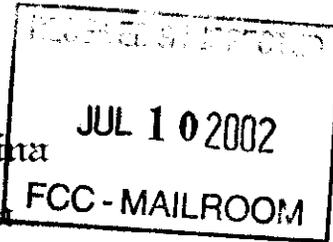


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State of North Carolina  
Utilities Commission

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ROBERT V. OWENS, JR.

July 9, 2002

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Ms. Mariene Dortch, Secretary  
Office of the Secretary  
9300 East Hampton Drive  
Capitol Heights, Maryland 20743

*NC Docket No. 02-150*

Re: North Carolina Utilities Commission's Comments Regarding BellSouth Section 271 Application

Dear Ms. Dortch:

The North Carolina Utilities Commission (NCUC) is pleased to submit our comments entitled Order and Advisory Opinion Regarding Section 271 Requirements in support of BellSouth Telecommunications, Inc.'s (BellSouth's) application for in-region, interLATA long distance authority in North Carolina to the Federal Communications Commission (FCC) in fulfillment of our obligations under Section 271(d)(2)(B) of the Telecommunications Act of 1996.

Since our comments are approximately 300 pages long, the NCUC respectfully requests a waiver of the 100-page limit for comments in this letter pursuant to our conversation with Ms. Susan Pié and Mr. Aaron Goldberger.

Thanking you for your kind consideration of these materials, I am

Sincerely,

Jo Anne Sanford  
Chair, North Carolina Utilities Commission

DL/pb

cc: Janice Myles, Wireline Competition Bureau  
Qualex International  
James Davis-Smith, United States Department of Justice

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## **SUMMARY OF CONCLUSIONS**

**Page 1 of 2**

**Checklist Item 1** - The Commission has concluded that BellSouth is providing or generally offering interconnection in accordance with the requirements of Sections 251(c)(2) and 252(d)(1) and is in compliance with the requirements of Checklist Item 1.

**Checklist Item 2** - The Commission has concluded that BellSouth is providing or generally offering nondiscriminatory access to network elements in accordance with the requirements of Sections 251(c)(3) and 252(d)(1) of the Act and is in compliance with the requirements of Checklist Item 2.

**Checklist Item 3** - The Commission has concluded that BellSouth is providing or generally offering nondiscriminatory access to the poles, ducts, conduits, and rights-of-way owned or controlled by BellSouth at just and reasonable rates in accordance with the requirements of Section 224 and is in compliance with Checklist Item 3.

**Checklist Item 4** - The Commission has concluded that BellSouth is providing or generally offering local loop transmission from the central office to the customer's premises unbundled from local switching or other services and is in compliance with Checklist Item 4.

**Checklist Item 5** - The Commission has concluded that BellSouth is providing or generally offering local transport from the trunk side of the wireline local exchange carrier's switch unbundled from switching or other services and is in compliance with Checklist Item 5.

**Checklist Item 6** - The Commission has concluded that BellSouth is providing or generally offering local switching unbundled from transport, local loop transmission, or other services and is in compliance with Checklist Item 6.

**Checklist Item 7** - The Commission has concluded that BellSouth is providing or generally offering nondiscriminatory access to 911 and E911 services, directory assistance services, and operator call completion services and is in compliance with Checklist Item 7.

**Checklist Item 8** - The Commission has concluded that BellSouth is providing or generally offering white pages directory listings for customers of the other carriers' telephone exchange service and is in compliance with Checklist Item 8.

**Checklist Item 9** - The Commission has concluded that BellSouth is providing or generally offering nondiscriminatory access to telephone numbers for assignment to the other carrier's telephone exchange service customers and is in compliance with Checklist Item 9.

## **SUMMARY OF CONCLUSIONS**

**Page 2 of 2**

**Checklist Item 10** - The Commission has concluded that BellSouth is providing or generally offering nondiscriminatory access to databases and associated signaling necessary for call routing and completion and is in compliance with Checklist Item 10.

**Checklist Item 11** - The Commission has concluded that BellSouth is providing, to the extent technically feasible, number portability in accordance with the requirements prescribed by the FCC and is in compliance with Checklist Item 11.

**Checklist Item 12** - The Commission has concluded that BellSouth is providing nondiscriminatory access to such services or information as are necessary to allow CLPs to implement local dialing parity in accordance with the requirements of Section 251(b)(3) and is in compliance with Checklist Item 12.

**Checklist Item 13** - The Commission has concluded that BellSouth is providing or generally offering reciprocal compensation arrangements in accordance with Section 252(d)(2) and is in compliance with Checklist Item 13.

**Checklist Item 14** - The Commission has concluded that BellSouth is making telecommunications services available for resale in accordance with the requirements of Section 251(c)(4) and Section 252(d)(3) of TA96 and therefore is in compliance with Checklist Item 14.

**Track A** - The Commission has concluded that BellSouth has satisfied the requirements of Track A.

**Public Interest** - The Commission has concluded that the authorization of BellSouth to provide in-region, interLATA services is consistent with the public interest, convenience, and necessity.

**Approval of BellSouth's SGAT** - The Commission has concluded that BellSouth's SGAT meets the requirements of the checklist and gives BellSouth a "concrete and specific legal obligation" to furnish each checklist item to competitors.



North Carolina Utilities Commission  
BellSouth  
North Carolina

Checklist Item 2	Is BellSouth providing or generally offering nondiscriminatory access to network elements in accordance with the requirements of Sections 251(c)(3) and 252(d)(1) of the Act?	45
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Checklist Item 13	Is BellSouth providing or generally offering reciprocal compensation arrangements in accordance with the requirements of Section 252(d)(2)?	243
Checklist Item 14	Is BellSouth making telecommunications services available for resale in accordance with the requirements of Sections 251(c)(4) and 252(d)(3)?	245
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Approval of BellSouth's SGAT	267

**Appendix A** – A glossary of acronyms used in this Order.

**Appendix B** – A list of orders of the FCC and this Commission cited in this Order.

**Concurrences of Commissioner Sam J. Ervin, IV and Commissioner James Y. Kerr, II**

## INTRODUCTION

**HEARD IN:** Commission Hearing Room, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina, beginning October 29, 2001 and ending November 6, 2001

**BEFORE:** Chair Jo Anne Sanford, Presiding; Commissioners J. Richard Conder, Robert V. Owens, Jr., Sam J. Ervin, IV, and James Y. Kerr, II

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Kevin Anderson, North Carolina Department of Justice, Post Office Box 629, Raleigh, North Carolina 27602-0629

**BY THE COMMISSION:** On April 12, 2001, BellSouth Telecommunications, Inc. (BellSouth) filed with the Commission its Notice of Intent to File Section 271 Application with the Federal Communications Commission (FCC) and Request for Procedural Order. With this Notice, BellSouth requested that the Commission set this matter for hearing to respond to the FCC's request for consultation pursuant to Section 271(d)(2)(B) of the Telecommunications Act of 1996 (the Act).

By Order dated May 9, 2001, the Commission scheduled the matter for hearing beginning at 2:00 p.m. on October 29, 2001, and required BellSouth to file supplemental information as follows: (1) regionality attestation from a third-party auditor by May 22, 2001; and (2) performance data for the month of April 2001 and supporting prefiled testimony by June 11, 2001. The Commission further required BellSouth to continue filing updated performance data on a monthly basis.

Specifically, Ordering Paragraph Number 2 of the Commission's May 9, 2001 *Order Setting Hearing and Procedural Schedule* in this docket states

... Performance data for the month of April 2001, and supporting prefiled testimony shall be filed no later than Monday, June 11, 2001. BellSouth shall continue to file updated performance data on a monthly basis on the same day of the month thereafter pending further Order.

BellSouth has filed monthly performance data in this docket for April 2001 through April 2002. The May 2002 monthly report is due July 11, 2002. For purposes of this *Order and Advisory Opinion*, the Commission has reviewed and analyzed monthly performance data for April 2001 through August 2001. The August 2001 performance data report was the latest report filed by the close of the evidentiary hearing on November 6, 2001. Monthly performance data after August 2001 has been filed, and no Party has brought any specifics from those monthly reports to the Commission's attention.

At the evidentiary hearing, the parties offered the testimony of the following witnesses: BellSouth — William E. Taylor, Ph.D., Cynthia K. Cox, D. Daonne Caldwell, Ronald M. Pate, Milton McElroy, Jr., Ken L. Ainsworth, Wiley (Jerry) G. Latham, Thomas G. Williams, A. Wayne Gray, W. Keith Milner, Alfred Heartley, David P. Scollard, and Alphonso Varner; AT&T and TCG — Steven E. Turner, Jay M. Bradbury, Denise C. Berger, Richard T. Guepe, Cheryl Bursh, Robert Bell, Ph.D., and Sharon E. Norris; Access Integrated Networks — Rodney Page; Broadslate Networks — Todd Hochrein and Tom Whitaker; Covad Telecommunications — Colette Davis; KMC Telecom — Perry Swaim and Glen Withers; MCImetro and WorldCom — Sherry Lichtenberg and Greg Darnell; Mpower — Scott Sarem; New South Communications — Jake E. Jennings; NuVox Communications — John Cheek and Mary Campbell; US LEC — James H. Hsvidas; Sprint — David Stahly, John Idoux, Mark Felton, and Steven Broom. KPMG Consulting, Inc. (KPMG) presented the testimony of Michael Weeks.

### **THE STATUTORY FRAMEWORK OF THIS PROCEEDING**

The Act conditions Bell Operating Company (BOC) authority to provide in-region interLATA services on compliance with certain provisions of Section 271. BOCs must apply to the FCC for authorization to provide interLATA services originating in any in-region state. The FCC must issue a written determination on each application no later than 90 days after receiving such application. In acting on a BOC's application for authority to provide in-region, interLATA services, the FCC must consult with the United States Attorney General and give substantial weight to the Attorney General's evaluation of the BOC's application. Finally, the FCC must consult with the applicable state

commissions to verify that the BOC has complied with the requirements of Section 271(c) of the Act. The Act places on BellSouth, as applicant, the burden of proving that all requirements for authorization to provide in-region, interLATA services are met.

To obtain Section 271 authorization, the BOC must show with respect to each state for which it seeks authorization, that: (1) it satisfies the requirements of either Section 271(c)(1)(A) (Track A) or Section 271(c)(1)(B) (Track B); (2) it has fully implemented the competitive checklist or that the Statement of Generally Available Terms and Conditions (SGAT) approved by the state under Section 252 satisfies the competitive checklist contained in Section 271(c)(2)(B); (3) the requested authorization will be carried out in accordance with the requirements of Section 272; and (4) the BOC's entry into in-region, interLATA market is "consistent with the public interest, convenience, and necessity." Unless the FCC finds that these four criteria have been satisfied, the FCC may not approve the requested authorization.<sup>1</sup> (NOTE: Endnotes appear at the end of the Order.)

As stated above, a BOC may enter the in-region long distance business in a state in one of two ways — "Track A" or "Track B" — and they are as follows:

**Track A: Under Section 271(c)(1)(A) — Presence of Facilities-Based Competitor —** a BOC must show that it has entered into one or more binding agreements that have been approved under Section 252 specifying the terms and conditions under which the BOC is providing access and interconnection to its network facilities or the network facilities of one or more unaffiliated competing providers of telephone exchange service to residential and business subscribers. Such telephone exchange service may be offered by such competing providers either exclusively over their own telephone exchange service facilities or predominantly over their own telephone exchange service facilities in combination with the resale of the telecommunications services of another carrier.

**Track B: Under Section 271(c)(1)(B) — Failure of CLP to Request Access —** a BOC can file a request for interLATA authority even if no facilities-based competition exists that would allow the BOC to meet the requirements of Section 271(c)(1)(A). In this case, the BOC must have filed a general statement of terms and conditions that the company generally offers to provide such access and interconnection and this statement must have been approved or permitted to take effect by the State Commission under Section 252(f).

BellSouth is applying for Section 271 authority pursuant to Track A.

The access and interconnection provided or offered either pursuant to agreements or the SGAT must meet the requirements of the 14-point competitive checklist contained in Section 271(c)(2)(B), as developed by the FCC's local competition rules and orders in effect when the application is filed. The requirements are as follows:

Competitive Checklist — Access or interconnection provided or generally offered by a Bell operating company or other telecommunication carriers meets the requirements of this subparagraph if such access and interconnection includes each of the following:

- (i) Interconnection in accordance with the requirements of Sections 251(c)(2) and 252(d)(1).
- (ii) Nondiscriminatory access to network elements in accordance with the requirements of Sections 251(c)(3) and 252(d)(1).
- (iii) Nondiscriminatory access to the poles, ducts, conduits, and rights-of-way owned or controlled by the Bell operating company at just and reasonable rates in accordance with the requirements of Section 224.
- (iv) Local loop transmission from the central office to the customer's premises, unbundled from local switching or other services.
- (v) Local transport from the trunk side of a wireline local exchange carrier switch unbundled from switching or other services.
- (vi) Local switching unbundled from transport, local loop transmission, or other services.
- (vii) Nondiscriminatory access to — (a) 911 and E911 services, (b) directory assistance services to allow the other carrier's customers to obtain telephone numbers, and (c) operator call completion services.
- (viii) White pages directory listings for customers of the other carrier's telephone exchange service.
- (ix) Until the date by which telecommunications numbering administration guidelines, plan, or rules are established, nondiscriminatory access to telephone numbers for assignment to the other carrier's telephone exchange service customers. After that date, compliance with such guidelines, plan, or rules.
- (x) Nondiscriminatory access to databases and associated signaling necessary for call routing and completion.

- (xi) Until the date by which the Commission issues regulations pursuant to Section 251 to require number portability, interim telecommunications number portability through remote call forwarding, direct inward dialing trunks, or other comparable arrangements, with as little impairment of functioning, quality, reliability, and convenience as possible. After that date, full compliance with such regulations.
- (xii) Nondiscriminatory access to such services or information as are necessary to allow the requesting carrier to implement local dialing parity in accordance with the requirements of Section 251(b)(3).
- (xiii) Reciprocal compensation arrangements are available for resale in accordance with the requirements of Section 252(d)(2).
- (xiv) Telecommunications services are available for resale in accordance with the requirements of Sections 251(c)(4) and 252(d)(3).

In addition, Section 271(d)(3)(B) of the Act requires the FCC to determine that the requested authorization will be carried out in accordance with the structural safeguards contained in Section 272, and Section 271(d)(3)(C) requires the FCC to determine that the requested authorization is consistent with the public interest, convenience, and necessity.

With respect to Section 272, we note that the Commission granted certification in Docket No. P-654 to BellSouth Long Distance, Inc. (BSLD) on November 27, 1997. However, based on the record before us, we can make no determination or conclusion on whether BellSouth's requested authorization will be carried out in accordance with the requirements of Section 272 of the Act. It is anticipated that BellSouth will present evidence directly to the FCC on this item.

### **THE INITIAL SECTION 271 PROCEEDING**

On August 5, 1997, BellSouth notified the Commission of its intent to file a Section 271 application with the FCC on or after December 3, 1997, and asked the Commission to approve BellSouth's SGAT pursuant to Section 252(f) of the Act and to find that BellSouth's SGAT met the requirements of the 14-point checklist set forth in Section 271(c)(2)(b) of the Act. BellSouth also asked the Commission to find that the entry of BellSouth Long Distance, Inc., into the long distance market in North Carolina was *consistent with the public interest, convenience, and necessity in accordance with Section 271(d)(3)(c) of the Act*. The Commission convened an evidentiary hearing on September 22, 1997, and heard the testimony of 23 witnesses representing 14 separate parties to the proceeding. On January 14, 1998, the Commission issued an Order <sup>2</sup> in

which it reached two central conclusions. First, the Commission found that BellSouth's entry into the interLATA long distance market in North Carolina would be "consistent with the public interest, convenience and necessity." Second, the Commission concluded that BellSouth was "providing or generally offering each and every one of the 14-point checklist items" except for two items. The Commission found that BellSouth had not yet satisfied Checklist Item 1 because of concerns regarding local tandem interconnection and physical collocation. The Commission further found that BellSouth had not fully satisfied Checklist Item 2 because it had not "fully developed adequate performance measurements" to demonstrate that competing carriers had access to BellSouth's Operations Support Systems (OSS) in a nondiscriminatory manner. Other than those two checklist items, the Commission explicitly found that BellSouth's SGAT met the 14-point competitive checklist in Section 271(c)(2)(b) and allowed the entire SGAT to "continue in effect." On July 22, 1998, BellSouth submitted a revised SGAT to address the areas of concern noted by the Commission in its January 14, 1998, Order. The Commission set consideration of BellSouth's revised SGAT for hearing on December 1, 1998. By Order issued November 12, 1998, at the request of a group of competitive carriers, the Commission continued the December 1, 1998, hearing pending further order. The Commission noted that this delay would give BellSouth the "opportunity to consider revisions to its SGAT in light of decisions made by the FCC in the Louisiana II decision."

### **RELATED PROCEEDINGS**

During the 1995 Legislative Session, the North Carolina General Assembly enacted House Bill 161, entitled "An Act to Provide the Public with Access to Low-Cost Telecommunications Service in a Changing Competitive Environment." This Act amended G.S. 62-110 by adding a new subsection (f1) authorizing the Commission to issue a certificate to any person applying to provide local exchange or exchange access service as a public utility. The Commission approved the first Competing Local Provider (CLP) certificate in early 1996, and conducted its first interconnection arbitrations in the fall of that year. Pursuant to G.S. 62-110(f1) and Section 252 of the federal Act, the Commission has arbitrated the terms and conditions of numerous interconnection agreements between CLPs and BellSouth over the last five years. The Commission has also conducted generic proceedings concerning unbundled network element (UNE) costs and rates, physical collocation, and performance measurements/enforcement mechanisms. The following is a summary of the key proceedings undertaken by this Commission.

## **INTERCONNECTION ARBITRATIONS**

### **Docket No. P-140, Sub 50: Petition of AT&T Communications of the Southern States, Inc., (AT&T) for Arbitration of Interconnection with BellSouth Telecommunications, Inc.**

By Order issued December 23, 1996, the Commission addressed some 31 issues. Important issues included identifying services provided by BellSouth that should be excluded from resale; terms and conditions to be applied to the resale of BellSouth services; standards for performance metrics, service restoration, and quality assurance related to services provided by BellSouth for resale and for network elements provided to AT&T by BellSouth; the development of real-time and interactive access via electronic interfaces for UNEs as requested by AT&T to perform preordering, ordering, provisioning, maintenance/repair, and billing functions; providing access for AT&T to BellSouth's directory assistance database; identifying what should be considered to be network elements, capabilities, or functions and, if so, whether it is technically feasible for BellSouth to provide these elements to CLPs; whether AT&T should be allowed to combine UNEs in any manner it chooses; BellSouth must make its rights-of-way, poles, ducts, and conduits available to AT&T on terms and conditions equal to that which it provides itself; number portability solutions; and interim rates for UNEs. On April 11, 1997, the Commission ruled on objections filed by both parties and approved the Composite Agreement submitted by BellSouth and AT&T subject to certain modifications. The final interconnection agreement between BellSouth and AT&T was submitted to the Commission on April 28, 1997, and approved on May 12, 1997, to be effective as of April 28, 1997.

### **Docket No. P-141, Sub 29: Petition of MCI Telecommunications Corp. (MCI) for Arbitration of Interconnection with BellSouth Telecommunications, Inc., Pursuant to Section 252(b) of the Telecommunications Act of 1996**

A second major arbitration Order was also issued on December 23, 1996. In this Order, the Commission addressed some 34 issues. Important issues included identifying services provided by BellSouth that should be excluded from resale; terms and conditions to be applied to the resale of BellSouth services; standards for performance metrics, service restoration, and quality assurance related to services provided by BellSouth for resale and for network elements provided to MCI by BellSouth; the development of real-time and interactive access via electronic interfaces for UNEs as requested by MCI to perform pre-ordering, ordering, provisioning, maintenance/repair, and billing functions;

providing access for MCI to BellSouth's directory assistance database; identifying what should be considered to be network elements, capabilities, or functions and, if so, whether it is technically feasible for BellSouth to provide these elements to MCI; whether MCI should be allowed to combine UNEs in any manner it chooses; whether BellSouth must make its rights-of-way, poles, ducts, and conduits available to MCI on terms and conditions equal to that which it provides itself; number portability solutions; and interim rates for UNEs. On April 11, 1997, the Commission ruled on objections filed by both parties and approved the Composite Agreement submitted by BellSouth and MCI subject to certain modifications. The interconnection agreement between BellSouth and MCI was submitted to the Commission on April 28, 1997, and was approved on May 12, 1997, to be effective as of April 28, 1997.

**Docket No. P-294, Sub 8: Petition of Sprint Communications Company L.P. (Sprint) for Arbitration with BellSouth Telecommunications, Inc., Pursuant to Section 252(b) of the Telecommunications Act of 1996**

On April 7, 1997, the Commission issued an Order addressing five issues: authorization for the provision of customer account information to Sprint; how misdirected calls are to be handled by BellSouth; how many points of interconnection are appropriate and where they should be located; trunking requirements; and most favored nation provisions. BellSouth objected to the conclusion regarding the proper interpretation of the most favored nation provision. Sprint objected to the conclusion regarding the requirement that CLPs obtain written or third-party verified authorization from customers in order to access relevant customer account information. By Order issued on July 2, 1997, the Commission affirmed its decision on both of these issues.

**Docket No. P-582, Sub 6: Petition by ICG Telecom Group, Inc., (ICG) for Arbitration of Interconnection Agreement with BellSouth Telecommunications, Inc., Pursuant to Section 252(b) of the Telecommunications Act of 1996**

Several issues presented by this petition were either transferred to generic dockets or resolved by the parties. On November 4, 1999, the Commission issued an Order addressing the 13 remaining issues. Important issues included the interim inter-carrier compensation plan for Internet Service Provider (ISP) traffic and the determination that ICG is entitled to reciprocal compensation at BellSouth's tandem interconnection rate. On December 6, 1999, BellSouth filed objections and a request for clarification and reconsideration of these two issues. The Commission affirmed its decision on these issues by Order issued March 1, 2000.

**Docket No. P-500, Sub 10: Petition for Arbitration of ITC^DeltaCom Communications, Inc., (ITC^DeltaCom) with BellSouth Telecommunications, Inc., Pursuant to the Telecommunications Act of 1996**

Several issues presented by this petition were either transferred to generic dockets or resolved by the parties. On April 20, 2000, the Commission issued an Order addressing the eight remaining issues. Among other things, the Order addressed the appropriate reciprocal compensation rate for local traffic and the appropriate compensation for ISP dial-up traffic. BellSouth filed objections and a request for reconsideration concerning the issue of reciprocal compensation at the tandem interconnection rate. By Order issued July 25, 2000, the Commission denied BellSouth's request for reconsideration of this issue and approved the Composite Agreement submitted by the parties on June 5, 2000.

**Docket No. P-472, Sub 15: Petition for Arbitration of the Interconnection Agreement Between BellSouth Telecommunications, Inc., and Time Warner Telecom of North Carolina, LP, (Time Warner) Pursuant to Section 252(b) of the Telecommunications Act of 1996**

This petition presented only one issue: whether reciprocal compensation should be paid for traffic to ISPs. By Order issued March 13, 2000, the Commission ordered the parties, as an interim inter-carrier compensation mechanism, to pay reciprocal compensation for dial-up calls to ISPs at the rates the parties have agreed upon for reciprocal compensation for local traffic, subject to true-up retroactive to the effective date of the interconnection agreement at such time as the Commission has ruled pursuant to future FCC consideration of this matter.

**Docket No. P-55, Sub 1178: Petition of BellSouth Telecommunications, Inc., For Arbitration of Interconnection Agreement with Intermedia Communications, Inc., (Intermedia) Pursuant to Section 252(b) of the Telecommunications Act of 1996**

This petition presented a number of issues that were either transferred to generic dockets, withdrawn, or resolved by the parties. On June 13, 2000, the Commission issued an Order addressing the remaining issues. Important issues included reciprocal compensation for ISP-bound traffic; reciprocal compensation at tandem interconnection rates; rates for interoffice transport; the definition of switched access traffic; and reciprocal compensation for frame relay traffic. BellSouth filed an objection and request for reconsideration of the decision that reciprocal compensation should be at BellSouth's

tandem interconnection rate. By Order issued September 7, 2000, the Commission denied BellSouth's request for reconsideration, and by Order issued November 8, 2000, the Commission approved the Composite Agreement submitted by the parties on October 16, 2000.

**Docket No. P-474, Sub 10: Petition of MCImetro Access Transmission Services, LLC (MCI) for Arbitration of Certain Terms and Conditions of Proposed Agreement with BellSouth Telecommunications, Inc., Concerning Interconnection and Resale Under the Telecommunications Act of 1996**

This petition presented more than 100 issues. The parties reached agreement on a number of the issues, and others were transferred to generic dockets. On April 3, 2001, the Commission issued an Order addressing the 33 remaining issues. Important issues included point of interconnection; virtual NXX; applicability of tandem interconnection rates; and whether Operator Services/Directory Assistance (OS/DA) should be offered as a UNE. By Order issued August 2, 2001, the Commission ruled on objections of the parties and required the filing of a composite agreement. The required agreement was filed on October 1, 2001, and approved by Order issued October 24, 2001.

**Docket No. P-140, Sub 73: Arbitration of the Interconnection Agreement Between AT&T Communications of the Southern States, Inc., and TCG of the Carolinas, Inc. (TCG) and BellSouth Telecommunications, Inc., Pursuant to the Telecommunications Act of 1996**

This petition presented a number of issues that were either transferred to generic dockets, withdrawn, or resolved by the parties. On March 9, 2001, the Commission issued an Order addressing the ten remaining issues. Important issues included point of interconnection; applicability of tandem interconnection; referral of matters to the Change Control Process; and whether compulsory commercial arbitration language should be in the agreement. By Order issued June 19, 2001, the Commission ruled on objections and required the filing of a composite agreement. AT&T, TCG, and BellSouth filed a Composite Agreement on July 19, 2001, and the Composite Agreement was approved on August 21, 2001.

**Docket No. P-847, Sub 1: Petition for Arbitration of BlueStar Networks, Inc. (BlueStar) with BellSouth Telecommunications, Inc., Pursuant to the Telecommunications Act of 1996**

This petition presented eight issues, seven of which were transferred to generic dockets. The sole issue remaining to be addressed was whether a clause should be included in the interconnection agreement requiring commercial arbitration of disputes arising under the agreement. On September 11, 2000, the Commission issued an Order denying BlueStar's request that such a clause be included. By Order issued November 8, 2000, the Commission approved the Composite Agreement filed by the parties on October 26, 2000.

**Docket No. P-779, Sub 4: Petition by Level 3 Communications, LLC, (Level 3) for Arbitration of Certain Terms and Conditions of a Proposed Agreement with BellSouth Telecommunications, Inc.**

This petition presented eight issues, three of which were resolved by the parties. A hearing was held December 12, 2000, to address the five remaining issues: the definition of switched access traffic; symmetrical compensation; recurring and nonrecurring rates for interconnection trunks; reciprocal compensation for ISP traffic; and Virtual NXX. The parties subsequently settled these issues and filed an interconnection agreement on June 12, 2001. By Order issued July 13, 2001, the Commission approved the agreement effective as of the date it was filed.

**Docket No. P-294, Sub 23: Petition of Sprint Communications Company LP for Arbitration with BellSouth Telecommunications, Inc., Pursuant to Section 252(b) of the Telecommunications Act of 1996**

This petition presented 26 issues; some were transferred to generic dockets and others were resolved by the parties. On July 5, 2001, the Commission issued an Order addressing the remaining issues. By Order issued October 9, 2001, the Commission approved the Composite Agreement filed on August 30, 2001.

**Docket No. P-1032, Sub 2: Petition for Arbitration of IDS Telecom, LLC, (IDS) with BellSouth Telecommunications, Inc., Pursuant to Section 252(b) of the Telecommunications Act of 1934**

This petition presented nine issues: limitation of liability language; whether telemarketers should be allowed to use BellSouth's name to sell IDS's services; alternate dispute resolution; UNE combinations; line splitting; Enhanced Extended Loop (EEL) combinations; installments for billing; what constitutes a bona fide dispute over amounts owed by IDS, approval of advertising material; and the provisions for billing of Extended Area Service (EAS). A hearing was set for May 2, 2001, but was later postponed indefinitely upon motion by IDS. This case was later settled, and an Order Closing Docket was issued on March 4, 2002.

**Docket No. P-514, Sub 18: Petition of ALLTEL Communications, Inc., (ALLTEL) for Arbitration Pursuant to Section 252 of the Telecommunications Act of 1996 with BellSouth Telecommunications, Inc.**

This petition presented 19 issues. Major issues included the definition of parity; several directory publishing issues; limits on "pick and choose" provisions; effective date of most favored nation terms and conditions; service order coordination; intervals on multiple trouble tickets; and dark fiber intervals. Five issues were transferred to generic dockets, and the remaining issues were resolved by the parties without hearing. An interconnection agreement was filed with the Commission on January 18, 2002, and the agreement was approved on February 6, 2002.

**GENERIC PROCEEDINGS**

**Docket No. P-100, Sub 133d: General Proceeding to Determine Permanent Pricing for Unbundled Network Elements**

By Order issued September 26, 1997, the Commission consolidated the arbitration dockets involving AT&T, MCI, and Sprint and scheduled a hearing on the issue of permanent prices to replace interim prices offered or charged by the Incumbent Local Exchange Companies (ILECs). An evidentiary hearing was held in March 1998, and an Order adopting permanent UNE rates was issued on March 13, 2000.

By Order issued March 30, 2000, the Commission adopted procedural schedules to consider several issues, including geographical deaveraging of UNE rates. The Order

established a Phase I proceeding to consider geographical deaveraging and issues arising from the FCC's *UNE Remand and Line Sharing Orders*, and a Phase II proceeding to consider issues raised in arbitration proceedings and transferred to this docket and any new UNEs to be considered by the Commission as a result of the FCC's *UNE Remand Order*.

On March 15, 2001, the Commission issued a Recommended Order on geographical deaveraging. A Recommended Order on all other Phase I and Phase II issues was issued on June 7, 2001. Several parties filed exceptions to these Orders, and the Commission requested comments on the exceptions from all parties. An Order ruling on the exceptions to the geographical deaveraging Order was issued on August 7, 2001. In response to the Order, deaveraging proposals were refiled by BellSouth, Verizon, and Carolina/Central on September 6, 2001. Comments and reply comments were filed on those proposals. An *Order Addressing Exceptions Filed on Recommended Order Concerning All Phase I and Phase II Issues* was issued on December 31, 2001. On May 1, 2002, the Commission issued an *Order Adopting Final Permanent Phase I and Phase II UNE Rates* for BellSouth.

On October 26, 2001, ALLTEL Communications, Inc., filed a motion for the deaveraging of nonrecurring charges, and comments on that motion were filed by the parties on November 19, 2001. The Commission issued an *Order Finalizing Deaveraged UNE Rates and Denying ALLTEL's Motion to Deaverage Nonrecurring Rates* on December 11, 2001.

On April 19, 2002, the Commission issued an *Order Establishing Schedule for a New UNE Proceeding* pertaining exclusively to BellSouth.

#### **Docket No. P-100, Sub 133j: Generic Proceeding on the Provision of Collocation Space**

By Order issued September 1, 1999, the Commission instituted a generic proceeding on physical collocation and established a Task Force to attempt to collectively stipulate to and resolve as many specific collocation issues as possible. The Task Force filed three reports with the Commission. With its final report, the Task Force submitted an exhibit that identified 73 disputed issues between the CLPs and BellSouth and Verizon and issues transferred from arbitrations to be resolved by the Commission. The Commission conducted an evidentiary hearing in November 2000.

On August 14, 2001, the Commission solicited comments on the impact of the Order in which the FCC re-evaluated provisions of its collocation rules on remand from the United States Court of Appeals for the District of Columbia Circuit. In this Order, the FCC addressed issues relating to "necessary" equipment under Section 251(c)(6), cross-connections between collocators, and space allocation and access. Comments in the form of amendments to the parties proposed orders were filed on September 14, 2001.

The Commission issued its *Order Addressing Collocation Issues* on December 28, 2001. Motions for Reconsideration have been filed concerning this Order, and the Commission's ruling is pending. Also, the Parties have filed (1) Supplemental Briefs on certain unresolved collocation rates; and (2) Briefs on certain disputed language in the Standard Offering which will be addressed by further orders of the Commission.

**Docket No. P-100, Sub 133k: Generic Docket to Address Performance Measurements and Enforcement Mechanisms**

On November 4, 1999, the Commission established Docket No. P-100, Sub 133k, to address performance measures and enforcement mechanisms and to explore whether ILECs were providing CLPs nondiscriminatory access to OSS, as required by the Act. The Commission requested that the telecommunications industry, the Public Staff, the Attorney General, and any other interested parties form a Task Force on Performance Measures and Enforcement Mechanisms (Task Force) to address these issues. The Commission directed the Task Force to file a report by February 2, 2000, outlining the specific areas of agreement and disagreement.

On November 9, 1999, AT&T volunteered to act as the Task Force facilitator and to host an organizational meeting in Raleigh. The first two meetings were held in November and December 1999. The Task Force subsequently advised the Commission that it was unlikely to be able to produce specific conclusions or recommendations by the February 2, 2000, deadline, and requested extensions of time until March 3 and April 3, 2000. The Commission approved these requests.

Between April 3 and July 18, 2000, the Task Force requested, and the Commission granted, four additional extensions of time. Finally, on July 25, 2000, the Task Force filed its *Final Report* with the Commission. This Report chronicled the Task Force's efforts during the previous nine months and asked that the Commission

direct that BellSouth adopt a performance measures system, including retail analogs and benchmarks but with such modifications and additional measures (including such subsequent modifications as may be published by BellSouth while this proceeding is pending) as it may determine proper based on this Report, the testimony of the parties, and such other evidence as the Commission may consider appropriate.

The Report also presented BellSouth's proposed Service Quality Measures (SQM) plan and the CLPs' recommended changes and requested the Commission's specific advice on unresolved issues associated with data validation and auditing; data access and reporting; statistical analysis; enforcement mechanisms; and any other issue deemed important. Despite the Task Force's efforts, a large number of issues remained for the Commission to resolve.

On September 22, 2000, BellSouth filed a revised SQM, incorporating revisions to the SQM that was included as an exhibit to the Task Force's Final Report. On October 23, 2000, the CLP Coalition<sup>3</sup> filed comments and a list of additional issues related to the revised SQM submitted by BellSouth.

On February 22, 2001, BellSouth filed a new North Carolina SQM updated to partially conform to the Georgia Public Service Commission's January 12, 2001, Order in Docket No. 7892-U, and proposed a schedule for the remainder of the case. On February 28, 2001, the CLP Coalition responded to BellSouth's scheduling proposals, contending that BellSouth's expedited schedule would afford the CLPs inadequate time to compare the new North Carolina SQM with the previous North Carolina SQM and the Georgia SQM. On March 7, 2001, the Commission issued an Order approving the CLP Coalition's proposed procedural schedule, setting the hearing to begin on June 12, 2001.

An evidentiary hearing was held on June 12-14, 2001. On May 22, 2002, the Commission issued its *Order Concerning Performance Measurements and Enforcement Mechanisms*. On June 20, 2002, BellSouth filed a Motion for Reconsideration of the May 22, 2002 Order. Initial comments on the Motion for Reconsideration are due by July 10, 2002 and reply comments are due by July 24, 2002.

**Docket No. P-100, Sub 133m: Intercarrier Compensation for Internet Service Provider Traffic**

Prior to the FCC's February 26, 1999, declaratory ruling on ISP traffic, the Commission had consistently held that local exchange carriers (LEC) that are obligated through interconnection agreements with competitive local providers to pay compensation to competitive providers for terminating local calls were obligated to pay compensation for calls directed to internet service providers served by those competitive providers. In its declaratory ruling, the FCC held that ISP-bound traffic was "jurisdictionally mixed and largely interstate, and the reciprocal compensation obligations do not apply to this traffic." The Commission then instituted an interim intercarrier compensation mechanism applicable to "new interconnection agreements" — those entered into after the declaratory ruling — which would have the same rates as those for local traffic generally but would be subject to true-up at such time as the FCC issued its Order subsequent to the declaratory ruling and the Commission dealt with it.

In its *ISP Traffic Remand Order*, the FCC established on a prospective basis a transitional intercarrier compensation mechanism for the exchange of such traffic to be effective 30 days after publication in the Federal Register. In light of that Order, the Commission sought comments on whether the true-up feature of the interim intercarrier compensation mechanism adopted in recent arbitration proceedings was practicable and should be continued in force and other related questions.

On August 15, 2001, after receiving comments and reply comments, the Commission concluded that good cause existed not to enforce the true-up requirement on the grounds that such true-up would be impracticable in light of the FCC's *ISP Traffic Remand Order*.

Based on the foregoing, and a careful consideration of the entire record in this proceeding, the Commission makes the following

**FINDINGS OF FACT**

1. BellSouth is providing or generally offering interconnection in accordance with the requirements of Sections 251(c)(2) and 252(d)(1) and therefore is in compliance with Checklist Item 1.

2. BellSouth is providing or generally offering nondiscriminatory access to network elements in accordance with the requirements of Sections 251(c)(3) and 252(d)(1) and therefore is in compliance with Checklist Item 2.

3. BellSouth is providing or generally offering nondiscriminatory access to the poles, ducts, conduits, and rights of way owned or controlled by the Bell Operating Company at just and reasonable rates in accordance with the requirements of Section 224 and therefore is in compliance with Checklist Item 3.

4. BellSouth is providing or generally offering local loop transmission from the central office to the customer's premises, unbundled from local switching or other services and therefore is in compliance with Checklist Item 4.

5. BellSouth is providing or generally offering local transport from the trunk side of a wireline local exchange carrier switch unbundled from switching or other services and therefore is in compliance with Checklist Item 5.

6. BellSouth is providing or generally offering local switching unbundled from transport, local loop transmission, or other services and therefore is in compliance with Checklist Item 6.

7. BellSouth is providing or generally offering nondiscriminatory access to (a) 911 and E911 services, (b) directory assistance services to allow the other carrier's customers to obtain telephone numbers, and (c) operator call completion services and therefore is in compliance with Checklist Item 7.

8. BellSouth is providing or generally offering white pages directory listings for customers of the other carriers' telephone exchange service and therefore is in compliance with Checklist Item 8.

9. BellSouth is providing or generally offering nondiscriminatory access to telephone numbers for assignment to the other carrier's telephone exchange service customers and therefore is in compliance with Checklist Item 9.

10. BellSouth is providing or generally offering nondiscriminatory access to databases and associated signaling necessary for call routing and completion and therefore is in compliance with Checklist Item 10.

11. BellSouth is providing or generally offering number portability in compliance with the FCC's number portability regulations adopted pursuant to Section 251 and, therefore, is in compliance with Checklist Item 11.

12. BellSouth is providing or generally offering nondiscriminatory access to such services or information as are necessary to allow the requesting carrier to implement local dialing parity in accordance with the requirements of Section 251(b)(3) and therefore is in compliance with Checklist Item 12.

13. BellSouth is providing or generally offering reciprocal compensation arrangements in accordance with the requirements of Sections 251(c)(4) and 252(d)(3) and therefore is in compliance with Checklist Item 13.

14. BellSouth is providing or generally offering telecommunications services such that they are available for resale in accordance with the requirements of Section 251(c)(4) and Section 252(d)(3) and therefore is in compliance with Checklist Item 14.

15. BellSouth has interconnection agreements with one or more competing providers of telephone exchange service to residence and business subscribers offered either exclusively or predominantly over their own facilities and therefore meets the requirements of Section 271(c)(1)(A) of the Act.

16. Entry by BellSouth into the interLATA long distance market is consistent with the public interest, convenience, and necessity in accordance with Section 272(d)(3)(c) of the Act.

17. BellSouth's SGAT meets the requirements of the Act and is approved.

#### **Checklist Item 1**

**Issue: Is BellSouth providing or generally offering interconnection in accordance with the requirements of Sections 251(c)(2) and 252(d)(1)?**

#### **Overview**

Checklist Item 1 requires BellSouth to provide "[i]nterconnection in accordance with the requirements of sections 251(c)(2) and 252(d)(i)." <sup>4</sup> Section 251(c)(2) imposes upon BellSouth "[t]he duty to provide, for facilities and equipment of any requesting

telecommunications carrier, interconnection with the local exchange carrier's network. . . for the transmission and routing of telephone exchange service and exchange access." <sup>5</sup> The FCC has defined interconnection as the "physical linking of two networks for the mutual exchange of traffic." <sup>6</sup> Such interconnection must be: (1) provided at any technically feasible point within the carrier's network; (2) equal in quality to that provided by the incumbent to itself; and (3) provided on rates, terms, and conditions that are just, reasonable, and nondiscriminatory in accordance with the terms and conditions and the requirements of Sections 251 and 252. <sup>7</sup>

### **BellSouth Testimony**

#### **(a) Interconnection Trunking**

BellSouth asserts that it provides competing carriers with interconnecting trunking that is equal in quality to the interconnection BellSouth provides to its own retail operations and on terms and conditions that are just, reasonable, and nondiscriminatory. BellSouth's commercial usage data shows that as of February 28, 2001, it had completed the following: (1) provisioned 50,429 interconnecting trunks from CLPs' switches to BellSouth switches in North Carolina; (2) installed 409,933 trunks from CLPs' switches to BellSouth's switches in its nine-state region; and (3) provided 200,577 two-way trunks (including transit trunks) to 92 CLPs across its nine-state region. Additionally, BellSouth has provided 42,050 two-way trunks (including transit trunks) to 23 CLPs in North Carolina. As of April 2001, 26 CLPs in North Carolina have ordered and been provided trunk groups to BellSouth's local tandem switches. (Test. of Milner, Tr. Vol. 8, Pgs. 29-30)

BellSouth also asserts that it provisions, maintains, and repairs interconnection trunks for CLPs at a quality equal to that at which it provisions trunks for its own retail units. BellSouth designs its interconnection facilities to meet the same technical and service criteria that are used in its own network. Furthermore, BellSouth offers CLPs various options to route local/intraLATA toll traffic and transit traffic over separate trunks or over a single trunk group. BellSouth states that it follows the same installation process for CLPs' interconnection trunks as it does for its own, except for billing. BellSouth also uses the same trunk forecasting and servicing industry standards for CLP local and intraLATA toll trunk groups as it uses for its own trunks. BellSouth and the CLPs are jointly responsible for forecasting, monitoring, and servicing all two-way trunk groups between the two networks. BellSouth is responsible for forecasting, monitoring, and servicing the one-way trunk groups terminating to CLPs. CLPs are similarly responsible for the one-way trunk groups terminating to BellSouth. (Test. of Milner, Tr. Vol. 8, Pgs. 31-36)

BellSouth submits performance data on trunk blockage, trunk installation, and trunk maintenance and repair. According to BellSouth, this data shows that it consistently has met the approved standards for ordering, provisioning, maintenance, and repair for local interconnection trunks. (BellSouth Post-Hearing Matrix, Pg. 1) In April, May, June, July, and August 2001, BellSouth met 93%, 79%, 72%, 78%, and 67% of the applicable benchmark/analogues for all local interconnection trunking measures except Trunk Blocking (Supp. Varner Exhibit AJV-2, August Update, Pg. 5) In one submetric, BellSouth's Order Completion Interval (OCI) for CLP trunks (C.2.1) was not comparable to BellSouth's retail trunks in August, 2001. BellSouth explains that there were 17 orders for this submetric that month. The average OCI for the 17 CLP orders was 26.71 days compared to 13.45 days for the retail analogue. Of the 17 orders, however, 8 had CLP-requested due dates of 39 days or longer, skewing the results. With these exceptionally long intervals excluded, BellSouth maintains that it would have met the retail analogue. (Supp. Varner, Exhibit AJV-2, August Update, Pg. 6) With respect to the other key performance measures, BellSouth's data shows that it met or exceeded the applicable retail analogues for Percent Missed Installation Appointments, Percentage Provisioning Troubles Within 30 Days, and Missed Repair Appointments for interconnection trunks in June, July, and August, 2001.

As for Trunk Blockage, BellSouth presents actual trunk blockage by hour. (Supp. Varner Exhibit, AJV-2, August Update, Attach. 3D) The Analogue/Benchmark for the Trunk Group Performance measure is any consecutive two-hour period in 24 hours where CLP blockage exceeds BellSouth blockage by more than .05%. BellSouth met the approved benchmark for this measure in April, May, June, and July 2001. The August data indicates that CLPs experienced blockage higher than BellSouth for the two-hour period from 8:00 PM to 10:00 PM. One CLP experienced significant blocking during this time period, but the CLP itself caused the blockage. Thus, BellSouth insists that this blocking issue should have been excluded from the calculations in August. (Supp. Varner Exhibit, AJV-2, August Update, Pg. 9)

BellSouth explains that it has developed a new method of reporting trunk blockage data that is superior to the method it previously used because the new method accounts for the realistic experience of the customer and the responsibilities of the CLPs in *managing the trunk network*. To show how the former method was flawed, BellSouth uses the example of two trunk groups, one with one trunk in it and the other with 1,000 trunks in it. If the trunk group that had one trunk in it blocked and the trunk group that had 1,000 in it did not, the former method of reporting would seem to show that 50% of the customers'

calls were not getting through the network. However, realistically, the overwhelming majority of calls would be getting through over the 1,000 trunks. Therefore, BellSouth now categorizes the trunk groups as CLP-affecting or BellSouth-affecting, computes the call attempts and the blockages, and divides one by the other. BellSouth then compares the two. In other words, BellSouth looks at the number of calls and call blockages, as opposed to trunk groups. Where the two amounts differ by more than 0.5 percent in any consecutive two-hour period within 24 hours, then BellSouth is out of parity. (Test. of Milner, Tr. Vol. 8, Pgs. 196-197, 200)

BellSouth's present method of calculating the data also reflects that it depends upon the CLP's involvement in managing the trunk network. BellSouth states that CLPs frequently introduce many large customers onto the network without notifying BellSouth beforehand. BellSouth believes that it should not be faulted for failing to anticipate increased demand from the CLPs when the CLPs have not warned BellSouth. Finally, BellSouth asserts that it is powerless to augment the trunk groups alone when a CLP is unable or unwilling to augment the trunk group when the trunk group is overflowing. (Test. of Milner, Tr. Vol. 8, Pgs. 197-199)

**(b) Collocation**

BellSouth further asserts that it offers collocation on rates, terms, and conditions that are just, reasonable, and nondiscriminatory as evidenced by its legally binding interconnection agreements and its SGAT. (Test. of Cox, Tr. Vol. 2, Pg. 126; Gray Aff. ¶ 3) As of February 28, 2001, BellSouth had completed 728 physical collocation arrangements with over 40 different CLPs. Of these, 520 are cageless. Physical collocation has taken place in 78 of 144 central offices in North Carolina. Throughout BellSouth's nine-state region, there are 5,188 physical collocation arrangements in place for CLPs. Of these, 3,558 are cageless physical collocation arrangements. Finally, as of February 28, 2001, 324 physical collocation arrangements were in progress. (Test. of Milner, Tr. Vol. 8, Pg. 39)

BellSouth also asserts that it is provisioning collocation in a timely and accurate manner. BellSouth presently complies with the FCC default intervals established in the FCC's *New York Order*. In other words, BellSouth will complete construction of physical collocation space in North Carolina within 76 business days from receipt of the application for ordinary conditions and 91 days from receipt of an application in extraordinary conditions. BellSouth further agrees, however, to comply with the final intervals set by this Commission in its upcoming decision in the generic collocation docket. (Test. of Milner,

Tr. Vol. 8, Pg. 40) Despite the lack of established provisioning intervals for virtual collocation by this Commission or the FCC, BellSouth will provide virtual collocation in 50 days in ordinary circumstances, 75 days in extraordinary circumstances. (Test. of Milner, Tr. Vol. 8, Pg. 41)

BellSouth offers physical collocation where sufficient space exists in Central Offices, Serving Wire Centers, and at Remote Sites. Moreover, BellSouth offers the following types of collocation: caged, shared (including shared cages), cageless, and adjacent, all at the CLP's option. (Gray Aff., ¶ 13) Where physical space at a particular premises has been exhausted, BellSouth offers adjacent collocation. (Id. at ¶ 20) Upon request of a CLP, or when space is not available for physical collocation, BellSouth offers virtual collocation in accordance with the existing BellSouth Tariff FCC Number 1, Section 20, Virtual Expanded Interconnection Service. (Test. of Milner, Tr. Vol. 8, Pg. 40; Gray Aff., ¶ 36) BellSouth notes that it and the other CLPs and ILECs in North Carolina comprise a Task Force that is discussing virtual collocation pursuant to an order of this Commission. (Gray Aff., ¶¶ 4, 36) As of February 28, 2001, 55 virtual collocation arrangements were in service at 35 different BellSouth central offices in North Carolina; six virtual collocation arrangements were in process. (Test. of Milner, Tr. Vol. 8, Pg. 41)

BellSouth also responds to the new rulings in the FCC's *Collocation Remand Order* which requires ILECs to modify their provisioning of collocation to CLPs. BellSouth asserts that it is in compliance with the FCC's new rules. First, BellSouth allows the physical collocation of equipment that is necessary for interconnection. Equipment is necessary for interconnection if an inability to deploy that equipment would, as a practical, economic, or operational matter, preclude the requesting carrier from obtaining interconnection or access to UNEs. BellSouth states that it will allow the placement of switching equipment, including remote switching modules, in physical collocation space. Furthermore, BellSouth will allow the collocation of multifunctional equipment if it is consistent with the FCC's necessary standard -- that is, the primary purpose and function of the equipment, as the requesting carrier seeks to deploy it, is to provide the requesting carrier with "equal in quality" interconnection or "nondiscriminatory access" to UNEs. BellSouth will also permit cross-connects between collocated CLPs upon a reasonable request. Finally, BellSouth will assign and configure collocation space in accordance with the revised FCC rules. BellSouth offers and assigns collocation space on a first come, first served basis. (Test. of Gray, Tr. Vol. 7, Pgs. 293-94)

**(c) Technically Feasible Point(s) of Interconnection**

BellSouth asserts that it further satisfies Checklist Item 1 by providing the following five means by which CLPs can interconnect their networks to BellSouth's: (1) physical collocation; (2) virtual collocation; (3) assembly point arrangements; (4) fiber optic meet arrangements; and (5) interconnection via purchase of facilities from some other party. That interconnection is available at the following points: line-side of the local end office switch, trunk-side of the local end office switch, trunk-connection points for local end office and tandem switches; central office cross-connect points, out-of-band signal transfer points, and the points of access to UNEs. CLPs have the option to interconnect at only one technically feasible point in each LATA. BellSouth makes dual entry facilities available to CLPs where appropriate. Moreover, a CLP may make a Bona Fide Request to use another interconnection point when it is determined to be technically feasible. (Test. of Milner, Tr. Vol. 8, Pgs. 26-27)

BellSouth Multiple Tandem Access provides for LATA-wide BellSouth transport and termination of CLP-originated local and BellSouth transported intraLATA traffic by establishing a Point of Interconnection at a BellSouth access tandem with routing through multiple BellSouth access tandems as required. (Test. of Milner, Tr. Vol. 8, Pgs. 27-28)

**(d) Pricing of Interconnection**

BellSouth also asserts that it provides CLPs with access to interconnection and UNEs in accordance with Section 252(d)(1), which requires that the rates for interconnection and network elements be based on cost and may include a reasonable profit. This Commission, in the several phases of Docket No. P-100, Sub 133d, and in the collocation generic docket, Docket No. P-100, Sub 133j, has scrutinized BellSouth's cost studies that support the current UNE rates in North Carolina. The Commission has concluded that BellSouth's methodology and models were consistent with the FCC's total element long-run incremental cost (TELRIC) principles and the Act. The cost studies filed by BellSouth in this proceeding are based on the same previously approved methodology. (Test. of Caldwell, Tr. Vol. 3, Pgs. 112-120)

BellSouth acceded during the hearing that it would be willing to adopt the same seven or ten day winback policy for North Carolina customers that it has been ordered to adopt in other states. (Cross-examination of Cox, Tr. Vol. 2, Pg. 321)