



BellSouth Telecommunications, Inc. 615 214-6301
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333 Commerce Street
Nashville, Tennessee 37201-3300

Guy M. Hicks
General Counsel

DEC 20 1999 3 19 PM

December 20, 1999

VIA HAND DELIVERY

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

Re: *Petition for Arbitration of ITC^DeltaCom Communications, Inc. with BellSouth Telecommunications, Inc. pursuant to the Telecommunications Act of 1996*
Docket No. 99-00430 *Original*

Petition by ICG TELECOM GROUP, INC. for Arbitration of an Interconnection Agreement with BELLSOUTH TELECOMMUNICATIONS, INC. pursuant to Section 252(b) of the Telecommunications Act of 1996
Docket No. 99-00377 *copy*

Dear Mr. Waddell:

Enclosed are the original and thirteen copies of BellSouth Telecommunications, Inc.'s supplement to Late Filed Exhibit AJV-1. Copies of the enclosed are being provided to counsel of record for all parties.

Very truly yours,

Guy M. Hicks

GMH:ch
Enclosure

FILE

REC'D TN
RECEIVED TEL

99 DEC 20 PM 3:18
BellSouth Telecommunications, Inc.
Tennessee Regulatory Authority
Docket 99-00430 and Docket 99-00377
Late Filed Hearing Exhibit AJV-1
Supplemental Response
December 20, 1999
Item No. 1
Page 1 of 1

REQUEST: Please: (1) provide an exact copy of BellSouth's latest proposal to the Federal Communications Commission ("FCC") on voluntary self-effectuating enforcement mechanisms; and (2) identify the concerns expressed by FCC concerning that proposal. (Transcript, pages 811-813)

RESPONSE:

- (1) BellSouth previously filed a copy of BellSouth's proposal to the FCC on voluntary self-effectuating enforcement mechanisms, referred to as "VSEEM II," which was filed with the FCC on June 18, 1999. Subsequently, on December 3, 1999, BellSouth presented a third proposal to the FCC, referred to as "VSEEM III". As requested by the Authority, attached is a copy of VSEEM III, which is BellSouth's latest proposal on voluntary self-effectuating enforcement mechanisms.
- (2) The initial presentation appeared to be favorably received; however, members of the FCC staff are still in the process of reviewing BellSouth's latest proposal.

FILE

BLS Proposal
on
Voluntary Self Effectuating
Enforcement Mechanisms
(VSEEM III)

FCC Ex-Parte
12-03-99

REC'D IN
REGULATORY DIV.
99 DEC 20 PM 3 20
CIVIL RIGHTS
EXECUTIVE SECRETARIAT

Voluntary Self Enforcing Remedies

Multi-Tiered Structure

- **Tier 1 Enforcement Mechanisms**
 - Payments (liquidated damages) directly to the CLEC
 - Triggered by one month of significantly poor performance
- **Tier 2 Enforcement Mechanisms**
 - Fines paid directly to the state Commission or their designated agency
 - Triggered by significantly poor performance by quarter
- **Tier 3 Enforcement Mechanisms**
 - Voluntary suspension of additional marketing and sales of LD services
 - Triggered by excessive repeat failures (a “tripwire”)

Voluntary Self Enforcing Remedies

Background

- How BLS's plan compares
 - Less complex, fewer metrics than BA-NY or SBC-TX
 - Proportionally same \$\$ at risk (per access line basis)
 - BLS statistical method corrects significant flaws in BA-NY and SBC-TX plans
 - No “forgiveness” plan or offsetting credits

Voluntary Self Enforcing Remedies Individual CLECs and CLEC industry

- Tier 1 (Liquidated Damages)
 - Monthly Assessment at State Level for Individual CLEC
 - State level evaluation is consistent with test statistic
 - State level evaluation takes 'random variation' into consideration
 - State level evaluation will not mask discrimination
 - Parity gap will result in payment to the CLEC operating in negative like-to-like cells (wire center/service)
- Tier 2 (Fines Paid to State)
 - Quarterly Assessment at State Level for CLEC Aggregate
- Tier 3 (suspension of LD authority)
 - Selected sub-measures (12) at the state level.
 - Triggered by repeated failures of the same 5 or more sub-measures for a quarter.

Enforcement Mechanism (Measurements / Tiers / Retail Analogue or Benchmark)

VSEEM III								
Process	Measures	Resale POTS	Resale Design	UNE Loop & Port Combo	UNE Loops	IC Trunks	LNP	Other
Pre-Ordering	Percent Response Received within *X* sec							Tier-2 (B)
	OSS Interface Availability							Tier-2 (RA)
Ordering	Order Process Percent Flow-Through							Tier-2 (B)
	FOC Timeliness (Mechanized only)							Tier-1 (B)
Provisioning	Average Reject Interval (Mechanized only)							Tier-1 (B)
	Order Completion Interval (Dispatch Only)							Tier-1 (B)
	Percent Installations Completed within *X* Days	Tier-1 and Tier-2 (RA)	Tier-1 and Tier-2 (RA)	Tier-1 and Tier-2 (RA)		Tier-1 and Tier-2 (RA)		
	Percent Missed Installation Appointments				Tier-1 and Tier-2 (B)			
Maintenance	Percent Provisioning Troubles within 4 Days of Installation	Tier-1, -2 and -3 (RA)	Tier-1, -2 and -3 (RA)	Tier-1, -2 and -3 (RA)	Tier-1, -2 and -3 (B)			
	Customer Trouble Report Rate	Tier-1 and Tier-2 (RA)	Tier-1 and Tier-2 (RA)	Tier-1 and Tier-2 (RA)	Tier-1 and Tier-2 (B)			
	Percent Missed Repair Appointments	Tier-1, -2 and -3 (RA)	Tier-1, -2 and -3 (RA)	Tier-1, -2 and -3 (RA)	Tier-1, -2 and -3 (B)			
	Maintenance Average Duration	Tier-1 and Tier-2 (RA)	Tier-1 and Tier-2 (RA)	Tier-1 and Tier-2 (RA)	Tier-1 and Tier-2 (B)	Tier-1 and Tier-2 (RA)		
Billing	Percent Repeat Troubles within 30 days	Tier-1 and Tier-2 (RA)	Tier-1 and Tier-2 (RA)	Tier-1 and Tier-2 (RA)	Tier-1 and Tier-2 (B)			
	Billing Accuracy							Tier-2 and Tier-3 (RA)
	Billing Timeliness							Tier-2 and Tier-3 (RA)
	Usage Data Delivery Timeliness							Tier-2 (RA)
Trunk Blockage	Usage Data Delivery Accuracy							Tier-2 (RA)
	Percent Trunk Blockage							
LNP	Disconnect Timeliness					Tier-1, -2 and -3 (RA)		
C C Conv	Percent Missed Installation Appointment						Tier-1 and Tier-2 (B)	
	Coordinated Customer Conversions						Tier-1 and Tier-2 (B)	
Collocation	Percent Missed Collocation Due Dates				Tier-1 and Tier-2 (B)		Tier-1 and Tier-2 (B)	Tier-1, -2 and -3 (B)

LEGEND: RA = Retail Analogue, B = Benchmark
December 3, 1999

BellSouth / FCC exparte

Voluntary Self Enforcement Remedies

TIER-3

EXCESSIVE PROCESS PERFORMANCE FAILURES

- Selected sub-measures (12) at the State Level
- Failures of the same 5 or more sub-measures for a quarter

EXAMPLE:

Process	Measures	TIER-3 FAILURE X = Miss			NOT A TIER-3 FAILURE X = Miss		
		Month 1	Month 2	Month 3	Month 1	Month 2	Month 3
Percent Missed Installation Appointments	Resale POTS	X	X	X	X		
	Resale Design	X			X	X	X
	UNE Loop & Port Combo		X				
	UNE Loops	X	X	X			
Percent Missed Repair Appointments	Resale POTS	X	X	X	X		X
	Resale Design		X	X		X	
	UNE Loop & Port Combo					X	X
	UNE Loops				X		
Billing	Billing Accuracy	X	X	X			
	Billing Timeliness						
Trunk Blockage	Percent Trunk Blockage	X	X	X	X	X	X
Collocation	Percent Missed Collocation Due Dates						

December 3, 1999

BellSouth / FCC exparte

Voluntary Self Enforcement Remedy Plan

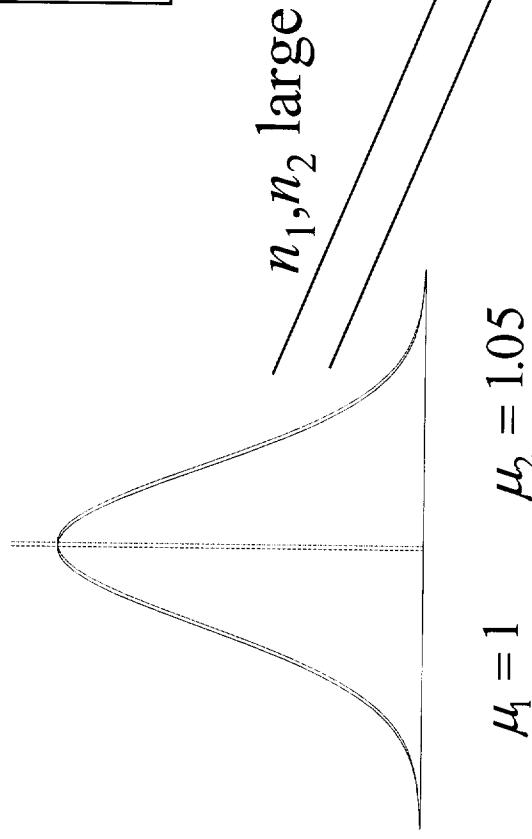
- PERFORMANCE STANDARDS
 - Parity for analogous products, processes, service
 - Benchmark where no analogues exist
- DETECT POTENTIAL DISCRIMINATION
 - Overall Test Statistic (Truncated Z) Computed to ensure Type I and Type II Errors are balanced
 - Minimizes concern around random variation while not masking discrimination
- PAYMENTS
 - Made at the cell level (Cells test similar products at the wire center level to get Like - to - Like samples - concept approved by FCC statisticians)
- ESCALATING REMEDIES
 - Magnitude of Failure - Addressed utilizing the z-value and balancing critical value. The further z deviates from the balancing critical value, the higher the penalty that is paid.
 - Repeat Failures
 - VSEEM fee schedule increases month-over-month if failures repeat

Statistical Determination of Parity

- PARITY
 - Statistical Testing required to determine parity
 - Overall Test Statistic using the Truncated-Z Test for Rates and Proportions
 - Overall statistic using the Aggregated Adjusted-Z for Means and Averages
 - Balancing Critical Value
 - Computed to ensure Type I and Type II Errors are balanced
 - Used (with z-value) to assess the Magnitude of a Failure
- OVERALL TEST STATISTICS
 - Minimizes concern around random variation while not masking discrimination

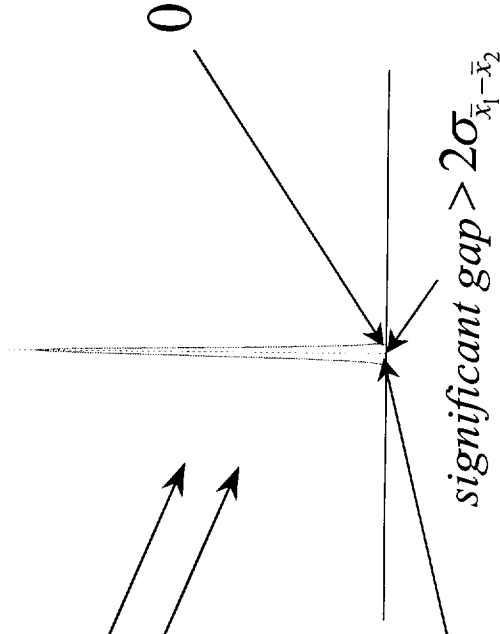
What About “Significance” ?

2 Normal Distributions



With large enough sample sizes, even tiny differences can be statistically significant.

Distribution of $\bar{x}_1 - \bar{x}_2$



Example: Percent Missed Repair Appointments
BST = 5% and CLEC 5.05%

$$\mu_{\bar{x}_1 - \bar{x}_2} = -0.05$$

Enforcement Mechanism

Volume Payment Variables

Parity Gap

$(Z - C_B)$

Δ_Z

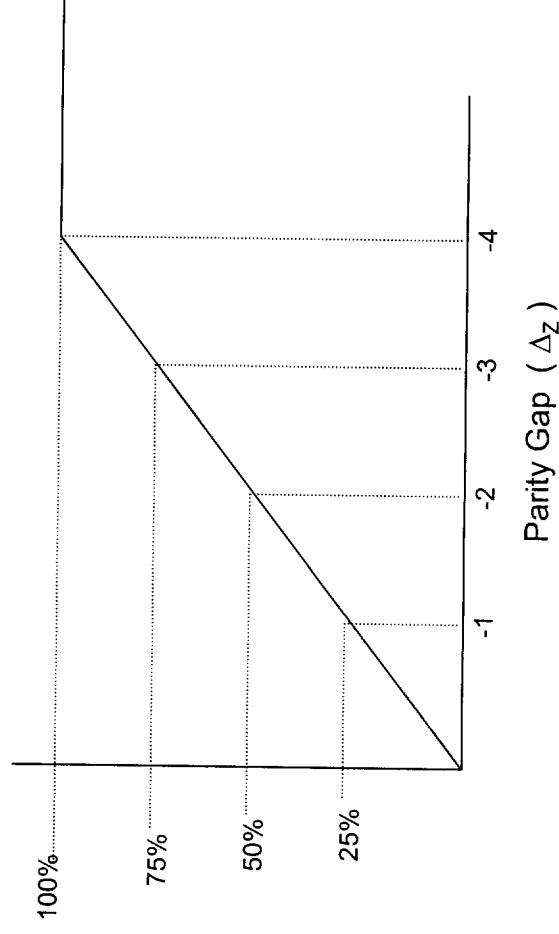
0

C_B

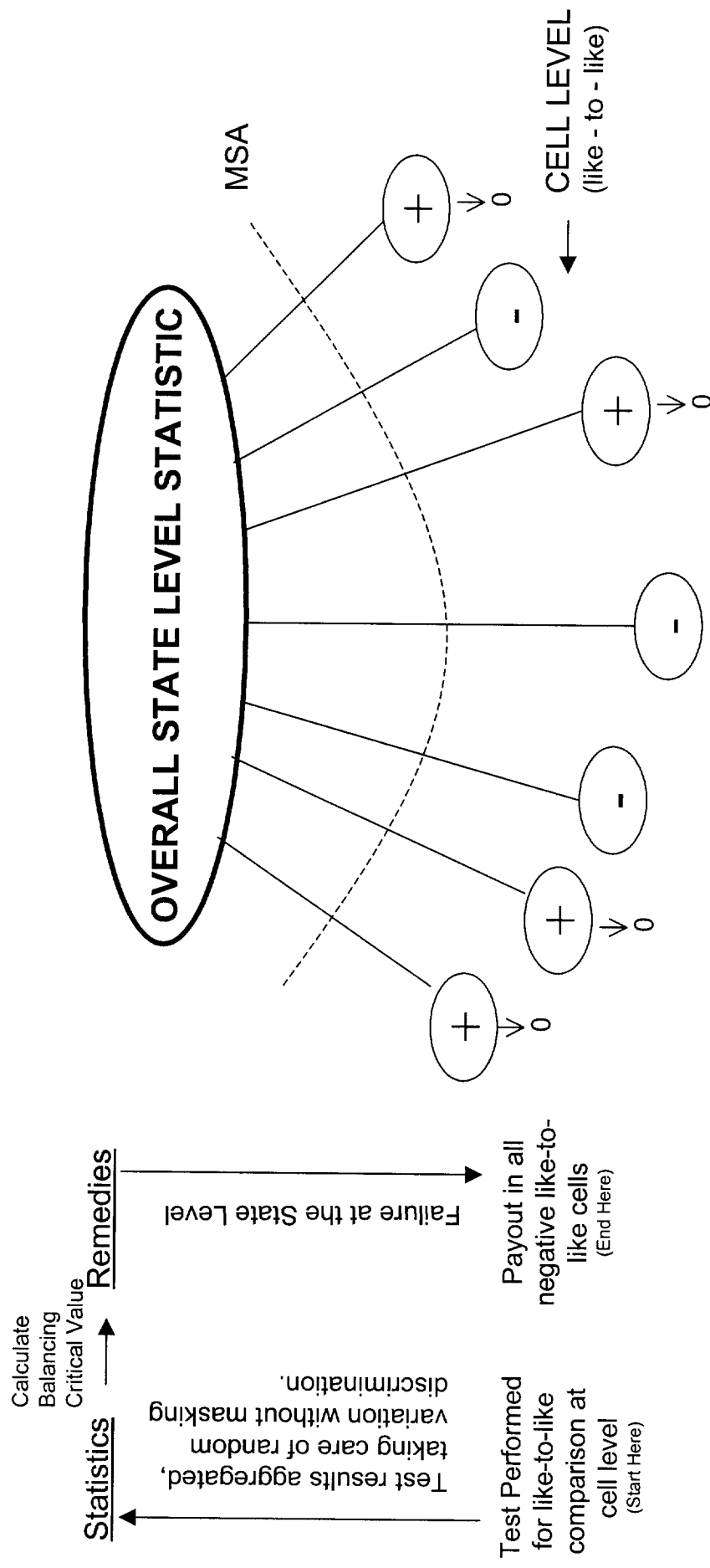
Z

Test Statistic Value
Balancing Critical Value

Volume Proportion



Remedy Payout Diagram



Legend: + = Performance favored CLEC
- = Performance favored BST

Enforcement Mechanisms Proposal Fee Schedule

Tier-1

PER ITEM PER CLEC

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Ordering	\$40	\$50	\$60	\$70	\$80	\$90
Provisioning POTS	\$100	\$125	\$175	\$250	\$325	\$500
Provisioning UNE (incl Coordinated Customer Conversions)	\$400	\$450	\$500	\$550	\$650	\$800
Maintenance	\$100	\$125	\$175	\$250	\$325	\$500
Maintenance UNE	\$400	\$450	\$500	\$550	\$650	\$800
Trunk Blockage/100 calls	\$150	\$250	\$500	\$600	\$700	\$800
LNP	\$150	\$250	\$500	\$600	\$700	\$800
Collocation	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000

Tier-2

PER ITEM

Pre-Ordering	\$20
Ordering	\$60
Provisioning POTS	\$300
Provisioning UNE	\$875
Maintenance POTS	\$300
Maintenance UNE	\$875
Billing	\$1
Trunk Blockage/100 calls	\$500
LNP	\$500
Collocation	\$15,000

December 10, 1999

BellSouth / FCC exparte

Remedy State Caps (annual)

- (Tier-1 plus Tier-2 by state)

– AL	\$17M	MS	\$11M
– FL	\$56M	NC	\$23M
– GA	\$36M	SC	\$11M
– KY	\$10M	TN	\$23M
– LA	\$21M		
- Regional Total \$208M

Voluntary Self Enforcing Remedies

Individual CLECs and CLEC industry

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BELLSOUTH

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Kathleen B. Levitz
Vice President-Federal Regulatory

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December 13, 1999

STAMP and RETURN

WRITTEN EX PARTE

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
The Portals
445 12th Street, S.W.
Washington, D.C. 20554

RECEIVED
DEC 13 1999
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: CC Docket No. 98-121

Dear Ms. Salas:

This ex parte is being filed to correct errors on the attachment used during an earlier ex parte visit for which BellSouth filed a notice with your office on December 6, 1999. The meeting itself occurred on December 3, 1999. Representing BellSouth were Sid Boren, Randy New, Bill Stacy, and Bob Blau. FCC staff attending the meeting included Lawrence Strickling, Chief of the Common Carrier Bureau, Bill Bailey, Jake Jennings, and Claire Blue.

During the meeting the participants had discussed the performance measurements, enforcement mechanisms and penalties relating to the Voluntary Self-Effectuating Enforcement mechanisms (VSEEMs III) proposal that BellSouth had initially presented to the Commission staff in a written ex parte filed on April 9, 1999. A written ex parte made on December 8, 1999 had corrected entries appearing on page 12 of the December 3 attachment. Today's ex parte makes a correction to the graph appearing in the lower right quadrant of page 10 of that attachment.

In accordance with Section 1.1206, I am filing two copies of this notice in the proceeding identified above. Please place this notice in the record of that proceeding. Thank you.

Sincerely,

Kathleen B. Levitz

Kathleen B. Levitz

Attachment

cc: Lawrence Strickling
William Bailey
Jake Jennings
Claire Blue

CERTIFICATE OF SERVICE

I hereby certify that on December 20, 1999, a copy of the foregoing document was served on the parties of record, via the method indicated:

- ☒ Hand
☐ Mail
☐ Facsimile
☐ Overnight

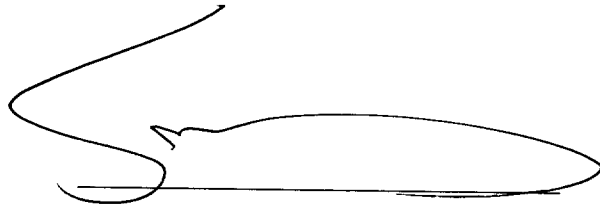
Gary Hotvedt, Esquire
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460 James Robertson Parkway
Nashville, TN 37243-0500

- ☐ Hand
☒ Mail
☐ Facsimile
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☐ Facsimile
☐ Overnight

Henry Walker, Esquire
Boult, Cummings, et al.
414 Union Ave., #1600
P. O. Box 198062
Nashville, TN 37219-8062

A large, stylized handwritten signature in black ink, likely belonging to the certifier, is written across the bottom right of the page.