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EX PARTE

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Re: *Pre-Subscribed Interexchange Carrier Charges*,
CC Docket No. 02-53, FCC 05-32

Dear Ms. Dortch:

BellSouth respectfully submits this letter to describe the efforts necessary to implement the Commission's Report and Order, *In the Matter of Pre-Subscribed Interexchange Carrier Charges*, CC Docket No. 02-53, FCC 05-32 (rel. Feb. 17, 2005) ("Order"), and to explain why BellSouth is unable to complete these efforts by April 29, 2005 as the Order currently requires.

The Order represents a significant modification to the charges applicable to a change to an end user's pre-subscribed interexchange carrier ("PIC"). Today, the same charge is assessed regardless of whether the PIC change is submitted electronically or manually, and, thus, BellSouth's Operation Support Systems ("OSS") are currently unable to distinguish between electronically and manually submitted PIC change requests. However, because the Order requires Incumbent Local Exchange Carriers ("ILECs") to assess different charges depending upon whether the PIC change request was submitted electronically or manually and whether it is processed simultaneously with a request to change the end user's pre-subscribed intraLATA primary interexchange carrier ("LPIC"), BellSouth must now modify its OSS to recognize electronic versus manual PIC change requests. Those modifications will be extensive and time-consuming and will require at least eight (8) months, if not longer, to complete.

From a systems standpoint, considerable work effort is required before any changes to BellSouth's OSS can be made. First, BellSouth must identify all systems and departments – both wholesale and retail – that are impacted by the Order. BellSouth is still in the process of completing this effort, although it has already identified the primary OSS involved -- namely, the Customer Records Information System ("CRIS"), the Carrier Access Billing System ("CABS"), and BellSouth's Customer Account Record Exchange ("CARE") interface.

Second, BellSouth must identify and define with particularity each term for which system requirements must be written. For example, before implementing the requirement in the Order "to adopt separate PIC change charges for changes that are processed electronically and manually" (§ 1), BellSouth must determine what specifically constitutes PIC change requests that are "electronically processed" versus those that are "manually processed." These terms must then be defined in order for system requirements to be written.

Third, before making any system changes, BellSouth must identify and define each scenario by which PIC change requests may be processed. BellSouth processes PIC changes through a variety of different mediums, depending upon whether the PIC change is submitted by the end-user customer or a carrier. For example, carriers can submit PIC changes via the Internet. Other options for carriers submitting PIC change requests include, but are not limited to: CONNECT:Direct™ Data Transmission software, which is a sophisticated bulk transfer system that can handle large volumes of PIC change requests; magnetic tape, which involves cartridge tapes and the use of an outside vendor; and Manual Subscriber Order Lists, which is a paper process utilized by smaller carriers and those that have not selected a permanent mechanized access medium. For PIC changes initiated by end users, they are handled via direct contact with the customer by various business offices within BellSouth. Each medium or point of contact must be identified and defined before any system changes can be made.

Fourth, each of the requirements for the impacted systems, such as CABS, CRIS, and CARE, must be identified and defined. This process is both complex and time-consuming because two of the systems – CABS and CRIS – are the primary billing systems used by BellSouth, and changes to these systems can significantly impact the entire billing process. Furthermore, identifying and defining the requirements of the impacted systems is critical because it drives the scope of the system changes that will actually be implemented to ensure compliance with the Order.

Once these steps have been completed, BellSouth must prepare a written work request to submit to Accenture, which oversees the development and maintenance of BellSouth's OSS. Once the written work request is received and reviewed, Accenture will provide BellSouth with a feasibility estimate, which will specify the scope of the work to be performed and the cost involved. Historically, depending upon the scope of the project, it can take Accenture seven to ten days to return a feasibility estimate. Only after the feasibility estimate is returned is a work request actually targeted for release.

The time involved in targeting a work request to modify BellSouth's OSS can vary considerably. In general, the schedule for implementing OSS changes is set well in advance, and BellSouth establishes this schedule for changes that impact Competing Local Exchange Carriers ("CLECs") consistent with the requirements of BellSouth's Change Control Process ("CCP").

Releases are categorized as either "Major" or "Minor," depending upon the work involved. In general, there are two or three "Major" releases targeted each year, while "Minor" releases generally are targeted each month, except for those months in which a "Major" release is scheduled. Under the current release schedule, if Accenture were ready to target the work request today (which is not the case) and the work request was a "Minor" release item, the earliest available release date would be August 2005. The first available "Major" release is March 2006. However, until Accenture provides BellSouth with a feasibility estimate, it is impossible for BellSouth to know or predict with any reasonable degree of certainty whether the work involved in implementing the Order constitutes a "Major" or "Minor" release item or when the particular release will actually be targeted. And, of course, Accenture cannot provide a feasibility estimate until BellSouth completes the work efforts described above, which will take six to eight weeks at the earliest.

The time and effort involved in implementing a work request is considerable. For example, system requirements must be finalized, scoping analysis must be conducted, and the design phase of the project must be completed before coding changes can actually be made to BellSouth's OSS. These coding changes – referred to as the "construction" phase of a project – can take a considerable amount of time, depending upon the systems and complexity involved. Furthermore, before the coding changes are actually made, various databases must be updated and extensive system testing is conducted. Assuming the system tests are successful, bill verification is conducted and documentation and implementation guides are prepared. The final phase is actual implementation, which can occur anywhere from three to eight months after a work request has been targeted.

The system changes described above are not the only work that must be performed to implement the Order. For example, BellSouth has to design and prepare changes to the bills to reflect the four new charges mandated by the Order – electronically processed PIC change request; manually processed PIC change request; simultaneous PIC and LPIC change requests that are processed electronically; and simultaneous PIC and LPIC change requests that are processed manually. Although BellSouth has already begun this process, the bill design must be reviewed to ensure compliance with billing requirements in each of BellSouth's nine states.

Furthermore, BellSouth also must train thousands of customer service representatives who work in the various business offices that handle PIC change requests via direct customer contact from end users or carriers. These would include representatives working in the business offices serving Residence, Business, Equal Access end-user customers, and Wireless and Payphone Service Provider customers. This training effort will require the preparation and distribution of training materials so that BellSouth's customer service representatives will be able to assign correctly the applicable charges for manually processed PIC change requests and can answer customer questions about the new rate structure mandated by the Order.

BellSouth also must make changes to its systems and procedures to accommodate customer refunds. Customers are permitted to, and often do, submit slamming complaints and obtain PIC change charge refunds well after the fact. Under the current system, refunds are relatively easy to administer because there is a single PIC change charge. However, upon implementation of the Order, there will be four different charges that could apply depending upon whether the PIC change was processed electronically or manually and whether it was processed simultaneously with a LPIC change. BellSouth is currently investigating the extent to which its billing systems must be modified to track when a customer's PIC was altered as well as its record retention methods and procedures, so that the appropriate refund can be provided if and when it is requested.

BellSouth also must implement numerous regulatory changes as well. In particular, because the Order specifies a methodology for establishing the rate for an LPIC change request when it is processed simultaneously with a PIC change request, BellSouth must modify applicable tariffs in each of its nine states. Once tariff revisions have been prepared, each tariff would be subject to notice requirements, the length of which will depend upon whether the new rate set forth in the tariff represents an increase or decrease in the applicable LPIC change charge. Furthermore, all such tariff revisions are subject to investigation and suspension by each of the state public service commissions in BellSouth's nine-state region, which could conceivably delay implementation of the Order.

In addition to the system and other changes mandated by the Order, BellSouth must prepare and file a revised cost study, and doing so will require more than thirty (30) days. In particular, the Order directs BellSouth to revise its cost study by removing costs associated with: (i) administering PIC freeze services (Order ¶ 12); and (ii) third-party verification procedures (Order ¶ 13). Although the removal of such costs is a relatively straightforward proposition, BellSouth's revised cost study must also separate mechanized and manual changes and also will include the costs associated with implementing the Order, which have yet to be determined and will take some time to calculate. At the same time, because the Commission has required BellSouth to file a revised cost study, that study should be updated to use current data and to reflect current systems and procedures used in processing manual and electronic PIC changes. For example, the demand figures included in BellSouth's original cost study are outdated, and several of the systems and procedures reflected in that original study are no longer in use. To the extent BellSouth's charges for PIC change requests are to be based on BellSouth's costs, they should be determined using an updated cost study that includes the most current cost information available. Completing a cost study of the type involved here would take at least six (6) to eight (8) months.

Implementation of the Order is further complicated by the fact that the Order contains conflicting language concerning the treatment of the rates that carriers such as BellSouth should charge when a customer requests a PIC change simultaneously with an LPIC change request. On the one hand, the Order requires carriers such as BellSouth "that have filed cost information demonstrating costs below [the Commission's] safe harbors must adjust their PIC change charges based on their actual costs and cannot avail themselves of the safe harbors." Order ¶ 1, n.4. On the other hand, the Order also requires that carriers "amend their federal tariffs to

include a rate that is 50 percent of the manual PIC change charge rate, and another rate that is 50 percent of the electronic PIC change charge rate” that would apply when a customer submits PIC and LPIC change requests simultaneously. Order ¶ 21.

The dilemma for BellSouth is that BellSouth’s actual costs for handling manual PIC and LPIC change requests simultaneously are not reduced by 50 percent, as the Order seems to suggest. For electronic PIC and LPIC change requests that are processed simultaneously, BellSouth systems have to separate the two orders and process them separately so there are no cost savings in performing simultaneous mechanized PIC and LPIC changes.

Consequently, for the rates that would apply when PIC and LPIC change requests are submitted simultaneously, BellSouth can either file tariffs based on actual costs as determined by its cost studies or file tariffs that artificially reduce BellSouth’s actual costs by 50%. However, BellSouth cannot do both, as reading the Order literally would appear to require. Although BellSouth intends to seek clarification of this issue, absent such clarification, it is not clear what rates should appear in the tariffs BellSouth is supposed to file in order to meet the Commission’s thirty (30) day deadline.

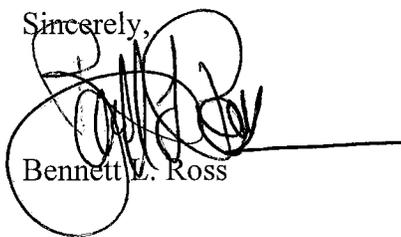
Based on the foregoing, it is simply impossible for BellSouth to implement the Order within the thirty (30) day period currently provided. In BellSouth’s view, completion of the tasks described above will take at least eight (8) months, possibly longer.

Under these circumstances, the Commission should defer the effective date of the Order to provide ILECs with the adequate amount of time to come into compliance. The Commission has routinely granted similar requests in the past. *See* Order on Reconsideration, *Children’s Television Obligations of Digital Television Broadcasters*, 20 FCC Rcd 2055, 2056 ¶¶ 2-3 (2005) (“*Children’s TV Recon. Order*”) (deferring, on its own motion, the effective date of new rules relating to children’s programming until January 1, 2006, thus providing “broadcasters and cable operators more time to review and make any necessary changes to their programs or websites to comply with these new requirements”); Order, *Telephone Number Portability*, 19 FCC Rcd 875, 877 ¶ 7 (2004) (extending by six months the wireline-to-wireless porting rule as to certain small LECs, finding “good cause” in the “technological and operational limitations [the carriers] face in implementing the necessary modifications to provide wireline-to-wireless porting”). For example, in its Order, *Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities*, 17 FCC Rcd 157 (2001), the Commission granted a two-year extension of the implementation date for certain Video Relay Services (“VRS”) rules, finding that some providers “have not yet set up billing mechanisms for long distance VRS calls using operator assistance,” *id.* at 161, ¶ 10, that “VRS providers need to develop and utilize an emergency call-handling database, as well as time to adjust to new and developing VRS technologies to effectively handle VRS emergency calls,” *id.* at 162, ¶ 13, and that “[t]wo years should provide carriers with enough time to develop, test, and implement a technical solution” to the problem of handing off VRS calls to IXC’s of the customer’s choice, *id.* at 163, ¶ 18.

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As these cases demonstrate, the Commission has taken into account the technical difficulties associated with the implementation of new rules by businesses that rely upon complex systems. It should do the same here. As detailed above, the Order requires substantial system tasks, training of employees, modification of state tariffs, and revised cost studies, which render compliance with the Order by April 29, 2005, not merely "difficult," *Children's TV Recon. Order*, 20 FCC Rcd at 2055, ¶ 2, but impossible. Accordingly, as it has done in the past, the Commission should delay the effective date of the Order to provide ILECs the necessary time to comply.

Please include a copy of this letter in the record in the above-referenced proceedings. Thank you for your attention to this matter.

Sincerely,

Bennett L. Ross

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