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December 16, 2002

EX PARTE

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
The Portals  
445 12<sup>th</sup> St. SW  
Washington, D.C. 20554

Re: WC Docket 02-307 #2

Dear Ms. Dortch:

This is to inform you that on December 16, 2002, I spoke by telephone with Dan Gonzalez of Commissioner Martin's office to discuss issues raised by commenters in the above-referenced proceeding. The purpose of this call was to respond to a question from Mr. Gonzalez concerning the status of the billing dispute between BellSouth and KMC which has been raised by KMC in its comments and ex partes in this proceeding. During this call, we also discussed AT&T's ex parte of December 10, 2002. I pointed out to Mr. Gonzalez that AT&T had omitted any reference to the lower-priced SL1 Hot Cut rates for each of the BellSouth states listed in the attachment. Such omission makes impossible an apples-to-apples comparison of the sort suggested by AT&T's ex parte.

In accordance with Commission rules, I am filing copies of this notice and attachments and request that they be included in the record of the proceeding identified above.

Sincerely,



Glenn T. Reynolds

cc: Dan Gonzalez  
Christine Newcomb  
Tamara Preiss  
Jeff Dygert  
Josh Swift  
Susan Pie  
James Davis-Smith

**FPSC-ESTABLISHED RATE FOR SL2 LOOP CONVERSIONS WITH TIME-SPECIFIC ORDER COORDINATION**

- The \$160 rate AT&T highlights is not a general hot cut rate, but rather the nonrecurring rate for conversion of a single designed (SL2) loop with time-specific order coordination. About \$135 of that is the nonrecurring charge for the SL2 loop. Most of the rest is a per order (not per loop) conversion charge.
- Only 16 of the approximately 4700 new SL/SL2 loops in Florida in August were of this variety.
- For comparison, the nonrecurring cost for an SL1 (non-designed) loop without order coordination costs \$51.09 in Florida.
- AT&T's current UNE-P customers in Florida are served over the equivalent of an SL1 loop. Since AT&T already knows that service is being provided adequately to these customers, it is unclear why AT&T would need an SL2 loop to convert them to UNE-L.
- The higher price for the conversion of the designed SL2 loop with time-specific order coordination reflects real work that must be done. Designed loops require full design layout records and the installation of test points, among other things. These additional features give CLECs that chose them advantages, however. For instance, there are significantly shorter maintenance times for designed loops (approximately 4.5 hours as opposed to 12). See Oct. 25 Ex parte. Additional labor costs are also incurred in providing time-specific order coordination.
- BellSouth fully supported these costs in studies provided to the FPSC. They are also discussed in the Caldwell Reply Affidavit.
- Indeed, BellSouth's studies supported a nonrecurring rate of more than \$200 for this particular kind of loop, but the FPSC cut the rate substantially.
- Before the FPSC, AT&T's argument that even this substantially reduced rate was too high was based on an extreme and unreasonable set of assumptions. As explained in detail in the Caldwell Reply Affidavit, AT&T's witness assumed the automation of manual processes even though that automation apparently does not exist in any ILEC network.
- The Florida PSC reasonably accounted for the record evidence on this point. It stressed that "[i]n his review and critique of BellSouth's cost studies [AT&T] witness King essentially assumed, e.g., the existence of a fully automated ordering system which could identify all errors on an electronically submitted local service request (LSR) and resubmit it to [a CLEC]. However, he subsequently admitted that he was unaware if such a system had actually been implemented anywhere." *FPSC UNE Rate Order* at 332. The FPSC did not

believe that such a system was “reasonably achievable,” and thus declined to adopt Mr. King’s proposals. The FPSC reasonably resolved this fact-intensive issue and decided not to adopt AT&T’s proposals in full.

- Additionally, although AT&T has relied in this proceeding on comparisons to rates in states outside of BellSouth’s region, this Commission has rejected the argument that comparison of nonrecurring rates between states, especially to non-BellSouth states, is significant here. *See Five State Order* ¶ 125; *New Jersey Order* ¶ 70 n.193. In any event, if a comparison were relevant, the Florida rate is lower than the one in Kentucky, where BellSouth has received section 271 approval.
- BellSouth consistently meets hot cut submetrics in Florida. Between May and July 2002, BellSouth met or exceeded every benchmark for each of the hot-cut submetrics. BellSouth provisioned 99.9% of scheduled conversions on time during this three-month time period. BellSouth also performed these cutovers with less than 1% of service outages each month.