addition, because HAI Model 5.1 and the AT&T and MCI Non-Recurring Cost Model only produce costs for a limited number of UNEs, even if the Commission were to approve the use of such models, the Commission would still have to use the BellSouth models for the remaining elements. Even without the openness problem discussed above, the Commission would not be inclined to use two completely different sets of methodologies to compute the costs of different UNE.

Most importantly, however, after reviewing the costs generated by the various models using different sets of inputs, the Commission is of the opinion that the decisions most effecting the costs generated are the inputs and adjustments used, rather than the choice of the basic model itself. As AT&T demonstrated, when BellSouth's recurring cost model is modified to include AT&T's proposed inputs, the cost generated for a 2-wire analog loop/port UNE combination, $11.94, is virtually identical to the HAI cost of $11.75. AT&T's Post hearing Brief, p. 19. Regardless of which model the Commission selected, the Commission would need to adjust the model and modify the inputs. The Commission has selected to use the BellSouth model and has made adjustments which reduce the costs generated by that model. However, even if the Commission were to choose the HAI model, it could not do so without modifications.[6] It appears that, after all the necessary adjustments were made, the costs ultimately produced by either model to would be very similar.

3. Geographic Deaveraging

Some parties in this proceeding have recommended that the Commission geographically deaverage UNE rates. See DOD Brief, pp. 8-10. In Docket No. 7061-U, the Commission found that it should not implement geographical deaveraging until it addressed universal service. At the time the Order in Docket 7061-U was issued, Rule 51.507, which required geographic deaveraging, had been stayed by the Eighth Circuit. While the Supreme Court's Iowa decision resulted in reinstating

6 For example, while the Commission finds that the BellSouth model does not use enough IDLC, the HAI model's use of 100% GR-303 IDLC is also inappropriate.

the FCC's pricing rules, the FCC itself subsequently stayed Rule 507. Since Rule 507 is stayed until this spring, the Commission currently has no obligation to set deaveraged UNE rates. The Commission intends to deaverage UNE rates at the appropriate time.

4. Nonrecurring Costs

Nonrecurring costs are one-time charges associated with UNEs. For example, costs associated primarily with the ordering and provisioning of UNEs are reflected as nonrecurring charges for such elements. In Docket 7061-U, the Commission approved the use of BellSouth's non-recurring cost model, subject to certain modifications. The Commission finds that the non-recurring costs generated by the BellSouth models best reflect the appropriate cost-based non-recurring charges. The key assumptions underlying the AT&T nonrecurring model are flawed; thus, the costs generated by that model are suspect. For example, the model assumes that BellSouth's current OSS can be transformed to permit a fallout rate of only 2 percent, even though BellSouth has not achieved that kind of flowthrough for its own orders. Further, it assumes that not a single CLEC order will require manual handling by BellSouth due to CLEC error. Finally, it is not consistent with the HAI model. Post-hearing Brief of BellSouth, pp. 42-45.

BellSouth has stated that its cost studies presented in this matter are based on its definition of "currently combined." Direct Testimony of Mr. Varner, p, 10; Direct Testimony of Ms. Caldwell, pp. 8, and 12-14. MCI WorldCom argued that the results of the BellSouth cost studies are not a result of the application of BellSouth's definition of currently combined; instead, they are the result of no longer assuming that elements must be physically separated and recombined in a collocation space. See Rebuttal Testimony of Mr. Wood, pp. 15-17. The Commission finds that BellSouth's recurring cost models are not impacted by BellSouth's definition of currently combined; and, as discussed elsewhere in this order, the Commission finds that, subject to certain modifications, the recurring rate for UNE combinations should be set using BellSouth's model. The Commission also finds that BellSouth's non-recurring cost models should be used to set the nonrecurring costs for those UNE combinations where the UNEs are currently in place. However, the non-recurring costs generated by BellSouth's model may be inappropriate for those UNE combinations where the elements are not, in fact, currently in place. The Commission finds, on an interim basis, that for those UNE combinations where the elements are not currently in place, the nonrecurring charge for such UNE combinations shall be the sum of the stand-alone NRCs of the UNEs which make up the combination. These interim rates shall be subject to true-up. Within 45 days of the date of this order, BellSouth shall file a cost study for nonrecurring charges for such new UNE combinations. The Commission shall conduct a review of the cost study.

C. Input Assumptions

1. Inputs Set in Docket No. 7061-U.

In Docket 7061-U, the Commission adopted a pricing methodology and resulting cost-based rates for the unbundling of BellSouth's network elements. As part of that proceeding, the Commission made several findings regarding the appropriate model inputs to be used in determining UNE rates. The Commission has taken judicial notice of the administrative record in Docket 7061-U during the hearing in this matter. Tr. 1019.

Many of the model inputs that the Commission adopted in Docket 7061-U have already been incorporated into the model that BellSouth has filed in this proceeding. For example, BellSouth has used the Commission approved rate of return and the plant lives and depreciation rates as prescribed by the FCC for BellSouth's operations in Georgia. The Commission finds that, except as otherwise specified in this order, all input adjustments to the BellSouth model which the Commission made in Docket 7061-U shall be approved for purposes of this proceeding and shall be properly incorporated into BellSouth's model.

2. Loop Sample and the inclusion of ESSX

In Docket 7061-U, the Commission recognized that the length of loops and their types of construction are major cost drivers. Order in Docket 7061-U, p. 34. Thus, the Commission rejected BellSouth's omission of shorter business-type loops, including ESSX, because exclusion of these shorter loops would result in an overstatement of loop costs. Order in Docket 7061-U, pp. 36-37. In the cost study filed in this case, BellSouth incorporated PBX trunks in its loop sample, but did not incorporate ESSX Service loops. Tr. at 431. AT&T and MCI argue that the ESSX loops should be included. The Commission agrees that ESSX should be included in the loop sample. BellSouth currently combines the loop and port used to provide ESSX service and this UNE combination should be available for use by the CLEC to provide the customer with local service. Rebuttal Testimony of Mr. Don Wood, pp. 24-25.

Including ESSX loops results in two adjustments to the TELRIC Calculator. Adding in the ESSX loops results in a reduction of the average cost of business loops since ESSX loops tend to be shorter. Adding in the ESSX loops also increases the total number of business loops by 367,997 (Docket 7061-U, BellSouth's response to Staff's Third Data Request, Item No. STF-3-5), thus increasing the proportion of business loops to total loops. Since business loops are cheaper than residential loops, as the percentage of business loops increases, the average loop cost decreases. The Commission finds that adding ESSX loops requires modifying BellSouth's model to reflect 68% residential loops and 32% business loops. This adjustment would result in a $0.55 decrease to the 2-wire loop/port UNE combination price.

3. Integrated Digital Loop Carrier (IDLC)/GR-303 IDLC

BellSouth's model assumes that 49% of digital loop carrier (DLC) loops are served by IDLC. AT&T and MCI argue that BellSouth's model should be adjusted so that all DLC loops are served by IDLC. BellSouth counters by arguing that an assumption of 100% IDLC ignores the realities of network design since BellSouth states that it will continue to deploy universal DLC in its network for the foreseeable future. Tr. 346. While the Commission agrees that an assumption of 100% IDLC ignores the realities of network design, the Commission finds that the percentage of IDLC currently assumed by BellSouth is not forward-looking. The Commission finds that BellSouth's model should be adjusted to reflect 98% IDLC. This adjustment would result in a $0.71 decrease to the 2-wire loop/port UNE combination price.

AT&T also advocates that BellSouth's cost studies be adjusted so as to assume GR-303 for all IDLC loops. BellSouth states that currently less than 1% of its access lines are served by GR-303, while 99% are served on TR-008. BellSouth states that it still deploys TR-008 in its network and will continue to do so throughout the study period. Tr. at 336. Bellcore estimated that, in 1997, 16% of BellSouth's lines were GR303 capable digital loop carriers. Tr. 372. BellSouth's model assumes 0% GR-303. While GR-303 is the forward-looking technology, the Commission finds that the replacement of TR-008 will be too gradual to warrant modifying BellSouth cost study to assume 100% GR-303 at this time. On the other hand, since GR-303 is already being deployed on a limited basis by BellSouth and is the forward-looking technology, 0% is also inappropriate. Based on its review of the evidence, the Commission finds that BellSouth's model should be modified to reflect 20% GR-303. This would result in a $0.18 decrease to the 2-wire loop/port UNE combination price.[7]

4. Rate Design for Switch Features (Vertical Features)

In Commission Docket 7061-U, the Commission reaffirmed its earlier decision in the AT&T-BellSouth arbitration (Docket No. 6801-U), that there should be no additional, separate charges for switch features. The Commission found "that switch vertical features should not be priced separately as individual elements, but should instead be incorporated within the unbundled switch port element." Docket 7061-U, Order, p. 39. The Commission noticed this proceeding to determine pricing for UNE combinations, not to revisit its decision on vertical features. In any event, the Commission finds no reason to change its prior decision on this matter. Accordingly, the Commission does not approve BellSouth's proposed additional costs for switch features. This would result in a $4.28 decrease to the 2-wire loop/port UNE combination price.

7 AT&T had proposed an adjustment to the TELRIC Calculator to make up for the lack of using GR-303 in multiplexer inputs. See Rebuttal of Donovan, pp. 21-22. The adjustment, which assumes 100% GR-303, resulted in a reduction in the price of $0.91. Based on AT&T's reasoning, an assumption of 20% GR-303 results in a reduction of $0.18 (0.20 x 0.91 = 0.18).

D. Rates For Combinations of Network Elements

1. Electronic versus Manual Orders

BellSouth has proposed different non-recurring charges for electronic orders versus manual orders. It does not appear that any party has objected to separately pricing orders based on the type of order. More importantly, the Commission finds that manual orders are more expensive for BellSouth to process than electronic orders. Accordingly, the Commission approves BellSouth's proposal to price manual orders and electronic orders separately.

2. Pricing of Specific UNE Combinations

Based on the adjustments discussed above, the Commission hereby approves the recurring and non-recurring rates for certain combinations of UNEs.

a. 2-wire loop/port UNE combination.

The Commission has made the following adjustments to BellSouth's proposed rate for the 2-wire loop/port UNE combination:

(i).	Eliminate Reasonable Profit Additive	$9.19
(ii).	Eliminate Vertical Feature Additive	$4.28
(iii).	Adjust for addition of ESSX loops	$0.55
(iv).	Adjust for use of 98% IDLC	$0.71
(v).	Adjust for use of 20% GR-303	$0.18

These adjustments result in a total recurring cost for 2-wire loop/port combination of $14.34. As discussed above, this combination (sometimes referred to as UNE-Platform or UNE-P) shall be available statewide and shall not be subject to the restrictions proposed by BellSouth in this matter.

As discussed above, the Commission finds that BellSouth's non-recurring cost model should be used to set the nonrecurring costs for those UNE combinations where the UNEs are currently in place. Accordingly, the nonrecurring cost for an existing 2-wire loop/port combination is $2.01 when ordered electronically. The non-recurring charges for additional orders and for manual orders for existing 2-wire loop/port combinations are set forth in Attachment A hereto.

The non-recurring costs generated by BellSouth's model may be inappropriate for those UNE-P combinations where the elements are not, in fact, currently in place. The Commission finds, on an interim basis, that for those UNE-P combinations where the elements are not currently in place, the nonrecurring charge for such UNE combinations shall be the sum of the stand-alone NRCs of the UNEs which make up the combination. These interim rates shall be subject to true-up. Within 45 days of the date of this order, BellSouth shall file a cost study for nonrecurring charges for such UNE combination. The Commission shall conduct a review of the cost study.

b. Loop/Transport Combinations.

BellSouth computed recurring and non-recurring costs for various loop/transport combinations:

2-wire voice grade extended loop with DS1 Dedicated Interoffice Transport;
4-wire voice grade extended loop with DS1 Dedicated Interoffice Transport;
4-wire 56 or 64 kbps extended digital loop with Dedicated DS1 Interoffice Transport;
Extended 2-wire VG Dedicated Local Channel with Dedicated DS1 Interoffice Transport;
Extended 4-wire VG Dedicated Local Channel with Dedicated DS1 Interoffice Transport;
Extended 4-wire DS1 Digital Loop with Dedicated DS1 Interoffice Transport;
Extended 4-wire DS1 Digital Loop with Dedicated DS3 Interoffice Transport; and,
Extended DS1 Dedicated Local Channel with Dedicated DS3 Interoffice Transport.

As discussed above, BellSouth had proposed a "reasonable profit" additive of $78.25 for the 4-wire DS1 loop-transport combination, which the Commission has disallowed.

The Commission finds that BellSouth shall provide these loop/transport combinations to CLECs. These combinations shall be available statewide and shall not be subject to the restrictions proposed by BellSouth in this matter except as specifically set forth in this order. The recurring rates for such combinations, whether currently in place or new, are set forth in Attachment A. BellSouth's non-recurring cost models should be used to set the nonrecurring costs for those loop/transport combinations where the UNEs are currently in place. These non-recurring charges are set forth in Attachment A hereto.

On an interim basis, for those loop/transport combinations where the elements are not currently in place, the nonrecurring charge for such UNE combinations shall be the sum of the stand-alone NRCs of the UNEs which make up the combination. These interim rates shall be subject to true-up. Within 45 days of the date of this order, BellSouth shall file a cost study for nonrecurring charges for such new loop/transport combinations. The Commission shall conduct a review of the cost study.

3. Pricing of UNE Combinations Not Costed In This Proceeding

To the extent that CLECs seek to obtain other combinations of UNEs that BellSouth ordinarily combines in its network which have not been specifically priced by this Commission when purchased in combined form, the Commission finds that the CLEC can purchase such UNE combinations at the sum of the stand-alone prices of the UNEs which make up the combination. If the CLEC is dissatisfied with using the sum of the stand-alone rates, the CLEC is free to pursue the bona fide request process with BellSouth to seek a different rate.

III. CONCLUSION AND ORDERING PARAGRAPHS

The Commission finds and concludes that the rates, terms and conditions as discussed in the preceding sections of this Order should be adopted for the interconnection with and unbundling of BellSouth's telecommunications services in Georgia, pursuant to Sections 251 and 252 of the Telecommunications Act of 1996 and Georgia's Telecommunications and Competition Development Act of 1995.

WHEREFORE IT IS ORDERED, that all findings, conclusions, statements, and directives made by the Commission and contained in the foregoing sections of this Order are hereby adopted as findings of fact, conclusions of law, statements of regulatory policy, and orders of this Commission.

ORDERED FURTHER, the cost-based rates determined by the Commission in this Order are established as the rates for BellSouth's unbundled network elements. BellSouth shall submit such compliance filings as are necessary to reflect and implement the rates and policies established by this Order. BellSouth shall file a revised Statement of Generally Available Terms and Conditions (SGAT) reflecting and implementing the rates and policies established by this Order and reflecting the unbundling requirements of the FCC's Third Report and Order within thirty (30) days of the date of this Order.

ORDERED FURTHER, that, as set forth in the body of this Order, BellSouth shall file the cost studies for those loop/port and loop/transport combinations that are not currently in place within 45 days of the date of this Order.

ORDERED FURTHER, the Commission shall reevaluate the availability of UNEs every three years in a manner consistent with the Third Report and Order.

ORDERED FURTHER, that if the Eighth Circuit Court of Appeals determines that ILECs have no legal obligation to combine UNEs under the Federal Act, the Commission will reevaluate its decision with regard to the requirement that BellSouth provide combinations of typically combined elements where the particular elements being ordered are not actually physically connected at the time the order is placed. Further, this docket shall remain open in the event the FCC's rules are modified to mandate different requirements for Enhanced Extended Links.

ORDERED FURTHER, that a motion for reconsideration, rehearing, or oral argument or any other motion shall not stay the effective date of this Order, unless otherwise ordered by the Commission.

ORDERED FURTHER, that jurisdiction over these matters is expressly retained for the purpose of entering such further Order or Orders as this Commission may deem just and proper.

The above by action of the Commission in Administrative Session on the 1st day of February, 2000.

Helen O'Leary
Executive Secretary

02/01/00
Date

Bob Durden
Chairman

2/1/00
Date

Cost Element		Recurring	Non Recurring	Non-Recurring First	Non-Recurring Additional	Non-Recurring Initial	Non-Recurring Subsequ
M.0	ENHANCED OPTIONAL DAILY USAGE FILE (EODUF)						
M.1	Enhanced Optional Daily Usage File						
M.1.1	Enhanced Optional Daily usage File: Message Processing, Per Message	$0.0034555					
P.0	UNBUNDLED LOOP COMBINATIONS						
P.1	2-WIRE VOICE GRADE LOOP WITH 2-WIRE LINE PORT						
P.1.1	2-Wire Voice Grade Loop	$12.55					
P.1.2	Exchange Port - 2-Wire Line Port	$1.79					
P.1.3	2-Wire Voice Grade Loop / Line Port Combination - Non-recurring Costs			$2.01	$0.3108		
P.1.4	2-Wire Voice Grade Loop / Line Port Combination - Incremental Cost - Manual Svc Order vs. Electronic			$33.67	$7.88		
P.6	2-WIRE VOICE GRADE EXTENDED LOOP WITH DS1 DEDICATED INTEROFFICE TRANSPORT						
P.6.1	2-Wire Voice Grade Loop	$17.89					
P.6.2	Interoffice Transport - Dedicated - DS1 - Per Mile	$0.3088					
P.6.3	Interoffice Transport - Dedicated - DS1 - Facility Termination	$83.39					
P.6.4	Interoffice Transport - Dedicated DS1 System	$18.23					
P.6.5	2-Wire Voice Grade Extended Loop / DS1 Interoffice Combination - Non-recurring Costs			$12.97	$11.27		
P.6.6	2-Wire Voice Grade Extended Loop / DS1 Interoffice Combination - Incremental Cost - Manual vs. Electronic			$45.46	$15.72		
P.6.8	Interoffice Transport - Voice Grade Plug-In	$2.20					
P.6.79	2-Wire Voice Grade Extended Loop / DS1 Interoffice Combination - Non-recurring Costs - Disconnect			$12.61	$12.61		
P.7	4-WIRE VOICE GRADE EXTENDED LOOP WITH DS1 DEDICATED INTEROFFICE TRANSPORT						
P.7.1	4-Wire Voice Grade Loop	$26.58					
P.7.2	Interoffice Transport - Dedicated - DS1 - Per Mile	$0.3088					
P.7.3	Interoffice Transport - Dedicated - DS1 - Facility Termination	$83.39					
P.7.4	Interoffice Transport - Dedicated DS1 System	$18.23					
P.7.5	4-Wire Voice Grade Extended Loop / DS1 Interoffice Combination - Non-recurring Costs			$12.97	$11.27		
P.7.6	4-Wire Voice Grade Extended Loop / DS1 Interoffice Combination - Incremental Cost - Manual vs. Electronic			$45.46	$15.72		
P.7.8	Interoffice Transport - Voice Grade Plug-In	$2.67					
P.7.79	4-Wire Voice Grade Extended Loop / DS1 Interoffice Combination - Non-recurring Costs - Disconnect			$12.61	$12.61		
P.8	4-WIRE 56 OR 64 KBPS EXTENDED DIGITAL LOOP WITH DEDICATED DS1 INTEROFFICE TRANSPC						
P.8.1	4-Wire 56 or 64 Kbps Digital Grade Loop	$30.72					
P.8.2	Interoffice Transport - Dedicated - DS1 - Per Mile	$0.3088					
P.8.3	Interoffice Transport - Dedicated - DS1 - Facility Termination	$83.39					
P.8.4	Interoffice Transport - Dedicated DS1 System	$18.23					
P.8.5	4-Wire 56 or 64 kbps Extended Loop / DS1 Interoffice Combination - Non-recurring Costs			$12.97	$11.27		
P.8.6	4-Wire 56 or 64 kbps Extended Loop / DS1 Interoffice Combination - Incremental Cost - Manual vs. Electronk			$45.46	$15.72		
P.8.8	Interoffice Transport - Voice Grade Plug-In	$1.06					

Cost Element		Recurring	Non Recurring	Non-Recurring First	Non-Recurring Additional	Non-Recurring Initial	Non-Recurring Subsequ
P.6 79I	4-Wire 56 or 64 kbps Extended Loop / DS1 Interoffice Combination - Non-recurring Costs - Disconnect			$12.61	$12.61		
P.9	EXTENDED 2-WIRE VG DEDICATED LOCAL CHANNEL WITH DEDICATED DS1 INTEROFFICE TRAN						
P.9.1	Local Channel - Dedicated - 2-Wire Voice Grade	$16.28					
P.9.2	Interoffice Transport - Dedicated - DS1 - Per Mile	$0.3068					
P.9.3	Interoffice Transport - Dedicated - DS1 - Facility Termination	$63.39					
P.9.4	Interoffice Transport - Dedicated DS1 System	$16.23					
P.9.5	Extended 2-wire Voice Grade Dedicated Local Channel / DS1 Interoffice Combination - Non-recurring Costs			$12.97	$11.27		
P.9.6	Extended 2-wire Voice Grade Dedicated Local Channel / DS1 Interoffice Combination - Incremental Cost - Mi			$45.46	$15.72		
P.9.8	Interoffice Transport -Voice Grade Plug-In	$2.20					
P.9.79I	Extended 2-wire Voice Grade Dedicated Local Channel / DS1 Interoffice Combination - Non-recurring Costs -			$12.61	$12.61		
P.10	EXTENDED 4-WIRE VG DEDICATED LOCAL CHANNEL WITH DEDICATED DS1 INTEROFFICE TRAN						
P.10.1	Local Channel - Dedicated - 4-Wire Voice Grade	$17.18					
P.10.2	Interoffice Transport - Dedicated - DS1 - Per Mile	$0.3068					
P.10.3	Interoffice Transport - Dedicated - DS1 - Facility Termination	$63.39					
P.10.4	Interoffice Transport - Dedicated DS1 System	$16.23					
P.10.5	Extended 4-wire Voice Grade Dedicated Local Channel / DS1 Interoffice Combination - Non-recurring Costs			$12.97	$11.27		
P.10.6	Extended 4-wire Voice Grade Dedicated Local Channel / DS1 Interoffice Combination - Incremental Cost - Mi			$45.46	$15.72		
P.10.8	Interoffice Transport - Voice Grade Plug-In	$2.67					
P.10.7I	Extended 4-wire Voice Grade Dedicated Local Channel / DS1 Interoffice Combination - Non-recurring Costs-			$12.61	$12.61		
P.11	EXTENDED 4-WIRE DS1 DIGITAL LOOP WITH DEDICATED DS1 INTEROFFICE TRANSPORT						
P.11.1	4-Wire DS1 Digital Loop	$60.88					
P.11.2	Interoffice Transport - Dedicated - DS1 - Per Mile	$0.3068					
P.11.3	Interoffice Transport - Dedicated - DS1 - Facility Termination	$63.39					
P.11.4	Extended 4-wire DS1 Digital Loop / DS1 Interoffice Combination - Non-recurring Costs			$12.97	$11.27		
P.11.5	Extended 4-wire DS1 Digital Loop / DS1 Interoffice Combination - Incremental Cost - Manual vs. Electronic			$45.46	$15.72		
P.11.6I	Extended 4-wire DS1 Digital Loop / DS1 Interoffice Combination - Non-recurring Costs - Disconnect			$12.61	$12.61		
P.13	EXTENDED 4-WIRE DS1 DIGITAL LOOP WITH DEDICATED DS3 INTEROFFICE TRANSPORT						
P.13.1	4-Wire DS1 Digital Loop	$60.88					
P.13.2	Interoffice Transport - Dedicated - DS3 - Per Mile	$6.46					
P.13.3	Interoffice Transport - Dedicated - DS3 - Facility Termination	$717.60					
P.13.4	Interoffice Transport - Dedicated DS3 System	$202.91					
P.13.5	Extended 4-Wire DS1 Digital Loop / DS3 Dedicated IOF Transport - Non-recurring Costs			$12.97	$11.27		
P.13.6	Extended 4-Wire DS1 Digital Loop / DS3 Dedicated IOF Transport - Incremental Cost - Manual vs. Electronic			$45.46	$15.72		
P.13.8	Interoffice Transport - DS1 Card or W-DCS port	$0.6670					
P.13.7I	Extended 4-Wire DS1 Digital Loop / DS3 Dedicated IOF Transport - Non-recurring Costs - Disconnect			$12.61	$12.61		
P.14	EXTENDED DS1 DEDICATED LOCAL CHANNEL WITH DEDICATED DS3 INTEROFFICE TRANSPOR						
P.14.1	Local Channel - Dedicated - DS1	$38.57					
P.14.2	Interoffice Transport - Dedicated - DS3 - Per Mile	$6.46					
P.14.3	Interoffice Transport - Dedicated - DS3 - Facility Termination	$717.60					

Cost Element		Recurring	Non Recurring	Non-Recurring First	Non-Recurring Additional	Non-Recurring Initial	Non-Recurring Subsequ
P.14.4	Interoffice Transport - Dedicated DS3 System	$202.91					
P.14.5	Extended 4-wire DS1 Dedicated Local Channel / DS3 Interoffice Combination - Non-recurring Costs			$12.97	$11.27		
P.14.6	Extended 4-wire DS1 Dedicated Local Channel / DS3 Interoffice Combination - Incremental Cost - Manual vs.			$45.46	$15.72		
P.14.8	Interoffice Transport - DS1 Card or W-DCS port	$0.6670					
P.14.7I	Extended 4-wire DS1 Dedicated Local Channel / DS3 Interoffice Combination - Non-recurring Costs - Discon			$12.61	$12.61		
F.0	OPERATIONAL SUPPORT SYSTEMS						
F.1	OPERATIONAL SUPPORT SYSTEMS						
F.1.2	OSS OLEC Daily Usage File: Recording, Per Message	$0.0001275					
F.1.3	OSS OLEC Daily Usage File: Message Processing, Per Message	$0.0082548					
F.1.4	OSS OLEC Daily Usage File: Message Distribution, Per Magnetic Tape Provisioned	$28.85					
F.1.5	OSS OLEC Daily Usage File: Data Transmission (CONNECT:DIRECT), Per Message	$0.0000434					
L.0	ACCESS DAILY USAGE FILE (ADUF)						
L.1	Access Daily Usage File (ADUF)						
L.1.1	ADUF, Message Processing, per message	$0.0136327					
L.1.2	ADUF, Message Distribution, per Magnetic Tape provisioned	$28.85					
L.1.3	ADUF, Data Transmission (CONNECT:DIRECT), per message	$0.0000434					

APPENDIX F

APPENDIX F

Docket Number 11900-U, Investigation of BellSouth Telecommunications, Inc. Provision of UNEs for xDSL Providers Order

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DOCKET #11900
DOCUMENT #147829

Docket No. 11900-U

In Re: Investigation of BellSouth Telecommunications, Inc.'s Provision of Unbundled Network Elements for the xDSL Service Providers

ORDER

BY THE COMMISSION:

On February 15, 2000, Rhythms Links Inc. filed a Petition to Initiate Docket to Investigate BellSouth Telecommunications, Inc.'s Provision of Unbundled Network Elements ("Petition"). The Petition requested that the Commission initiate a generic proceeding to consider BellSouth Telecommunications, Inc.'s ("BellSouth") provision of unbundled network elements ("UNEs") to CLECs that provide DSL services and other advanced services. On March 21, 2000, the Commission issued a Procedural and Scheduling Order, initiating this docket to consider BellSouth's provision of unbundled network elements ("UNEs") to CLECs that provide DSL services and other advanced services.

I. JURISDICTION AND PROCEEDINGS

Under the Federal Telecommunications Act of 1996 (Federal Act), state Commissions are authorized to set rates and pricing policies for interconnection and access to unbundled elements. In addition to its jurisdiction over this matter pursuant to Sections 251 and 252 of the Federal Act, the Commission also has general authority and jurisdiction over the subject matter of this proceeding, conferred upon the Commission by Georgia's Telecommunications and Competition Development Act of 1995 (Georgia Act), O.C.G.A. §§46-5-160 *et seq.*, and generally O.C.G.A. §§ 46-1-1 *et seq.*, 46-2-20, 46-2-21, and 46-2-23.

Hearings took place before the Commission on January 29 through February 1, 2001. On March 1, 2001, BellSouth, the Data Coalition, AT&T Communications of the Southern States ("AT&T"), WorldCom, Inc., and Sprint Communications Company, L.P. ("Sprint") filed briefs with the Commission. On March 27, 2001, BellSouth filed with the Commission a Settlement Agreement ("Settlement Agreement") with Rhythms Links, Inc., Covad Communications Company, BlueStar Networks, Inc., and BroadSlate Networks of Georgia, Inc. (Attachment 1).

The Commission has before it the testimony, evidence, arguments of counsel and all appropriate matters of record enabling it to reach its decision.

II. FINDINGS AND CONCLUSIONS

Issue 1 xDSL Loops

(a) Do any xDSL loops need to be designed?

The Commission approves the resolution contained in the Settlement Agreement.

(b) What are the appropriate recurring and nonrecurring charges for the nondesigned xDSL loops to be offered by BellSouth?

The Commission approves the resolution contained in the Settlement Agreement.

(c) What are the appropriate recurring and nonrecurring charges for the xDSL loops currently offered by BellSouth (ADSL, HDSL, UCL short and long)?

In the Second Procedural and Scheduling Order, the Commission ordered BellSouth to file with its cost studies all comprehensive work papers and documents that disclose and explain the basis for all BellSouth's study assumptions, inputs, and underlying analysis. On November 13, 2000, BellSouth filed cost studies supporting its proposed nonrecurring rates for the ADSL, HDSL, UCL-short, and UCL-long rates in this docket. BellSouth offered testimony supporting these cost studies.

BellSouth and the CLECs differed over whether BellSouth's proposed rates reflected costs based on efficient task times for a forward-looking network. The FCC has interpreted the Federal Act's mandate for just and reasonable rates for network elements based on the cost of providing the network element to require forward-looking costs assuming "the most efficient network architecture, sizing technology, and operating decisions that are operationally feasible and currently available to the industry." First Report and Order, *In re: Implementation of Local Competition Provisions in the Telecommunications Act of 1996*, 11 FCC Rcd 15499, ¶ 620 (Aug. 8, 1996), *vacated in part, Iowa Utils. Bd. v. FCC*, 120 F.3d 753 (8th Cir. 1997), *rev'd in part, aff'd in part MCI Corp. v. Iowa Utils. Bd.*, 119 S. Ct. 721 (1999) ("First Report and Order").

BellSouth argued that its cost studies reflected the recurring and nonrecurring costs it expects to incur in providing unbundled network elements ("UNEs") on a going-forward basis in Georgia. (BellSouth Brief, p. 8). BellSouth stated that it developed these rates using (1) the BellSouth TELRIC calculator, (2) the BellSouth Capital Cost Calculator, (3) the Loop Model, and (4) the Shared and Common Cost Model. *Id.* BellSouth contends that the since no other party to the proceeding submitted any cost study of its own, that the Commission must use BellSouth's cost studies to establish rates in this proceeding. *Id.*

The Data Coalition did not agree that BellSouth's studies complied with TELRIC. The Data Coalition stated that BellSouth's nonrecurring cost studies "were not based on work flow, task times or probability factors considering a forward-looking network design." (Data Coalition Brief, p. 20). In support of this criticism, the Data Coalition pointed out that BellSouth's proposed rates were as much as ten to eleven times higher than the rates approved in Texas and California. *Id.* at p. 21. Further, the Data Coalition argued that BellSouth's witness did not have the adequate experience provisioning xDSL loops to support the task times underlying BellSouth's cost studies. The Data Coalition argued that BellSouth's cost studies reflect "greatly inflated" times for multiple aspects of xDSL loop provisioning. *Id.* at p. 22.

The Commission does not agree that it is bound to adopt BellSouth's cost studies because other parties did not file cost studies. The Commission may evaluate the critiques of BellSouth's cost studies advanced by other parties.

Recurring Rates

In this docket, BellSouth proposed that the Commission reconfirm the recurring rates established in Docket No. 7061-U for the ADSL and HDSL loops. For the UCL-short and UCL-long loops, BellSouth proposed recurring rates using the same methodology adopted by this Commission in Docket No. 7061-U. Several CLECs agreed to accept these recurring rates as part of a settlement of a number of issues in the docket. The Commission finds that the following rates are just, reasonable and fall within the range that a reasonable application of TELRIC would produce. The permanent recurring rates are as follows:

	Zone 1	Zone 2	Zone 3
2-wire ADSL Compatible Loop	$ 11.23	$ 12.97	$ 20.62
2-wire HDSL Compatible Loop	$7.88	$9.09	$14.46
4-wire HDSL Compatible Loop	$10.39	$12.00	$19.07
2-wire UCL-Long	$35.56	$41.07	$65.28
2-wire UCL-Short	$12.02	$13.88	$22.07

Nonrecurring Rates

After considering the testimony and arguments presented on these issues, the Commission agrees with the Data Coalition that BellSouth's proposed rates should be modified significantly. The evidence in the record is insufficient to support BellSouth's proposed nonrecurring rates for the ADSL, HDSL, UCL-short and UCL-long loops. The Commission hereby orders BellSouth to perform a time and motion study for the tasks included in the nonrecurring charges for the HDSL, UCL-short and UCL-long and file them with the Commission when the Commission schedules its next generic pricing docket. The rates approved by the Commission are just, reasonable and fall within the range that a reasonable application of TELRIC would produce. Table 1 reflects the nonrecurring charges proposed by BellSouth, and Table 2 shows the nonrecurring charges that the Commission approves in this matter.

Table 1

BellSouth Proposed Nonrecurring Charges

	Connect	Additive	Disconnect	Total
ADSL w/LMU	$ 268.96	$ 12.91	$ 115.19	$ 397.06
ADSL w/o LMU	$ 190.26	$ 12.91	$ 97.18	$ 300.35
HDSL w/LMU	$ 286.08	$ 12.91	$ 115.19	$ 414.18
HDSL wo/LMU	$ 207.38	$ 12.91	$ 97.18	$ 317.47
UCL-Short w/LMU	$ 267.12	$ 12.91	$ 115.19	$ 395.22
UCL-Short wo/LMU	$ 188.42	$ 12.91	$ 97.18	$ 298.51
UCL-Long w/LMU	$ 267.12		$ 115.19	$ 382.31
UCL-Long wo/LMU	$ 188.42		$ 97.18	$ 285.60

Table 2

	Connect	Additive	Disconnect•	Total
ADSL w/LMU	$44.69 first $31.55 add.	$ 0	$25.65 first $7.06 add.	$70.34
ADSL w/o LMU	$44.69 first $31.55 add.	$ 0	$25.65 first $7.06 add.	$70.34
HDSL w/LMU	$44.69 first $31.55 add.	$ 0	$25.65 first $7.06 add.	$70.34
HDSL wo/LMU	$44.69 fist $31.55 add.	$ 0	$25.65 first $7.06 add.	$70.34
UCL-Short w/LMU	$44.69 first $31.55 add.	$ 0	$25.65 first $7.06 add.	$70.34
UCL-Short wo/LMU	$44.69 first $31.55 add.	$ 0	$25.65 first $7.06 add.	$70.34
UCL-Long w/LMU	$44.69 first $31.55 add.	$ 0	$25.65 first $7.06 add.	$70.34
UCL-Long wo/LMU	$44.69 first $31.55 add.	$ 0	$25.65 first $7.06 add.	$70.34

- Pursuant to Docket 7061-U, Disconnect charges will apply at the time of disconnection by the CLEC.

(d) What are the appropriate provisioning intervals for xDSL loops?

The Commission approves the resolution of this issue contained in the Settlement Agreement.

ISSUE 2 **Two-wire universal digital channel loops**

(a) What are the appropriate recurring and nonrecurring charges for the two-wire universal digital channel (also know as the IDSL-capable loop) ("UDC/IDSL") loop?

Recurring Rates

Several of the parties and BellSouth agreed that the recurring rate for the UDC/IDSL should be equal to the recurring rate for the ISDN unbundled loop established by the Georgia Commission in Docket No. 7061-U. These rates are interim and subject to true-up once the Commission establishes a new recurring rate for the ISDN unbundled loop in the generic cost docket that will be held later this year. Consistent with the Commission order in Docket No. 7061-U, these rates are reasonable and fall within the range that a reasonable application of TELRIC would achieve. These rates are as follows:

	Zone 1	Zone 2	Zone 3
Universal Digital Channel/IDSL-Compatible Loop	$ 21.89	$ 25.27	$ 40.17

Nonrecurring Rates

The evidence in the record is insufficient to support BellSouth's proposed nonrecurring rates for the UDC/IDSL-compatible loop. The Commission finds that BellSouth's workflows, task times and probability factors need to be reviewed in greater detail to ensure that they reflect a forward looking network design. The Commission hereby orders BellSouth to perform a time and motion study for the tasks included in the nonrecurring charges for the UDC/IDSL and file them when the Commission schedules its next generic pricing docket. The Commission finds that promotion of competition requires immediate resolution of pricing issues for CLECs providing xDSL service in Georgia. As a result, the Commission establishes the following nonrecurring rates as interim rates. After 18 months has passed the Commission will revisit these rates in an upcoming cost docket. The Commission finds that these interim rates are reasonable and fall within the range that a reasonable application of TELRIC principles would achieve.

Loop	Installations	Additive	Disconnect•	Total
UDC/IDSL	$44.69 first $31.55 add.	$ 0	$25.65 first $7.06 add.	$70.34

• Pursuant to Docket No. 7061-U, Disconnect charges will apply at the time of disconnection by the CLEC.

Issue 3 **Digital Loop Carriers**

(a) **Should the Commission require BellSouth to provide CLECs with access to DSL capable loops that traverse fiber-fed digital loop carrier ("DLC") systems?**

(b) **Should the Commission require BellSouth to provide CLECs with the opportunity to specify the line cards which would be placed in the DLC systems for the individual loops ordered by the CLECs?**

(c) **If the Commission determines that BellSouth must provide CLECs with access to DSL capable loops that traverse fiber-fed digital loop carrier ("DLC") systems, should the Commission establish a future docket to set rates, terms and conditions for this functionality?**

The Commission approves the resolution of this issue contained in the Settlement Agreement.

Issue 4 **Loop Deconditioning**

(a) **Is it appropriate to impose an additional or separate charge for loop conditioning?**

(b) **If a charge for loop conditioning is imposed, should it be included in loop charges or should loop deconditioning be charged as a separate network element (referred to as "Unbundled Loop Modification")?**

(c) **If the cost of loop deconditioning should be included in loop charges, what impact, if any, would this decision have on the appropriate recurring and nonrecurring loop charges?**

(d) **If the cost of loop deconditioning should be charged as a separate network element, what is the appropriate charge?**

Loop Deconditioning is the process of removing from loops load coils, excessive bridged tap, DAMLs and other interferors that may impede xDSL service or other advanced services. With respect to costs ILECs impose on CLECs for line conditioning, the FCC defered to state commissions to ensure that ILECs comply with the FCC's pricing rules for nonrecurring costs. *In the Matter of Implementation of Local Competition Provisions of the Telecommunications Act of 1996,* CC Docket No. 96-98, Third Report and Order and Fourth Further Notice of Proposed Rulemaking (November 5, 1999) ¶ 194 ("UNE Remand Order"). BellSouth proposed three nonrecurring rates for loop conditioning: (1) ULM Load Coil/Equipment Removal-Short; (2) ULM Load Coil/Equipment Removal – Long; and (3) ULM – Bridged Tap Removal. (BellSouth Post-Hearing Brief, p. 29). In addition, BellSouth proposed a ULM- Additive rate to recover part of the cost of removing load coils on copper loops of less than 18,000 feet. *Id.* at 30. While not disputing that "a forward-looking network being designed today would not include load

coils," BellSouth maintains that it still incurs costs related to the removal of these elements, and that it is entitled to recover these costs. *Id.*

The Data Coalition argues that a forward looking network would not include load coils and excessive bridged tap, and therefore, the forward looking cost of removing such impediments is zero. (Tr. 921). They cite several other state commissions that have reached the conclusion that the forward-looking cost of deconditioning is zero.[1] (Data Coalition Post-Hearing Brief, p. 46). Likewise, they indicate that outside plant engineering guidelines in place for over twenty years preclude placing or maintaining the network with these impediments on loops shorter than 18,000 feet. (Tr. pp. 916-918). The Data Coalition notes that BellSouth does not impose a nonrecurring charge on its retail ISDN or T-1 customers that require deconditioned loops, and thus, no charge should be imposed on CLECs seeking the same deconditioned loops. (Tr. p. 922). Finally, if a deconditioning charge is imposed, the Data Coalition argues that it should be based on conditioning 50 loops at a time with reasonable task times, supplied by their expert witness. (Tr. 1070-1080).

BellSouth's workflows, task times and probability factors need to be reviewed in greater detail to ensure that they reflect a forward looking network design. The Commission finds that BellSouth shall perform a time and motion study for the tasks included in the NRCs and file them with the Commission when the Commission schedules its next generic pricing docket. In order to promote competition, the Commission approves an interim rate of $0.00. After 18 months, this interim rate will be replaced by a permanent rate set in the upcoming generic cost docket. The Commission finds that this interim rate is reasonable and complies with TELRIC principles.

Issue 5 Line Sharing

Line sharing enables CLECs to use the high frequency portion of an existing voice grade loop for xDSL services. Thus, a single voice grade loop carries both voice and data signals without interfering with each other. This feature benefits consumers because it allows xDSL services to be provisioned in a short period of time and at lower overall costs. For competitors, line sharing provides an opportunity to compete directly with BellSouth's largest xDSL offering, which utilizes a customer's existing voice loop for ADSL service. This docket afforded the Commission an opportunity to establish rates, terms and conditions governing this important UNE.

(a) What is the method by which CLECs should be provided access for testing purposes in line sharing arrangements?

The parties do not dispute that CLECs need test access for line sharing. The issue is where the CLECs should be allowed to test. BellSouth's position is that the testing should take

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[1] *Consolidated Petitions of New England Telephone and Telegraph, et al., DPU/DTE* 96-73/73, Phase 4-L (October 14, 1999); Public Utility Commission of Texas, *Arbitration Award*, Dockets Nos. 20226 and 20272, November 30, 1999; Utah Public Service Commission Phase III Part C Report and Order in Docket No. 94-999-01, issued June 2, 1999.

place with bantam test jacks, while CLECs have requested testing access at the main distribution frame ("MDF"). BellSouth opposes the CLECs' request because it argues that testing at the MDF would adversely impact voice service. In addition, BellSouth argues that bantam test jacks allow CLECs to test the loop from the splitter to the Network Interface Device ("NID"). (BellSouth Post-Hearing Brief, p. 35).

The Commission agrees that allowing CLECs to conduct tests directly on the MDF could adversely impact voice service. CLECs may conduct tests through the bantam jack or any other mutually agreed upon place. BellSouth should cooperate with CLECs to ensure that CLECs have access to the loop facility for testing, maintenance and repair activities.

(b) What splitter ownership options should BellSouth be required to offer?

The Commission approves the resolution of this issue contained in the Settlement Agreement.

(c) Where should the splitter be located in line sharing arrangements?

The Data Coalition sponsored testimony that stated CLECs had consistently urged BellSouth to mount the splitter on the MDF. (Joint Rebuttal Testimony of Robert Williams, Michael Zulevic, Joe Riolo, Lans Chase, p. 3). The Data Coalition argued that placement of the splitter on the MDF decreased the length of the line shared loop, enabling CLECs to serve more customers at a greater distance from the central office. (Tr. pp. 1202-1205). WorldCom argued that the MDF is the most efficient placement of the splitter for line sharing. (WorldCom Post-Hearing Brief, p. 10). In support of this position, WorldCom reasoned that this placement "reduces excess cabling, which minimizes the potential for service quality degradation." *Id.* While AT&T did not address this issue specifically in brief, it did state that it generally supported the positions taken by the Data Coalition. (AT&T Post-Hearing Brief, p. 1).

BellSouth countered that placing a splitter on the MDF would lead to frame space exhaustion and pose a greater risk for service interruption, than did placing the splitter in the common area collocation space or in a relay rack in the BellSouth line-up near the MDF. (Tr. 305-306). BellSouth argued that it must maintain flexibility in splitter placement to accommodate the diversity in its central office space.

The Commission finds that the splitter should be placed on relay racks, rather than on the MDF itself. Nonetheless, this placement should not increase the cost of cabling or other activities related to the installation of a splitter.

(d) Should CLECs be able to obtain Splitter Capacity on a Port-by-Port basis?

The Commission approves the resolution of this issue contained in the Settlement Agreement.

(e) How should BellSouth provide access to Line Sharing over fiber-fed loops?

The Commission approves the resolution of this issue contained in the Settlement Agreement.

(f) What are the appropriate recurring and nonrecurring charges for line-sharing?

In its *Advanced Services Order*, the FCC identified five types of direct costs ILECs potentially incur in providing access to line sharing: (1) loops; (2) OSS; (3) cross connects; (4) splitters; and (5) line conditioning. ¶ 136. BellSouth asserts that its proposed rates for line sharing comply with the FCC's requirements. In support of this contention, BellSouth states that its cost studies do not include any costs associated with the local loop, that the parties have reached a settlement on an interim OSS rate, and that its cost studies include the physical components involved in line sharing. (BellSouth Post-Hearing Brief, p. 43).

The Data Coalition, however, contends that BellSouth's proposed recurring and nonrecurring charges for splitters are unreasonable. The Data Coalition argues that BellSouth's cost study includes numerous unexplained costs, and has not employed an efficient methodology to provide line sharing. (Data Coalition Post-Hearing Brief, p. 61).

The evidence in the record is insufficient to support BellSouth's proposed nonrecurring rates and recurring rates for line sharing. The Commission finds that BellSouth's workflows, task times and probability factors need to be reviewed in greater detail to ensure that they reflect a forward looking network design. The Commission hereby orders BellSouth to perform a time and motion study for the tasks included in the nonrecurring and recurring charges for line sharing (including splitter placements and related costs which BellSouth proposes to recover on a recurring basis) and file them when the Commission schedules its next generic pricing docket. The Commission finds that promotion of competition requires immediate resolution of pricing issue for CLECs providing xDSL service in Georgia. As a result, the Commission adopts the Data Coalition proposed nonrecurring and recurring rates for line sharing as interim rates until permanent rates are set in the upcoming cost docket. The Commission finds that these interim rates are reasonable and comply with TELRIC principles.

(g) What are the appropriate intervals for provisioning splitters and collocation augments for line sharing?

The Commission approves the resolution of this issue contained in the Settlement Agreement.

(h) What are the appropriate intervals for provisioning a line shared loop?

The Commission approves the resolution of this issue contained in the Settlement Agreement.