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November 7, 2000

Mr. Thomas M. Dorman
Executive Director
Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602

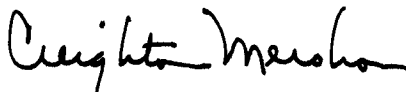
Re: Petition by AT&T Communications of the South Central States, Inc. and TCG Ohio for Arbitration of Certain Terms and Conditions of a Proposed Agreement With BellSouth Telecommunications, Inc. Pursuant to 47 U.S.C. Section 252 PSC 2000-465

Dear Mr. Dorman:

Reference is made to BellSouth's Response to AT&T's Petition for Arbitration which was filed on October 30, 2000. It has come to our attention that numerous pages were inadvertently omitted from the attachments to the Response. Pursuant to directions from Commission counsel, BellSouth refiles its Response to the Arbitration in its entirety, including the Response as filed on October 30 and complete copies of the two attachments (the Matrix of Disputed Issues and the Proposed Interconnection Agreement). The original and one copy of today's filing are attached. A copy of the Response and attachments is provided on the enclosed CD(s).

BellSouth regrets any inconvenience.

Sincerely,



Creighton E. Mershon, Sr.

Enclosures

cc: Party of Record

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served on the following individual by mailing a copy thereof, this 7th day of November 2000.



Creighton E. Mershon, Sr.

Jim Lamoureux, Esq.
AT&T Communications of the
South Central States, Inc.
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1200 Peachtree Street
Atlanta, GA 30309

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION BY AT&T COMMUNICATIONS OF)
THE SOUTH CENTRAL STATES, INC. AND)
TCG OHIO FOR ARBITRATION OF CERTAIN) CASE NO. 2000-465
TERMS AND CONDITIONS OF A PROPOSED)
AGREEMENT WITH BELLSOUTH)
TELECOMMUNICATIONS, INC. PURSUANT)
TO 47 U.S.C. SECTION 252)

**BELLSOUTH TELECOMMUNICATIONS, INC.'S RESPONSE
TO AT&T COMMUNICATIONS OF THE SOUTH CENTRAL STATES, INC.'S
PETITION FOR ARBITRATION**

Pursuant to 47 U.S.C. § 252(b)(3), BellSouth Telecommunications, Inc. ("BellSouth"), responds to the Petition for Arbitration filed by AT&T Communications of the South Central States, Inc. ("AT&T") and shows as follows:

INTRODUCTION

Sections 251 and 252 of the Telecommunications Act of 1996 ("1996 Act") encourage negotiations between parties to reach local interconnection agreements. Section 251(c)(1) of the 1996 Act requires incumbent local exchange companies to negotiate the particular terms and conditions of agreements to fulfill the duties described in Sections 251(b) and 251(c)(2-6).

Since passage of the 1996 Act on February 8, 1996, BellSouth has successfully conducted negotiations with numerous competitive local exchange companies ("CLECs") in Kentucky. To date, the Kentucky Public Service Commission ("Commission") has approved numerous agreements between BellSouth and CLECs. The nature and extent of these agreements vary depending on the individual needs of the companies, but the conclusion is

inescapable – BellSouth has a record of embracing competition and displaying willingness to compromise and interconnect on fair and reasonable terms.

As part of the negotiation process, the 1996 Act allows a party to petition a state commission for arbitration of unresolved issues.¹ The petition must identify the issues resulting from the negotiations that are resolved, as well as those that are unresolved.² The petitioning party must submit along with its petition “all relevant documentation concerning: (1) the unresolved issues; (2) the position of each of the parties with respect to those issues; and (3) any other issue discussed and resolved by the parties.”³ A non-petitioning party to a negotiation under this section may respond to the other party’s petition and provide such additional information as it wishes within 25 days after the Commission receives the petition.⁴ The 1996 Act limits the Commission’s consideration of any petition (and any response thereto) to the unresolved issues set forth in the petition and in the response.⁵

BellSouth and AT&T entered into a three-year Interconnection Agreement (“Agreement”) that expired on August 13, 2000. BellSouth and AT&T agreed to continue to operate pursuant to the terms of the Agreement until such time as a new interconnection agreement is approved. Although BellSouth and AT&T negotiated in good faith, the parties have been unable to reach agreement on some issues. As a result, AT&T filed its Petition for Arbitration.

¹ 47 U.S.C. § 252(b)(2).

² *See generally*, 47 U.S.C. §§ 252 (b)(2)(A) and 252 (b)(4).

³ 47 U.S.C. § 252(b)(2).

⁴ 47 U.S.C. § 252(b)(3).

⁵ 47 U.S.C. § 252(b)(4).

Through the arbitration process, the Commission must resolve the unresolved issues ensuring that the requirements of Sections 251 and 252 of the 1996 Act are met. The obligations contained in those sections of the 1996 Act are the obligations that form the basis for negotiation, and if negotiations are unsuccessful, then form the basis for arbitration. Issues or topics not specifically related to these areas are outside the scope of an arbitration proceeding. Once the Commission has provided guidance on the unresolved issues, the parties must incorporate those resolutions into a final agreement to be submitted to the Commission for approval.⁶

1. BellSouth will respond to each issue identified in the Petition in a manner that will attempt to clearly reflect which unresolved issues remain to be arbitrated by the Commission. Attached to its Response, and incorporated herein by reference as fully as if set out in its entirety, BellSouth has included the following:

- a. A revised matrix of the disputed issues. Based on a meeting of the parties held on May 18, 2000, BellSouth believes that AT&T and BellSouth have an agreed-upon statement of the issues, including the wording of the issues, for the Commission's consideration. BellSouth's revised matrix contains an accurate statement of BellSouth's position on each issue.
- b. A copy of the true and correct Proposed Interconnection Agreement that indicates the areas of dispute and the areas of agreement. While AT&T filed what it styled as the "Proposed Interconnection Agreement," the parties agreed at the outset of the negotiations that BellSouth would maintain the official version of the interconnection agreement throughout negotiations. The version filed by AT&T with its Petition contains misstatements of the parties' agreement. Consequently,

⁶ 47 U.S.C. § 252(a).

BellSouth has filed its Proposed Interconnection Agreement with its Response and proposes that the Commission use this Agreement for purposes of deliberation in this matter.

PARTIES

2. On information and belief, BellSouth admits the allegations set forth in Paragraph 2 of the Petition.

3. On information and belief, BellSouth admits the allegations set forth in Paragraph 3 of the Petition.

4. AT&T's Petition sets forth two Paragraphs that are identified as Paragraph No. 4 – one under the heading "Parties" and one under the heading "Jurisdiction." BellSouth admits the allegations set forth in the Paragraph 4 of the Petition that appears under the heading "Parties."

JURISDICTION

4. AT&T's Petition sets forth two Paragraphs that are identified as Paragraph No. 4 – one under the heading "Parties" and one under the heading "Jurisdiction." In response to the allegations set forth in the Paragraph 4 of AT&T's Petition that appears under the heading "Jurisdiction," BellSouth admits that the Commission has jurisdiction over this matter. BellSouth further admits that AT&T formally requested negotiations with BellSouth on May 3, 2000, and that the Petition for Arbitration is timely filed. BellSouth also admits that the statutory deadline for resolution of this matter by the Commission is February 3, 2001.

STATEMENT OF THE CASE

5. In response to Paragraph 5 of AT&T's Petition, BellSouth states that the provisions of the 1996 Act, and the requirements and obligations set forth therein, speak for

themselves and allegations concerning them require neither an admission nor a denial on the part of BellSouth. BellSouth certainly admits that one of the intended purposes of the 1996 Act is to promote competition, but denies any implication that such competition is limited to local exchange competition.

6. BellSouth denies the allegations in Paragraph 6 of AT&T's Petition. Specifically, BellSouth denies that "there still is little competition in Kentucky's local telephone market." To the contrary, competition in Kentucky is thriving. As of August 31, 2000, BellSouth estimated that 73 different Kentucky CLECs were providing approximately 78,991 local exchange service lines to Kentucky business and residential customers. Fifteen (15) CLECs were providing service almost exclusively over their own facilities. Of those lines provided by facilities-based providers, BellSouth estimates that CLECs were providing approximately 837 local exchange lines to residential customers in Kentucky. On the other hand, however, BellSouth is certainly willing to admit that AT&T has done essentially nothing to advance local competition in Kentucky and specifically nothing to provide local residential telephone service to the citizens of Kentucky. BellSouth admits that four years have indeed passed since the 1996 Act was enacted, but states that AT&T has had an approved interconnection agreement in Kentucky, an agreement that AT&T signed, for approximately three years. Notwithstanding this, AT&T has done essentially nothing to bring alternative local telephone service to customers in Kentucky, and particularly residential customers. Its self-serving statement in paragraph 6 is just that, self-serving. It completely misstates what has happened in Kentucky and the progress that has been made, without any assistance from AT&T, in delivering alternative telephone service to Kentucky. With respect to the remaining allegations in Paragraph 6 of AT&T's Petition, BellSouth admits that its interconnection agreements comply with Sections 251 and 252 of the

1996 Act. BellSouth denies the remaining allegations in Paragraph 6 of AT&T's Petition. BellSouth specifically denies that its conduct has prevented AT&T (or any CLEC) from entering the residential local market. To the contrary, while AT&T has not chosen to compete in a meaningful way, numerous other CLECs, as described above, are participating in the local exchange market in Kentucky.

STANDARD OF REVIEW

7. BellSouth admits that the arbitration is governed by Sections 251 and 252 of the 1996 Act. By way of further response, BellSouth states that Sections 251 and 252 of the 1996 Act and the FCC's rules speak for themselves and therefore any allegations regarding these sections require neither an admission nor denial by BellSouth.

8. BellSouth denies that Section 251 of the 1996 Act requires BellSouth to provide combinations of elements at cost-based rates. Rather, Section 251 obligates BellSouth to provide currently combined combinations at cost-based rates. As for the remainder of AT&T's allegations in Paragraph 8, BellSouth states that the 1996 Act speaks for itself and any allegations by AT&T regarding the 1996 Act require neither admission nor denial.

THE NEGOTIATIONS

9. BellSouth admits the allegations in Paragraph 9 of AT&T's Petition.

10. BellSouth admits the allegations in Paragraph 10 of AT&T's Petition. By way of further response, BellSouth states that the parties have met a myriad of times in an effort to renegotiate the agreement.

11. BellSouth admits the allegations in Paragraph 11 of AT&T's Petition.

12. BellSouth is without sufficient knowledge or information to admit or deny the allegations in Paragraph 12 of AT&T's Petition, and therefore denies the same. By way of

further response, BellSouth states that at the outset of the negotiations, the parties agreed that BellSouth would maintain the official version of the Agreement and would be responsible for incorporating changes and updates to the draft. In an effort to present the Commission with the most accurate information available, BellSouth has attached the most up-to-date version of the official draft Agreement. As set forth above, BellSouth also has attached and incorporated herein by reference as fully as if set out in its entirety, a revised matrix for the Commission's review.

13. AT&T's Petition does not set forth a Paragraph 13.

ISSUES IN DISPUTE

14. BellSouth admits that the parties have reached resolution on a substantial number of issues. BellSouth denies the remaining allegations in Paragraph 14 of AT&T's Petition. BellSouth specifically denies that it has failed in any way to comply with Commission orders or directives. BellSouth sets forth all of the issues it believes remain unresolved, as well as its and AT&T's positions on those issues, in Attachment 1.

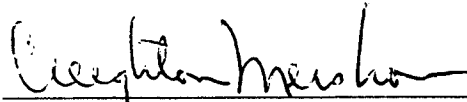
REQUESTED COMMISSION ACTION

15. BellSouth admits that the Commission should establish a procedural order for the arbitration, and should arbitrate the unresolved issues between AT&T and BellSouth within the timetable specified in the 1996 Act. BellSouth denies any remaining allegations in Paragraph 15 of AT&T's Petition.

16. Any allegations contained herein not specifically admitted are hereby denied.

WHEREFORE, BellSouth respectfully requests that the Commission enter an order in favor of BellSouth on each of the issues set forth herein, and grant BellSouth such other relief as the Commission deems just and proper.

Respectfully submitted, this 30th day of October 2000.



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233738

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ATTACHMENT 1
Issues for Arbitration between AT&T and BellSouth
Kentucky Case No. 2000-465

	Issue	AT&T Position	BellSouth Position
1.	Should calls to Internet service providers be treated as local traffic for the purposes of reciprocal compensation? (Attachment 3, §6.1.3)	ISP calls should be treated as local traffic for purposes of reciprocal compensation. AT&T still incurs the cost of the ISP traffic over its network. Additionally, such calls are treated as local under BellSouth's tariffs and the FCC has treated ISP traffic as intrastate for jurisdictional separation purposes.	No. The FCC has definitively determined that ISP traffic is interstate in nature. Therefore, such traffic should not be treated as local for purposes of reciprocal compensation. Alternatively, the parties should track the minutes of ISP traffic exchanged and true up the amount of compensation owed, if any, based on an effective rule promulgated by the FCC.
2.	What are the appropriate performance measurements and enforcement mechanisms that BellSouth should implement? (Performance Measures, Attachment 9)	For AT&T to ensure its customers receive service equal in quality to that received by BellSouth customers, BellSouth must establish that it offers non-discriminatory support for total service resale, use of unbundled network elements (UNE's), and access to OSS. BellSouth should be required to provide an effective performance measurement methodology that contains: <ul style="list-style-type: none"> - A comprehensive set of comparative measurements that provides for disaggregation of its data to permit meaningful comparisons and full disclosure. - Business rules and calculations which reveal true 	The Service Quality Measurements proposed by BellSouth incorporate the measurements requested by telecommunications carriers such as AT&T and measurements adopted by state Commissions within the BellSouth region. These measurements, as well as the business rules utilized to calculate the measurements, represent a comprehensive look at the service provided to telecommunications carriers. BellSouth provides access to the raw data utilized to calculate the measurements and has worked hand in hand with AT&T and other telecommunications carriers in the development of an appropriate statistical methodology.

		<p>performance and customer experiences.</p> <ul style="list-style-type: none"> - A sound methodology for establishing benchmarks and designating appropriate retail analogs. - Statistical procedures that balance the possibility of concluding BellSouth favoritism exists when it does not with concluding there is no BellSouth favoritism when there is. - AT&T access to all the raw data that BellSouth uses for its CLEC performance reporting. <p>Further, BellSouth should adopt an appropriate system of self-enforcing consequences to assure that the competitive local telecommunications markets envisioned by the 1996 Act will be able to develop and survive. The consequences must provide BellSouth with incentives sufficient to prevent BellSouth from inhibiting competition through discriminatory treatment of CLECs. Such consequences must be immediately imposed upon a demonstration of poor BellSouth performance. A self-enforcing system of consequences is needed to assure that BellSouth has appropriate incentives to comply, on an ongoing basis, with its Section 251 obligations to provide CLECs with non-discriminatory</p>	<p>BellSouth does not believe that the issue of appropriate, if any, enforcement mechanisms is an appropriate issue for arbitration and resolution by this Commission. Without waiving its right to assert its legal position, BellSouth has voluntarily proposed enforcement mechanisms for inclusion in the AT&T/BellSouth Interconnection Agreement. The proposed enforcement mechanisms include the key, outcome oriented service quality measures and include either benchmarks or retail analogs as standards. The mechanisms are designed to prevent BellSouth from backsliding on delivery of service to AT&T once BellSouth has attained interLATA authority from the FCC. The remedies proposed are meaningful remedies designed to be, if applied, of significant impact to BellSouth.</p>
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		<p>support regardless of whether a section 271 application has been made or approved.</p> <p>AT&T proposes the AT&T Performance Incentive Plan as the enforcement mechanism.</p>	
3.	<p>Should BellSouth be required to adopt validation and audit requirements which will enable AT&T to assure the accuracy and reliability of the performance data BellSouth provides to AT&T, and upon which the KPSC will ultimately rely when drawing conclusions about whether BellSouth meets its obligations under the Act? (Performance Measures, Attachment 9)</p>	<p>BellSouth should be required to have an independent audit conducted of its performance measurement systems, paid for by BellSouth. Additional annual audits should be conducted and paid for 50% by BellSouth and 50% among the CLECs participating in the audit. Additionally, AT&T may request additional audits when performance measures are changed or added, to be paid for by BellSouth.</p> <p>Additionally, audits of individual measures should be conducted. The cost of a "mini-audit" shall be paid by AT&T unless the audit determines that BellSouth is not in compliance with the terms of the Agreement.</p>	<p>BellSouth will agree to undergo a comprehensive audit of the aggregate level reports for both BellSouth and the CLECs for each of the next five (5) years (2000-2005), to be conducted by an independent third party. The results of that audit will be made available to all the parties subject to proper safeguards to protect proprietary information. This aggregate level audit includes the following specifications: (1) the cost shall be borne 50% by BellSouth and 50% by the CLECs; (2) the independent third party auditor shall be selected with input from BellSouth, the Commission and the CLECs; and (3) BellSouth, the Commission and the CLECs shall jointly determine the scope of the audit. More frequent audits are not reasonable in view of the tremendous number of CLEC interconnection agreements into which BellSouth has entered.</p>
4.	<p>What does "currently combines" mean as that phrase is used in 47 C.F.R. §51.315(b)? (UNEs Attachment 2, §2.7.1, and 2.9)</p>	<p>The Commission should allow AT&T to provide telecommunications services to any customer using any combination of elements that BellSouth routinely combines in its own network and to purchase such combinations at</p>	<p>In the FCC's Third Report and 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</p>

		<p>TELRIC rates. BellSouth should not be allowed to restrict AT&T from purchasing and using such combinations to only provide service to customers who currently receive retail service by means of the combined elements. This is the only interpretation of the term “currently combines” that is consistent with the nondiscrimination policy of the Act and which will promote rapid growth in competition in the local telephone market.</p>	<p>network. The FCC rules, 51.315(c)-(f), that purported to require incumbents to combine unbundled network elements were vacated by the Eighth Circuit Court of Appeals and were not appealed to or reinstated by the Supreme Court. The question of whether those rules should be reinstated is pending before the Eighth Circuit, and the FCC explicitly declined to revisit those rules at this time. Third Report and Order, ¶ 481.</p> <p>The FCC also confirmed that when unbundled network elements, as defined by the FCC, are currently combined in BellSouth network, BellSouth cannot separate those elements except upon request. 47 C.F.R. § 51.315(b). For example, when a loop and a port are currently combined by BellSouth to serve a particular customer, that combination of elements must be made available to CLECs. According to the FCC, requesting carriers are entitled to obtain such combinations “at unbundled network element prices.” Id. at ¶ 480.</p> <p>There is no legal basis for the KPSC to adopt an expansive view of “currently combined” so as to obligate BellSouth to combine elements for CLECs. As the FCC made clear in its Third Report and</p>
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			Order, Rule 51.315(b) applies to elements that are “in fact” combined. See id. ¶ 480 (“To 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”). The FCC declined to adopt the definition of “currently combined,” that would include all elements “ordinarily combined” in the incumbent’s network. Id. (declining to “interpret rule 51.315(b) as requiring incumbents to combine unbundled network elements that are ‘ordinarily combined’...”).
5.	Should BellSouth be permitted to charge AT&T a “glue charge” when BellSouth combines network elements? (UNEs, Attachment 2, Section 2.9)	BellSouth should not impose any additional charge on AT&T for any combination of network elements above the TELRIC cost of the combination.	See BellSouth’s response to Issue 4, which is incorporated herein by reference as fully as if set out in its entirety.
6.	Under what rates, terms, and conditions may AT&T purchase network elements or combinations to replace services currently purchased from BellSouth tariffs? (UNEs, Attachment 2, §2.12, 2.13, 2.14, and 2.18)	Pursuant to FCC Orders, AT&T is permitted to purchase network elements and combinations to replace services currently purchased from BellSouth tariffs. The price to purchase network elements and combinations in such situations should be the TELRIC cost to do a record change in BellSouth’s OSS, plus the recurring price of the appropriate network elements or combinations. BellSouth	Without waiver of its ability to avail itself of any available legal remedies, and in conformance to the guidelines set forth by the FCC in CC Docket No. 96-98 UNE Remand Orders dated Nov. 5, 1999 and Nov. 24, 1999, BellSouth will convert services currently purchased on a month to month basis by AT&T, or a BellSouth end user changing its service provider to AT&T, to the

		<p>should not be permitted to place obstacles in the way of AT&T's ability to convert such services to network elements and combinations as easily and seamlessly as possible.</p> <p>Appropriate terms and conditions must also be ordered to ensure that AT&T is able to replace services with network elements/combinations of network elements.</p>	<p>extent possible on a mechanized basis at a record change charge. As to services provided to AT&T or to a BellSouth end user changing its service provider to AT&T under a volume and term agreement or other contract basis, BellSouth will convert the services to the UNEs ordered by AT&T upon AT&T's payment of the appropriate early termination liabilities set forth in the volume and term agreement or contract.</p>
7.	<p>How should AT&T and BellSouth interconnect their networks in order to originate and complete calls to end-users? (Local Interconnection, Attachment 3, §1)</p>	<p>AT&T and BellSouth should interconnect on an equitable basis, which is hierarchically equivalent, and not maintain the imbalanced situation where AT&T incurs the expense of connecting throughout BellSouth's network, while BellSouth incurs the much lower cost of connecting at the edge of AT&T's network. AT&T's proposal also avoids use of limited collocation space that is better used for other purposes such as interconnection to UNE loops and advanced services. AT&T's proposal requires the two parties to work out a transition plan to "groom" the two networks.</p>	<p>BellSouth offers interconnection in compliance with the requirements of the FCC rules and regulations as well as any state statute or regulation. Interconnection can be through delivery of facilities to a collocation or fiber meet arrangement or through the lease of facilities. Interconnection for AT&T originated traffic must be accomplished through at least one interface within each BellSouth LATA and may be at an access tandem or local tandem. BellSouth, at its option, may designate one or more interfaces on its network for the delivery of its originating traffic to AT&T. BellSouth should not be required to incur additional unnecessary cost as a result of the selection of interconnection points by AT&T. If AT&T requires BellSouth to haul BellSouth originating traffic from the originating local calling area</p>

			to a point of interconnection outside that local calling area, AT&T should be financially responsible for the facilities necessary to accomplish this.
8.	What terms and conditions, and what separate rates if any, should apply for AT&T to gain access to and use BellSouth facilities to serve multi-unit installations? (UNEs Attachment 2, §5.2)	BellSouth should cooperate with AT&T, upon request, in establishing a single point of interconnection on a case-by-case basis at multiunit installations. Where such points of interconnection do not exist, BellSouth should construct such points of interconnection and AT&T should be charged no more than its fair share, as one service provider using this facility, of the forward-looking price. The single point of interconnect should be fully accessible by AT&T technicians without the necessity of having a BellSouth technician present.	Without waiver of its ability to avail itself of any available legal remedies, BellSouth will perform in conformance with the guidelines of 47 CFR §51.319(a)(2)(E) as set forth by the FCC in CC Docket No. 96-98 UNE Remand Order. BellSouth disagrees with AT&T's reading of the FCC's Order to require all local service providers, including BellSouth, to access sub-loop elements in exactly the same manner. The Order requires BellSouth, if the parties cannot agree otherwise, to establish a single point of interconnection accessible by multiple, but not necessarily all, local service providers. BellSouth is not required to provide CLECs identical access to its network as it uses for itself. This is true not only for unbundled sub-loop elements but for all unbundled network elements. BellSouth has proposed the use of an access terminal as a reasonable means of giving CLECs the access to unbundled sub-loop elements without sacrificing the security and reliability of the network which would result were AT&T's proposed form of access to be adopted.
9.	Should AT&T be permitted to charge	Yes. When AT&T's switches serve a geographic area	AT&T must demonstrate to the Commission that (1) its

	<p>tandem rate elements when its switch serves a geographic area comparable to that served by BellSouth's tandem switch? (Local Interconnection, Attachment 3, Section 1.1.2)</p>	<p>comparable to that served by BellSouth's tandem switch, then AT&T should be permitted to charge tandem rate elements.</p>	<p>switch serves a comparable geographic area and (2) the switch performs functions similar to those performed by BellSouth's tandem switch. Simply being capable of serving a comparable geographic area or of performing tandem switching functions is not sufficient evidence.</p>
10.	<p>What are the appropriate means for BellSouth to provide unbundled local loops for provision of DSL service when such loops are provisioned on digital loop carrier facilities? (UNEs, Attachment 2, Section 3.15.2)</p>	<p>When existing loops are provisioned on digital loop carrier facilities, and AT&T requests such loops in order to provide xDSL service, BellSouth should provide AT&T with access to other loops or subloops so that AT&T may provide xDSL service to a customer.</p>	<p>In the case where an existing loop is provisioned on a BellSouth DLC facility, and the existing loop cannot provide xDSL capable service, BellSouth is not required to provide AT&T alternative loops to allow AT&T to provide service over that loop. AT&T would be required to purchase an xDSL capable loop through a separate and distinct ordering process.</p>
11.	<p>What coordinated cut-over process should be implemented to ensure accurate, reliable and timely cut-overs when a customer changes local service from BellSouth to AT&T? (UNEs, Attachment 2, Section 3.5 et seq.)</p>	<p>The coordinated cut-over process proposed by AT&T should be implemented to ensure accurate, reliable, and timely cut-overs. BellSouth's proposed process does not ensure that customers switching from BellSouth to AT&T receive the same treatment that BellSouth customers receive. Moreover, BellSouth does not follow its own process.</p>	<p>The coordinated cut over process proposed by BellSouth does ensure accurate, reliable and timely cut-overs. BellSouth's current SQMs measure BellSouth's performance in this area and sufficiently demonstrate that AT&T customers switching from BellSouth receive non-discriminatory treatment.</p>
12.	<p>When a local call originates on the facilities of a CLEC and terminates to an AT&T customer served by a loop/port combination purchased by AT&T</p>	<p>Due to the complexities and expense of recording and billing for reciprocal compensation on UNE-switched calls, AT&T believes that bill and keep should be used for local calls originated from and terminated to AT&T</p>	<p>When the end user of a facilities-based CLEC calls an AT&T local end user where AT&T is not providing its own facilities, but rather is using a UNE-P purchased from BellSouth to terminate the call, BellSouth should be</p>

	<p>from BellSouth, who is responsible for paying for each element of the networks used to place and complete the call and which party, if any, is entitled to collect reciprocal compensation for the call? (Local Interconnection, Attachment 3, Section 6.1.2; Billing & Recording, Attachment 6, §2.1.6; Exhibit E)</p>	<p>when it uses BellSouth's UNE switching. Other telecommunication carriers who originate or terminate calls to AT&T end-users served by UNE switching will be unable to determine that such calls went to AT&T as opposed to BellSouth. All call records will continue to look like they were made to BellSouth.</p>	<p>permitted to charge AT&T for the UNEs AT&T uses, and AT&T should then charge the originating CLEC reciprocal compensation for terminating the call for the CLEC (or enter into a bill and keep arrangement with the CLEC). When AT&T terminates a call using BellSouth's local switching, BellSouth will provide the necessary recorded information to enable AT&T to bill the other carriers the charges those carriers have incurred. When AT&T leases circuit switching from BellSouth, AT&T is entitled to all revenues associated with terminating calls for other carriers and is obligated in turn to pay BellSouth for the network elements used.</p>
13.	<p>What is the appropriate treatment of outbound voice calls over internet protocol ("IP") telephony, as it pertains to reciprocal compensation? (Local Interconnection, Attachment 3, §6.1.9)</p>	<p>Until the FCC issues rules on how IP traffic is to be treated, no restrictions should be imposed. Further, there is no way to measure and record such traffic as requested by BellSouth. In any event, this is not a proper subject for negotiation in an interconnection agreement.</p>	<p>As with any other local traffic, reciprocal compensation should apply to local telecommunications provided via IP Telephony, to the extent that it is technically feasible to apply such charges. To the extent, however, that calls provided via IP Telephony are long distance calls, access charges should apply, irrespective of the technology used to transport them.</p>
14.	<p>What are the appropriate intervals for the delivery of collocation space to AT&T? (Collocation, Attachment 4, §6.4)</p>	<p>FCC rules require that BellSouth provide collocation within intervals no greater than the best practice intervals of other ILECS. Accordingly, BellSouth should provide collocation within the following intervals: (1) virtual and</p>	<p>In its October 6, 2000 Order in Case No. 2000-461, the Commission approved a BellSouth tariff for the provision of physical collocation called Physical Expanded Interconnection Service. The terms and</p>

		<p>cageless: 60 calendar days; (2) Physical (caged): 30 calendar days if AT&T does the construction; 90 calendar days if BellSouth does the construction. In the event of unforeseen circumstances, BellSouth should apply to the KPSC for suspension of or relief from the intervals.</p>	<p>conditions of that tariff, including without limitation the intervals set forth in that tariff, should apply.</p> <p>Notwithstanding the foregoing, to the extent that AT&T seeks collocation space under terms and conditions not otherwise covered by this tariff, BellSouth has proposed an interval of no greater than 100 calendar days for the provision of physical collocation arrangements under ordinary conditions. Such a proposal is reasonable and necessary.</p>
15.	<p>When AT&T and BellSouth have adjoining facilities in a building outside BellSouth's central office, should AT&T be able to purchase cross connect facilities to connect to BellSouth or other CLEC networks without having to collocate in BellSouth's portion of the building? (Collocation, Attachment 4, §1.6)</p>	<p>Yes. When BellSouth and AT&T facilities are in close proximity, in order to achieve network efficiency, AT&T should be able to cross connect its network directly from its space to BellSouth's space without having to purchase collocation space from BellSouth.</p>	<p>No. AT&T's proposal has the effect of expanding the definition of premises beyond that which is required by the FCC regulations or that which is necessary. AT&T simply wishes to take advantage of its former corporate ownership of BellSouth. BellSouth's agreement to AT&T's terms would cause BellSouth to provide AT&T with more favorable treatment than other new entrants.</p>
16.	<p>Is conducting a statewide investigation of criminal history records for each AT&T employee or agent being considered to work on a BellSouth premises a security</p>	<p>No. These requirements are unreasonable and are inconsistent with the examples of measures found by the FCC to be reasonable, e.g. ID badges, security cameras, cabinet enclosures, and separate central building entrances. Such requirements are excessive, increasing</p>	<p>Yes. BellSouth performs criminal background checks on its employees prior to hiring and as such can require AT&T to do the same in order for AT&T to have unescorted access to the central offices and other premises that house the public switched network.</p>

	measure that BellSouth may impose on AT&T? (Collocation, Attachment 4, §11.1, 11.2, 11.4, 11.5)	collocation costs without providing additional protection to BellSouth. Moreover, such requirements are discriminatory as applied to AT&T. Further, AT&T is willing to indemnify BellSouth, on a reciprocal basis, for any bodily injury or property damage caused by AT&T's employees or agents.	Such security requirements are reasonable in light of the assets being protected as well as the number of new entrants and other telecommunications carriers relying on the integrity and reliability of BellSouth's network. AT&T's offer to indemnify BellSouth for bodily injury or property damage is not sufficient in light of the asset at risk.
17.	Unless otherwise specified, where Attachment 4 regarding collocation refers to days, should those days be calendar days or business days? (Collocation, Attachment 4, §1.1.1)	Days should be calendar days. Business day intervals are inherently longer and less predictable than calendar day interval thereby delaying delivery of collocation space within a reasonable timeframe.	Unless otherwise specified (for example, see BellSouth's response to Issue 14), days should be business days. Given the nature and complexity of the tasks to be completed, business days are reasonable.
18.	Has BellSouth provided sufficient customized routing in accordance with State and Federal law to allow it to avoid providing Operator Services/Directory Assistance ("OS/DA") as a UNE? (UNEs, Attachment 2, §7)	No. BellSouth does not provide AT&T adequate customized routing. BellSouth has not provided sufficient information on its untested AIN solution, including rates. If BellSouth's proposal is line class codes ("LCC's"), this solution may not be viable in every central office. Thus, until these methods are proven viable, AT&T may purchase OS/DA as an unbundled network element.	Yes. BellSouth has available both an AIN solution for customized routing as well as the LCC solution that was advocated by AT&T during the last round of arbitrations. AT&T participated in testing BellSouth's AIN customized routing solution.
19.	What procedure should be established for AT&T to obtain loop-port combinations (UNE-P) using both Infrastructure and Customer Specific	BellSouth should accept from AT&T two types of orders, 1) an Infrastructure Provisioning Order and 2) a Customer Specific Provisioning Order. The Infrastructure Provisioning Order (which consists of an Infrastructure Footprint Form	BellSouth has proposed a procedure whereby AT&T can order loop/port combinations using BellSouth OS/DA platform and AT&T branding. BellSouth is not opposed to AT&T making a one-time designation to

	<p>Provisioning? (Attachment 7, §3.20 – 3.24)</p>	<p>and an Operator Services and Directory Assistance Questionnaire) notifies BellSouth of the common use of Network Elements and Combinations that AT&T will require geographically by End Office, Rate Center, LATA or State. The Footprint Order should be acknowledged within 24 hours and responded to within 5 business days thereafter. The Customer Specific Provisioning Order should be the LSR. LSRs for UNE-P should be received electronically, provided with ordering flow-through and provisioned at parity with BellSouth retail. Electronic LSRs with flow through ordering should be available for orders using either an unbranded or an AT&T branded platform.</p>	<p>BellSouth to have all of AT&T's end user calls routed to the appropriate OS/DA platform. AT&T, however, refuses to make a single designation and seeks instead a variety of OS/DA routing plans. Therefore, AT&T should be required to populate the appropriate line class code on the LSR submitted to the LCSC. If AT&T decided upon, and communicated, a single OS/DA routing plan, then BellSouth could determine the appropriate line class code and AT&T would not be required to provide such code on the LSR. AT&T will not, however, make such a designation.</p>
<p>20.</p>	<p>May the Interconnection Agreement contain conditions on the purchase of any BellSouth exchange? (General Terms and Conditions, §24.2)</p>	<p>The rates, terms, and conditions of this Agreement should govern the relationship between AT&T and the third party purchaser. BellSouth should not be permitted to remove the benefits of competition from a territory by selling it to another party that may assert a rural exemption or undermine AT&T's investment in competition by changing the rules. Further, AT&T should not be faced with the uncertainty of negotiating a completely new set of terms and conditions with another provider who purchases a BellSouth local exchange. Similarly, this</p>	<p>The contract language proposed by AT&T is unduly burdensome on BellSouth and any prospective purchaser of a BellSouth exchange. The requirements of the Act, including section 251(h), should apply.</p>

		Commission should not be required to review new sets of terms and conditions each time there is a sale of a local exchange.	
21.	Should the Commission or a third party commercial arbitrator resolve disputes under the Interconnection Agreement? (General Terms and Conditions, §16.1)	More issues will arise now that AT&T is entering the market and will need to be resolved quickly. These issues will be more business oriented and less policy oriented, and thus, more appropriately handled by commercial arbitrators. The parties should continue to have the right to resolve operational issues in a commercial forum on an expedited basis; thereby, limiting the customer-affecting impact of any such disputes.	This issue is not an appropriate subject for arbitration because it does not address any obligation imposed upon BellSouth by the Telecommunications Act of 1996. Without waiving the foregoing, BellSouth has had experience with commercial arbitration in the resolution of disputes under interconnection agreements negotiated pursuant to 47 USC §252 and has found such arbitration to be expensive and unduly lengthy in nature. The 8 th Circuit Court of Appeals, in <u>Iowa Utilities Bd.</u> , as well as the 5 th Circuit Court of Appeals, in <u>Southwestern Bell Tel. Co. v. Public Util. Comm'n of Texas, et al.</u> at 208 F.3d 475, 479-80, ruled that the Commission is charged with the authority to resolve disputes relating to interconnection agreements and BellSouth should not be forced to waive its right to seek resolution of such issues before the Commission.
22.	Should the Change Control Process be sufficiently comprehensive to ensure that there are processes to handle, at a minimum the following situations: (OSS, Attachment 7,	Yes. Change Control should apply to the entire range of transactions required between AT&T and BellSouth in order for AT&T to utilize Services and Elements. Both electronic and manual interfaces and processes are required to establish and maintain a	The terms and conditions of the CCP, as well as the subjects to which it should apply, should be negotiated between the CCP committee members and cannot be properly arbitrated in a proceeding that involves only BellSouth and AT&T.

	Exhibit A)	<p>business relationship with BellSouth and conduct day-to-day business transactions. A comprehensive Change Control Process should provide "cradle to grave" coverage of the life cycle of an interface or process, and its supporting documentation (such as specifications, business rules, methods, and procedures). Thus, implementation of new interfaces, management of interfaces in production (including defect correction), and the retirement of interfaces should be addressed. Change Control should provide a normal process, an exception process, an escalation process, and a dispute resolution process with ultimate recourse to the Commission, mediation, or court adjudication. Additionally, a process by which the Change Control Process can be changed should be specified. The existing Electronic Interface Change Control Process (EICCP) and the Interim Change Control Process (I-CCP) has proposed are not comprehensive. AT&T's proposal and the existing EICCP/I-CCP coverage are compared below.</p>	<p>Subject to this, BellSouth will respond to the individual items AT&T has identified through separate responses given below. To the extent such issues are arbitrated, the current CCP is more than adequate to serve the needs of the CLEC community and address AT&T's concerns.</p>
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Situation	AT&T Position	BellSouth's Position
a) introduction of new electronic interfaces?	Yes. The change control process should address the	This subpart is addressed in the CCP today.

	introduction of new electronic interfaces.	
b) retirement of existing interfaces?	Yes. The change control process should address the retirement of existing interfaces.	This subpart is addressed in CCP today.
c) exceptions to the process?	Yes. The change control process should address exceptions to the process.	The CCP is comprehensive and addresses 6 types of change requests. There is no value in adding an additional type for exceptions.
d) documentation, including training?	Yes. The change control process should include more detail pertaining to documentation of interfaces, including training in the use of such interfaces.	Documentation for the interfaces is addressed in CCP. BellSouth is responsible for training and will update training documentation as needed when there are changes to the interfaces.
e) defect correction?	Yes. The change control process should address defect corrections found in existing interfaces.	This subpart is addressed in CCP today.
f) emergency changes (defect correction)?	Yes. The change control process should address defect corrections and provide emergency changes in existing interfaces.	It is not clear how this sub issue differs from the preceding issue. Defect correction is addressed in CCP today. Expedites are also addressed in CCP.
g) an eight step cycle, repeated monthly?	Yes. The change control process should include a detailed eight step	This subpart is addressed in CCP today. Type 1 issues have a 6-

	process to implement changes in interfaces.	step process, Type 2-5 issues have a 10-step process, and Type 6 issues have an 8-step process. Each process has the appropriate number of steps as well as appropriate time frames to accomplish each step.
h) a firm schedule for notifications associated with changes initiated by BellSouth?	Yes. The change control process should include a provision for the firm schedule of notifications associated with changes initiated by BellSouth.	This subpart is addressed in CCP today. Software release notifications and documentation changes for business rules will be provided 30 days or more in advance of the implementation date for CLEC-impacting changes.
i) a process for dispute resolution, including referral to state utility commissions or courts?	Yes. The change control process should include a detailed process for dispute resolution, including referral to a dispute resolution process.	This subpart is addressed in CCP today. In the event that an issue is not resolved through the CCP's escalation process, BellSouth and the affected CLEC(s) will form a Joint Investigative Team of Subject Matter Experts within one week. If the dispute cannot be resolved after this step, then either party may file a formal complaint

		with the appropriate state commission.
j) a process for the escalation of changes in process	Yes. The change resolution process should include a detailed process to deal with escalation of changes needed in interfaces.	This subpart is addressed in CCP today.
k) testing support and a testing environment	Yes. The processes and testing environments provided by BellSouth for use in CLEC certification and pre-release testing should be subject to the Change Control Process. The pre-release environment should be available to CLECs 30 days prior to the implementation of any new release.	This subpart is addressed in CCP today.
l) provision of a trouble number for Type 1 events	Yes. BellSouth should provide a unique trouble tracking number for each Type 1 event.	This is being implemented in CCP.
m) a process for the cancellation, rejection, or reclassification of CLEC change requests	Yes. BellSouth should not be allowed the ability to unilaterally cancel, reject or reclassify CLEC initiated requests. BellSouth should be required to present its rationale	This subpart is addressed in CCP today. BellSouth may reject change requests for costs, industry direction or technically not feasible to implement and will provide notification

	for any proposed action to the industry at a Monthly Change Review meeting, receive input from the industry, and then in conjunction with the request initiator agree upon the disposition of the request.	to the originating party. The rejection reason will be shared with the CLECs for input. If requested, Subject Matter Experts will meet with CLECs to address the reason for rejection and discuss alternatives. If the CLEC objects to BellSouth's actions, the dispute resolution process is then available.
n) a process for prioritization and assignment of change requests to future releases for implementation	Yes. All change requests prioritized by the industry should be assigned according to that prioritization to as many future releases as necessary. This process should occur on a fixed recurring basis and be the driver for the determination of the need for and timing of new releases.	This subpart is addressed in CCP today.
o) a process for changing the process	Yes. The Change Control Process should itself be subject to necessary change through a timely process that provides for an orderly, informed vote by all	This subpart is addressed in CCP today.

	interested participants.	
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23.	<p>What should be the resolution of the following OSS issues currently pending in the change control process but not yet provided? (OSS, Attachment 7, Exhibit A)</p>	<p>The issues AT&T is bringing forward for arbitration have been at issue between the parties for various periods of time. The current EICCP process is hostage to BellSouth's default power to implement or not implement any change at its option. This default power exists because the EICCP process is not subject to regulatory oversight. Only arbitration provides AT&T with a means by which it can obtain the requested capabilities from BellSouth in an assured and timely manner.</p> <p>Further, in the absence of a binding methodology by which the industry can effect change, change can only be initiated by the actions of two parties which can then be expanded to incorporate others.</p>	<p>Issues such as those delineated in this issue should be resolved in the CCP. These are industry issues more properly resolved in another forum and not in this two-party arbitration.</p>
	<p>a) parsed customer service records for pre-ordering?</p>	<p>BellSouth should provide parsed customer service records for preordering pursuant to industry standards. AT&T needs this in order to fully integrate its ordering systems with BellSouth's and obtain the functionality now available to BellSouth. BellSouth's internal systems parse the sections and fields of the CSR as needed to meet software program requirements precluding the need for service representatives to re-enter CSR information when</p>	<p>This subpart is before the CCP. A CCP Change Request was submitted by AT&T requesting a parsed customer service record via TAG. A joint CLEC team under the management of CCP began in October 2000 on the parsing of the CSR.</p> <p>BellSouth currently provides the CLECs a stream of data via TAG. The stream of data is identified by section with each line uniquely identified and delimited. This is consistent with the data</p>

		processing orders. This item has been an industry standard since the publication of the LSOG3 guidelines.	provided to BellSouth's retail units.
b) ability to submit orders electronically for all services and elements?	<p>BellSouth should provide the ability to submit orders electronically for all services and elements. Lack of electronic ordering increases the possibility of errors and increases costs. BellSouth reported order flow-through for business services for two years before taking the position that these requests do not flow through. BellSouth formerly claimed only that complex business requests did not flow through, but even then, BellSouth admits that its service representatives type their requests into a front end system (DOE or SONGS), which sends the request to SOCS, which then accepts valid requests and issues the required service orders.</p> <p>Examples of instances in which AT&T requires electronic ordering capability are the UNE Platform, handling of remaining service on partial migrations, use of LSR fields to establish proper billing accounts, ability to order xDSL loops, ability to order digital loops, ability to order complex directory listings, ability to order loops and LNP on a single order, and ability to change main account number on a single order.</p>	<p>Requests for changes or revisions to BellSouth's electronic interfaces to its OSS should be submitted through the CCP. This process allows BellSouth and the CLEC community to review, prioritize and manage changes and revisions to the electronic interfaces based on the needs of the CLEC participants. The CLEC participants control this process and the associated timelines. Although to BellSouth's knowledge no CLEC has submitted this request to the CCP, the CCP would be the appropriate forum to handle such a request.</p> <p>With that said, non-discriminatory access to BellSouth's OSS does not mean that all services and elements must be ordered electronically with no manual handling. Some services, such as complex services, require manual handling by BellSouth's account teams for BellSouth retail customers. Processing of requests for CLECs may also require some manual processing for these same functions.</p>	
c) electronic processing after electronic ordering,	BellSouth should provide electronic processing after electronic ordering. See (b),	Requests for changes or revisions to BellSouth's electronic interfaces to its	

	<p>without subsequent manual processing by BellSouth personnel?</p>	<p>above. Examples of instances in which AT&T submits electronic orders that are subsequently processed manually include LNP, UNE-P with LCC, migrations merging existing accounts, related orders. AT&T has submitted change control requests and participated in other discussions aimed at improving the subsequent manual process pending full automation. Examples include worklist mechanization and a Flow-through Mechanization Project.</p>	<p>OSS should be submitted through the CCP. This process allows BellSouth and the CLEC community to review, prioritize and manage changes and revisions to the electronic interfaces based on the needs of the CLEC participants. The CLEC participants control this process and the associated timelines. Although to BellSouth's knowledge no CLEC has submitted this request to the CCP, the CCP would be the appropriate forum to handle such a request.</p> <p>With that said, non-discriminatory access to BellSouth's OSS does not mean that all services and elements must be ordered electronically with no manual handling. Some services, such as complex services, require manual handling by BellSouth's account teams for BellSouth retail customers. Processing of requests for CLECs may also require some manual processing for these same functions. Local service requests for some types of services are submitted electronically but "fall out" by design for processing. Even though the requests by design "fall out" for processing, electronic submission of the request improves the overall efficiency and effectiveness of order processing.</p>
24.	Should BellSouth	Yes. TAFI is a non-	BellSouth has provided

	provide AT&T with the ability to access, via EBI/ECTA, the full functionality available to BellSouth from TAFI and WFA? (OSS, Attachment 7, §4.2)	integrateable interface so AT&T must make additional entries into its own maintenance and repair systems, while BellSouth need only make this entry once. EBI/ECTA is a machine-to-machine interface capable of integration but with limited functional capabilities. It is technically feasible to provide the full suite of TAFI functions via EBI/ECTA.	AT&T with complete access to TAFI and has complied with the current standards for ECTA. Future enhancements to ECTA shall be through the CCP.
25.	Should AT&T be allowed to share the spectrum on a local loop for voice and data when AT&T purchases a loop/port combination and if so, under what rates, terms and conditions? (UNEs, Attachment 2, §3.8)	Yes. BellSouth's position that sharing of the spectrum on local loop/port combination is only permitted when BellSouth utilizes the portion of the spectrum to provide voice is discriminatory and anti-competitive. Any purchaser of local loops from BellSouth should be allowed to use the loop in providing both voice and data at the same time. There are no technical constraints to this arrangement. The Commission's ordering of such arrangements will further the deployment of advanced data services to all portions of the state, and will not be dependent on the deployment schedule of BellSouth alone.	No. BellSouth is only obligated to permit AT&T to share the spectrum on a local loop/port combination when BellSouth provides voice service over the facilities.
26.	What are the appropriate rates and charges for unbundled network elements and combinations of network elements?	Issues related to rates and charges will be taken up in Administrative Case No. 382, as discussed in Commission's orders.	Issues related to rates and charges will be taken up in Administrative Case No. 382, as discussed in the Commission's orders.
27.	Should AT&T be required to pay BellSouth costs it incurs for any order	No. AT&T should not be required to pay BellSouth costs incurred for modifying or canceling an order when such	Yes. AT&T should be required to pay the full costs of any order performed by BellSouth on behalf of AT&T

	<p>that AT&T modifies or cancels? (UNEs, Attachment 2, §3.3)</p>	<p>modification or cancellation is caused by BellSouth. In those instances when the modification or cancellation is caused by AT&T, AT&T should not have to pay any costs incurred by BellSouth if those costs are already recovered through BellSouth recurring or nonrecurring rates.</p>	<p>if AT&T in turn cancels the request. AT&T also should pay the full cost of any order later modified by AT&T to the extent that the costs of such subsequent modifications are not covered by the recurring rates.</p>
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