BellSouth Telecommunications, Inc.
333 Commerce Street, Suite 2101
Nashville, TN 37201-3300

guy.hicks@bellsouth.com

Guy M. Hicks
General Counsel

615 214 6301
Fax 615 214 7406

July 30, 2001

VIA HAND DELIVERY

David Waddell, Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37238

Re: *BellSouth Telecommunications, Inc.'s Entry Into Long Distance (InterLATA) Service in Tennessee Pursuant to Section 271 of the Telecommunications Act of 1996*
Docket No. 97-00309

Dear Mr. Waddell:

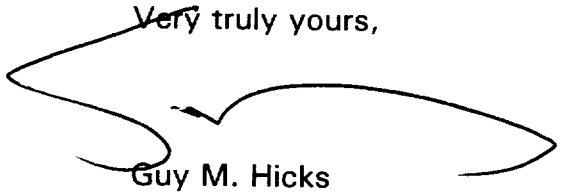
Enclosed are the original, four paper copies, and an electronic version of BellSouth's 271 filing.

The affidavit of Mr. Douglas E. Schaller contains proprietary CLEC-specific information. This proprietary affidavit is being filed with the Authority under separate cover subject to the terms of the Protective Order entered in this proceeding. Based on BellSouth's understanding that certain CLECs object to BellSouth providing this information to other CLECs, even subject to the terms of a protective order, the proprietary version of Mr. Schaller's filing is not being provided by BellSouth to the parties of record. Copes of the redacted, non-proprietary version of Mr. Schaller's filing are enclosed. The electronic version of BellSouth's 271 filing includes the non-proprietary redacted version of Mr. Schaller's filing.

This will also confirm BellSouth's agreement to extend the TRA's 90-day review period consistent with the schedule and hearing dates proposed by BellSouth, which allow for a longer review period. An electronic copy of the

enclosed is being provided to counsel of record. Thank you for your attention to this matter.

Very truly yours,



Guy M. Hicks

GMH:ch

CERTIFICATE OF SERVICE

I hereby certify that on July 30, 2001, a copy of the foregoing document was served on the parties of record, via hand delivery, facsimile, overnight or US Mail, addressed as follows:

[ ] Hand [X] Mail [ ] Facsimile [ ] Overnight	H. LaDon Baltimore, Esquire Farrar & Bates 211 Seventh Ave. N, # 320 Nashville, TN 37219-1823
[ ] Hand [X] Mail [ ] Facsimile [ ] Overnight	Charles B. Welch, Esquire Farris, Mathews, et al. 205 Capitol Blvd, #303 Nashville, TN 37219
[ ] Hand [X] Mail [ ] Facsimile [ ] Overnight	Henry Walker, Esquire Boult, Cummings, et al. P. O. Box 198062 Nashville, TN 37219-8062
[ ] Hand [X] Mail [ ] Facsimile [ ] Overnight	Dulaney O'Roark, Esquire MCI WorldCom, Inc. Six Concourse Pkwy, #3200 Atlanta, GA 30328
[ ] Hand [X] Mail [ ] Facsimile [ ] Overnight	James P. Lamoureux AT&T 1200 Peachtree St., NE, #4068 Atlanta, GA 30367
[ ] Hand [X] Mail [ ] Facsimile [ ] Overnight	Cynthia Kinser, Esquire Consumer Advocate Division P. O. Box 20207 Nashville, TN 37202
[ ] Hand [X] Mail [ ] Facsimile [ ] Overnight	Donald L. Scholes Branstetter, Kilgore, et al. 227 Second Ave., N. Nashville, TN 37219

[ ] Hand [X] Mail [ ] Facsimile [ ] Overnight	Enrico C. Soriano Kelley, Drye & Warren 1200 19th St., NW, #500 Washington, DC 20036
[ ] Hand [X] Mail [ ] Facsimile [ ] Overnight	James Wright, Esq. United Telephone - Southeast 14111 Capitol Blvd. Wake Forest, NC 27587
[ ] Hand [X] Mail [ ] Facsimile [ ] Overnight	Guilford Thornton, Esquire Stokes & Bartholomew 424 Church Street Nashville, TN 37219
[ ] Hand [X] Mail [ ] Facsimile [ ] Overnight	D. Billye Sanders, Esquire Waller, Lansden, Dortch & Davis 511 Union St., #2100 Nashville, TN 37219-1750
[ ] Hand [X] Mail [ ] Facsimile [ ] Overnight	Andrew O. Isar, Esquire ASCENT 3220 Uddenberg Lane, NW Gig Harbor, WA 98335
[ ] Hand [X] Mail [ ] Facsimile [ ] Overnight	Jon E. Hastings, Esquire Boult, Cummings, et al. P. O. Box 198062 Nashville, TN 37219-8062

BEFORE THE TENNESSEE REGULATORY AUTHORITY

In Re:	**Consideration of the Provision of In-Region InterLATA Services By BellSouth Telecommunications, Inc. Pursuant to Section 271 of the Telecommunications Act of 1996**	)))))	**Docket No. 97-00309**

BELLSOUTH'S COMMENTS IN SUPPORT OF ITS APPLICATION FOR INTERLATA RELIEF PURSUANT TO SECTION 271 OF THE TELECOMMUNICATIONS ACT OF 1996

BellSouth Telecommunications, Inc. ("BellSouth") submits these Comments, together with accompanying sworn testimony,[1] a Statement of Generally Available Terms and Conditions ("SGAT"), as well as other documentation, in support of its Application to the Tennessee Regulatory Authority ("TRA" or "Authority") for a recommendation to the Federal Communications Commission ("FCC") that BellSouth be found in compliance with Section 271 of the Communications Act of 1934, as amended ("Communications Act").

I. INTRODUCTION

As a result of the combined efforts of the Authority, BellSouth, and numerous competitive local exchange carriers ("CLECs"), BellSouth's local markets in Tennessee are irreversibly open to competition. As of May 2001, 83 CLECs are providing local service to approximately 343,500 local exchange lines to Tennessee business and residential customers. This represents over 11% of total local exchange lines and approximately 32% of the business lines in BellSouth's territory in Tennessee. Moreover, the current level of competition in

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[1] The affidavits included as exhibits to certain of the testimony are a preview of the affidavits BellSouth intends to file with the FCC in support of its Tennessee application.

Tennessee is comparable to that in Texas, Kansas, and Oklahoma, when Southwestern Bell Telephone Company ("SWBT") applied for and subsequently received Section 271 approval from the FCC.[2] In addition, BellSouth is providing CLECs in Tennessee with nondiscriminatory access to BellSouth's network in compliance with Section 271 of the Telecommunications Act of 1996. It is time for BellSouth to gain entry into the long distance market under Section 271 so that Tennessee consumers may enjoy the benefits of full competition in the entire telecommunications market.

The degree to which local competition has taken root in Tennessee leaves no doubt that the Authority has done its work well. Local competition in Tennessee is robust. BellSouth estimates that as of May 2001, there are more than 80 CLECs serving customers in Tennessee. *Affidavit of Douglas A. Schaller ("Schaller"),* ¶ 9. Overall, BellSouth estimates that these competing carriers provide local service to over 343,522 lines, or 11.7% of the total lines in BellSouth's area. Approximately 87% of the total of the local lines are served by CLECs using their own facilities, either exclusively or in combination with BellSouth UNEs and/or UNE-Ps. *Schaller,* ¶ 15. In March 2000, the Association of Local Telecommunications Services ("ALTS") reported that Tennessee was in its grouping of states with 21 – 30 facilities-based CLECs in operation.[3] *Schaller,* ¶ 7. Many facilities-based lines – 10,636 – serve residential customers. *Schaller,* ¶ 15, Table 1.

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[2] For example, the range of estimated CLEC lines for Tennessee 10.4% - 11.7%, exceeds the range for Oklahoma, 5.5% - 6.3%. *Affidavit of Douglas A. Schaller*, attached as Exhibit JAR-4 to Direct Testimony of John Ruscilli.

[3] The number of CLECs providing facilities-based service in Tennessee has grown considerably since the March 2000 ALTS Report. As discussed in Mr. Schaller's Affidavit, approximately 40 CLECs are currently providing facilities-based service to business and residential customers in Tennessee.

Although the levels of local competition in Tennessee are impressive when viewed in isolation, the numbers are even more compelling when compared with Kansas, Oklahoma, and Texas. BellSouth is experiencing facilities-based competition levels in Tennessee comparable or greater than those reported by SWBT in the states where it has obtained Section 271 approval. In Oklahoma, for example, CLECs had between 5.5% - 6.3% market share at the time SWBT filed its Section 271 application. In Kansas, CLECs have between 9.5% - 12.6% market share.[4]

That local competition in the State has firmly taken hold is evidenced further by the fact that CLECs operating in Tennessee cover a wide area throughout the state. CLEC collocations are a strong indicator of the extent of local competition in a given area: where a CLEC is collocated, it has at least "the potential to serve many more customers through the leasing of UNEs."[5] As of May 31, 2001, BellSouth had provisioned 671 physical collocation arrangements for over 30 different CLECs in Tennessee. In addition, CLECs are collocated in 75 of the 196 BellSouth central offices in Tennessee. *Testimony of Keith Milner ("Milner"),* 27. Not surprisingly, CLECs are collocated heavily in the BellSouth wire centers with the highest customer densities. Of the total collocation arrangements, approximately 55% of the completed CLEC collocations are in 20 BellSouth wire centers that account for fully 35% of BellSouth's total access lines. From these 20 wire centers alone, different facilities-based CLECs can address 32% and 45% of residential and business access lines in BellSouth's territory,

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[4] The competitive data for Kansas and Oklahoma was filed as a part of the joint affidavit of Gary J. Smith and Mark Johnson in Southwestern Bell's joint application. *(Joint Application by SBC Communications, Inc., Southwestern Bell Telephone Company, and Southwestern Bell Communications Services Inc., d/b/a/ Southwestern Bell Long Distance for Provision of In-Region, InterLATA Services in Kansas and Oklahoma,* CC Docket No. 00-217, Memorandum Report and Order (rel. Jan. 22, 2001) ("*SWBT-KS/OK Order*").

[5] *Schaller,* ¶ 18 (citing *Development of Competition in Local Telephone Markets,* Report to the Subcommittee on Antitrust, Business Rights and Competition, Committee on the Judiciary, U.S. Senate, January 2000, GAO/RCED-00-38, at 19).

respectively. A total of 76 wire centers have one or more completed collocation arrangements that enable facilities-based CLECs to address 78% of the access lines in BellSouth's service area in Tennessee. Overall, one or more completed collocations in these 76 wire centers enables CLECs to address 76% and 85% of BellSouth's total residence and business access lines, respectively. *Schaller*, ¶ 20, Exhibit DS-6.

The size of CLEC investment in Tennessee also supports BellSouth's position that the market is irreversibly open. Facilities-based CLECs have built high-capacity state-of-the-art transmission facilities utilizing fiber optic cable that serve the central business districts of Tennessee metropolitan areas. *Schaller,* ¶ 22. By equipping broadband networks with gateways to the public switched telephone network, these CLECs provide facilities-based local exchange services to their customers. CLECs are increasingly using the newest technologies, such as voice-over-DSL ("VoDSL"), "softswitch" IP, and microwave systems, to offer integrated communications services on a cost-effective basis. *Schaller*, ¶ 22.

As Mr. Schaller demonstrates, BellSouth conservatively estimates that CLECs are currently serving over 2% of the residential lines in BellSouth's area in Tennessee. *Schaller,* ¶ 23. Although most CLECs are targeting business customers and deploying the latest technologies to serve major metropolitan areas first, the prospects for benefits to residential consumers are very good.[6] Increased choices for consumers are evident from the numerous CLECs offering residential service in Tennessee. *Schaller*, ¶ 23.

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[6] The ALTS Annual Report for 2001 addresses the current state of competitive development: "The business wireline market is one of the most attractive markets for many CLECs. To raise capital and build their networks, CLECs must target customers that offer the greatest rate of return. This strategy is consistent with how the Bell system originally erected its network; first to serve highly concentrated areas...Such high-volume clients enable CLECs to take advantage of geographic concentration and network scalability. As the industry matures, we will see a greater push into residential markets further expanding the benefits of competition."

The TRA, the FCC, BellSouth, and the CLEC industry have brought competitive choices to Tennessee. CLECs have invested, and continue to invest, millions of dollars in their own facilities. The level of competition demonstrates that BellSouth has provided CLECs with access to BellSouth's network facilities and services in order to enable CLECs to deliver services: (1) over their own networks; (2) over their own networks in combination with elements of BellSouth's network; and (3) through the resale of BellSouth-provided service offerings. Competition is well established, growing, and irreversible.

The evidence is compelling that BellSouth's entry into the long distance market will trigger competition across all telecommunications markets. As former FCC Chairman Kennard aptly noted, "[w]e need only review the state of competition in New York and Texas to know the Act is working."[7] According to Sam Simon of the Telecommunications Research & Action Center, "Bell Atlantic's entry into long-distance – and the entry of AT&T and MCI among others, into local – has lowered costs and lowered rates for consumers, generally across the board."[8] Within ten days of SBC's long-distance launch in July 2000, 150,000 Texas consumers had taken advantage of SBC's long-distance plans. By the end of 2000, 1.4 million customers in Texas – representing 1.7 million lines – had signed up for SBC's service.[9] New York witnessed a similar surge in competition in the year following the FCC's grant of Section 271 relief as 1.4

Schaller, ¶ 23.

[7] William E. Kennard, Chairman, FCC, *Statement Before the Committee on the Judiciary United States House of Representatives on H.R. 1686 – the "Internet Freedom Act" and H.R. 1685 – the "Internet Growth and Development Act"* (July 18, 2000).

[8] Bruce Hight, *SW Bell Will Start Selling Long-Distance on Monday; AT&T, WorldCom*, Austin American Statesman, July 7, 2000, at A1 (quoting Sam Simon, Chairman, Telecommunications Research & Action Center).

[9] *See* Bruce Meyerson, *SBC and Sprint Top Wall Street Forecasts for April-June Quarter*, The Assoc. Press, July 20, 2000.

million residential customers signed up for Verizon's long-distance service.[10] In addition, CLECs also reaped the benefits of increased competition. For example, as of February 2001, AT&T claimed more than 300,000 of SBC's local customers in Texas.[11]

Moreover, consumers in New York and Texas are enjoying the benefits of bundled voice and advanced services. For example, SBC customers in Texas – and now also in Kansas and Oklahoma – can purchase bundled local and long-distance service with a wireless phone, DirecTV satellite service, Prodigy Internet service, and SBC's DSL Internet access.[12]

The benefits that will flow from competition in the long distance market are real and tangible. As the FCC has concluded, "compliance with the competitive checklist is itself a strong indicator that long distance entry is consistent with the public interest. This approach reflects the FCC's years of experience with the consumer benefits that flow from competition in telecommunications markets." *SWBT-KS/OK Order,* ¶ 266. As the FCC explained in the *Bell Atlantic-NY Order*, "BOC entry into the long distance market will benefit consumers and competition if the relevant local exchange market is open to competition consistent with the competitive checklist. As a general matter, [this Commission] believe[s] that additional competition in telecommunications markets will enhance the public interest."[13]

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[10] *See Telecommunications Regional Bells Looking at Long Run With Spending Plans*, Investor's Business Daily, January 17, 2001, at A-8.

[11] *See* Vikas Bajaj, *SBC Raises Nonlocal Call Rates,* Dallas Morning News, Feb. 2, 2001, at 1D.

[12] *See* SBC, *All Products and Services*, at http://www.sbc.com/; *See* Paul Davidson, *Long-distance Phone Carriers Left Hanging; Vicious Competition, Tech Revolution Push Traditional Firms Out of the Loop*, USA Today, Nov. 2, 2000.

[13] *See Application by Bell Atlantic New York for Authorization Under Section 271 of the Communications Act To Provide In-Region, InterLATA Service in the State of New York,* CC Docket No. 99-295"), ¶ 428, (Memorandum Opinion and Order) (rel. Dec. 22, 1999) ("*Bell Atlantic-NY Order.*

II. OVERVIEW OF APPLICABLE LAW

To obtain authorization to provide in-region, interLATA service under Section 271, a BOC must show that: (1) it satisfies the requirements of either Section 271(c)(1)(A), known as "Track A," or 271(c)(B), known as "Track B;" (2) it has "fully implemented the competitive checklist" or that the SGAT approved by the state under Section 252 satisfies the competitive checklist contained in Section 271(c)(2)(B)[14]; (3) the requested authorization will be carried out in accordance with the affiliate requirements of Section 272; and (4) the BOC's entry into the in-region, interLATA market is consistent with the public interest.[15] Further, the FCC must consult with the state commission of any state that is the subject of an application in order to verify the compliance of the BOC with the requirements of Section 271(c). In its comments to the FCC, a state commission should opine on the BOC's compliance with Track A and its compliance with the competitive checklist. Therefore, BellSouth will address those two topics herein.

In its Order regarding BellSouth's second application for interLATA relief in Louisiana, the FCC gave BellSouth further direction on its compliance with the requirements of Section 271. *See generally Second Louisiana Order.* While the FCC denied BellSouth's second application, the FCC noted that BellSouth's "application...demonstrates that significant progress has been made toward reaching the goals of the Act," and that BellSouth should be "commended ...for making significant improvements over the past 8 months since we issued the *First Louisiana Order.*" *Second Louisiana Order,* ¶¶ 4-5. Specifically, the FCC found that BellSouth had met six (6) checklist items and one subsection of a seventh item, but failed to provide

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[14] 47 U.S.C. § 271(d)(3)(A)(i). The critical, market-opening provisions of section 251 are incorporated into the competitive checklist found in Section 271. *See Application of BellSouth Corporation, BellSouth Telecommunications, Inc., and BellSouth Long Distance, Inc. for Provision of In-Region, Inter-LATA Services in Louisiana*, CC Docket No. 98-121 "), ¶ 25 (Memorandum Opinion and Order) (rel. October 13, 1998) ("*Second Louisiana Order.*

[15] *See* 47 U.S.C. § 271(d)(3)(C).

adequate evidence of compliance with the remaining items. To assist BellSouth in future applications, the FCC set forth in detail the deficiencies in BellSouth's application and the actions BellSouth needed to take to address those deficiencies. BellSouth is now in full compliance with all of the requirements of the competitive checklist and applicable FCC orders and decisions. In particular, BellSouth has remedied all of the concerns raised by the FCC in its *Second Louisiana Order.* A brief summary of each of these areas follows.

Pricing. First, BellSouth is in compliance with the pricing requirements of the Act, as interpreted by the FCC. The Section 271 checklist requires that BellSouth provide access to interconnection and unbundled network elements in accordance with the pricing standards in Section 252(d)(1). That provision requires that rates for interconnection and network elements shall be (1) based on cost (determined without reference to a rate of return or other rate-based proceeding); (2) non-discriminatory; and (3) may include a reasonable profit. Since the *Second Louisiana Order*, the Supreme Court has reinstated certain previously vacated FCC pricing rules, and the FCC has implemented additional rules and regulations. These Comments also address those additional requirements.

In the FCC's *Local Competition First Report and Order*,[16] the FCC established pricing rules for interconnection and unbundled network elements that are to be applied nationally. These pricing rules require state commissions to use the Total Element Long Run Incremental Cost methodology ("TELRIC") to set rates for interconnection and unbundled network elements, and to establish geographically deaveraged rates for certain UNEs. On appeal of the *Local Competition First Report and Order,* the United States Court of Appeals for the Eighth Circuit vacated the FCC's pricing rules, holding that the state commissions had exclusive authority over

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[16] *First Report and Order and Further Notice of Proposed Rulemaking*, CC Docket No. 98-

the establishment of these new rates. *See Iowa Utils. Bd. v. FCC,* 120 F.3d 753 (8th Cir. 1997). Based on the law in effect at that time, the *Second Louisiana Order* did not address the issue of a state commission's establishment of cost-based rates for interconnection and unbundled network elements.

In January 1999, the United States Supreme Court affirmed the FCC's jurisdiction to set prices for interconnection and unbundling and reinstated the FCC's pricing rules. Thus, BellSouth must demonstrate to the FCC in its application that its rates for interconnection and unbundled network elements satisfy the FCC's national requirements. BellSouth sets forth its cost-based rates for UNEs and interconnection in Attachment A to the SGAT attached as Exhibit JAR-5 to the testimony of John Ruscilli. The Authority established many permanent UNE rates in Docket No. 97-01262, but rates for various UNEs required by the FCC's *UNE Remand Order*[17] and *Line Sharing Order*[18] are currently pending before the TRA in Docket No. 00-00544. Hearings have been completed, and the parties are awaiting a decision. In the meantime, the Authority has approved interim rates for several elements still under consideration in this docket, and has made those rates subject to a true-up upon the adoption of final rates. The rates established in Docket No. 00-00544 will be incorporated into the SGAT price list (Exhibit JAR-5, Attachment A) immediately following issuance of a written order.

Unbundling. Second, BellSouth is in compliance with its obligations to unbundle its network. In its *Local Competition First Report and Orde*r, the FCC established a mandatory set of seven individual UNEs: "(1) local loops, (2) network interface devices, (3) local switching,

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147 (rel. Aug. 7, 1998) ("*Local Competition First Report and Order*").

[17] *Third Report and Order and Fourth Further Notice of Proposed Rulemaking,* CC Docket No. 96-98 (rel. Nov. 5, 1999) ("*UNE Remand Order*").

[18] *Third Report and Order*, CC Docket No. 98-147 *and Fourth Report and Order*, CC Docket No. 96-98 (rel. Dec. 12, 1999) ("*Line Sharing Order*").

(4) interoffice transmission facilities, (5) signaling networks and call-related databases, (6) operations support systems, and (7) operator services and directory assistance." 47 C.F.R.§ 51.319. In addition, the FCC prohibited incumbents from separating network elements that are currently combined (Rule 51.315(b)) and required incumbents "to combine unbundled network elements in any manner, even if those elements are not currently combined." *UNE Remand Order,* ¶ 475 (citing 47 C.F.R. §51.315(c)-(f)).

On appeal of the *Local Competition First Report and Order*, the United States Court of Appeals for the Eighth Circuit upheld Rule 319, *Iowa Utils. Bd.,* 120 F.3d 753 (8th Cir. 1997), but vacated Rule 51.315(b)-(f). The Court held that the Act required the CLECs to take individual network elements and combine the elements themselves. In January 1999, the United States Supreme Court vacated Rule 319, holding that the FCC had misapplied the Act's "necessary and impaired standard" to identify network elements that incumbents must unbundle. The Supreme Court also reinstated FCC Rule 51.315(b), which prohibited incumbents from separating network elements that are already combined, but took no action with respect to the vacated Rule 51.315(c)-(f). On November 5, 1999, on remand from the Supreme Court's decision, the FCC re-identified network elements that an ILEC is required to unbundle. *UNE Remand Order.* As BellSouth will demonstrate, BellSouth offers CLECs nondiscriminatory access to all UNEs established by the FCC. Although BellSouth is appealing the Authority's ruling in Docket No. 97-01262, the Company makes available at cost-based rates to CLECs in Tennessee network element combinations that are ordinarily combined in its network regardless of whether the elements are already combined.

Collocation and Advanced Services. Finally, BellSouth complies with its obligations with respect to collocation and advanced services. The FCC issued a series of orders following

the *Second Louisiana Order* that address an incumbent's obligations with respect to collocation and "advanced services," *i.e.*, broadband xDSL-based services. The FCC further amended its unbundling rules in the *Line Sharing Order* to require incumbent LECs to provide unbundled access to a new network element, the high frequency portion of the local loop. *Line Sharing Order,* ¶ 4. The provision of xDSL-based service by a CLEC and voiceband service by an ILEC on the same loop is called "line-sharing." BellSouth will demonstrate herein that it provides line sharing to CLECs and facilitates line splitting for CLECs, in accordance with the FCC's requirements. BellSouth also will show that it provides CLECs with physical and virtual collocation in accordance with FCC rules and orders.

III. COMPLIANCE WITH TRACK A

BellSouth will file its Tennessee 271 Application with the FCC under the Track A provisions of the Act. In order to satisfy Section 271(c)(1)(A) of the Act, BellSouth 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 Bell operating company is providing access and interconnection to its network facilities for 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 predominately over their own telephone exchange service facilities in combination with the resale of the telecommunications services of another carrier.

As of May 22, 2001, BellSouth has successfully negotiated over 300 interconnection, collocation, and/or resale agreements with CLECs in Tennessee. *Schaller*, ¶ 7. Exhibit JAR-3 to the testimony of John Ruscilli sets forth a representative sample of interconnection agreements that BellSouth has entered into with facilities-based CLECs in Tennessee. Among them are MCI Metro ATS, NewSouth Communications, Teleport Communications, US LEC,

and XO Communications (formerly NextLink Communications). *Schaller*, ¶ 18.

Through its interconnection agreements, BellSouth has opened the Tennessee local exchange market to competition. For example, as of May 2001, a total of 83 CLECs were providing local service to more than 343,552 lines in Tennessee. Of those, approximately 40 carriers are currently providing facilities-based service to business and residential customers in Tennessee. *Schaller,* ¶ 15. These carriers establish that BellSouth is providing "access and interconnection" to "unaffiliated competing providers" of facilities-based "telephone exchange service . . . to residential and business subscribers." Therefore, BellSouth meets the requirements of Track A. 47 U.S.C. § 271(c)(1)(A).

IV. COMPLIANCE WITH THE COMPETITIVE CHECKLIST

BellSouth is fully compliant with every requirement of the competitive checklist. BellSouth's demonstration that it is checklist compliant supports a recommendation by the Authority to the FCC that BellSouth be granted the opportunity to compete in the interLATA market in Tennessee.

Description of Evidence

BellSouth's evidence of its compliance with the checklist is in two parts. First, BellSouth has provided the Authority with sworn testimony of various BellSouth witnesses and the affidavits attached thereto demonstrating the ways in which BellSouth meets its obligations under the Act. BellSouth recommends that the Authority review the testimony of BellSouth policy witness John Ruscilli first for a broad overview of BellSouth's case, as well as its compliance with the requirements of the Act. Second, BellSouth will provide the Authority with performance data collected in accordance with a set of performance measurements (BellSouth's Service Quality Measurements "SQM" Plan) adopted by the Georgia Public Service Commission

(the "Interim SQM"). The Interim SQM is attached to the Testimony of David Coon as Exhibit DAC-7. The Interim SQM will give the Authority a mechanism to review and assess BellSouth's performance for CLECs against a set of benchmarks and retail analogues. BellSouth will present the performance data in a format with which the FCC and the Department of Justice are familiar (the "FCC Data Format").[19]

In addition, BellSouth has proposed an enforcement plan in this proceeding for the Authority's consideration. (BellSouth's Self-Effectuating Enforcement Mechanism "SEEM" Plan). The FCC has noted that "the fact that a BOC will be subject to performance monitoring and enforcement mechanisms would constitute probative evidence that the BOC will continue to meet its Section 271 obligations and that its entry would be consistent with the public interest." *SWBT-KS/OK Order,* ¶ 269. The SEEMs plan proposed by BellSouth in this proceeding undoubtedly constitutes "probative evidence" upon which the FCC will rely. The SEEMs plan is tailored to meet the FCC's expectations in this regard. The plan includes imposition of self-executing penalties at Tier 1 and Tier 2 levels, triggered by failures of performance on numerous key measures. BellSouth's enforcement plan will protect CLECs from any "backsliding" after BellSouth receives approval to compete in the long distance market.

Regionality

BellSouth has a single set of Operations Support Services ("OSS") that operate region-wide, with a common set of processes, business rules, interfaces, systems, and personnel. CLECs throughout the BellSouth region access BellSouth's OSS through the same electronic interfaces, and manual LSRs are handled on the basis of carriers, not states. In addition, BellSouth's training of personnel and coordination of activities ensure that jobs are done in the

[19] BellSouth will continue filing its performance data in succeeding months.

same manner throughout the region. Moreover, in Docket No. 01-00362, BellSouth has provided the Authority with an attestation and a report by PriceWaterhouseCoopers confirming the regionality of BellSouth's OSS, including a comparison of the DOE and SONGS systems. Because BellSouth's systems are regional, the Authority can rely on commercial usage from other states as well as the Georgia Third Party test to the extent necessary to assess BellSouth's compliance with Section 271.

Where access to a particular checklist item, such as OSS, is provided through region-wide processes, the FCC will consider both region-wide and state-specific evidence in its evaluation of that checklist item. *Second Louisiana Order*, ¶ 56. The FCC has consistently emphasized that state commissions may rely on performance data from other states. For example, the FCC has noted that state commissions "may conduct successful section 271 reviews . . . by building on the work of other states in their region." *SWBT-KS/OK Order*, ¶ 2. In particular, the FCC has concluded that information from an "anchor" state may be used to supplement information for other states, where the "OSS are essentially the same throughout [the BOC's] region." *Second Louisiana Order*, ¶ 86.

Because the Authority is considering issues pertaining to OSS in Docket No. 01-00362, BellSouth does not address them in detail here. However, BellSouth believes that the Authority's investigation of this issue in Docket No. 01-00362 will demonstrate that BellSouth's OSS is the same in Tennessee as it is in Georgia.

Independent Third Party Test

Similarly, because the Authority is reviewing OSS issues in Docket No. 01-00362, BellSouth does not address herein issues pertaining to KPMG's independent third party testing ("TPT"), which the Georgia Public Service Commission requested to assist it in its evaluation of

BellSouth's Section 271 application.[20] Although commercial usage is the most probative evidence of BellSouth's compliance with the Telecommunications Act of 1996, the Georgia TPT is another strong indicator that BellSouth is providing CLECs with nondiscriminatory access to its OSS in Tennessee. The TRA can and should rely on the Georgia TPT to the extent it believes it needs information in addition to BellSouth's commercial usage in Tennessee.

Checklist Item No. 1: Interconnection

Checklist item 1 requires BellSouth to provide "[i]nterconnection in accordance with the requirements of Section s 251(c)(2) and 252(d)(i)." 47 U.S.C. § 271(c)(2)(B)(i). Section 251(c)(2) imposes upon incumbent LECs "[t]he duty to provide, for the 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." 47 U.S.C. § 251(c)(2)(A). 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 non-discriminatory in accordance with the terms and conditions of the agreement and the requirements of Section 251 and 252." *Second Louisiana Order,* ¶ 61. Technically feasible methods of interconnection include, but are not limited to, physical and virtual collocation at the premises of an ILEC. *Id.,* ¶ 62.

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[20] KPMG's Georgia tests focused on three service delivery methods, specifically UNE analog loops (with and without number portability); UNE switch ports; and UNE loop/port combinations. Each category was evaluated for five OSS functions: pre-ordering; ordering; provisioning; maintenance and repair; and billing. The GPSC also called for normal and peak volume testing of the OSS interfaces supporting the above-mentioned categories (except billing) for both resale and UNE service requests. Finally, the GPSC required a review of BellSouth's Percent Flow-through Service Request Report. Items such as the LENS interface, as well as manual order processes, were not tested because of the significant commercial usage of these items.

BellSouth satisfies checklist item 1 by providing CLECs with interconnection at any technically feasible point within its network that is verifiably at least equal in quality to the interconnection BellSouth provides for itself, on rates, terms, and conditions that are just, reasonable, and nondiscriminatory. 47 U.S.C. § 251(c)(2). CLECs in Tennessee, therefore, have access to the most fundamental prerequisite of local competition – the ability to send their customers' calls to, and receive calls from, customers of BellSouth and to link their networks to BellSouth's network for the mutual exchange of traffic. CLECs are able to connect their networks to BellSouth's by the most efficient means possible, including CLECs' placement of their own equipment in BellSouth's buildings. Based on this record, this Authority should find that BellSouth complies with checklist item 1.

Nondiscriminatory Access to Interconnection Trunks

In its *Second Louisiana Order*, the FCC concluded that BellSouth had demonstrated that it has a legal obligation to provide interconnection in accordance with its rules. *Second Louisiana Order*, ¶ 210. BellSouth is providing interconnection trunks to CLECs at a level of quality that is at parity with that which BellSouth provides its retail units. *Bell Atlantic-NY Order*, ¶¶ 63-65, 67-68. BellSouth has provisioned approximately 440,387 interconnection trunks from CLEC's switches to BellSouth's switches as of July 24, 2001, and 237,859 two-way trunks (including transit traffic) to 118 different CLECs to carry traffic between BellSouth and CLEC locations. *Milner*, 18. This significant degree of commercial usage in and of itself demonstrates that CLECs can interconnect with BellSouth's network.

The FCC also concluded, however, that BellSouth had not made a *prima facie* showing that it was providing interconnection equivalent to the interconnection it provides itself. *Second Louisiana Order*, ¶ 74. The evidence in this proceeding demonstrates that BellSouth is providing

interconnection trunks to CLECs in a manner equivalent to the interconnection it provides to itself. BellSouth follows the same installation process for CLEC interconnection trunks as it does for itself. *Milner*, 20. To ensure nondiscrimination, BellSouth provisions CLEC trunks using the same equipment, interfaces, technical criteria, and service standards that are used for BellSouth's own trunks. *Id.*, 17.

Moreover, BellSouth's performance data in this proceeding will demonstrate that it is providing interconnection equal in quality to that which it provides to itself. Specifically, BellSouth will provide this Authority with data on trunk blockage, missed due dates for trunks, and average installation time for trunks, all of which were found by the FCC to be persuasive indicators of an RBOC's provision of parity to CLECs. *Bell Atlantic-NY Order,* ¶ 69; *SWBT-TX Order*, ¶¶ 70, 72.[21]

Finally, BellSouth's current rates for interconnection are the cost-based rates set by this Authority in Docket No. 97-01262 pursuant to the 1996 Act. This Authority in Docket No. 00-00544 is setting additional rates for elements included in the *UNE Remand Order.* As noted earlier, interim rates, subject to true-up have been established for several of these "new" UNEs.

Collocation

The provision of collocation is an essential prerequisite to demonstrating compliance with checklist item 1. The FCC's collocation requirements are set forth in its *Local Competition First Report and Order.* In its *Advanced Services First Report and Order,* the FCC revised its collocation rules to require incumbent LECs to include shared caged and cageless collocation

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[21] *Application by SBC Communications Inc., Southwestern Bell Telephone Company and Southwestern Bell Communications Services, Inc. d/b/a Southwestern Bell Long Distance Pursuant to Section 271 of the Telecommunications Act of 1996 To Provide In-Region, InterLATA Services in Texas*, Memorandum Opinion and Order, 15 FCC Rcd 18354, ¶ 73 (2000) (*"SWBT-TX Order"*).

arrangements as part of their physical collocation offerings. The FCC again revised its collocation rules on July 12, 2001 in CC Docket 98-147. BellSouth will update its SGAT to conform with the new rules as soon as the Order is published and becomes effective.

To show compliance with its collocation obligations, a BOC must have processes and procedures in place to ensure that all applicable collocation arrangements are available on terms and conditions that are "just, reasonable, and nondiscriminatory" in accordance with Section 251(c)(6) and the FCC's implementing rules. *Second Louisiana Order,* ¶ 62*; SWBT- TX Order*, ¶ 64. The TRA also may rely on data showing the quality of procedures for processing applications for collocation space, as well as the timeliness and efficiency of provisioning collocation space. *Second Louisiana Order,* ¶¶ 61-62*; SWBT-TX Order*, ¶ 64.

The FCC concluded in the *Second Louisiana Order* that BellSouth "fails to make a *prima facie* showing that it can provide collocation on terms and conditions that are 'just, reasonable, and nondiscriminatory' in accordance with section 251(c)(6)." *Second Louisiana Order,* ¶ 65. The FCC concluded that BellSouth's reliance on its SGAT, which referred to terms and conditions set forth in BellSouth's Collocation Handbook, failed to demonstrate legally binding terms and conditions for collocation, including binding provisioning intervals. *Id.,* ¶¶ 66-72. In addition, the FCC questioned the reasonableness of BellSouth's non-binding provisioning intervals.

BellSouth has rectified these perceived deficiencies. BellSouth provides physical and virtual collocation consistent with Sections 271 and 251 of the Act and with the FCC's Orders through legally binding interconnection agreements. *Milner,* 25-30; *Gray,* ¶ 4. BellSouth's SGAT filed in this proceeding (attached as Exhibit JAR-5 to the Testimony of John Ruscilli) and its interconnection agreements incorporate these terms and conditions.

BellSouth offers collocation on rates, terms, and conditions that are just, reasonable, and nondiscriminatory. BellSouth offers binding collocation intervals in accordance with the intervals established through two arbitration proceedings in the *ITC^DeltaCom Arbitration Order* 99-00430 (August 31, 2000) and the *Intermedia Arbitration Order* 99-00948 (June 25, 2001). *Milner,* 28; *Gray,* ¶ 4. BellSouth offers caged, shared cage, cageless, and shared cageless collocation, all at a CLEC's option. *Gray,* ¶ 9. BellSouth also offers adjacent collocation if space in a particular premises is legitimately exhausted. *Id.*, ¶¶ 17-25. Virtual collocation is available where space for physical collocation is legitimately exhausted, or at a CLEC's request regardless of the availability of physical collocation. *Id.*, ¶¶ 29-32. BellSouth also makes physical and virtual collocation available in its remote terminals. *Id.*, ¶ 26. BellSouth permits the collocation of that equipment which is necessary for interconnection or access to UNEs. *Id.*, ¶ 10. The testimony of Keith Milner and the affidavit of Wayne Gray attached as an exhibit thereto provide additional detail on how BellSouth's offering of physical and virtual collocation complies with the Act and the FCC's implementing orders.

BellSouth offers rates for collocation that are based on TELRIC methodology. These rates are contained in Attachment A to BellSouth's SGAT and in BellSouth's interconnection agreements. BellSouth's interim rates are subject to true-up after this Authority's resolution of Docket No. 00-00544.

BellSouth's performance data shows that BellSouth is providing collocation in a nondiscriminatory manner. BellSouth will provide the Authority with data showing the quality of procedures for processing applications for collocation space, as well as the timeliness and efficiency of provisioning collocation space. *SWBT-TX Order*, ¶ 64. Specifically, BellSouth will provide this Authority with data on its Average Response Time, Average Arrangement Time,

and Percentage of Due Dates Missed.

BellSouth's commercial usage, as well as its performance data, demonstrates that BellSouth is providing nondiscriminatory access to collocation. As of May 31, 2001, BellSouth had provisioned 671 physical collocation arrangements for over 30 different CLECs in Tennessee. In addition, CLECs are collocated in 75 of the 196 central offices in Tennessee. *Milner,* 27. Because BellSouth has demonstrated that it provides shared, cageless, and adjacent collocation and that it has implemented all applicable collocation requirements, this Authority should find that BellSouth has satisfied checklist item 1. *SWBT-KS/OK Order*, ¶ 228.

Checklist Item 2: Unbundled Network Elements

Checklist item 2 obligates BellSouth to provide access to UNEs in accordance with the requirements of Sections 251(c)(3) and 252(d)(1) of the Act. Sections 251(c)(3) and 252(d)(1) in turn require BellSouth to provide "nondiscriminatory access to network elements" on an "unbundled basis at any technically feasible point" and at "rates, terms and conditions that are just, reasonable, and nondiscriminatory." The FCC has focused its evaluation of this checklist item on "whether [the BOC] provides access to OSS and to combinations of UNEs in accordance with section 251(c)(3) and our rules." *SWBT-TX Order,* ¶¶ 91-92 This Authority is separately considering OSS issues in Docket No. 01-00362.

BellSouth provides CLECs with combinations of network elements. BellSouth provides access to UNEs in a manner that allows requesting carriers to access preexisting combinations of network elements as well as to combine UNEs for themselves. BellSouth provides CLECs with a variety of means by which CLECs may combine network elements, including collocation and assembly point arrangements. *Milner*, 40-41. In addition, except upon request, BellSouth will not separate requested network elements where such elements are physically combined and

providing services to a particular location. SGAT, § II.D.3.

In the *UNE Remand Order,* the FCC confirmed that BellSouth presently has no obligation to combine network elements for CLECs when those elements are not currently combined in BellSouth's network. As the FCC made clear, Rule 51.315(b) applies to elements that are "in fact" combined, stating that "[t]o the extent an unbundled loop is *in fact* connected to unbundled dedicated transport, the statute and our rule 51.315(b) require the incumbent to provide such elements to requesting carriers in combined form." *UNE Remand Order,* ¶ 480. Despite the FCC's determination, the Authority in docket No. 97-01262 has required BellSouth to provide CLECs with combinations of network elements that are ordinarily combined in its network in the manner in which they are typically combined even if the particular elements being ordered are not actually physically connected at the time the order is placed at cost-based rates. Although BellSouth is appealing the Authority's order, BellSouth is complying with the order.

In order to convert special access facilities to combinations of unbundled loops and transport network elements, commonly referred to as Extended Enhanced Loops ("EELs"), the CLEC must self-certify that it is providing a significant amount of local exchange traffic over the loop/transport combination. *Supplemental Clarification Order,* ¶ 29.[22] BellSouth does not make auditing a precondition to converting special access to UNEs; however, it reserves the right to audit the CLEC's records to verify the type of traffic being transmitted over the loop/transport network element combination. If, based on the audit, BellSouth concludes that a CLEC is not providing a significant amount of local traffic over the facilities, BellSouth may file a complaint with the appropriate regulatory authority. As fully described in this docket and the OSS docket, this Authority should conclude that BellSouth satisfies Checklist Item 2.

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[22] *Implementation of the Loop Competition Provisions of the Telecommunications Act of*

Checklist Item 3: Poles, Ducts, Conduits and Rights-of-Way

Section 271(c)(2)(B)(iii) of the Communications Act provides that a BOC must offer "[n]ondiscriminatory access to the poles, ducts, conduits, and rights-of-way owned or controlled by the [BOC] at just and reasonable rates in accordance with the requirements of Section 224." Section 224 of the Communications Act outlines state and federal jurisdiction over regulation of access to poles, ducts, conduits and rights-of-way and describes the standard for just and reasonable rates for such access. Under Rule 1.1403, a utility shall provide any carrier with nondiscriminatory access to any pole, duct, conduit, or right-of-way owned or controlled by the utility. Notwithstanding this obligation, a utility may deny any telecommunications carrier access to its poles, ducts, conduits or rights-of-way where there is insufficient capacity or for reasons of safety, reliability, and generally applicable engineering principles.

In the *Second Louisiana Order*, the FCC held that BellSouth demonstrated that it has established nondiscriminatory procedures for access to poles, ducts, conduits, and rights-of-way. *Second Louisiana Order,* ¶¶ 171-183. In Section III of the SGAT, and in various negotiated interconnection agreements, BellSouth continues to offer nondiscriminatory access to poles, ducts, conduits, and rights-of-way in a timely fashion. BellSouth's actions and performance at this time are consistent with the showing previously made to the FCC when it made the determination that BellSouth met the statutory requirements for checklist item 3.

Checklist Item 4: Unbundled Local Loops

Section 271(c)(2)(B)(iv) of the Act requires that BellSouth offer "[l]ocal loop transmission from the central office to the customer's premises, unbundled from local switching or other services." The unbundled loop is "a transmission facility between a distribution frame,

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1996, CC Docket No. 96-98 (June 2, 2000).

or its equivalent, in an incumbent LEC central office, and the network interface device at the customer premises." The definition includes different types of loops, for example, two-wire and four-wire analog voice grade loops that are conditioned to transmit the digital signals needed to provide services such as ISDN, ADSL, HDSL, and DS-1 level signals. *Milner,* 46. BellSouth fully complies with this checklist item, thereby enabling CLECs to provide local service without investing large amounts of capital in facilities that connect each customer premise to the public switched telephone network. As of May 31, 2001, BellSouth has provisioned 51,739 loops for CLECs in Tennessee. *Id.*, 48.

Local Loops

The local loop is an unbundled network element that must be provided on a nondiscriminatory basis pursuant to Section 251(c)(3). BellSouth allows CLECs to access unbundled loops at any technically feasible point. *Id.*, 47. BellSouth makes the following loop types available to CLECs: SL1 voice grade loops; SL2 voice grade loops; 2-wire ISDN digital grade loops; 2-wire ADSL loops; 2-wire HDSL loops; 4-wire HDSL loops; 4-wire DS-1 digital grade loops; 56 or 64 kbps digital grade loops; UCL; and DS3 loops. *Id.,* 47-48. In addition, BellSouth provides CLECs with unbundled loops served by Integrated Digital Loop Carrier ("IDLC"). *Id.*, 49-51. Finally, CLECs may purchase additional loop types through the bona fide request process. BellSouth offers local loop transmission of the same quality and same equipment and technical specifications used by BellSouth to serve its own customers. *Id.*, 47.

In the *Second Louisiana Order,* the FCC found that the performance data BellSouth presented on the ordering and provisioning of unbundled local loops failed to demonstrate that the access it provides to such loops is sufficient to allow an efficient competitor a meaningful opportunity to compete. Furthermore, it stated that BellSouth did not show that it could provide

loop cutovers based on reasonably foreseeable demand in a timely and reliable fashion. *Second Louisiana Order,* ¶¶ 192-199.

To address these issues, BellSouth provides the Authority with performance data, disaggregated by loop type, which demonstrates that BellSouth is providing CLECs with unbundled loops in a manner sufficient to provide them a meaningful opportunity to compete. As the FCC has stated, a BOC can demonstrate compliance with checklist item 4 by submitting performance data evidencing the time interval for providing unbundled loops and whether due dates are met. *Bell Atlantic-NY Order,* ¶ 270, 283 ("Bell Atlantic meets the confirmed due dates of the customers of competitive carriers in the same time and manner as it meets the confirmed due dates of its retail customers."). BellSouth has submitted performance data in the FCC data format relating to its loop provisioning and maintenance and repair functions for CLECs, disaggregated by loop type, including voice loops and loops capable of supporting high-speed data. *SWBT-TX Order,* ¶ 249. This data will demonstrate BellSouth's compliance with checklist item 4.

In addition, in this proceeding BellSouth will demonstrate its ability to accomplish a "hot cut" in a timely, accurate manner. Hot cuts involve the conversion of an existing BellSouth customer to the network of a competitor by transferring the customer's in-service loop over to the CLEC's network. *Milner*, 57-64. BellSouth has implemented three hot cut processes, two involving order coordination and one that does not involve such coordination. *Id.* The two processes that include order coordination are a time-specific cutover, and a non-time-specific cutover. Both of these processes involve BellSouth and the CLEC working together to establish a time for the cutover. In the third option, the CLEC merely specifies the date on which the cut is to occur but leaves the time of the cutover to BellSouth's discretion. *Id.*, 59. These three

options give the CLEC choices depending on its business plan and the needs of its end user.

As the FCC noted, "[t]he ability of a BOC to provision working, trouble-free loops through hot cuts is critically important in light of the substantial risk that a defective hot cut will result in competing carrier customers experiencing service outages for more than a brief period." *SWBT-TX Order*, ¶ 256. As BellSouth's performance data shows, BellSouth provides coordinated hot cuts in a timely manner, at an acceptable level of quality, with minimal service disruptions, and with a minimum number of troubles following installation. *SWBT-KS/OK Order*, ¶ 201. In particular, BellSouth will provide data in the FCC data format demonstrating that BellSouth starts cutovers within 15 minutes of the appointed start time, that it completes the cutover within the specified time, and that it has minimal troubles on lines cut over within seven days of the cut.

Access to Sub-loop Elements

In addition to the unbundled loops themselves, BellSouth offers CLECs nondiscriminatory access to sub-loop elements. *Milner*, 53. A sub-loop unbundled network element is an existing portion of the loop that can be accessed at accessible points on the loop. This includes any technically feasible point near the customer premises, such as the pole or pedestal, the network interface device ("NID"), or minimum point of entry to the customer's premises, the feeder distribution interface, the Main Distributing Frame, remote terminals and various other terminals. *Id.*, 53. BellSouth offers loop concentration/multiplexing; loop feeder; loop distribution; intrabuilding network cable; and network terminating wire as sub-loop elements. *Id.*, 52-53. CLECs can request additional sub-loop elements via the bona fide request process. As of March 31, 2001, BellSouth has provided CLECs over 500 sub-loop elements region-wide. *Id.*, 53.

Access to xDSL-capable Loops

BellSouth offers CLECs nondiscriminatory access to xDSL-capable loops in Tennessee.[23] To compensate for differing parameters such as the end user's distance from his serving wire center, BellSouth offers CLECs a variety of unbundled loops that may support DSL services from the CLEC to its end user customers. These loop types are known as ADSL-capable loop; HDSL-capable loop; ISDN loop; Universal Digital Channel ("UDC"); Unbundled Copper Loop ("UCL"), Short and Long; and UCL-Nondesign ("UCL-ND"). *Latham, 2.* As of May 31, 2001, BellSouth had provisioned 1,294 two-wire ADSL loops and 62 two-wire HDSL loops to ten different CLECs in Tennessee. *Milner*, 57.

In its Texas 271 decision, the FCC commended the Texas state commission for developing comprehensive measures to assess SWBT's performance in provisioning xDSL-capable loops and related services in Texas. *SWBT-TX Order*, ¶ 283. BellSouth has presented this Authority with comparable performance data, specific to xDSL loops, to demonstrate that it is providing CLECs with nondiscriminatory access to such loops. Based on this performance data, this Authority should be able to conclude, as did the FCC in the Kansas/Oklahoma decision, that the BOC "provisions xDSL-capable loops for competing carriers in substantially the same time and manner that it installs xDSL-capable loops for its own retail operations." *SWBT-KS/OK Order*, ¶ 185.

For pre-ordering of xDSL-capable loops, BellSouth offers CLECs nondiscriminatory access to actual loop make-up information ("LMU") through electronic[24] and manual processes.

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[23] The FCC has stated that it would "find it most persuasive if future applicants under 271...make a separate and comprehensive evidentiary showing with respect to the provision of xDSL-capable loops." *Bell Atlantic-NY Order*, ¶ 330.

[24] Electronic access to loop make-up information is available through the TAG pre-ordering interface and the LENS interface.

Latham, 12; *see also SWBT-KS/OK Order*, ¶ 122; *SWBT-TX Order*, ¶ 165. Manual loop qualification is available when BellSouth's electronic records do not have LMU for a particular loop. *Latham*, 13-14. The loop make-up process provides CLECs with access to detailed information regarding the suitability of particular loops for xDSL services, including loop length; cable length by gauge; quantity of load coils; location of load coils; quantity of bridged tap; and location of bridged tap. *Latham*, 12-13. Loop make-up information is contained in the Loop Facility Assignment and Control System ("LFACS"). CLECs have access to the same information as BellSouth's retail operations, in the same manner and within the same time frames. *Id.*, 12. From January 2001 through May 2001, CLECs made over 1,000 mechanized LMU inquires in Tennessee, and over 18,000 mechanized LMU inquiries region-wide. *Milner*, 56. BellSouth provides the Authority with performance data in the FCC data format to demonstrate that BellSouth is providing CLECs with nondiscriminatory access to LMU.

To further enable CLECs to provide high-speed data services to their end users, CLECs have the option of selecting the precise conditioning (*i.e.*, loop modification) they desire on their loop. *Id.*, 13. If a CLEC needs to have a loop conditioned, it can use BellSouth's Unbundled Loop Modification ("ULM") process in order to modify any existing loop to be compatible with the CLEC's particular hardware requirements. *Id.*, 13-14. The ULM process conditions the loop by removing any devices that may diminish the capability of the loop to deliver high-speed switched wireline capability, including xDSL service. The CLEC may select the level of conditioning it wants, and will only pay for the level of conditioning it selects. *Latham*, 14. BellSouth will provide line conditioning upon request from a CLEC for an unbundled loop, regardless of whether BellSouth offers advanced services to the end-user customer on that loop. *Id.* As of June 1, 2001, while CLECs in Tennessee had not made any requests for loop

conditioning, CLECs region-wide have made 73 requests. *Milner*, 52.

Access to Line Sharing on the Unbundled Loop

Line-sharing allows CLECs to provide high speed data service to BellSouth voice customers. BellSouth provides access to the high frequency portion of the loop as an unbundled network element, and in accordance with the obligations set forth in the FCC's *Line-Sharing Order* and *Line-Sharing Reconsideration Order*.[25] Like SWBT, BellSouth developed the line-sharing product in a collaborative effort with CLECs and continues to work collaboratively with the CLECs on an ongoing basis to resolve issues as they arise. *Testimony of Tommy Williams ("Williams")*, 5-6. Line-sharing is available to a single requesting carrier, on loops that carry BellSouth's plain old telephone service ("POTS"), so long as the xDSL technology deployed by the requesting carrier does not interfere with the analog voice band transmissions. BellSouth allows line-sharing CLECs to deploy any version of xDSL that is presumed acceptable for shared-line deployment in accordance with FCC rules and that will not significantly degrade analog voice service. *Id.*, 4-5. As of June 30, 2001, BellSouth had provisioned 3,157 line-sharing arrangements across BellSouth's nine-state region and 41 line-sharing arrangements in Tennessee. *Milner*, 54.

The pre-ordering, ordering, provisioning and maintenance and repair processes for the line-sharing product are very similar to the processes for xDSL-capable loops. *Williams*, 14-17. For loop makeup information, the process is the same whether the CLEC wishes to obtain a xDSL-capable loop, or the high frequency portion of the loop. *Id.*, 12-13. BellSouth has

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[25] *Deployment of Wireline Services Offering Advanced Telecommunications Capability and Implementation of Local Competition Provisions of the Telecommunications Act of 1996*, Third Report and Order, CC Docket No. 98-147 and Fourth Report and Order, CC Docket No. 96-98, 14 FCC Rcd 20912 (1999) ("*Line-Sharing Order*"); *Deployment of Wireline Services Offering Advanced Telecommunications Capability*, Order on Remand, CC Docket Nos. 98-147, 98-11,

provided the Authority with performance data specific to line sharing in the FCC data format to demonstrate with empirical evidence its compliance with checklist item 4.

Access to Line Splitting

BellSouth will facilitate line splitting between CLECs using BellSouth's UNEs in full compliance with the FCC's rules. *Id.*, 20-24. Specifically, BellSouth facilitates line splitting by CLECs by cross-connecting a loop and a port to the collocation space of either the voice CLEC or the data CLEC. The CLECs may then connect the loop and the port to a CLEC-owned splitter and split the line themselves. BellSouth offers the same arrangement to CLECs as that described by the FCC in the *Texas 271 Order* and the *Line-Sharing Reconsideration Order*. By allowing CLECs to engage in line splitting, BellSouth's current offerings meet all FCC requirements for line splitting. *SWBT-TX Order,* ¶¶ 323-329.

Checklist Item 5: Unbundled Local Transport

Section 271(c)(2)(B)(v) of the competitive checklist requires a BOC to provide "[l]ocal transport from the trunk side of a wireline local exchange carrier switch unbundled from switching or other services." Interoffice transmission facilities include both dedicated transport and shared transport. *Second Louisiana Order,* ¶ 201. Dedicated transport is defined as "incumbent LEC transmission facilities...dedicated to a particular customer or carrier that provide telecommunications between wire centers owned by incumbent LECs or requesting telecommunications carriers, or between switches owned by incumbent LECs or requesting telecommunications carriers." 47 C.F.R. § 51.319(d)(1)(i). Shared transport is defined as incumbent LEC "transmission facilities shared by more than one carrier, including the incumbent LEC, between end office switches, between end office switches and tandem switches, and

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98-26, 98-32, 98-78, 98-91 (1999) ("*Line-Sharing Reconsideration Order*").

between tandem switches, in the incumbent LEC's network." 47 C.F.R. § 51.319(d)(1)(iii).

In the *Second Louisiana Order,* the FCC concluded that, but for the deficiencies in the OSS systems noted earlier under checklist item 2 (access to unbundled network elements), BellSouth demonstrated that it provides unbundled local transport as required in Section 271. *Second Louisiana Order,* ¶ 202. BellSouth continues to provide dedicated and shared transport between end offices, between tandems, and between tandems and end offices, and has procedures in place for the ordering, provisioning, and maintenance of both dedicated and shared transport. *Milner*, 64-66. BellSouth offers dedicated transport at high levels of capacity, including DS3 and OCN levels. *Id.*, 65. As of May 31, 2001, BellSouth had provided 1,445 dedicated local transport trunks to CLECs in Tennessee. While BellSouth cannot provide specific trunk numbers for common trunks, from July 1999 through May 2001, there were 30 CLECs in Tennessee and over 100 CLECs in BellSouth's nine-state region using common transport to some degree. *Milner,* 65-66. BellSouth has therefore demonstrated that it complies with checklist item 5.

Checklist Item 6: Unbundled Local Switching

Checklist item 6 obligates a BOC to provide "[l]ocal switching unbundled from transport, local loop transmission, or other services." In the *Second Louisiana Order,* the FCC required BellSouth to provide unbundled local switching that included line-side and trunk-side facilities, plus the features, functions, and capabilities of the switch. *Second Louisiana Order,* ¶ 207, *SWBT-TX Order,* ¶ 336. The features, functions, and capabilities of the switch include the basic switching function as well as the same basic capabilities that are available to the incumbent LEC's customers. *Id.* Additionally, local switching includes all vertical features that the switch is capable of providing, as well as any technically feasible customized routing functions. *Id.*

The FCC requires that a BOC demonstrate in order to meet checklist item 6 that it provides: "(1) line-side and trunk-side facilities; (2) basic switching functions; (3) vertical features; (4) customized routing; (5) shared trunk ports; (6) unbundled tandem switching; (7) usage information for billing exchange access; and (8) usage information for billing for reciprocal compensation." *Bell Atlantic-NY Order,* ¶ 346*; SWBT-TX Order,* ¶ 339*; SWBT-KS/OK Order,* ¶ 242.

In the *Second Louisiana Order,* the FCC stated that to comply with the requirements of unbundled local switching, a BOC must also make available trunk ports on a shared basis and routing tables resident in the BOC's switch as necessary to provide access to shared transport functionality. *Second Louisiana Order,* ¶ 209*; SWBT-TX Order,* ¶ 338. The FCC also stated that a BOC may not limit the ability of competitors to use unbundled local switching to provide exchange access by requiring CLECs to purchase a dedicated trunk from an interexchange carrier's point of presence to a dedicated trunk port on the local switch. *Id.*

In the *Second Louisiana Order,* the FCC concluded that BellSouth proved that it provides, or can provide, the line-side and trunk-side facilities of the switch, the basic switching function, trunk ports on a shared basis, and unbundled tandem switching. *Second Louisiana Order,* ¶¶ 210, 212-215, 228-29. BellSouth continues to provide unbundled switching in accordance with the FCC's requirements. BellSouth provides CLECs unbundled switching capability with the same features and functionality available to BellSouth's own retail operations, in a nondiscriminatory manner. *Milner*, 67-68. This offering is proved through actual commercial usage, as BellSouth has furnished over 27,823 unbundled switch ports in Tennessee through March 31, 2001, and 345,201 region-wide, most as part of the loop/port combination. *Id.*, 71. BellSouth also provides CLECs with unbundled tandem switching and unbundled packet

switching in accordance with FCC Rule 51.319(c)(2). *Id.*, 70.

Despite finding that BellSouth provided the basic switching functionality on an unbundled basis, the FCC concluded in the *Second Louisiana Order* that BellSouth failed to meet its burden of proof with respect to access to vertical features; customized routing; usage information for billing exchange access; and usage information necessary for billing for reciprocal compensation. As will be demonstrated below, BellSouth has remedied all of the FCC's concerns.

Vertical Features

At the time of BellSouth's second application, the FCC and BellSouth disagreed as to whether a BOC only was obligated to offer those vertical features actually being offered to its retail customers, or all vertical features loaded in the software of the switch, whether or not the BOC offered them on a retail basis. *Second Louisiana Order,* ¶¶ 218-220. BellSouth now offers CLECs all vertical features that are loaded in the switch, or loaded but not currently activated. *Milner*, 67. In addition, BellSouth will provide switch features not currently loaded in the switch pursuant to the bona fide request process provided that the CLEC is willing to pay the additional costs involved, such as additional right-to-use fees, programming costs to the manufacturer, and internal costs to adapt BellSouth's systems to accept an order for the new feature.

Customized Routing

Customized routing allows calls from a CLEC's customer served by a BellSouth switch to reach the CLEC's operator services or directory assistance platforms. In the *Second Louisiana Order*, the FCC found deficiencies with BellSouth's offer of customized routing. First, although the FCC believed BellSouth's Advanced Intelligent Network ("AIN") method of providing customized routing had "the potential to meet the requirements of the *Local Competition First*

Report and Order," the FCC nevertheless discounted it for purposes of BellSouth's second application because AIN was not then being currently offered. *Second Louisiana Order,* ¶222. BellSouth now offers its AIN solution for customized routing to any CLEC that wishes to use it. *Milner*, 71-72. Thus, BellSouth has remedied this concern.

The FCC further indicated that BellSouth's line class code ("LCC") solution for customized routing would have been acceptable had BellSouth been able to demonstrate adequately that CLECs can order this option efficiently. Specifically, the FCC held that "BellSouth should not require the competitive LEC to provide the actual line class codes, which may differ from switch to switch, if BellSouth is capable of accepting a single code region-wide." *Second Louisiana Order*, ¶ 224. In compliance with this obligation, BellSouth will implement one routing pattern per region for a CLEC's customers. In addition, although it is not required to do so, BellSouth voluntarily will provide a single routing pattern on a statewide basis. This single routing pattern (whether region-wide or state-wide) can be to a BellSouth platform (branded or unbranded), a CLEC platform, or a third-party platform. *Milner*, 75.

To avail itself of the single routing pattern, the CLEC need not put any LCC on the local service request. Such orders will be handled electronically (assuming, of course, that they would not otherwise fall out for manual handling) and therefore will need no manual intervention. *Milner*, 75. This ordering mechanism satisfies the FCC's directive that "the easiest way for BellSouth to make this demonstration [of ordering efficiency] is to ensure that orders that include selective routing information do not require manual intervention." *Second Louisiana Order,* ¶ 225. This LCC routing arrangement is identical to that provided to the BellSouth retail units. On the retail side, BellSouth has a single region-wide routing pattern for its customers' calls that is effectuated without the service representative having to populate the LCC on the service order.

Likewise, BellSouth will provide a CLEC a single routing pattern that is effectuated without the CLEC service representative having to populate the LCC on the local service request. *Milner,* 75.

If, on the other hand, the CLEC chooses to have different routing options for different customers served out of the same switch, BellSouth will handle such requests on a manual basis. In this scenario, the CLEC will provide information on the LSR designating the appropriate LCCs to direct the call. Although submitted electronically, such an order will fall out for manual handling and BellSouth will process it manually. The FCC specifically recognized that CLECs who wish to have multiple routing patterns in the same switch should bear the obligation to populate the requisite LCCs on the LSR. The FCC held as follows:

> We agree with BellSouth that a competitive LEC must tell BellSouth how to route its customers' calls. If a competitive LEC wants all of its customers' calls routed in the same way, it should be able to inform BellSouth, and BellSouth should be able to build the corresponding routing instructions into its systems just as BellSouth has done for its own customers. If, however, a competitive LEC has more than one set of routing instructions for its customers, it seems reasonable and necessary for BellSouth to require the competitive LEC to include in its order an indicator that will inform BellSouth which selective routing pattern to use.

Second Louisiana Order, ¶ 224. BellSouth provides customized routing in full compliance with FCC orders and the Act.[26]

Usage Information Necessary for Billing for Reciprocal Compensation

In the *Second Louisiana Order*, the FCC held that BellSouth did not provide CLECs with information necessary to bill for reciprocal compensation or, alternatively, have in place other

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[26] In the *Second Louisiana Order,* the FCC indicated that if a CLEC requests Feature Group D signaling and it is technically feasible for the ILEC to offer it, the ILEC's failure to provide it would constitute a violation of Section 251(c)(3) of the Act. *Second Louisiana Order,* ¶ 226. BellSouth will provide a CLEC with its choice of signaling format, including Feature Group D signaling, to the extent technically feasible. *Milner*, 70.

arrangements such as a surrogate. Section 251(b)(5) requires all LECs "to establish reciprocal compensation arrangements for the transport and termination of telecommunications." 47 U.S.C. § 251(b)(5). Without this information or other arrangements, CLECs purchasing unbundled local switching will not be able to bill and collect reciprocal compensation. *Second Louisiana Order,* ¶ *232.*

The FCC, therefore, requires that a BOC provide a purchaser of unbundled local switching with either: "(1) actual terminating usage data indicating how many calls/minutes its customers received and identifying the carriers that originated those calls; or (2) a reasonable surrogate for this information." *Id.*, ¶ 233. In this regard, the FCC rejected BellSouth's argument that it is not legally required to provide billing information for terminating traffic because any reciprocal compensation payments due from BellSouth are offset by payments due to BellSouth for the competitors' use of unbundled local switching to terminate traffic. *Id.*, ¶ 234.

BellSouth now provides CLECs with information necessary to bill for reciprocal compensation. As evidenced by the testimony of David Scollard in Docket No. 01-00362, the Access Daily Usage File ("ADUF") provides the CLEC with records for billing interstate and intrastate access charges (whether the call was handled by BellSouth or an interexchange carrier) or reciprocal compensation charges to other LECs and interexchange carriers for calls originating from and terminating to unbundled ports. The BellSouth network does not have the capability to record a terminating call record when an end user served out of a BellSouth switch has placed a call to a CLEC's unbundled switch port. Because the UNE charges that would be paid by the CLEC to BellSouth for these calls offsets the reciprocal compensation charges collected for the same calls, the need for the call records is obviated. This, in effect, represents a surrogate for the

records that is offered to all CLECs, obviating the need for the actual data.

Checklist Item 7: 911, Directory Assistance, Operator Services

911 and E911 Services

Section 271(c)(2)(B)(vii) of the Act requires a BOC to provide "[n]ondiscriminatory access to -- 911 and E911 services." Section 271 requires a BOC to provide competitors access to its 911 and E911 services in the same manner that a BOC obtains such access, *i.e.*, at parity. *Second Louisiana Order,* ¶ 235. In the *Second Louisiana Order*, the FCC found that BellSouth was "providing nondiscriminatory access to 911/E911 services, and thus satisfies the requirements of checklist item (vii)(I)." *Second Louisiana Order*, ¶236. BellSouth provides access to 911 and E911 services in a manner consistent with that presented to the FCC. *Milner*, 77-79.

Directory Assistance/Operator Services

Section 271(c)(2)(B)(vii)(II) and Section 271(c)(2)(B)(vii)(III) require a BOC to provide nondiscriminatory access to "directory assistance services to allow the other carrier's customers to obtain telephone numbers" and "operator call completion services," respectively. Section 251(b)(3) of the Act imposes on each LEC "the duty to permit all [competing providers of telephone exchange service and telephone toll service] to have nondiscriminatory access to ... operator services, directory assistance, and directory listings, with no unreasonable dialing delays." In the *UNE Remand Order,* the FCC removed directory assistance and operator services from the list of required unbundled network elements. *UNE Remand Order,* ¶¶ 441-42. To comply with the competitive checklist, however, BellSouth must make directory assistance and operator services available on rates, terms and conditions that are just, reasonable, and nondiscriminatory. *Id.*, ¶¶ 470-73.

The FCC concluded in the *Local Competition Second Report and Order* that the phrase "nondiscriminatory access to directory assistance and directory listings" means that "the customers of all telecommunications service providers should be able to access each LEC's directory assistance service and obtain a directory listing on a nondiscriminatory basis, notwithstanding: (1) the identity of a requesting customer's local telephone service provider; or (2) the identity of the telephone service provider for a customer whose directory listing is requested." *Second Louisiana Order,* ¶ 241 (citing 47 C.F.R. § 51.217(c)(3)); *Local Competition Second Report and Order,* ¶¶ 130-35. Nondiscriminatory access to the dialing patterns of 4-1-1 and 5-5-5-1-2-1-2 to access directory assistance were technically feasible, the FCC concluded, and would continue. *Second Louisiana Order,* ¶ 241 (citing *Local Competition Second Report and Order,* ¶ 151). The FCC specifically noted that the phrase "nondiscriminatory access to operator services" means that "a telephone service customer, regardless of the identity of his or her local telephone service provider, must be able to connect to a local operator by dialing 'O', or 'O plus' the desired telephone number." *Id.,* ¶ 112.

BellSouth provides directory assistance services to CLEC customers in the same manner as it does for its own retail subscribers. *Milner*, 79-81; *Affidavit of Douglas Coutee ("Coutee"),* ¶¶ 6-8. BellSouth provides CLECs access to the Directory Assistance Access Service ("DAAS") and the Directory Assistance Call Completion service ("DACC") via trunks connecting the CLEC's point of interface with the BellSouth platform. *Milner*, 80-81. As of March 31, 2001, CLECs in Tennessee had 423 directory assistance trunks in place between CLEC switches and BellSouth's platform. *Id.*, 80.

CLECs can provide their local exchange customers with the same access to BellSouth's directory assistance ("DA") service using the same 411 dialing pattern as BellSouth provides its

retail customers. *Coutee*, ¶ 10. The DA request will be handled in the same manner as BellSouth does for its own retail local exchange customers. The same operators, the same automated systems, and the same databases are used to provide the CLEC local exchange customer with DA. Whether the CLEC elects to brand with its name or not brand, the call is handled with the same speed, care, accuracy, and quality that a BellSouth retail local exchange customer would receive. *Id.*

BellSouth also provides CLECs with access to the Directory Assistance Database Service ("DADS") to allow CLECs to use BellSouth's subscriber listing information to set up their own directory assistance services. *Id.*, ¶ 11. In addition, BellSouth provides CLECs with access to the Direct Access to Directory Assistance Service ("DADAS"), which gives CLECs direct access to BellSouth's directory assistance database so that CLECs may provide directory assistance services. All information contained in BellSouth's listing database for its own end users, CLECs' end users, and independent LECs' end users is available to CLECs in the same manner as it is available to BellSouth itself. *Milner*, 81. In the *Second Louisiana Order,* the FCC found that BellSouth made a *prima facie* showing that it has a concrete legal obligation to provide nondiscriminatory access to directory assistance and operator services and that it provides access to its directory assistance database on a "read only" or "per dip" inquiry basis through its DADAS. *Second Louisiana Order,* ¶¶ 243-248.

Despite the FCC's finding that BellSouth made a *prima facie* showing that it had a legal obligation to provide access to its directory listings database, the FCC also concluded that BellSouth failed to make a *prima facie* showing that it provides nondiscriminatory access: "(1) to BellSouth-supplied operator services and directory assistance; and (2) to the directory listings in its directory assistance databases." *Id.* ¶ 243. It observed in this regard, however, that "the

deficiencies we identify...should be readily correctable by BellSouth." *Id.*

First, the FCC stated that in future applications, if BellSouth chose to rely on performance data to demonstrate its compliance with this checklist item "it should either disaggregate the data or explain why disaggregation is not feasible or is unnecessary to show nondiscrimination." *Id.*, ¶ 245. BellSouth has made such a showing to this Authority. Disaggregation of performance data related to directory assistance and operator services is unnecessary because BellSouth's provision of directory assistance and operator services to CLECs is parity by design. *Milner*, 84. The flow of service orders to directory assistance or operator services platforms is exactly the same regardless of the source of the service order. *Id.* Because calls are not differentiated between BellSouth retail calls and CLEC calls, there is no need to disaggregate performance data between the types of calls.

Second, the FCC concluded that BellSouth failed to demonstrate that it complies with the FCC's rebranding requirements. The FCC directed BellSouth in future applications to demonstrate that its method of providing branding results in nondiscriminatory access by showing, for example, that the way it brands operator calls for competing carriers is the same as the way it provides access to operator services for its own customers. *Second Louisiana Order*, ¶ 247. BellSouth is in full compliance with the FCC's rebranding requirements. CLECs have four branding options: BellSouth-branded; unbranded; custom branding; and self-branding. *Milner*, 87. As demonstrated in the discussion of checklist item 6, BellSouth provides CLECs the ability to apply unique branding via either AIN or line class codes. *Milner*, 72-75, 86, 88. A CLEC's use of line class codes to reach an OS/DA platform is the same as BellSouth's use of line class codes to reach its Traffic Operator Position System ("TOPS"), and thus BellSouth's provision of

customized routing is nondiscriminatory. *Milner*, 87.[27]

In addition, BellSouth provides CLECs with Operator Line Number Screening ("OLNS"). OLNS is a method of providing customized branding in addition to the LCC and AIN methods. *Milner*, 91-92. OLNS provides a means of making information available to the OS/DA platform about the end user originating a telephone call. OLNS allows end users' calls to proceed from the end-office switches to BellSouth's OS/DA platform over common trunk groups (that is, a single trunk group between an end-office switch and the OS/DA platform carrying multiple service providers' traffic including calls from BellSouth's retail customers). Once the call arrives at the OS/DA platform, OLNS is used to "look up" the telephone number of the calling party in its database to determine whether and how to brand a call from that particular end user. *Id.*, 92.

Finally, the FCC found that BellSouth failed to demonstrate that it provides subscriber listing information in its directory assistance database in a way that allows CLECs to incorporate that information into their own database. *Second Louisiana Order*, ¶ 249. According to the FCC, "to comply with this requirement BellSouth must provide a requesting carrier with all the subscriber listings in its operator services and directory assistance databases except listings for unlisted numbers." *Id.*, ¶ 249 (footnote omitted). BellSouth has addressed this concern. As of

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[27] In response to its second Louisiana application, MCI claimed that BellSouth's rebranding solution imposes "an unreasonable requirement that would result in a grossly inefficient and costly parallel network for each CLEC seeking branded operator services." *Second Louisiana Order*, ¶ 247. BellSouth imposes no burden on the CLECs that it does not impose upon itself. Under the LCC method of customized routing, calls are directed at the end office switch to the requested OS/DA platform over dedicated trunks. Dedicated trunks are required because of the technical limitations of the switches. To the extent that CLECs choose the same OS/DA platform and the same branding (or unbranding) of calls, CLECs may share the transport between the end office switch and the platform. A CLEC's use of LCCs to reach an OS/DA platform is the same as BellSouth's use of LCCs to reach its TOPS platform, and thus BellSouth's provision of customized routing is nondiscriminatory. *Milner*, 86-87. In addition,

May 31, 2001, seven providers were using BellSouth's Tennessee subscriber listings, via Directory Assistance Database Service ("DADS"), to provide DA service and third-party listing data to end users. *Milner,* 81.

In conclusion, BellSouth is fully compliant with checklist item 7. BellSouth has remedied the concerns of the FCC from the *Second Louisiana Order*, and continues to provide CLECs with nondiscriminatory access to 911/E911.

Checklist Item 8: White Pages Directory Listings

BellSouth provides "[w]hite pages directory listings for customers of the other carrier's telephone exchange service." Section 271(c)(2)(B)(viii). BellSouth provides CLECs with white page directory listings for the CLECs' customers that include the subscriber's name, address and telephone number. *SWBT-KS/OK Order*, ¶ 246. The CLECs' white pages listings are fully integrated with BellSouth's listings and are identical in size, font, and typeface. *Bell Atlantic-NY Order,* ¶¶ 359-360. The CLECs' listings are maintained with the same accuracy and reliability as BellSouth's own customer listings. Finally, BellSouth has implemented procedures to minimize the potential for errors by allowing CLECs to review and edit their customers' listings. *Second Louisiana Order*, ¶¶ 257-258.

The FCC concluded that BellSouth is meeting this checklist item. *Id.,* ¶ 252. BellSouth's actions and performance at this time are consistent with the showing previously made to the FCC upon which the FCC made the determination that the statutory requirements for the checklist item were met. *Second Louisiana Order*, n. 151; *Milner*, 92-93.

Checklist Item 9: Numbering Administration

In the *Second Louisiana Order,* the FCC concluded that BellSouth met this competitive

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CLECs can avail themselves of the AIN method or OLNS.

checklist requirement. *Second Louisiana Order,* ¶¶ 260-262. Since that time, NeuStar has assumed all the responsibilities of the North American Numbering Plan Administrator ("NANPA"). *Milner*, 92. BellSouth no longer has any responsibility for the assignment of central office codes (NXXs) or for NPA relief planning. *Id.* Although it is no longer a CO code administrator and no longer performs any functions with regard to number administration or assignment, BellSouth continues to adhere to all relevant industry guidelines and FCC rules, including those provisions requiring accurate reporting of data to the Code Administrator. *Id.*, 93-95. For these reasons, the Authority should conclude that BellSouth complies with this checklist item.

Checklist Item 10: Databases and Associated Signaling

Section 271(c)(2)(B)(x) of the competitive checklist requires BellSouth to offer "[n]ondiscriminatory access to databases and associated signaling necessary for call routing and completion." *Second Louisiana Order,* ¶ 266. In the *Local Competition First Report and Order,* the FCC identified signaling networks and call-related databases as network elements, and concluded that LECs must provide the exchange of signaling information between LECs necessary to exchange traffic and access call-related databases. 47 C.F.R. § 51.319. The FCC in its *Second Louisiana Order* ruled that BellSouth had demonstrated that it is providing nondiscriminatory access to databases and associated signaling necessary for call routing and completion and thus satisfies the requirements of checklist item 10. *Second Louisiana Order,* ¶ 267.

BellSouth offers CLECs the very same access to signaling and call-related databases as BellSouth has, allowing calls to or from CLEC customers to be set up just as quickly and routed just as efficiently as calls to or from BellSouth customers. BellSouth therefore complies with the

requirements for affording nondiscriminatory access to these components of BellSouth's network.

Signaling Networks

When a CLEC purchases unbundled local switching from BellSouth, it automatically obtains the same access to BellSouth's switching network as BellSouth provides itself. *Milner*, 97. BellSouth provides nondiscriminatory access to its signaling networks, including Signal Transfer Points ("STP"), Signaling Links, and Service Control Points ("SCP"). *Milner*, 97-98. In addition, BellSouth provides SS7 network service to CLECs for their use in furnishing SS7-based services to their own end users or to the end users of another CLEC that has subtended its STP to the signaling network of the interconnecting CLEC. *Milner,* 99. SS7 signaling is available between CLEC switches, between CLEC switches and BellSouth switches, or between CLEC switches and the networks of other carriers connected to BellSouth's SS7 network. *Id.* The fact that BellSouth's signaling network is available is evidenced by the fact that as of May 31, 2001, 13 CLECs had connected directly to BellSouth's signaling network in Tennessee. *Milner*, 99.

Call-Related Databases

BellSouth provides CLECs with nondiscriminatory access to a variety of call-related databases. Specifically, BellSouth offers access to its: Line Information Database ("LIDB"); Toll Free Number Database; Local Number Portability database; Calling Name Delivery database ("CNAM"); Advanced Intelligent Services Feature Database; and the 911/E911 databases. *Milner*, 99-107. In addition, BellSouth provides access to a Service Control Point ("SCP"), which is a network element where call related databases can reside. *Id.* SCPs also provide operational interfaces to allow for provisioning, administration, and maintenance of

subscriber data and service application data. *Id.* Each of these databases is available to a requesting CLEC in the same manner and via the same signaling links to the databases that are used by BellSouth itself. BellSouth maintains all of the information in these databases in accordance with the confidentiality requirements of the Act. 47 U.S.C. § 222.

The fact that BellSouth is providing nondiscriminatory access to its call-related databases is evidenced by the commercial usage of the databases. For example, BellSouth's region-wide LIDB processed more than 1.6 billion queries from CLECs and others during the period from January 1997 through April 2001. *Milner*, 100. CNAM, which enables the terminating end user to identify the calling party by a displayed name before the call is answered, also is commercially available. As of July 1, 2001, BellSouth has 100 CNAM customers, consisting of both CLEC and independent LECs, across BellSouth's region. *Milner,* 102. From January 1997 through May, 2001, CLECs and other service providers across BellSouth's region completed approximately 10 billion queries to BellSouth's Toll Free Number database. *Id.*, 104. These data make clear that BellSouth's databases are being used by CLECs.

Checklist Item 11: Number Portability

Local number portability ("LNP") enables customers of facilities-based CLECs to retain their existing telephone number even after they no longer subscribe to BellSouth's local service. Every number ported by BellSouth represents one or more BellSouth lines lost to a CLEC – proving the CLECs' ability to compete directly against BellSouth. In Tennessee, as of June 30, 2001, BellSouth has ported 215,383 business directory numbers and 401 residence directory numbers. *Milner*, 110. Region-wide, BellSouth has ported 1,282,443 business directory numbers and 160,994 residence directory numbers as of the same date. *Id.*

In the *Second Louisiana Order,* the FCC noted that in any future application, it would

expect BellSouth to address long-term or permanent number portability. *Second Louisiana Order,* ¶ 292. BellSouth is now in full compliance with this checklist item. As of March 31, 2001, BellSouth has converted 177 out of 201 of its switches, which account for 97% of lines in Tennessee, from interim number portability to permanent local number portability. *Milner*, 110. BellSouth has provided permanent number portability through the use of the Location Routing Number (LRN) methodology, which the FCC held would satisfy its performance criteria established for LNP. In addition, BellSouth has met the implementation schedule for permanent number portability established in the FCC's orders, as modified at BellSouth's request. Further, BellSouth has worked proactively with the industry to expand the implementation of LNP beyond the scope of the original FCC order. Finally, BellSouth has processed bona fide LNP service requests in accordance with the FCC rules and regulations.

To further demonstrate its compliance with this checklist item, BellSouth will file with the Authority performance data specific to LNP, both in conjunction with unbundled loops and on a stand-alone basis. This data will demonstrate that BellSouth is providing CLECs with number portability in a nondiscriminatory manner.

Checklist Item 12: Local Dialing Parity

Local dialing parity ensures that CLECs' customers are able to place calls within a given local calling area by dialing the same number of digits as a BellSouth end user without unreasonable dialing delays. In the *Second Report and Order,* the FCC held "that local dialing parity will be achieved upon implementation of the number portability and interconnection requirements of section 251." Second Report and Order and Memorandum Opinion and Order, *Implementation of the Local Competition Provisions of the Telecommunications Act of 1996,* 11 FCC Rcd 19392, 19430 (1996). In the *Second Louisiana Order,* the FCC held that BellSouth

complied with this checklist item by providing nondiscriminatory access to such services as are necessary to allow a requesting carrier to implement local dialing parity in accordance with Section 251(b)(3). *Second Louisiana Order,* ¶ 296.

BellSouth provides CLECs with local dialing parity in accordance with this checklist item. CLEC end users are not required to use access codes or additional digits to complete local calls to BellSouth customers and visa versa. *Milner,* 112. Further, end-user customers of CLECs that are being served via the UNE platform will have available to them local dialing plans in the same manner as BellSouth's retail customers. *Milner,* 114. The interconnection of the BellSouth network and the network of the CLEC will be seamless from the end user perspective, as the Act intended. *Id.* BellSouth's actions and performance are consistent with the showing previously made to the FCC upon which the FCC made the determination that the statutory requirements for the checklist item were met. *Second Louisiana Order*, ¶ 88, n. 251; *Milner*, 113.

Checklist Item 13: Reciprocal Compensation

Checklist item 13 requires that a BOC's access and interconnection includes "[r]eciprocal compensation arrangements in accordance with the requirements of section 252(d)." In the Texas decision, the FCC found SWBT in compliance with this checklist item because it "(1) has in place reciprocal compensation arrangements in accordance with section 252(d)(2), and (2) is making all required payments in a timely fashion." *SWBT-TX Order,* ¶ 379. In the *Second Louisiana Order,* the FCC found BellSouth in compliance with these obligations. Moreover, in its recent decision granting Verizon Section 271 authority in Connecticut, the FCC concluded that the issue of Internet-bound traffic is irrelevant to determining whether a BOC is in compliance with checklist item 13, stating "that ISP-bound traffic is not subject to the reciprocal compensation provisions of section 251(b)(5) and 252(d)(2); therefore, whether Verizon

modified its SGAT to apply reciprocal compensation to Internet traffic is not relevant to compliance with checklist item 13."[28]

In accordance with Sections 271 and 252(d)(2), BellSouth has established just and reasonable rates for reciprocal compensation, thereby ensuring that CLECs and BellSouth receive mutual and reciprocal recovery of costs associated with the transport and termination of local calls. Rates for reciprocal compensation are set forth in Attachment A to the SGAT. Moreover, BellSouth makes reciprocal compensation payments to CLECs in a timely fashion. BellSouth's actions and performance at this time are consistent with the showing previously made to the FCC upon which the FCC made the determination that the statutory requirements for the checklist item were met. *Second Louisiana Order*, n. 151.

Checklist Item 14: Resale

Section 271(c)(2)(B)(xiv) of the Act requires a BOC to make "telecommunications services...available for resale in accordance with the requirements of sections 251(c)(4) and 252(d)(3)." In the *Second Louisiana Order,* the FCC concluded that but for deficiencies in its OSS, BellSouth demonstrated that it provided resale in accordance with the requirements of this checklist item. *Second Louisiana Order,* ¶ 319. The telecommunications services that BellSouth provides CLECs for resale are identical to the services BellSouth furnishes its own retail customers. BellSouth offers its services for resale at an Authority approved discount of 16% for business and residential services.[29] BellSouth's electronic interfaces allow resellers to access pre-ordering, ordering, provisioning, maintenance and repair and billing functions for resold

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[28] *In the Matter of Application of Verizon New York Inc., Verizon Long Distance, Verizon Enterprise Solutions, Verizon Global Networks Inc., and Verizon Select Services Inc., for Authorization to Provide In-Region, InterLATA Services in Connecticut*, CC Docket No. 01-100, Memorandum Report and Order (rel. July 20, 2001) (*Verizon-CT Order"*), ¶ 67 (footnote omitted).

[29] If the CLEC provides its own OS/DA services, the discount is 21.56%.

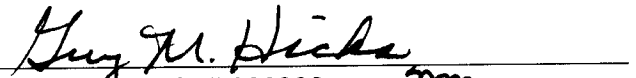
services in an efficient and nondiscriminatory manner. BellSouth will provide the Authority with performance data specific to resold services in the FCC data format that will demonstrate empirically that BellSouth provides resale in accordance with the Act and FCC rules. Thus, the Authority should find BellSouth in compliance with checklist item 14.

V. CONCLUSION

In conclusion, BellSouth has irreversibly opened the local market in Tennessee to competition and provided CLECs with products and services covering all fourteen points of the competitive checklist. As the Authority has been so keenly aware, it is critical to bring the benefits of competition in the interLATA market to Tennessee consumers sooner rather than later. The surest way to increase consumer choice in both the local and long distance markets is for the FCC to grant BellSouth interLATA authority in Tennessee, and BellSouth respectfully requests that the Authority encourage the FCC to do so.

This 30th day of July, 2001.

BELLSOUTH TELECOMMUNICATIONS, INC.



GUY M. HICKS # 000232
333 Commerce Street, # 2101
Nashville, Tennessee 37201-3300
(615) 370-6352

FRED MCCALLUM
LISA FOSHEE
675 West Peachtree Street
Suite 4300, BellSouth Center
Atlanta, Georgia 30375
(404) 335-0793

ATTORNEYS FOR BELLSOUTH
TELECOMMUNICATIONS, INC.