Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Application by BellSouth	)	
for Authorization to Provide In-Region,	)	CC Docket No. 02-35
InterLATA Services in Georgia and Louisiana	)	
	)	

COMMENTS OF WORLDCOM, INC. ON THE APPLICATION BY BELLSOUTH FOR AUTHORIZATION TO PROVIDE IN-REGION, INTERLATA SERVICES IN GEORGIA AND LOUISIANA

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INTRODUCTION AND EXECUTIVE SUMMARY

Less than two months after withdrawing its first joint section 27l application for Georgia and Louisiana due to operations support systems ("OSS") deficiencies, BellSouth now claims that its OSS has been fixed and its new section 271 application for Georgia and Louisiana should be granted. Unfortunately, with a single exception, BellSouth has made no more than cosmetic improvements to its OSS, and is not yet close to meeting the requirements of the competitive checklist in either state. Moreover, BellSouth has remedied no TELRIC errors and made no improvement to its UNE rates.

In fact, it is clear that BellSouth itself does not believe that it has done the OSS work needed, but merely hopes to be able to make enough OSS changes throughout the 90-day review period for section 271 approval. This approach will, of course, leave the Commission and commenters scrambling during the final days of the 90-day period to determine the adequacy of last minute changes that BellSouth has timed to take effect just before the Commission's decision must be issued. Such gamesmanship will continue for as long as the Commission permits it.

But BellSouth's OSS is not sufficient today and will not be adequate even with the fixes planned by BellSouth through the 90-day review period. As WorldCom emphasized in comments on BellSouth's first filing for these states, this is an important application, since BellSouth's first section 271 approval will endorse OSS systems that BellSouth claims to use throughout its region and will set at least the *de facto* benchmark on UNE rates in the region.

Premature approval with these significant defects may seriously jeopardize competitive local exchange carrier ("CLEC") entry, including WorldCom's commercial entry into the residential UNE-P market which began last May in Georgia. BellSouth's OSS in Georgia cannot possibly qualify as an adequate baseline for the entire region, at the same time that ongoing errors in BellSouth's systems revealed by the Florida Commission's much more credible OSS testing process continue to impact the ability of CLECs to compete.

Under the continual prodding of the Georgia Commission, BellSouth has taken steps toward opening local markets to competition. But WorldCom's commercial experience has revealed customer-impacting problems in BellSouth's systems that seriously limit the prospects for effective, sustained competition, and those problems have not yet been adequately resolved. Even after withdrawing its previous joint application, BellSouth did not initially improve its attitude and begin working with WorldCom to resolve these matters as we had hoped. Although, in recent weeks, BellSouth has begun working with WorldCom in an attempt to resolve ongoing problems, BellSouth has so far made only surface improvements (with a single exception) and is seeking to push this application through the FCC in the hopes it will never have to remedy OSS deficiencies that other BOCs resolved long ago.

WorldCom now has over 1.5 million local residential customers in eleven states across the country, so we are very much aware of what a BOC must provide for effective and sustainable local competition. As discussed in part I of our comments, there are serious, ongoing problems with BellSouth's systems that should be fixed before this application is granted, including:

- Change management remains critically flawed, with insufficient changes for CLECs,

improper implementation of changes, failure to correctly identify CLEC-impacting changes, and a lack of a fully independent test environment. BellSouth's proposals do not resolve these problems.

- Ongoing errors in processing orders resulting in tens of thousands of misrouted intraLATA calls, failure to provide proper features and blocking options, failure to update billing systems in a timely manner, and loss of dial tone.
- Due date calculator problems continue despite BellSouth's repeated efforts to fix them, causing 100% inaccuracy on supplemental orders seeking to change the due date.
- Line loss reports are still missing 6.9% of one category of lost lines and 2.3% overall, causing direct and unacceptable consumer harm through double billing.
- Information for auditing BellSouth bills provided to CLECs is not complete or accurate.
- Manual processing of too many orders, including all orders for customers who have voice mail or call forwarding, causing inaccurate rejects and other errors.

WorldCom's direct commercial experience with the flaws in BellSouth's systems in Georgia is the best OSS evidence available, and this experience is corroborated by the thorough third party testing in Florida. Even the limited Georgia third-party test of an earlier version of BellSouth's OSS revealed several of these problems that have not been adequately fixed. The Georgia and Louisiana Commissions recognized the importance of many of these OSS issues and required BellSouth to make corrections, not all of which have yet been completed. BellSouth should have resolved these remaining OSS issues and presented this Commission with an application demonstrating successful implementation and commercial usage of these changes, rather than seeking premature section 271 authorization based on future plans and promises of fixes that may occur (and may or may not work) during the 90-day review period.

Finally, BellSouth still intends for Louisiana's OSS to be approved based on the troubled

Georgia systems, but fails to show that its OSS is identical in the two states, which have different legacy systems. Never before have two states been found identical without sharing a common legacy system, and here it is clear that there are significant differences.

As discussed in part II, BellSouth has failed to address problems with its unbundled network element ("UNE") rates, which restrict WorldCom from offering consumers a choice for local service anywhere in Louisiana (where basic loops are as high as $48.43 and UNE-P as much as $55.29 per line per month) and in much of Georgia. As WorldCom noted in response to BellSouth's previous application, the Commission's action on UNE rates here will likely impact price levels in the entire southeast. In order for local residential competition to be viable, the rates must be set in accordance with cost-based principles. Numerous issues relating to UNE rates must be resolved, including:

- Switching rates are excessive in Georgia and Louisiana when compared to much lower rates in Kentucky and Tennessee, and are pushed up $2.20 per line per month in Louisiana by unsubstantiated feature costs alone.
- Excessive "loading" factors for switching and loops greatly inflate the costs of UNEs but are not open to scrutiny. It is clear from comparing the variations in loading factors in different BellSouth states for the same UNEs that BellSouth cannot justify these factors.
- Altering the IDLC/UDLC mixture in BellSouth cost models depending on its intended use shows a basic misunderstanding of how to determine forward-looking cost-based rates, and improperly increases loop prices.
- Improper drop lengths and inaccurate business/residential mix also push Georgia loop rates too high.
- Improper Daily Usage Feed charges permit double recovery of costs that are already included in BellSouth rates and result in increased consumer bills.

It is even truer now than when we first noted it in October that BellSouth should have resolved these OSS and pricing issues prior to filing for section 271 authorization, and the Commission must now insist that BellSouth actually comply with the requirements of its orders and the Telecommunications Act in order to achieve the conditions that will promote sustainable competition in Georgia and Louisiana. BellSouth's application should be rejected, and BellSouth should re-file a complete and credible application after it has finished the enhancements it has planned this Spring and complied with the competitive checklist.

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FCC Orders	
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New York Order	In re Application by Bell Atlantic New York for Authorization Under Section 271 of the Communications Act to Provide In-Region, InterLATA Services in the State of New York, CC Docket No. 99-295, Memorandum Opinion and Order, 15 F.C.C.R. 3953 (1999), aff′d, AT&T Corp. v. FCC, 220 F.3d 607 (D.C. Cir. 2000).
Pennsylvania Order	In re Application of Verizon Pennsylvania, Inc. Pursuant to Section 271 of the Telecommunications Act of 1996 to Provide In-region, InterLATA Services in Pennsylvania, CC Docket No. 00-138, Memorandum Opinion and Order, FCC 01-269 (rel. Sept. 19, 2001).
Rhode Island Order	In re Application by Verizon New England Inc., Bell Atlantic Communications, Inc. (d/b/a Verizon Long Distance), NYNEX Long Distance Co. (d/b/a Verizon Enterprise Solutions), Verizon Global Networks Inc., and Verizon Select Services Inc. for Authorization To Provide In-region, InterLATA Services in Rhode Island, CC Docket No. 01-324, Memorandum Opinion and Order, FCC 02-63 (rel. Feb. 22, 2002).

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Texas Order	In re Application by SBC Communications Inc., Southwestern Bell Communications Services, Inc. d/b/a Southwestern Bell Long Distance Pursuant to Section 271 of the Telecommunications Act of 1996 To Provide In-Region, InterLATA Services in Texas, CC Docket No. 00-65, Memorandum Opinion and Order, 15 F.C.C.R. 18354 (2000).
Declarations and Affidavits	
Frentrup Decl.	Declaration of Chris Frentrup on Behalf of WorldCom, CC Docket No. 02-35 (Tab B hereto).
Caldwell Aff.	Affidavit of D. Daonne Caldwell on Behalf of Verizon, CC Docket No. 01-277 (BS-GA & LA App. A, Tab D).
Lichtenberg Decl.	Declaration of Sherry Lichtenberg on Behalf of WorldCom, CC Docket No. 02-35 (Tab A to hereto).
Lichtenberg, Desrosiers, Kinard & Cabe Decl.	Joint Declaration of Sherry Lichtenberg, Rene Desrosiers, Karen Kinard & Richard Cabe on Behalf of WorldCom, CC Docket No. 01-277 (Tab A to WorldCom Comments).
Lichtenberg, Desrosiers, Kinard & Cabe Reply Decl.	Joint Reply Declaration of Sherry Lichtenberg, Rene Desrosiers, Karen Kinard & Richard Cabe on Behalf of WorldCom, CC Docket No. 01-277 (Tab A to WorldCom Reply Comments).
Stacy Aff.	Affidavit of William N. Stacy on Behalf of BellSouth, CC Docket No. 01-277 (BS-GA & LA App. A, Tab T).
Reply Stacy Aff.	Reply Affidavit of William N. Stacy on Behalf of BellSouth, CC Docket No. 01-277 (BS-GA & LA App. A, Tab).
Supp. Stacy Aff.	Supplemental Affidavit of William N. Stacy, Alphonso T. Varner & Ken L. Ainsworth on Behalf of BellSouth, CC Docket No. 02-35 (BS-GA & LA Supp. App. A, Tab C).
Other Record Materials	
Att. 25	Table of Implemented Verizon Change Requests (Att. 25 to Joint Declaration of Sherry Lichtenberg, Rene Desrosiers, Karen Kinard & Richard Cabe on Behalf of WorldCom, CC Docket No. 01-277).

Other Record Materials	
Ex. PM-1	Georgia Service Quality Measurement Plan (Attachment to Declaration of Alphonso J. Varner on Behalf of BellSouth, CC Docket No. 01-277 (BS-GA & LA App. A, Tab U)).
Ex. PM-2	Georgia MSS May 2001 (Attachment to Declaration of Alphonso J. Varner on Behalf of BellSouth, CC Docket No. 01-277 (BS-GA & LA App. A, Tab U)).
Ex. PM-3	Georgia MSS June 2001 (Attachment to Declaration of Alphonso J. Varner on Behalf of BellSouth, CC Docket No. 01-277 (BS-GA & LA App. A, Tab U)).
Ex. PM-4	Georgia MSS July 2001 (Attachment to Declaration of Alphonso J. Varner on Behalf of BellSouth, CC Docket No. 01-277 (BS-GA & LA App. A, Tab U)).
DOJ Ga. & La. Eval.	Evaluation of the Department of Justice, In re Joint Application by BellSouth Corporation, BellSouth Telecommunications, Inc., and BellSouth Long Distance, Inc. for Provision of In-Region, InterLATA Services in Georgia and Louisiana, CC Docket No. 01-277 (filed Nov. 6, 2001).
Florida Exemption(s)	KPMG Consulting, BellSouth Florida OSS Testing Evaluation (Sept. 2000) (Att. 4 to Joint Declaration of Sherry Lichtenberg, Rene Desrosiers, Karen Kinard & Richard Cabe on Behalf of WorldCom, CC Docket No. 01-277).
Florida Observation	KPMG Consulting, BellSouth Florida OSS Testing Evaluation (Sept. 2000) (Att. 4 to Joint Declaration of Sherry Lichtenberg, Rene Desrosiers, Karen Kinard & Richard Cabe on Behalf of WorldCom, CC Docket No. 01-277).
Georgia MTP	KPMG Final Report, Master Test Plan, BellSouth Florida OSS Testing Evaluation - Georgia (March 20, 2001) (Att. OSS 77 to Affidavit of William N. Stacy on Behalf of BellSouth, CC Docket No. 01-277).
Georgia STP	KPMG Final Report, Supplemental Test Plan, BellSouth Florida OSS Testing Evaluation - Georgia (March 20, 2001) (Att. OSS 78 to Affidavit of William N. Stacy on Behalf of BellSouth, CC Docket No. 01-277).
Pate Alabama Testimony	Transcript of Louisiana PSC Administrative Hearing Vol. II, Docket No.U-24714-A, April 24, 2001(Att. 27 to Joint Declaration of Sherry Lichtenberg, Rene Desrosiers, Karen Kinard & Richard Cabe on Behalf of WorldCom, CC Docket No. 01-277).

Stacy Dep.	Deposition of William Stacy, In re Application of BellSouth Telecommunications, Inc., to Provide In-Region InterLATA Services Pursuant to Docket No. 9-55 Section 271 of the Sub1022 Telecommunications Act of 1996 (N.C. Pub. Util. Comm'n Sept. 28, 2001) (Att. 7 to Joint Declaration of Sherry Lichtenberg, Rene Desrosiers, Karen Kinard & Richard Cabe on Behalf of WorldCom, CC Docket No. 01-277).

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BellSouth's application continues to suffer from both OSS and pricing deficiencies that must be resolved before BellSouth may properly receive in-region interLATA relief. This is all the more true for an "anchor" state to which other BellSouth states will be compared. WorldCom's focus in these comments remains on issues that prevent or limit local competition, especially for residential customers.

I. BELLSOUTH MUST RESOLVE NUMEROUS ONGOING OSS DEFICIENCIES

As set forth in our filings in opposition to BellSouth's first joint section 271 application for Georgia and Louisiana, all of which are incorporated herein by reference, WorldCom launched local telephone service for residential customers in part of Georgia in May 2001 using combinations of unbundled elements ("UNE-P"), based on plans that had been in place for many months. WorldCom has gained substantial experience with BellSouth's OSS, as we have turned up over 100,000 local residential lines in Georgia. WorldCom hopes to continue to expand service in Georgia and to serve other states in the BellSouth region. But even apart from the pricing problems discussed below, which limit WorldCom's marketing to a single zone,

WorldCom is very concerned that the OSS problems we are already experiencing will expand dramatically if competition progresses and the volume of orders transmitted to BellSouth in the region increases. The scope and viability of WorldCom's entry over the long term in Georgia and other BellSouth states remains very much in question if BellSouth's OSS problems are not resolved and adequate change management processes put in place.

With this second filing coming less than two months after the withdrawal of its first joint application for Georgia and Louisiana, BellSouth has essentially made only cosmetic improvements in its OSS, apart from one major change to provide parsed Customer Service Records ("CSRs").[1] BellSouth has not corrected the other major defects that derailed its prior application: its poor change management process and record, its inaccurate provisioning process, its flawed due date calculator and its inadequate metrics. Moreover, other important OSS defects also continue to plague BellSouth's OSS, hampering the ability of CLECs to provide effective service to their customers at a reasonable cost. Thus, BellSouth still does not satisfy checklist item two (47 U.S.C. § 271(c)(2)(B)(ii)) by allowing WorldCom and other CLECs to compete on

1 We acknowledge the one significant change that BellSouth has made since withdrawing its prior application: BellSouth finally has begun offering parsed CSRs, which is potentially an important improvement. WorldCom continues to believe that parsed CSRs are vital. Unfortunately, WorldCom is not currently in a position to evaluate the efficacy of this change. WorldCom's schedule for deploying OSS functionality is not determined by the schedule on which the BOC deploys such functionality. Nor is it determined by the needs of section 271 advocacy, or WorldCom would have immediately tested parsed CSRs to muster all possible arguments that they do not yet work. WorldCom did not do so, however, because its Information Technology resources are currently focused on other tasks, including entry into new markets. WorldCom knows that parsed CSRs are important for the future, however, and hopes that through the course of this section 271 application, the Commission will evaluate evidence provided by other CLECs as to whether BellSouth's parsed CSR deployment is effective.

an equal footing, with BellSouth providing reasonable and nondiscriminatory access to its OSS. See, e.g., Texas Order ¶¶ 94-98; New York Order ¶¶ 83-87.[2]

Having made only one notable change to its OSS, deployment of parsed CSRs, BellSouth acts as if that has rendered its OSS the model of perfection. But the primary defect on which WorldCom focused in responding to BellSouth's prior application remains: BellSouth's change management process is broken. The reason this defect is fundamental is that change management is the process that ensures the ability of BellSouth's OSS to adapt to the ever-changing needs of the market without reducing or rendering impossible the ability of CLECs to send accurate, complete orders through the automated OSS interfaces in place. While BellSouth may be able to eliminate individual system defects while under the scrutiny of the FCC and state commissions, only an effective change management process can ensure that BellSouth is able to efficiently resolve future problems that will inevitably arise, as well as successfully provide new functionality that becomes important. Moreover, even while still under the section 271 spotlight, BellSouth has not managed to eliminate key systemic defects that have long existed in its OSS.

Instead, BellSouth again applies for section 271 authority while planning to make key fixes during the 90-day review period. Many of these fixes are not even scheduled until close to the end of the 90-day period. During the 90-day period, BellSouth intends, for example, to make corrections in its due date calculator process and its line loss notification process, to automate orders where the customer has voice mail and/or call forwarding on the account prior to

2 The Commission has consistently found that nondiscriminatory access to OSS is a prerequisite to the development of meaningful local competition. See, e.g., Massachusetts Order ¶ 43. In an application to provide long distance service, the applicant has the burden of proving that it provides such non-discriminatory access. See FCC Public Notice DA 01-734, Updated Filing Requirements for Bell Operating Company Applications Under Section 271 of

migration, and to implement a single service order process, rather than creating two service orders from each Local Service Request submitted by a CLEC. If the complete when filed rule is to mean anything, it must preclude a BOC from relying on critical OSS changes that are scheduled at a point when there will be very limited time to evaluate whether they work.

A. Change Management Processes Must Be Improved

Change management is the vital process by which CLECs and BellSouth determine which OSS changes are needed, and then attempt to implement those changes in such a manner that they do not have significant negative impacts on customers or CLECs. The FCC has consistently emphasized the importance of change management. In its Order approving Bell Atlantic's New York Section 271 application, it explained that as part of a BOC's demonstration that it provides efficient competitors a meaningful opportunity to compete, "the Commission will give substantial consideration to the existence of an adequate change management process and evidence that the BOC has adhered to this process over time." New York Order ¶ 102; see also Texas Order ¶ 106. As the FCC explained, "[w]ithout a change management process in place, a BOC can impose substantial costs on competing carriers simply by making changes to its systems and interfaces without providing adequate testing opportunities and accurate and timely notice and documentation of changes." New York Order ¶ 204.

In response to BellSouth's prior section 271 application, WorldCom demonstrated that several core defects exist in BellSouth's change management process and the implementation of that process: (1) BellSouth implements far too few CLEC-prioritized changes; (2) BellSouth's

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the Communications Act, at 4 (issued Mar. 23, 2001) (citing WAIT Radio v. FCC, 418 F 2d 1153, 1157 (D.C. Cir. 1969).

implementation of changes is beset with documentation deficiencies and systems defects that continue to cause substantial competitive harm; and (3) BellSouth fails to provide an independent test environment. None of these defects has been remedied.

Nor does any new empirical evidence exist to show that BellSouth's performance has improved. BellSouth has not begun implementing CLEC-prioritized changes at a more rapid pace. BellSouth also has not begun smoothly implementing those changes it does decide to make. The single significant change BellSouth implemented in January – the implementation of parsed CSRs – was not implemented smoothly in compliance with the notification requirements of the change management process. Of course, the previous change to implement migration by telephone number was a disaster. Nor has BellSouth established an independent test environment. As for BellSouth's proposed modifications to its process, they provide no assurance that these basic defects will be cured. And BellSouth has, to date, rejected CLEC proposals that would help cure these defects.

1. CLEC-Prioritized Changes Must Be Made

The most fundamental flaw in BellSouth's change management process is its failure to implement enough CLEC-prioritized changes. Although BellSouth's change control plan in theory allows CLECs to prioritize change requests, in practice BellSouth often delays implementation of such requests. This Commission has emphasized that CLECs must have "substantial input in the design and continued operation of the change management process." Texas Order ¶ 108. In describing what it means for CLECs to have substantial input into continued operation of the change management process in New York, the Commission noted that Bell Atlantic "prioritize[d] changes based on merit, rather than sponsor of the change."

New York Order ¶ 106. And in Texas, the Commission explained that "change releases will be based on consensus among the parties." Texas Order ¶ 111. BellSouth's documented change management process suggests that it too will prioritize changes based on merit – but the reality is far different. Few requests for additional functionality made in the change management process are ever implemented and the number of changes that are implemented that have been prioritized by CLECs is even smaller. Indeed, BellSouth is quick to note, as it did in a recent Florida collaborative, that if a CLEC does not like the BellSouth change management decisions it need only ask a commission to order BellSouth to make a change. This is the way in which parsed CSR came about, not through the prioritization efforts of CLECs or even the agreement of Bellsouth. This is far different than what WorldCom has experienced in other markets. In a rapidly changing telecommunications market, it is critical that CLECs be able to request that new functionality be implemented and ensure that it is implemented. This does not occur with BellSouth.

Unlike Verizon, for example, which implemented migration by telephone number and parsed CSRs soon after CLECs requested them, New York Order ¶ 204, and SBC which also implemented migration by TN soon after CLECs' request, BellSouth had to be ordered by state commissions to implement these changes years after CLECs requested these changes through the change management process. Other important changes have languished as well. For example, in September 2000, WorldCom requested BellSouth implement Interactive Agent – a method of transmitting orders and notifiers which is provided by all other BOCs. Interactive Agent would allow orders and notifiers to flow directly between WorldCom and BellSouth without traveling through the Value Added Networks ("VAN") of third-party providers. Orders

become delayed in the VAN, time which harms consumers but is not counted in BellSouth's performance reports. Yet BellSouth still has not scheduled implementation of Interactive Agent, blaming its rank at number 21 on the CLEC prioritization list for this failure. But unlike Verizon and other ILECs, BellSouth never appears to get to item number 21 on the change management prioritization list and refuses even to work with WorldCom to attempt to work out a solution to this request. Lichtenberg Decl. ¶ 106. Indeed, BellSouth has implemented only 17 changes for additional functionality that CLECs have prioritized in the four change control prioritization meetings since June 28, 2000 (two of which were implemented this year). Lichtenberg Decl. ¶ 98. This is a very small number of changes, as is the thirteen additional prioritized changes BellSouth states it intends to implement in 2002 (including one that it was ordered to implement). Lichtenberg Decl. ¶ 99. BellSouth often implements changes that have not been prioritized ahead of changes that have been prioritized, defeating the purpose of the prioritization process. Lichtenberg Decl. ¶¶ 98, 108-09. In contrast, Verizon implemented 49 prioritized feature enhancements from October 2000 to October 2001 alone, including every CLEC prioritized request. Lichtenberg, Desrosiers, Kinard & Cabe Decl. Att. 25; Lichtenberg Decl. ¶ 99. Moreover, all but one CLEC-requested change was prioritized; by contrast, in BellSouth many CLEC-initiated changes stall before reaching the prioritization stage. Lichtenberg Decl. ¶¶ 100-06. None of this has changed since BellSouth withdrew its prior application. Since that time, BellSouth has implemented only two prioritized changes – one of which, parsed CSRs, it was ordered to implement. The result is that in an industry where new functionality is often critically important, the functionality most needed by CLECs generally does not get implemented or is delayed for years.

Much of the reason for BellSouth's failure to implement more prioritized changes for new functionality is that BellSouth implements releases with so many defects that it then has to correct those defects in subsequent releases, leaving less space available for new functionality. Lichtenberg Decl. ¶ 107. Additionally, BellSouth uses much of its release space for changes it decides to implement entirely outside of the change management process. BellSouth considers billing changes to be outside the scope of change management. BellSouth also considers changes it deems "non-CLEC affecting" to be outside the scope of change management. BellSouth decides on these changes and implements them without even presenting them to CLECs in change management. Lichtenberg Decl. ¶¶ 108-09.

It was exactly for this reason that KPMG opened Exception 88 in Florida in August. KPMG explained that "[t]he CLEC Community's lack of participation in change requests that affect CLEC business could result in change requests important to the CLEC Community not being developed or implemented in a timely manner." Lichtenberg Decl. ¶ 110

BellSouth responds that it has now provided a proposed fix to the change management process – a proposal it made after the Department of Justice criticized BellSouth's existing process last Fall. BellSouth proposes to devote 40% of its release space to CLEC-initiated changes. But, as we explained in our December 6 ex parte, that proposal is entirely inadequate. For example, according to BellSouth's November 29, 2001 ex parte, 40% of software capacity during 2001 was utilized to address CLEC requests. If this is correct, BellSouth's proposal would not lead to any improvement. Indeed, as noted, BellSouth suggests that only 15 CLEC-prioritized changes will be included in 2002.

And even if the 40% itself were a meaningful number, this would not guarantee

implementation of important changes. The overall size of BellSouth's releases may be small. If forty percent of small releases are reserved for CLECs, the overall number of CLEC changes would remain small. Lichtenberg Decl. ¶ 114. In addition, BellSouth does not commit that those CLEC changes it does implement in the 40% will be those that have been prioritized highest by CLECs. Lichtenberg Decl. ¶¶ 115-16. Finally, it is difficult to assess in advance how BellSouth's proposal would work since, for example, the amount of space in each release available for CLEC requests for new functionality depends in part on how much space is needed to resolve defects. Part of the reason that BellSouth has implemented so few process improvements to date is that it has to take much of its release space to resolve defects in existing interfaces -- presumably as a result of inadequate testing and documentation before BellSouth implements the releases. If BellSouth continues to need substantial release space to resolve defects, it is difficult to see how it will fulfill its commitment to reserve 40% of release space for CLEC-initiated changes. Lichtenberg Decl. ¶ 114. KPMG has now reached the same conclusion for very similar reasons. Lichtenberg Decl. ¶ 117.

As a result, on January 30, CLECs presented a joint proposal to BellSouth for alterations in the change management process. Under this proposal, all changes implemented in a release, with the exception of changes to resolve defects, industry standard changes or regulatory mandates, would be subject to the prioritization process. Lichtenberg Decl. ¶ 119-21. There is simply no reason that BellSouth should unilaterally be able to determine the priority of any changes when those changes are designed to aid CLECs. Of course, subjecting all changes to prioritization does little good if BellSouth ignores that prioritization or chooses to implement few changes altogether. That is why CLECs have also proposed that BellSouth be required to

implement all prioritized changes within 60 weeks. Lichtenberg Decl. ¶ 122. To date, however, BellSouth has rejected these proposals.

We are not suggesting that the only way that BellSouth can meet the prerequisites of section 271 approval is to accept the CLEC proposal. BellSouth could establish an empirical track record demonstrating that it implements prioritized changes in an efficient manner. But in the absence of such a record, BellSouth must provide – and comply with – a procedural mechanism that ensures that it will in the future respond effectively to CLEC change requests. So far, BellSouth has not done so.

2. BellSouth Must Smoothly Implement Important Changes

A second core purpose of change management is to ensure that when changes are made, CLECs are able to adjust to those changes with minimal disruption. Thus, the Commission requires a BOC to "provide timely, complete, and accurate notice of alterations to its systems and processes." Texas Order ¶ 126. It must also demonstrate "the efficacy of the documentation" it provides to CLECs to construct their interfaces. Texas Order ¶ 108. These are critical issues, since BellSouth will have to implement additional important and complex changes in the months ahead, including the single order process ordered by the Georgia and Louisiana Commissions, as well as additional changes to fix new problems with its systems that will inevitably arise. If BellSouth does not greatly improve its change management processes, these future changes would appear to have little likelihood of success.

At present, BellSouth considers some changes outside the scope of change management altogether and thus feels no obligation to provide documentation regarding these changes at all. Unlike any other BOC, for example, BellSouth considers billing outside the scope of change

management even though nothing in the change management plan says this is so. Thus, BellSouth feels it is under no obligation to provide notification to CLECs with details of its significant billing release called Tapestry. But billing changes require every bit as much notice as other types of changes. CLECs design their systems to upload and audit bills based on the existing format and content of those bills. They must understand in advance any changes to the bills – or any back-end changes that may impact the timeliness and accuracy of those bills. Lichtenberg Decl. ¶¶ 129-30. BellSouth has not agreed to provide such notice in its most recent change management proposals, however.

BellSouth also believes it is under no obligation to provide notification to CLECs of changes that it does not consider to be "CLEC affecting," changes that BellSouth believes do not require CLECs to re-code their interfaces. Lichtenberg Decl. ¶ 126. BellSouth has used this justification as one explanation for its failure to meet the deadline for business rule documentation for the migration by telephone number release (even though this release did require coding changes). It has also used it as a justification for not informing CLECs of the many changes it has made to its due date calculator – even though these changes have caused problems for CLECs that they might well have been able to compensate for if they had expected the changes in advance. And, astonishingly, for a period of time, BellSouth used this as justification for refusing to provide CLECs any explanation of the change to a single-order process in its back-end, a process that will substantially alter the way BellSouth processes orders. CLECs must understand this change both so that they can anticipate possible problems and so that they can work through with BellSouth any problems that do occur. Lichtenberg Decl. ¶¶ 127-28.

BellSouth has now proposed a new definition of "CLEC-affecting" changes that it states will encompass the change to the single order process. But the new definition is so ambiguous that there is no way to know whether it will encompass any future changes that are of similar import. Lichtenberg Decl. ¶ 132. It clearly will not encompass some changes that would significantly impact CLECs.

In Florida, in August, KPMG opened Exception 88 in part because BellSouth did not consider all changes, including those it deemed non-CLEC impacting, to be part of change management. Lichtenberg Decl. Att. 1. CLECs have proposed to include all changes to back-end systems and front-end interfaces within the scope of the notice and documentation requirements of change management. Lichtenberg Decl. ¶ 131. BellSouth has not agreed to this proposal, but its own proposal is insufficient.

Even with respect to those systems that BellSouth acknowledges to be within the scope of change management, BellSouth has not shown that it is able to effectively implement changes. BellSouth has provided insufficient notice and inadequate – or erroneous – documentation for each of the last two major changes it has implemented. As we explained in reply comments on BellSouth's prior application, when on November 3, 2001 BellSouth implemented its release to enable CLECs to place migration orders by telephone number and house number without having to provide an address, that release initially was a disaster. BellSouth has no more recent experience to demonstrate that it is now able effectively to implement significant changes. To the contrary, BellSouth's implementation of parsed CSRs has proceeded only slightly more smoothly than its release for migration by telephone number. And BellSouth has not

implemented process changes sufficient to ensure future improvement.[3]

For simplicity's sake, we briefly reiterate the history of BellSouth's implementation of migration by TN functionality, and this history is also summarized in the Lichtenberg Decl. ¶¶ 136-39, rather than simply cross-referencing our prior reply comments and *ex parte* filings. That history encapsulates the problems with BellSouth's process. Although the change should have been a relatively straightforward one, BellSouth's initial implementation of migration by TN functionality on November 3, caused tremendous problems, including the immediate doubling of WorldCom's reject rate. The problems on November 3 occurred because BellSouth did not work with CLECs to provide adequate notice, adequate information and specifications, and adequate – or even any – testing. It is astonishing that six years after passage of the Telecommunications Act, BellSouth cannot accomplish these rudimentary aspects of change management.

WorldCom years ago submitted a change request asking BellSouth to accept UNE-P migration orders based on telephone number – as do other BOCs. Lichtenberg, Desrosiers, Kinard & Cabe Reply Decl. ¶ 5. The Georgia Commission ultimately ordered BellSouth to implement this process of migration by telephone number. BellSouth did not provide user requirements until October 19, however, even though the change was scheduled to go into effect on November 3, failing to provide the five week notice to CLECs required by the change management process, based on the assertion that the change was not "CLEC-impacting" and

[3] Indeed, BellSouth has recently begun to re-write history on the parsed CSR implementation by re-naming a defect in implementation (the failure to provide hunting information) a CLEC-requested change and demanding that CLECs prioritize it outside of the normal prioritization process. This is a clear example of BellSouth's failure to follow its own rules and to make up new rules as needed to make it look better.

was a regulatory change not covered by the documentation notice requirements. Lichtenberg, Desrosiers, Kinard & Cabe Reply Decl. ¶ 5.

Even the requirements BellSouth did provide on October 19 gave few details of the proposed change. They were user requirements, not business rules, and were not designed to enable CLECs to code to the rules. Moreover, they were wrong. It appeared from the requirements that if CLECs continued to send addresses, BellSouth would edit against the addresses and would continue to reject orders if the addresses were incorrect. Lichtenberg, Desrosiers, Kinard & Cabe Reply Decl. ¶ 6. This was confirmed in an October 25 meeting when BellSouth told CLECs that they would have to alter their interfaces and stop transmitting addresses.[4] Id. ¶7. Subsequent developments, however, demonstrated that this was incorrect.

After the October 25 meeting, WorldCom decided not to attempt to change its systems prior to November 3 to begin submitting orders without addresses, in large measure because BellSouth's test environment was unavailable to test the change prior to implementing it in the production environment. Lichtenberg, Desrosiers, Kinard & Cabe Reply Decl. ¶ 8. Subsequent developments demonstrated this choice to have been a wise one, although it did not save WorldCom from the negative impact of BellSouth's change.

On November 2, one day before making the systems change, BellSouth informed CLECs that its internal testing of the release revealed that the change would not work for almost one-third of all orders submitted and that these orders would be rejected. BellSouth informed CLECs that to avoid this substantial problem they would have to continue submitting addresses on their

[4] This is clearly a CLEC-impacting change, despite BellSouth's assertions otherwise. Lichtenberg, Desrosiers, Kinard & Cabe Reply Decl. ¶ 7.

orders. A single day's notice did not, of course, provide sufficient time for CLECs to again revise their internal systems to continue transmitting addresses. Lichtenberg, Desrosiers, Kinard & Cabe Reply Decl. ¶ 9.

Since WorldCom had fortuitously decided not to immediately alter its systems to stop transmitting addresses, our orders were fully compliant with BellSouth's November 2 request that CLECs continue to transmit addresses when BellSouth implemented its systems change on November 3. Nonetheless, after BellSouth implemented its systems release on November 3, WorldCom began receiving large numbers of a new type of reject that we had never received previously. From November 3 through November 6, WorldCom received almost one thousand of the new rejects, which essentially doubled WorldCom's reject rate. Lichtenberg, Desrosiers, Kinard & Cabe Reply Decl. ¶¶ 11-12. BellSouth had no reasonable explanation for this problem, and further stated that it could not work these numerous rejects manually if WorldCom re-submitted the orders.[5] Lichtenberg, Desrosiers, Kinard & Cabe Reply Decl. ¶ 13.

At a meeting with BellSouth on November 7, BellSouth again changed its story and informed WorldCom that even when CLECs transmit addresses on their orders, BellSouth ignores those addresses and acts as if they have not been transmitted. Thus, contrary to BellSouth's November 2 letter and subsequent assertions, CLECs could not avoid the harmful

[5] In working to resolve this problem, BellSouth did include an Information Technology ("IT") expert at a November 7 meeting, rather than just the personnel BellSouth ordinarily brings who lack any IT expertise. BellSouth's IT expert raised an issue of a new "trading partner ID" that WorldCom had begun using on October 6 but BellSouth asserted had not been properly loaded in its own systems. Lichtenberg, Desrosiers, Kinard & Cabe Reply Decl. ¶¶ 14-15. However, there had been no noticeable problem until BellSouth's November 3 systems change, suggesting that BellSouth's explanation is wrong or it was doing far more manual processing than WorldCom had known about. Id. ¶¶ 16-17.

effect of BellSouth's November 3 release by continuing to transmit addresses.[6] Just as WorldCom feared, BellSouth had implemented a release that would significantly harm CLECs no matter what steps they took. Of course, BellSouth's claim that it would ignore any addresses transmitted on CLEC migration orders was flatly inconsistent with what it had told CLECs in the October 25 meeting and with the best reading of the limited written documentation on the November 3 release.[7] Lichtenberg, Desrosiers, Kinard & Cabe Reply Decl. ¶¶ 18-19.

BellSouth largely fixed the problem caused by multiple addresses on November 17 by migrating customers based on part of the customers' address (the house number), as well as the telephone number. Even then, however, BellSouth's fix caused a new problem – a new type of reject that WorldCom could not fix without calling BellSouth and spending 25 minutes on the phone per reject. This new problem was not fixed until February 2 – and a new type of erroneous systems reject appeared almost simultaneously.

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[6] Remarkably, BellSouth explained that its written documentation, like other business rules, was drafted by individuals in its change management group – who had also made the statements at the October 25 meeting – but that these individuals had no connection to the IT personnel who actually wrote the software for BellSouth's systems. The IT personnel do not even review the written documentation, which helps explain why it is so difficult to obtain accurate and helpful information from BellSouth – a fundamental problem that underlies almost all of the difficulties that WorldCom has experienced with BellSouth's OSS. Lichtenberg, Desrosiers, Kinard & Cabe Reply Decl. ¶ 20.

[7] Even after BellSouth's IT personnel finally attended a meeting with WorldCom, BellSouth could not provide a cogent explanation of its underlying technical problem in implementing the systems change. BellSouth has attributed its difficulty to its need to obtain an address from its "RSAG" database and the fact that there are often multiple addresses in RSAG. But BellSouth should not need the address on a migration order at all. It is the telephone number, not the address, that is loaded into BellSouth's switches. According to BellSouth's IT expert, BellSouth needs to obtain an address on migration orders in order to use its due date calculator. But there is, of course, no reason that a due date should be calculated on a UNE-P migration order. No dispatch is needed on such an order and WorldCom transmits the standard UNE-P interval on all such orders. When WorldCom explained this, BellSouth responded that it needed to use the due date calculator to determine if the relevant central office was "open," which would suggest that BellSouth is disconnecting existing circuits and then connecting different circuits even though UNE-P translations, like all switch translations, are made remotely. WorldCom hopes that it is not the case that manual work is being performed on every migration, which would be a substantial problem itself – but might well explain why so many WorldCom customers continue to lose dial tone. Lichtenberg, Desrosiers, Kinard & Cabe Reply Decl. ¶¶ 21-23.

The problems with BellSouth's implementation of migration by telephone number have been repeated in BellSouth's recent release of functionality for parsed CSRs. As with migration by telephone number, this was functionality requested years ago as part of the change management process, and it was functionality that ultimately had to be ordered by the Georgia Commission.

Although BellSouth and CLECs had agreed almost a year earlier on the functionality that would be included with parsed CSRs, when BellSouth released initial documentation for parsed CSRs in September 2001, this documentation was entirely unclear and deviated in significant respects from the requirements that were agreed upon. When BellSouth released final documentation in December 2001, the documentation remained poor. Moreover, BellSouth failed to meet the five week notification requirement when it released this documentation. Lichtenberg Decl. ¶¶ 138-39. On December 12, 2001, KPMG opened an Observation in Florida as a result of this failure. And the five week deadline in BellSouth's change management process itself provides too little notice to CLECs of an impending change. By contrast, for comparable releases, SWBT's change management plan required it to provide documentation of changes to an application-to-application interface 110 to 130 days prior to a change and it generally met that deadline. Texas Order ¶¶ 127 n. 388, 128 & n.340. Moreover, CLECs could invoke a go/no go vote by CLECs to delay implementation of the release in the event of problems, which they cannot do in BellSouth. Texas Order ¶ 130.[8]

BellSouth's actual implementation of parsed CSRs was also beset with problems. As

[8] There is no versioning for minor releases so versioning would not help CLECs avoid the impact of a change for which they have not had adequate time to prepare.

noted above, WorldCom has not yet tested BellSouth's release and thus is not in a position to evaluate whether that release is currently adequate. But it is clear that the release was not adequate when it was initially implemented. BellSouth itself acknowledges that the release contained 23 defects. Stacy/Varner/Ainsworth Supp. Aff. Attachment 25. And, contrary to BellSouth's claim, neither the number nor the magnitude of these defects was typical of a well-tested release. Lichtenberg Decl. ¶ 140. It was typical, however, of a BellSouth release. KPMG opened an exception in Florida because of the number of defects in each of the 2001 BellSouth releases. Lichtenberg Decl. ¶ 142.

Moreover, unlike other BOCs, such as Verizon, when BellSouth introduces defects in a release, it does not then review those defects with CLECs and determine when they should be corrected. BellSouth determines on its own whether it considers a defect to be a high, medium, or low impact defect – each of which has a different time frame by which it must be corrected under the current change management process. As a result, defects with significant impacts on CLECs, such as the failure of the internal BellSouth systems to properly capture due date information on supplements, which has never been published by BellSouth even after many requests by CLECs to do so, are often not fixed for months after they first appear. Lichtenberg Decl. ¶¶ 143-44. Moreover, KPMG has an open exception in Florida because BellSouth mischaracterizes changes that correct defects as feature enhancements in order to avoid the time deadlines that apply to defect correction. Lichtenberg Decl. ¶ 145.

BellSouth has not implemented any process improvements that will eliminate these problems in the future.

3. Independent Test Environment Is Critical

The FCC has emphasized the importance of a stable testing environment that mirrors the production environment and that enables CLECs to ensure interfaces are ready before they begin using those interfaces. New York Order ¶¶ 108-09, 111, 119-22; Texas Order ¶¶ 132-43. For the first time, last Summer BellSouth implemented a CLEC Test Environment that ostensibly was separate from the production environment -- its CLEC Application Verification Environment ("CAVE") testing environment. But WorldCom soon learned that CAVE is not actually a separate testing environment. The Department of Justice agreed with WorldCom in its evaluation of BellSouth's prior application. DOJ Ga. & La. Eval. at 26-28. And in its filing here, BellSouth acknowledges that WorldCom is correct – it does not have a separate service order processor in its test environment. Stacy/Varner/Ainsworth Supp. Decl. 138.[**.**

The impact on CLECs is significant. BellSouth, unlike Verizon or SBC in any of its regions, requires CLECs to use different codes when testing in CAVE than they do in production. For testing, BellSouth provides CLECs with fictitious customer codes, customer carrier name abbreviations, carrier identification codes, and billing account numbers.[9] These must be manually entered on every test order. CLECs must therefore process test orders in a different way than they process production orders. Lichtenberg Decl. ¶ 155.

More importantly, the overlap of production and test environments risks allowing test orders to harm production orders. Indeed, on October 1, 2001, BellSouth re-flowed 1521

[9] Changing this coding would risk creating serious problems with WorldCom production orders and WorldCom is unwilling to take this risk. Thus, when WorldCom did submit test transactions to CAVE in September, it manually changed the codes on each test order. This causes unnecessary work. It also alters the nature of WorldCom's ordering process and thus makes the test results less reliable.

production notifiers into WorldCom's test environment in an effort to transmit to WorldCom notifiers that had previously been missing. These notifiers contained the correct Purchase Order Number ("PON") values that were missing but were sent to WorldCom with test Trading Partner IDs thus causing the responses to end up in WorldCom's test environment. Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 160; Lichtenberg Decl. ¶ 154. The responses therefore did not end up where they needed to be for WorldCom to process them correctly as production responses.

Nor has subsequent experience alleviated WorldCom's concern about this problem. CAVE was unavailable for much of the Fall. Therefore, WorldCom has only limited successive experience using CAVE. WorldCom did engage in one round of testing in December and that testing proceeded relatively smoothly, but that testing occurred under the watchful eye of KPMG during the Florida test and thus BellSouth had every incentive to be on its best behavior. WorldCom continues to believe that so long as the production and test environment overlap, a significant risk exists that orders will end up in the wrong place, harming both production and testing.[10] Lichtenberg Decl. ¶ 156.

4. Critical Changes Needed to BellSouth's Change Management Process

In order to simplify the change management issues, we list here the most critical change management improvements to which BellSouth has not yet agreed. The details of how these improvements can be made are included in the red-line version of the change management

[10] In addition, BellSouth's current test environment has other limitations – limited availability, absence of a standard series of test cases run for every release (a test "deck"), arduous requirements with respect to test agreements – that may or may not still be problems. It appears BellSouth may be willing to agree to changes that would resolve these issues, but this remains unclear at this point. Lichtenberg Decl. ¶ 158.

documentation that CLECs provided to BellSouth and the Georgia Commission. None of these changes have been accepted by BellSouth in the green-line version it provided in response to the red-line version.

First, BellSouth must agree to prioritize all CLEC-initiated and BellSouth-initiated changes in the change management process, including those changes that BellSouth now exempts from the change management process altogether and to implement those changes in the order prioritized. Lichtenberg Decl. ¶¶ 120-23, 131. There is no reason that BellSouth should be able to unilaterally determine that some changes should have higher priority when those changes are designed to benefit CLECs. All changes that are competing for space within a release should be prioritized (except for regulatory mandates, changes to correct defects, or industry standard changes). There should be no second "Star Chamber" prioritization process conducted solely by BellSouth personnel, such as the process noted in KPMG Exception 88. CLECs must be included in all discussions for slotting changes in a release.

In order to accomplish this, BellSouth must expand the changes encompassed within change management. It should include billing within change management. Lichtenberg Decl. ¶ 133. And it should broaden its definition of CLEC-impacting to encompass back-end systems and process changes that will affect CLEC orders. Lichtenberg Decl. ¶¶ 131-32. As a result, any changes competing for resources will be prioritized. Moreover, BellSouth must then provide notice and documentation for these changes. If the change is a change to its back-end systems the documentation should describe exactly what back-end changes will be made. BellSouth should discuss these changes with CLECs. This requires BellSouth to accept the CLEC definition of CLEC-impacting as written in the CLEC change management proposal.

Second, BellSouth should implement all prioritized changes within 60 weeks. Lichtenberg Decl. ¶ 122. In the absence of empirical evidence of implementation of CLEC changes, BellSouth's written change management process must provide assurance that it will implement critical changes. Its 40% proposal does not do this, as there is no way of determining how many changes this 40% will encompass.

Third, BellSouth should more rapidly implement changes to correct defects, no matter how Verizon characterizes the defect. Lichtenberg Decl. ¶ 150. CLECs have proposed specific deadlines for medium and low impact defects that are closer to the deadlines for high impact defects. This would avoid difficulties in which Verizon characterizes important defects as low impact defects and thus takes far too long to correct those defects. CLECs have also proposed more regular contact between BellSouth and CLECs regarding the status of defects.

Fourth, BellSouth should increase the advance notice it is required to provide for what have been termed "minor" releases. Lichtenberg Decl. ¶ 149. At present, BellSouth must provide business rules and final specifications for minor releases five weeks in advance of the release. When BellSouth misses this deadline for important releases such as migration by TN and parsed CSRs, CLECs have little time to adapt. BellSouth should instead have to comply with the requirements for what had previously been termed major releases – providing specifications 10 weeks in advance and business rules 8 weeks in advance.

Fifth, BellSouth must integrally involve Information Technology personnel, including vendor personnel that actually program/run the impacted systems, in the change management process. Lichtenberg Decl. ¶ 148. In Verizon and SBC, IT personnel run the process. To date, however, BellSouth's only response to the debacle caused by the absence of IT personnel in the

migrate by TN change is to assign a single IT liaison to attend the change management meetings. This is not the same as having IT experts run the meetings, explain changes, and listen to CLEC proposals and provide constructive responses.

Sixth, BellSouth must implement a truly independent test environment such as the ones used by Verizon and SBC. The test environment should be open until it is necessary to prepare the environment for the next release and should include test decks run by BellSouth prior to implementation of a change. Lichtenberg Decl. ¶¶ 158-59.

Finally, BellSouth must agree to a go/no go vote prior to implementation as is used in the SBC region. This is necessary to ensure that CLECs can delay a release that is riddled with errors, such as the migration by TN release. Lichtenberg Decl. ¶ 151.

B. Order Accuracy Is An Ongoing Problem

Among the principal defects on which the Commission focused during the course of BellSouth's prior section 271 application was BellSouth's failure to provision orders accurately. That defect remains unchanged. While BellSouth claims to have made improvements in this area, WorldCom's experience is to the contrary. BellSouth errors in processing orders lead to misrouting of intraLATA calls, incorrect provisioning of customer features, loss of dial tone and other errors.

1. Misrouting of IntraLATA Calls

BellSouth continues to assign customers (or at least some calls of customers) to the wrong intraLATA provider. As of February 21, BellSouth had transmitted more than 73,000 records to WorldCom on the Daily Usage Feed for calls that had been routed to the wrong intraLATA provider. In approximately 80% of these cases, the correct intraLATA provider was

WorldCom but BellSouth routed the calls through the BellSouth switch. Lichtenberg Decl. ¶ 16. This problem happened despite the fact that the customer's post-migration CSRs, for those customers checked, showed that the customer had been successfully migrated to WorldCom for both intra and interlata calls. Lichtenberg Decl. ¶ 17.

There are several impacts of such misrouting. First, the customer does not receive the intraLATA carrier he or she has chosen. Second, the correct intraLATA provider (generally WorldCom) loses out on the revenue associated with these calls. Third, WorldCom is charged by BellSouth for transmission of the records for these calls to it on the DUF even though no such records would be transmitted to WorldCom, as the intraLATA carrier, if the routing were correct. Finally, BellSouth gains revenue both from billing the intraLATA calls and from charging the CLEC for the DUF records it transmits regarding these calls. Lichtenberg Decl. ¶18.

WorldCom brought the problem of misrouted intraLATA calls to BellSouth's attention many months ago. BellSouth has not taken any steps to address the problem. Lichtenberg Decl. ¶¶ 19-20.

2. Inaccurate Provisioning of Features and Other Errors

BellSouth's failure to process orders accurately also leads to incorrect provisioning of features and other errors. In Florida, KPMG has found that BellSouth accurately updated features and services in the switch for only 86% of the telephone numbers it evaluated and updated the CSRs accurately on only 77% of orders evaluated. Lichtenberg Decl. Att. 1. This is extremely poor performance. WorldCom has experienced similar problems. On February 20, WorldCom took a random sample of 625 Georgia accounts with sale dates between February 4

and February 8. Lichtenberg Decl. ¶ 21. Even though WorldCom evaluated only a subset of the errors caused by order inaccuracy, WorldCom found important errors on 14 accounts – an error rate of approximately 2.3%. WorldCom conducted a similar audit of Florida accounts and found an error rate of 4.1%. Lichtenberg Decl. ¶ 24.

For the Georgia accounts, eight had inaccurately provisioned features – including blocking of collect and third-party calls where this feature was not requested and failure to block 900/976 calls where this feature was requested. On four additional accounts, BellSouth failed to update the CSR to reflect the fact that WorldCom was now the owner of the account. BellSouth's failure to update the CSR can lead to rejection of supplemental orders, rejection of maintenance requests and billing problems. The remaining accounts had errors concerning provision of loss notifications. The substantial number of significant provisioning errors shows that BellSouth's provisioning accuracy problem has not yet been resolved. Lichtenberg Decl. ¶¶ 22-26.

3. Delays in Posting to Billing

Order accuracy issues also are leading to delays in updates to BellSouth's billing systems. As noted above, WorldCom's audit identified customers whose CSR still lists them as BellSouth customers despite the fact that WorldCom has received completion notices for these customers. BellSouth has informed WorldCom that customers sometimes fall into a "hold file error," due to discrepancies between the customer's CSR and the customer's billing record. This has several harmful effects. WorldCom is receiving a number of rejects on supplemental orders because the customer's CSR has not yet been updated. The problem also leads to double billing and

precludes BellSouth from transmitting usage information to CLECs for these customers. Lichtenberg Decl. ¶¶ 27-34.

4. Loss of Dial Tone

For a new local competitor, nothing is more critical than maintaining dial tone for its customers. Reliance on UNE-P means that this should not be difficult, since the same facilities should be used before and after migration of a customer to the CLEC. Yet WorldCom customers continue to lose dial tone at an alarming rate. From the time WorldCom launched local residential service in Georgia through January 25, 2002, approximately 1.9% of WorldCom customers have lost dial tone within 30 days of migration. In each case, the customer had working phone service before being migrated to WorldCom and then lost dial tone after migration. Lichtenberg Decl. ¶ 35.

Although BellSouth has suggested that many of these customers lost dial tone for reasons unrelated to migration, it is highly unlikely that this many customers would have lost dial tone shortly after migration if BellSouth's migration process were working as it should be. Ordinarily, a very small percentage of customers lose dial tone in a given month – far fewer than the 1.9% that have lost dial tone since WorldCom entered the Georgia market in May.[11] A UNE-P migration should never cause a loss of dial tone as there is no need to disconnect the customer. Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 43; Lichtenberg Decl. ¶¶ 36-37.

[11] WorldCom has asked BellSouth how many of its retail customers lose dial tone in a given period of time. BellSouth initially told WorldCom that this information was in PMAP but, when WorldCom could not find the information, BellSouth told WorldCom it would not provide the information. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 43, n.10.)

BellSouth has acknowledged that one reason WorldCom customers are losing dial tone is the two-service-order process it uses to process migrations. BellSouth's process uses a "D" order to disconnect the customer's old service and an "N" order to establish new service with the CLEC. If those orders are not related and properly sequenced through the entry of specific codes by the BellSouth systems – or, for manually processed orders, by the BellSouth service representative – the customer may lose dial tone. Lichtenberg Decl. ¶ 38.

On January 25, 2002, WorldCom sent BellSouth a sample of 227 examples of customers who had lost dial tone and requested BellSouth to investigate. The sample included the majority (227 of 309) of the WorldCom customers who lost dial tone between December 5 and December 12. BellSouth only analyzed fifteen of the sample cases, however. Of those instances, BellSouth acknowledged that four customers (roughly 27%) lost dial tone as a result of the conversion process. Even taking BellSouth's assessment at face value, and assuming that 27% of the customers who call WorldCom to report a loss of dial tone lost their phone service as a result of the conversion process, BellSouth's process is causing a great deal of harm to consumers. Lichtenberg Decl. ¶ 41.

The Georgia and Louisiana Commissions recognized the seriousness of this problem, directing BellSouth to implement a single order process to rectify the problem. The Georgia Commission required this change to occur by January 5, 2002. But BellSouth failed to comply with the January deadline and has stated that it intends to implement the Single C process by March 23, 2002. Even then, this process will be provided only in Georgia, Louisiana, Florida, and Mississippi. Despite BellSouth's claim that its systems are the same throughout its region, apparently this change will not be made to all states at the same time. WorldCom is hopeful that

this change will fix the problem. But BellSouth should have made this change prior to applying for section 271 authorization. There is no way ahead of time to assess whether BellSouth will make this change successfully. Until BellSouth manages to reduce the lost dial tone, it should not be granted section 271 authority.

C. BellSouth Has Continuing Problems With Its Due Date Calculator

Another issue on which the Commission focused in discussions concerning BellSouth's previous section 271 application is the problems BellSouth has experienced with its due date calculator. Like the other problems we have discussed, those surrounding the due date calculator appear to be ongoing. Indeed, since the time that BellSouth withdrew its prior section 271 application, a significant new problem relating to due dates has arisen. BellSouth is providing incorrect due dates on many of the Firm Order Confirmations ("FOCs") it returns to CLECs.

In recent months, as a result of changes in its process, WorldCom has begun submitting a significant number of supplemental orders requesting changes in due dates. WorldCom may, for example, initially request a due date of March 7 but later send a supplemental order requesting the due date be changed to March 10. In every case in which WorldCom makes such a request, however, BellSouth transmits a FOC back to WorldCom with the original due date – March 7 in the above example. This is so even when BellSouth accepts the supplemental order to change the due date – as it generally does. Lichtenberg Decl. ¶¶ 10-11. Thus, in the above example, BellSouth will return a FOC with a due date of March 7 but will in fact provision the order on March 10. While the correct date appears on the BellSouth CSOTS website, it never makes it into the EDI notifier returned to the CLEC. Lichtenberg Decl. ¶ 12. This raises additional questions about the relationship of the BellSouth websites, to which it directs CLECs for

research into ordering problems, and the process for developing EDI notifiers.

Because WorldCom now knows that the due dates returned on supplemental orders are inaccurate, it checks BellSouth's systems to determine the actual due date. But this manual process is quite time consuming, especially given the volume of orders that WorldCom is submitting. BellSouth acknowledged in January that there is a defect in its system. BellSouth has refused to fix the problem before March 23, however, and it is not clear a fix will be implemented even then. Lichtenberg Decl. ¶¶ 12-14.

D. BellSouth's Line Loss Process Is Inadequate

The need for BellSouth to provide CLECs with accurate line loss reports is critical, as the Commission has recognized (Pennsylvania Order ¶ 52), for without the reports a CLEC will continue to bill an end user even after the customer has discontinued service with the carrier. The result is double billing. The customer is billed by both WorldCom and the customer's new carrier. But BellSouth is failing to submit line loss reports for a significant number of customers.

In October, BellSouth acknowledged that some customers were left off the line loss reports as a result of its manual errors and stated that other customers were deliberately left off the report. By November, WorldCom had received over 1,285 complaints from customers asserting that they received bills from WorldCom after transferring to another carrier. BellSouth finally agreed to fix part of the problem with a February 2 release. BellSouth intends to make an additional fix in May. Lichtenberg Decl. ¶¶ 46-48.

The February fix does not appear to be working, however, or at most, has corrected only a small part of the problem. An audit that WorldCom conducted after BellSouth implemented the fix shows that BellSouth is still failing to transmit line loss information for 2.3% of all

customers who changed carriers, and 6.9% of those BellSouth considers "switched in error." Lichtenberg Decl. ¶ 50-53. This is a major problem. Double billing substantially affects WorldCom's reputation in the marketplace as well as harming many customers. BellSouth must fix the problem once and for all before its section 271 application is approved. And a fix scheduled for May – even if that fix were aimed at the entire remaining problem – is simply too late.

E. BellSouth Relies On Far Too Much Manual Handling

Unlike other BOCs that have applied for section 271 authorization, it is indisputable that BellSouth manually processes common order types that could readily be mechanized. Most critically, BellSouth manually processes all orders for customers who had voice mail or call forwarding as part of their retail service. Given the prevalence of voice mail and call forwarding, this is undoubtedly a substantial number of customers. Moreover, BellSouth's high level of manual processing continues to lead to significant problems. BellSouth continues to transmit erroneous manual rejects, for example, even with high level attention from BellSouth.

WorldCom has repeatedly asked BellSouth to analyze WorldCom orders to determine what is causing them to drop to manual. In September 2001, BellSouth finally agreed to analyze a sample of 89 WorldCom orders that had dropped to manual and determined that at least 54 of these orders dropped to manual as a result of BellSouth errors. Fourteen orders fell out because BellSouth was unable to recognize requests for second lines, for example, and instead believed these requests might be duplicate orders, and nine orders fell out because the customer had voice mail or call forwarding as part of the retail service. This confirmed what WorldCom had been told for the first time in August, that orders will fall out for manual processing because the retail

customer has call forwarding or voice mail. Lichtenberg Decl. ¶ 58.

In recent months, WorldCom has pushed BellSouth to analyze a second sample of orders that have fallen out for manual processing. BellSouth eventually analyzed a sample of orders it had chosen – but then refused to provide the data to WorldCom until requested to do so by a Florida Commissioner on February 18. BellSouth then provided the data the next day. Lichtenberg Decl. ¶ 59. Not surprisingly, the data show that approximately one quarter of orders that are manually processed are orders with call forwarding or voice mail. Lichtenberg Decl. ¶ 60. But there are a number of other issues (never before communicated to WorldCom) responsible for a significant amount of manual processing. Yet even after listing the issues in the data it provided, BellSouth was unable to explain them to WorldCom. Lichtenberg Decl. ¶ 61. The existence of inexplicable causes of manual processing, like the existence of manual processing on migration orders for customers with call forwarding or voice mail, shows that manual processing is too high as the result of BellSouth issues. While BellSouth attempts to blame manual fall out on CLECs, its own analysis shows it is responsible for much of the manual fall out.

BellSouth's performance data do not show its flow through rate is high enough. Lichtenberg Decl. ¶¶ 63-67. To begin with, that data is completely untrustworthy as an indicator of high levels of automation. After BellSouth analyzed the 89 manually processed orders in September 2001, WorldCom checked three of these orders in BellSouth's PMAP database and determined that all of them were counted as flow-through orders in BellSouth's performance data. This appears to be because they fell out for manual processing late in the process and BellSouth does not consider this late manual processing to be manual processing when

calculating its flow-through metric. Moreover, it is highly unlikely that flow-through is as high as BellSouth claims when common order types are known to fall out for manual processing.

In any event, regardless of what the performance numbers show, there is simply no excuse for BellSouth's failure to automate basic UNE-P orders, such as orders for customers with call forwarding and voice mail. Other BOCs have been able to explain away manual fall out as CLEC-caused. BellSouth cannot do so.

BellSouth's manual processing has significant consequences. BellSouth continues to transmit erroneous manual rejects, for example. WorldCom has now managed to obtain the attention of a BellSouth vice president who is looking at such rejects every day, and it hopes the problem will be resolved. But such scrutiny is unlikely to continue if BellSouth's section 271 application is approved. BellSouth's manual processing likely also is the primary (or exclusive) cause of its problems with order accuracy, including the misrouting of intraLATA calls and loss of dial tone. Lichtenberg Decl. ¶¶ 68-69. BellSouth must improve its level of automation.

It has finally promised to automate the orders for customers with call forwarding and voice mail. Once again, however, this fix is not scheduled until May 2002 and has never appeared on any listing of changes planned to BellSouth systems or on the flow through matrix, despite repeated requests from WorldCom that BellSouth list this change. Lichtenberg Decl. ¶ 70. And because WorldCom has just learned of other significant sources of manual processing – and BellSouth has not yet been able to explain what these are – no fix for these sources of manual processing is yet scheduled.

F. BellSouth Does Not Provide Auditable Bills

Without correctly formatted bills, WorldCom cannot audit the information that BellSouth

provides to determine whether charges are being correctly assessed. WorldCom cannot simply assume that charges are correct but – like any business – must be able to ensure that the bill matches the circuits and features provided to our end user customers. In its Pennsylvania Order ¶ 13, the Commission properly explained that BOCs must provide CLECs with complete, accurate and timely wholesale bills. BellSouth does not do so.

On the wholesale bills BellSouth transmits to WorldCom, it provides billing information related to many customers without providing the billing telephone number ("BTN") for those customers, or any other identifying information to determine whether the charge is correct. WorldCom's audit of the January 2002 UNE-P bills it received showed that 3% of the lines for which WorldCom was billed did not include a BTN. (The bills included only the area codes instead of the complete BTNs for these numbers.) Lichtenberg Decl. ¶ 79.

Without a BTN, WorldCom sees a charge or credit but does not know the account to which the charge or credit is supposed to relate. It therefore cannot even determine whether the charge or credit relates to a bill for a legitimate WorldCom customer, much less compare the charge or credit against the amount WorldCom expects to receive for a particular customer. Lichtenberg Decl. ¶ 79. As a result, WorldCom may be overbilled without any way for WorldCom to determine this fact.

WorldCom called BellSouth six months ago to protest the missing BTNs on the bill. BellSouth initially did not look into the issue. BellSouth later claimed that the BTNs for these customers should not appear on the bill. As of February 2002, however, BellSouth claims that the BTNs actually are on the bill – in a "left hand FID" and that WorldCom is not looking in the right place. WorldCom seriously doubts this is the case, however, as WorldCom is not having

this problem with other ILECs. Lichtenberg Decl. ¶ 80.

G. BellSouth Has Not Shown Its OSS Is Identical In Georgia and Louisiana

Even if BellSouth had shown its OSS is ready in Georgia, it has not made a similar showing for Louisiana. With no broad-based provider of residential service in the state, BellSouth lacks sufficient commercial experience to show its OSS is ready. And there has been no third-party test in Louisiana.

BellSouth cannot rely on its Georgia experience to show its Louisiana OSS is ready because BellSouth has not shown its systems are regional in nature. Indeed, BellSouth informed WorldCom that orders formatted in a certain way (without an asterisk as part of the address) would flow through in Georgia but not in Louisiana. Lichtenberg Decl. ¶ 88. Moreover, BellSouth is implementing its single order process in only some of the states in its region in March, clearly showing that BellSouth sometimes adopts different processes and systems updates in different parts of its region. If BellSouth in the past has similarly made changes to back-end systems and processes in only parts of its region, the OSS could vary substantially from state to state. Lichtenberg Decl. ¶ 89. The likelihood of such substantial differences is magnified by the fact that Georgia and Louisiana systems are legacy systems of two different companies -- Southern Bell for Georgia and South Central Bell for Louisiana. Cf. Kansas/Oklahoma Order ¶¶ 112, 118 n. 20 (easier for SBC to show systems were regional because they were the legacy of a single company).

WorldCom has no way to know for sure the extent of regional differences in BellSouth's OSS. But it is clear there are such differences, and there is reason to believe the differences may be significant. BellSouth, therefore, should not be allowed to rely on its Georgia experience to

show readiness in Louisiana.

II. BELLSOUTH HAS NOT SATISFIED CHECKLIST PRICING REQUIREMENTS

As we have previously emphasized, this application is vitally important to resolve important pricing issues in the entire southeast. But TELRIC problems infect BellSouth's UNE rates and prevent WorldCom from offering consumers a choice for local service anywhere in Louisiana (where the wholesale rate for standard loops in the rural zone is $48.43 and UNE-P is $55.29) and in part of Georgia. BellSouth's UNE rates in Georgia and Louisiana must be significantly reduced to comply with cost-based principles in order for local residential competition to succeed in BellSouth states.

As discussed below, inflated loop prices are the principal reason that WorldCom, and presumably others, are precluded from competing through leasing of UNEs. Loops are generally the single largest network element cost to competitors seeking to provide local competition using UNE-P. Moreover, switching rates in Georgia and Louisiana are a problem and are well above the rates in Kentucky and Tennessee. BellSouth has failed to carry its burden of demonstrating that the rates reflect its costs or derive from a reasonable application of this Commission's TELRIC methodology.

In setting its rates for UNEs, BellSouth and the Georgia and Louisiana Public Service Commissions ("PSCs") made a number of methodological and input choices that fail to comport with TELRIC principles, as discussed below. Because correcting some of these errors would require redesign of certain aspects of the cost models, WorldCom is not able to quantify the precise effect of all of these errors. Several errors, however, can be corrected by an input change

in the models, and the effect of correcting these errors is significant. The net effect of these errors is that BellSouth's UNE rates are set well above their TELRIC levels in both Georgia and Louisiana, and improperly limit local competition. Frentrup Decl. ¶ 8.

A. Switching Rates Are Excessive in Georgia and Louisiana

Switching rates in both Georgia and Louisiana are excessive, as discussed below, and are about 50% higher than Kentucky and Tennessee.

1. Excessive "Loading" Factors Greatly Inflate Costs Of Switching

The BellSouth cost models improperly boost UNE rates by failing to comply with TELRIC in their computation of total plant investment through the addition of "in-plant" or "loading" factors to the material investment. The equipment prices that are used as inputs in the cost models are only the price of the materials themselves – the switch, copper cable or fiber cable itself. The engineered, furnished, and installed ("EF&I") cost of the equipment is then determined by applying loading factors to that material cost. The manner in which these factors were developed is not described in BellSouth's documentation of its cost models. Until BellSouth adequately describes the development of these factors, it is impossible to determine whether they accurately reflect legitimate costs of designing and placing the equipment, or are designed merely to inflate the forward-looking costs of the equipment to match BellSouth's embedded or historic costs. Frentrup Decl. ¶¶ 13-14.

These factors greatly increase the total cost of the UNEs. Despite the fact that they are designed to reflect the cost to install and engineer the plant, the factors vary substantially from state to state by much more than could be explained by any labor or other cost differences. In addition, because BellSouth applies the same loading factors to all sizes of equipment, these

factors add a great deal more total cost to areas that are served by large switches or cable sizes, i.e., primarily the more densely populated areas of the state. This difference occurs despite the fact that the cost for laying a cable or placing a switch does not vary linearly with size; e.g., it does not require twice as much expense to install a switch with twice the capacity or to lay a 2400 pair cable as a 1200 pair cable. Thus, the application of a single factor to determine EF&I costs overstates BellSouth's UNE costs, especially in more densely populated areas. Frentrup Decl. ¶ 15.

2. Switching Rates Are Pushed Up In Louisiana By Unsubstantiated Feature Costs

The Louisiana ALJ rejected BellSouth's claim for separate feature costs, but these expenses were wholly put into the usage rate, increasing the monthly cost of switching per line by $2.20. Frentrup Decl. ¶ 23. Even if some tiny fraction of that amount is legitimate, BellSouth has never substantiated how much is proper as it must.

As argued in the Louisiana docket, and acknowledged by the ALJ, vertical features do not cause BellSouth to incur any incremental costs over and above the costs already included in the rates for switch usage. The potential costs of features include both hardware – the switch processor – and software. However, features cause incremental hardware costs only if they require the purchase of a larger processor than would be necessary in the absence of the provision of those features. That such an upgrade in the processor is unnecessary is demonstrated by two facts. First, BellSouth sizes its switch based only on busy hour minutes of use. Thus, processor capacity is not causing an increase in switch investment. Second, switches are almost always "line constrained," which means that the switch runs out of ports before the

processor capacity is exhausted. For these two reasons, the provision of features is not causing additional hardware costs in the switch. Frentrup Decl. ¶ 24.

Similarly, no additional software costs are necessary to provided features. The software used to provide features is included in the generic switch software that is included with the switch. Recognizing these facts, the ALJ recommended that the features price be set to zero. However, the Louisiana Commission ruled that, while no separate charge was necessary, there were separate costs that should be included in the switch usage rates. Without explanation or response to the issues discussed above, which were raised in the state proceeding, the costs claimed by BellSouth for the provision of features was added to the switch usage costs – even though those costs already included sufficient hardware and software costs to provide features. BellSouth's switch usage costs are therefore overstated by this amount. Frentrup Decl. ¶ 25. Inclusion of this amount in usage charges is in violation of TELRIC principles, and the amount should be removed from the usage charges in Louisiana before section 271 approval is granted.

B. Loop Rates Are Excessive

In addition to the switching rate problems with BellSouth's cost models discussed above, which apply in both Georgia and Louisiana, there are a number of loop problems that are inconsistent with TELRIC principles. Several of these are Georgia specific due to the lack of access to loop cost models for Louisiana that would allow us to run alternative scenarios.

1. Georgia Drop Lengths Are Too Long

Assumptions about the length of the loop that runs from the street to the end user's house or business impact UNE rates. BellSouth assumed an aerial drop length of 250 feet and a buried drop length of 300 feet. These lengths are unreasonably long. The BOC Notes on the LEC

Network reports a national average drop length of only 73 feet. The SM used drop lengths of 150 feet in the two most rural zones, and 50 feet in the more urban zones. Thus, the drop lengths used in setting UNE rates are substantially longer than either the national average, or the drop lengths found reasonable by the Commission for purposes of modeling universal service costs. Frentrup Decl. ¶ 18.

At the very least, these drop lengths are excessive in the urban and most suburban zones. This is made apparent by computing the average lot size implied by these drop lengths. A drop length of 250 feet implies an average lot size of 2.9 acres if the lots are square, and 2.3 acres if the lots are twice as deep as they are wide.[12] Use of a single drop length for all customer locations in Georgia implies that, even in urban and suburban zones, customers are located in the middle of 2 to 3 acre lots. This is simply not plausible. The drop lengths used to set UNE loop rates should vary by line density, to reflect the fact that customers are more geographically concentrated in more densely populated areas. Use of these excessive drop lengths inflates the computed cost of the loop, and results in excessive UNE loop rates. Assuming very conservatively that the urban and suburban areas would have drop lengths at the national average length of 73 feet would lower loop rates in those areas by $0.14. Frentrup Decl. ¶¶ 19-20.

2. Georgia Residential/Business Mix Is Erroneous

In Georgia, BellSouth determined the cost of residential and business loops, and then determined the statewide average cost by taking a weighted average of these types. The

[12] BellSouth states that its cost model assumes that the drop runs from the corner of the lot to the customer's location. Assuming that the house or business is in the middle of the lot, one can compute the lot size implied by the assumed drop lengths.

weighting used was approximately 78 percent residence and 22 percent business.[13] These weights are not consistent with the latest line data filed in ARMIS by BellSouth or with the mix of residence and business lines used in the SM. Both those sources reflect a weighting of about 67 percent residence and 33 percent business. BellSouth acknowledges that the residence lines are the higher cost lines, so the statewide average computed by BellSouth is overstated. Using the residence and business weightings from ARMIS lowers loop rates by $0.32. Frentrup Decl. ¶ 21.

3. Excessive "Loading" Factors Greatly Inflate Loop Costs In Georgia And Louisiana

As explained with switching above, the BellSouth loading factors greatly increase loop costs as well. In Georgia, for example, the cost of an unbundled loop is more than doubled by use of these factors. In the Rhode Island Order ¶ 35, the Commission stated that the 60 percent loading factor used to set switching rates was excessive, so a factor that is over 100 percent cannot be reasonable. Even cutting the loop rate to the 60 percent loading factor that was found excessive in Rhode Island would cut the loop costs by at least 20 percent. Frentrup Decl. ¶ 15.

4. Altering IDLC/UDLC Mix in Georgia and Louisiana Depending On Use Is Improper

BellSouth pushes up its loop rates by improperly using multiple network scenarios with different mixes of integrated and universal digital loop carrier ("IDLC" and "UDLC" respectively) to compute different rate elements for loops depending on their use. For example, incorrectly claiming that unbundled loops cannot be served by IDLC, BellSouth runs its loop model using all UDLC for stand-alone loops, while using a mix of UDLC and IDLC for UNE-

[13] Id. at 21.

platform loops.[14] In addition, BellSouth performs runs of its models with no DLC at all to price asymmetric digital subscriber loops ("ADSL"). Frentrup Decl. ¶¶ 3, 10. This approach is inconsistent with TELRIC methodology for two reasons.

First, it fails to use the forward-looking technology, which is IDLC. In fact, even when BellSouth does use IDLC in its model, it does not use only IDLC that meets the current industry GR-303 protocol. Contrary to BellSouth's assertion, unbundled loops can readily be provisioned from IDLC that uses the GR-303 protocol, and the failure of its cost model to do so means that the model does not meet TELRIC requirements. Second, by running different scenarios with different mixes of IDLC and UDLC, BellSouth is not following the TELRIC requirement that a model reflect all uses of the network. Modeling different networks for different purposes results in loss of the economies of scope that occur in a multi-use network. Thus, the cost models that BellSouth uses to develop its loop rates clearly violate cost-based TELRIC principles. Frentrup Decl. ¶ 11.

The effect of this error is substantial, although correcting the error would require re-designing BellSouth's cost model so that all digital loop carrier used was GR-303 compliant IDLC. It is clear that use of IDLC would significantly lower the cost of a loop. For example, in Louisiana, the unbundled stand-alone loop price that is computed by the BellSouth model is about one dollar a month more than the same loop when it is sold as part of a UNE platform.[15] If

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[14] See Caldwell Affidavit at 22.

[15] The prices for a stand-alone loop in the three zones in Louisiana are $12.90, $23.33, and $48.43. The corresponding prices for the platform loop are $11.77, $22.39, and $48.26. See Caldwell Affidavit, Exhibit DDC-5, pages 1 and 5. The percentages of lines in the three zones are 72, 23, and 6 percent, respectively. See id. at 56. This results in weighted average prices of $17.30 for stand-alone loops, which have no IDLC, and $16.27 for platform loops, which include some IDLC.

the UNE platform loop were provided using only GR-303 compliant IDLC, this difference would be even greater, and the UNE platform loop cost would be even lower. Frentrup Decl. ¶ 12.

C. Daily Usage Feed Rates Are Excessive

BellSouth proposes to assess Optional Daily Usage Files ("ODUF") and Access Daily Usage Files ("ADUF") charges on CLECs to provide them with usage records for billable call events recorded by BellSouth's central offices. These excessive charges add significantly to the cost of serving a customer. Assuming that these charges are assessed only for the originating side of a call, WorldCom estimates that the monthly charge for an average customer for these charges will be $0.55 in Louisiana and $1.12 in Georgia. Apparently recognizing the excessive nature of its current charges, BellSouth has recently proposed to reduce these charges in Georgia substantially.[16] However, BellSouth does not typically charge other local exchange carriers for the same information, using a "bill-and-keep" arrangement instead. Frentrup Decl. ¶¶ 26-27.

BellSouth should completely eliminate these charges, because the costs recovered in these rates are already reflected in the shared and common costs that BellSouth adds on to the direct costs of its other UNEs to develop those UNE rates. Retaining the ODUF and ADUF charges would double-recover these costs and should not be permitted. At an absolute minimum, the costs for ODUF and ADUF should be completely removed from the shared and common costs recovered in the other UNE rates. Frentrup Decl. ¶ 28.

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[16] The sum of ADUF processing and transmission charges was cut from $0.007994 to $0.0019808, while the sum of ODUF processing, transmission, and recording charges was cut from $0.0046986 to $0.0026147. See Exhibit CKC-1, filed October 1, 2001 in GPSC Docket No. 14361, page 14 of 38. These rates are roughly half the current rates in Louisiana.

The problems with the BellSouth cost models and the inputs indicate that the resulting UNE costs are clearly not cost-based, although the full magnitude of the errors cannot be determined on the partial information provided in BellSouth's application. Until BellSouth corrects its UNE rates to adjust for the problems outlined here, the Commission should refuse to grant BellSouth section 271 authority for Georgia and Louisiana.

CONCLUSION

BellSouth's Georgia-Louisiana application should be denied.

Respectfully submitted,

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March 4, 2002

CERTIFICATE OF SERVICE

I, Vivian Lee, hereby certify that I have this 4th day of March, 2002, caused a true copy of Comments of WorldCom, Inc. and attachments to be served electronically on the parties listed below:

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