

July 5, 2002

SENT VIA FASIMILE AND U.S. MAIL

Mr. Ken Ainsworth
Director- BellSouth
675 W. Peachtree Street, NE
Atlanta, GA 30375

Re: Continuing Failures in the UCL-ND Loop Provisioning Process

Dear Ken:

BellSouth's continuing failure to properly provision and maintain the UCL-ND loops has had an extremely detrimental effect on Covad and its customers.

As you know, BellSouth created the UCL-ND loop in response to the concerns of Covad and various state commissions regarding BellSouth's expensive and unnecessary design services on DSL capable loops. Unfortunately, BellSouth has proven incapable of properly provisioning this loop in accordance with its own processes and its Interconnection Agreement (IA) with Covad. As a result, the UCL-ND loop has cost Covad far more in trouble ticket charges, man-hours and personnel frustration than any purported cost savings. BellSouth has left Covad with no choice but to stop ordering the UCL-ND loop type until BellSouth proves it will take responsibility for this loop. Please understand that Covad has no intention of paying designed loop charges for stand-alone copper loops in excess of the charge for the UCL-ND. Covad should not be penalized for BellSouth's failure to deliver what BellSouth is contractually obligated to deliver.

I. History of Problems Unresolved

Despite Covad's best efforts to make this loop work, BellSouth has failed to take responsibility for successfully provisioning this loop. We have written numerous letters requesting investigation and improvement in these processes, but more than a year after the UCL-ND was introduced, Covad still cannot consistently order and receive a timely, functional loop.

Covad first problem with the UCL-ND was BellSouth's failure to provide accurate ordering information. Covad raised this issue as early as September 2001, but it took months for BellSouth to correct the ordering information and provide training to its employees. In October 2001, after Covad began trialing the UCL-ND, Covad discovered numerous, serious problems with BellSouth's performance on this loop. These were chronicles in a letter to BellSouth dated

October 31, 2001. The problems encountered included clarification on procedures for providing demarcation (demarc) information, field technician and Central Office training issues that included confusion among BellSouth employees regarding the loop type and testing issues, Central Office work not completed, and errors in the LCSC processing these orders. In December, BellSouth responded that these issues had been resolved and training of BellSouth employees on this new loop product was complete.

Nonetheless, BellSouth's performance continued to worsen on these loop. As you know, Covad raised this issue with you directly on February 19, 2002 and gained your commitment to work on this issue with us. According to our data shared with BellSouth, of 50 UCL-ND orders in January 2002, BellSouth failed to properly provision more 38 of those orders. After investigating, BellSouth admitted that of the 30 orders it believed were timely delivered, BellSouth had failed to follow process and notify Covad that the order was closed on 7 orders. BellSouth further admitted that 10 of the 50 orders were nonfunctional at turn-up. Thus, BellSouth's own data showed that more than 17 out of 50 orders were improperly provisioned. Irrespective of which set of data is used, serious process and provisioning problems clearly existed with this loop. BellSouth indicated that many of these issues were training issues and that it had already closed the gap to resolve problems. Unfortunately, these efforts have failed.

Although BellSouth designated Tommy Holt of your staff to this effort, we continue to experience an unsustainable level of problems and disruptions. While Tommy Holt has been of assistance with daily escalations on the UCL-ND, the findings reveal continued training issues that impact our delivery of service to customers. An analysis of April data reveals that 43% of our orders that require trouble tickets, require more than one trouble ticket to resolve the problem. Moreover, even excluding BellSouth's failure to provide demarcation point information, 9% of Covad UCL-ND orders cannot be turned up on dispatch because of BellSouth loop issues. Clearly, joint testing is necessary for BellSouth to successfully deliver a working loop, and that testing is necessary before closing a trouble ticket to insure that multiple tickets are not required to resolve a single problem.

Covad has made repeated efforts to resolve these issues in operations calls, through direct escalations and through executive level escalations. No one at BellSouth seems to be the owner of the successfully provisioning of this product. Until some one at BellSouth can be accountable for this loop, Covad simply cannot waste time and money ordering it.

II. Demarcation Point Information

In addition to its provisioning problems and despite Covad's continuous efforts to resolve this issue, BellSouth is still refusing to provide demarcation point information in accordance with the IA. Since Covad orders these UCL-ND loops for business customers, the loops are often to office building that may have multiple phone closets and thousands of lines. Demarcation point information enables Covad's technicians to learn where BellSouth has dropped the loop, so that Covad can perform the remaining work to get a customer into service. Without demarcation point information, Covad technicians are forced to play blind man's bluff, searching basements, multiple phone closets and attempting to find the proverbial needle in a haystack. Covad and BellSouth clearly understood the importance of transferring this information from BellSouth to

Covad, and that's why we agreed to put the following language in our Interconnection Agreement.

Where a technician is dispatched to provision a loop, the BellSouth technician shall tag a circuit for identification purposes. Where a technician is not dispatched by BellSouth, BellSouth will provide sufficient information to Covad to enable Covad to locate the circuit being provisioned.

(Attachment 2, § 2.1.17.9.3). Thus, irrespective of whether BellSouth dispatches a technician, BellSouth is obligated to provide information to Covad sufficient to allow Covad to locate the circuit being provisioned. A 2002 year-to-date analysis of UCL-ND orders by Covad uncovered that 45% of all orders without DMARC required a trouble ticket. This means that Covad's has incurred the cost of its technician going to the customer premise and searching for the loop, but then must open a trouble ticket when Covad cannot find it.

When this problem first arose, BellSouth suggested that Covad order joint acceptance testing on these loops for the purpose of obtaining demarcation point information. As an interim measure designed to get our customers into service, Covad was willing to do this while BellSouth devised a permanent solution. However, this adds another \$50-\$100 to the Covad loop price and we will no longer pay an extra fee to get BellSouth to meet its pre-existing contractual obligations. In April, Covad wrote to BellSouth informing BellSouth that we would be opening trouble tickets in advance of the Covad truck to obtain demarcation point information where BellSouth did not provide it. I also spoke personally with Eddie Owens of your staff informing him of this process and asking to work through a better solution for both companies. We've received no response to either of those requests. However, BellSouth CWINS is now refusing to open a trouble ticket to obtain demarcation point information. Again, this unilateral action on BellSouth part directly violates its contractual obligations and further fails to even attempt to develop a workable solution to this operational problem. Without demarcation point information, Covad cannot afford to risk a truck roll. Since we can no longer obtain that information by opening a trouble ticket, we cannot order the UCL-ND.

III. Failure to Perform Joint Acceptance testing on Troubles

As I mentioned, Covad data shows that 45% of our UCL-ND orders had trouble tickets and of those orders requiring trouble tickets, 43% had multiple tickets. This clearly indicates BellSouth's failure to properly address troubles on these loops in the first instance. As a result of this egregious track record, Covad asked BellSouth to participate in Joint Acceptance Testing before closing trouble tickets. BellSouth refused. BellSouth's performance illustrates why such testing is essential. Otherwise, Covad is trapped in a cycle of trouble ticket opening and closing without the problem being resolved.

IV. Looking Ahead

In summary, Covad has done everything in its power to help BellSouth overcome its process failures with the UCL-ND loop. We have repeatedly altered our processes in an effort to work-around process gaps, yet BellSouth has made no changes to its own process that would

allow BellSouth to deliver basic loop information as required by the IA. Covad had made every effort to resolve this on a business basis, but it appears that our only recourse is to order the higher rated design loop and dispute those bills until BellSouth has corrected its provisioning problems with the UCL-ND loop. We will begin that process immediately.

Because we are committed to working through these problems, we will continue to order UCL-ND on a limited basis in Florida only, under the following conditions: (1) BellSouth designate an escalation chain designed to immediately identify and resolve ordering and provisioning problems, (although Tommy Holt attempts to help, he has been unable to achieve systemic resolution of problems needed); (2) BellSouth agrees to Joint Acceptance Testing on trouble tickets on UCL-ND loops until BellSouth proves that it can resolve troubles successfully the first time; and (3) BellSouth develops a method for providing demarcation point information on Quick Serve orders. After BellSouth proves it can provision this loop in accordance with our IA, Covad will resume orders across the region.

As always, our desire is to work toward solutions that enable both Covad and BellSouth to be successful. We look forward to your solutions on how you will correct these issues immediately.

Sincerely,

Catherine Boone
VP, External Affairs

cc: James M. Schenk
Ernest Bush
FCC 271 Enforcement Task Force