

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20544**

In the Matter of )  
 )  
Joint Application by BellSouth Corporation, )  
BellSouth Telecommunications, Inc., ) CC Docket No. 02-35  
and BellSouth Long Distance, Inc. for )  
Provision of In-Region, InterLATA Services )  
in Georgia and Louisiana )

**SUPPLEMENTAL REPLY AFFIDAVIT OF ELIZABETH A. STOCKDALE**

I, Elizabeth S. Stockdale, being of lawful age and duly sworn, do hereby depose and state as follows:

**I. INTRODUCTION AND OVERVIEW**

1. I am employed by BellSouth Telecommunications, Inc. (“BellSouth”) as Manager-Competitive Analysis in the BellSouth Federal Regulatory Department.
2. As part of BellSouth’s filing in CC Docket No. 01-277, I filed a Reply Affidavit (Reply App., Tab Q) with the Federal Communications Commission (“FCC or Commission”) on November 13, 2001.
3. I filed a Supplemental Affidavit (Supp. App. A, Tab H) in this proceeding on February 14, 2002.<sup>1</sup>
4. The purpose of this Supplemental Reply Affidavit is to respond to Comments made by intervenors regarding BellSouth’s Supplemental Section 271 application.

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<sup>1</sup> See Supplemental Affidavit of Elizabeth A. Stockdale (“Stockdale Supplemental Affidavit”)

5. My Supplemental Affidavit, and the affidavit of Victor K. Wakeling (App. A, Tab V), filed with BellSouth's initial 271 application for Georgia and Louisiana, established that BellSouth has satisfied the requirements of "Track A" of the Telecommunications Act of 1996, 47 U.S.C. § 271 (c)(1)(A) and documented the extent of CLEC competition in the local markets in Georgia and Louisiana.<sup>2</sup>
6. No commenter in this proceeding disputes BellSouth's showing that it has satisfied Track A. Three commenters, however, dispute the accuracy of BellSouth's Method One and Method Two estimates of CLEC competition.<sup>3</sup> This Supplemental Reply affidavit provides new estimates based on February data on the extent of CLEC competition in BellSouth's Georgia and Louisiana service areas. It also explains how both of BellSouth's methodologies are conservative in the way in which they estimate CLEC competition in the local market and that the estimates on the record are reasonable.
7. Finally, this Supplemental Reply Affidavit will address the repeated claims of one party that the CLECs' recent financial troubles should somehow bear on the viability of local competition in Georgia and Louisiana.

**II. BELLSOUTH'S COMPETITIVE ASSESSMENT METHODOLOGIES PRESENT CONSERVATIVE ESTIMATES OF CLEC LINE SHARE**

8. Mr. Wakeling's affidavit filed on October 2, 2001, established that local competition has taken hold in both Georgia and Louisiana. Since the time of that filing, subsequent data has been included in the record to show that competition in

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<sup>2</sup> See Affidavit of Victor K. Wakeling, ("Wakeling Affidavit") filed October 2, 2001.

<sup>3</sup> Specifically, I respond to portions of comments made by Sprint Communications Company L.P. ("Sprint") and US LEC Corp. and XO Georgia Inc. ("US LEC and XO") filed March 4, 2002.

Georgia and Louisiana has continued to grow. According to the most current available data, CLECs serve between 18.5% (Method One) and 19.6% (Method Two) of the local access lines in BellSouth's Georgia service area.<sup>4</sup> In July of this year, CLECs served between 16.7% and 16.4% of those access lines. In BellSouth's Louisiana service area CLECs now serve between 9.5 % (Method Two) and 10.5 % (Method One). By comparison, in July, CLECs served between 8.1% and 9.1% of these access lines.<sup>5</sup>

9. Sprint and Joint Commenter, US LEC and XO question the accuracy of the methodologies utilized by BellSouth to estimate the state of local competition in the Georgia and Louisiana service areas.<sup>6</sup> Sprint asserts that BellSouth's line counts produced under Method One overstate the relevant CLEC market share because the line counts include CLECs' high speed data lines. Sprint also argues that there is an incongruity between the methodologies that BellSouth utilizes to estimate CLEC line shares in its region because in Georgia Method Two produces a higher line count for many CLECs than Method One.

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<sup>4</sup> See Stockdale Supplemental Reply Exhibits ES-1 through ES-4 attached. Upon reconciling end of year 2001 regional access line counts, BellSouth discovered that the line count estimates used in the December CLEC market share computations filed in this docket understated the number of BellSouth retail business lines in Georgia by 564 lines. Correcting for this error in the December Method 1 and Method 2 calculations for Georgia results in a statistically insignificant decrease (.002%) in the CLEC access line share percentages reported in Exhibits ES-5 and ES-6 of the Stockdale Supplemental Affidavit. In Louisiana, BellSouth overstated its retail business lines by 3,069 lines. Correcting for this error in Louisiana results in a statistically insignificant increase (.01%) in the CLEC line share percentages for Method 1 and Method 2 as set forth in the Stockdale Supplemental Affidavit Exhibits ES-7 and ES-8.

<sup>5</sup> Compare Stockdale Supplemental Reply Exhibits ES-1 through ES-4 with Wakeling Affidavit Exhibits VW-6 through VW-8 and Ex Parte Correcting the Wakeling Affidavit and Exhibit VW -9 (filed Oct. 10, 2001).

<sup>6</sup> See Comments of Sprint at 11 and 12 and Joint Comments of US LEC Corp. and XO of Georgia at 53 and 54 in CC Docket No. 02-35, BellSouth 271 Application – Georgia and Louisiana.

10. As a preliminary matter, there is no incongruity between the line share estimates produced under Method One and Method Two. Moreover, both methodologies used by BellSouth in this proceeding utilize data that has been relied on by the Department of Justice (“DOJ”) and accepted by this Commission in previous 271 proceedings.<sup>7</sup> As explained more fully in the Wakeling Affidavit, Method One and Method Two employ different procedures to produce a “CLEC line share” estimate.<sup>8</sup> Both are “conservative.” However, they are conservative in different ways. For instance, as stated in the Wakeling Affidavit, Method One considers all of the available data on each CLEC to arrive at a total CLEC line share estimate. Facilities based line share estimates are based on three data categories 1) E911 lines 2) UNEs – loops and loop and platform combos and 3) Interconnection Trunks. Method One does not add CLEC data across the three categories. Instead, under Method One, BellSouth selects the category of CLEC data with the greatest quantity of lines. The facilities-based total is then added to the total number of CLEC resale lines. Because Method One utilizes CLEC loop and trunk data, it tends to present a more robust picture of the competitive landscape in terms of the number of competitive providers and the types of services they offer such as the services noted by Sprint.

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<sup>7</sup> See *DOJ Arkansas/Missouri Evaluation*, CC Docket No. 01-194, fn. 8 (FCC filed Sept. 24, 2001) (“Estimated market share will vary depending on the methodology used to estimate facilities-based lines. The Department relied on entries in the E-911 database.”); *DOJ New York Evaluation*, CC Docket 99-295, at 9 (FCC filed Nov. 1, 1999); *DOJ Kansas/Oklahoma Evaluation*, CC Docket No. 00-217, fns. 11 & 25 (FCC filed Dec. 4, 2000); *DOJ Massachusetts Evaluation*, CC Docket No. 00-176, at 4 (FCC filed Oct. 27, 2000); *DOJ Pennsylvania Evaluation*, CC Docket No. 01-138, at 4 (FCC filed July 26, 2001). In fact the DOJ, in this proceeding relied upon BellSouth’s methodology for estimating CLEC lines. See *DOJ Georgia/Louisiana Evaluation*, CC Docket No. 01-277 filed November 6, 2001 and *DOJ Georgia/Louisiana Evaluation*, CC Docket No. 02-35 filed March 21, 2002.

<sup>8</sup> See Wakeling Affidavit at 7-9 and Exhibit VW -16. As used herein, the term “CLEC line share” is the percentage of CLEC lines as determined by Method 1 or Method 2.

11. Despite Sprint's narrow view of the relevant local market, it is entirely appropriate to utilize CLEC trunk and UNE-loop data in estimating the extent of local competition. As explained in Exhibit 16 of the Wakeling Affidavit, other applicants that have received 271 relief have utilized CLEC trunk data in their local competition estimates.<sup>9</sup> Moreover, the inclusion of data lines indicate a particular type of service CLECs currently provide in competition with services that BellSouth also provides in the local market.
12. Method Two is, in some ways, a more conservative way of estimating CLEC line share than Method One. This does not mean, however, that Method Two will necessarily produce a lower CLEC line share estimate than Method One. For instance, Method Two relies on CLEC data that is indicative of competition in the local voice service market such as CLEC E-911 data and UNE-P data. Method Two excludes, for the most part, data-centric competition, as evidenced by the exclusion of Sprint in the Method Two analysis for Georgia. Method Two does not, as Sprint alleges, rely on a subset of the categories used in Method One. Unlike Method One, Method Two adds CLEC data across two categories - specifically, E-911 data and UNE-P data - to arrive at a CLEC specific facilities-based line count. This is entirely appropriate because facilities-based carriers themselves are responsible for making entries in the E911 database for customers served on their networks. Because facilities-based carriers make these entries themselves and because these entries are critical to the purposes served by the maintenance of the database, BellSouth has every reason to believe that an E911

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<sup>9</sup> See Wakeling Affidavit at ¶¶ 13,14.

listing represents a facilities-based line. However, the E911 database does not capture all lines served by competing carriers on a facilities-basis. For example, when a facilities-based CLEC provides service over the UNE-P, BellSouth provides switching and maintains the E911 listing just as BellSouth does for resold lines. Therefore, the number of CLEC UNE-Ps need to be added to the CLEC E911 listings for a more complete estimate of each CLEC's total facilities-based lines.<sup>10</sup>

13. Total CLEC facilities-based lines are then added to total CLEC resale lines and that sum is used in deriving a total line share estimate. In some states, a lower estimate of facilities-based CLEC lines results under Method Two because Method Two does not include all of the CLEC data considered in Method One. However, if a CLEC has a very large quantity of E-911 lines and UNE-Ps, the sum of these two categories can far exceed the greatest line quantity for that CLEC selected under Method One. Thus, when several CLECs have large line counts in both the E-911 and UNE-P categories, the sum of all the CLEC lines produced under Method Two can exceed the total number of CLEC lines produced under Method One as shown in Georgia for the September 2001, December 2001 and February 2002 data months.

### **III. BELLSOUTH'S ESTIMATES ARE REASONABLE AND CONSISTENT WITH THE ESTIMATES IN THE RECORD.**

14. Joint commenters US LEC and XO also dispute BellSouth's assessment of local competition in Georgia and Louisiana. US LEC and XO contend that BellSouth's evidence regarding the state of local competition in Georgia and Louisiana is

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<sup>10</sup> See Wakeling Affidavit at ¶ 17. See also, Valerie Sapp Affidavit at ¶ 10.

contradicted by the Commission's most recent Local Competition Report.<sup>11</sup> US LEC and XO take issue with BellSouth's December 2001 line share estimates for Georgia and Louisiana which show that CLECs with 10 lines or more serve between 18.5% and 18.8% and between 8.9% and 10.0%, respectively, of the local access lines in BellSouth's service areas.<sup>12</sup> US LEC and XO point out that these estimates greatly exceed the CLEC market share estimate for Georgia of 10% and Louisiana of 4% set forth in the Commission's recent report. US LEC and XO state that "there are no plausible arguments to account for the significant discrepancy" in the estimates.<sup>13</sup>

15. Aside from the differing data months, noted by US LEC and XO, the rather obvious reason for the difference in the estimates is that BellSouth's line share estimates include data from a larger number of CLECs than the Commission's estimates. The Commission's estimates were based upon the total sum of lines as reported by 16 CLECs in Georgia and 8 CLECs in Louisiana whereas BellSouth's estimates were based upon the sum of the line share data for over 90 CLECs in Georgia and over 60 CLECs in Louisiana.<sup>14</sup>
16. Evidence in the record suggests that BellSouth's estimates are indeed reasonable. The Georgia Public Service Commission's ("GPSC") Comments filed in the Georgia and Louisiana 271 proceeding on October 2, 2001 support the estimates

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<sup>11</sup> Comments of US LEC Corp. and XO at 53. *See also Local Telephone Competition, Status as of June 30, 2001*, Industry Analysis Division, Common Carrier Bureau, Federal Communications Commission, February 2002 ("Competition Report").

<sup>12</sup> *Ibid.* at 55,56

<sup>13</sup> *Ibid.* at 56

<sup>14</sup> *See* Wakeling Affidavit at Exhibits VW -6 – VW-9, Stockdale Reply Affidavit at Exhibits ES-1 through ES-8.

contained in BellSouth's filings. The GPSC's own Competition Survey "indicates that for the end of June over 726,000 access lines were reported in service by certified CLECs." See GPSC Comments in CC Docket 01-277 at 28.<sup>15</sup> Although BellSouth did not submit CLEC line share estimates for June 2001, data for July 2001 was submitted as part of BellSouth's initial Georgia, Louisiana filing.<sup>16</sup> Under Method Two, BellSouth estimated that CLECs served approximately 798,000 access lines as of the end of July 2001. Allowing for a month of growth, the GPSC's estimate and BellSouth's estimate are comparable.

17. The line totals for Louisiana contained in the Competition Report do more to support rather than contradict BellSouth's assessment of the state of competition in Louisiana. Again, using the July 2001 Method Two data submitted with the Wakeling Affidavit, BellSouth estimates that the seven largest CLECs in Louisiana, each serving over 10,000 lines, served an estimated 123,589 lines or 5.0% of the line share in BellSouth's service area. As reflected in the Competition Report, CLECs themselves reported serving 108,820 lines or 4.0% of the line share in the state. Given that no commenter, including US LEC and XO, disputes the line counts attributed to it individually, and accounting for a month of growth, coupled with the fact CLECs serve a proportionally greater number of lines in BellSouth's service area than elsewhere in the state, BellSouth's line share estimates for July 2001 are reasonably similar to the June 2001 estimates published by the Commission.

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<sup>15</sup> GPSC survey includes data from 119 CLECs. See Appendix A, Georgia Public Service Commission Comments.

<sup>16</sup> Wakeling Affidavit at Exhibits VW -6 – VW-9 and VW -12-VW-15.



#### **IV. THE PUBLIC INTEREST WILL BE SERVED BY GRANTING BELLSOUTH'S 271 APPLICATION**

18. Sprint also argues that the public interest will not be served by grant of BellSouth's 271 Applications in Georgia and Louisiana because, among other things, the CLEC industry is in a state of crisis and the RBOCs have failed to establish themselves outside of their territory.
19. The Commission recently rejected the very same arguments advanced by Sprint in the Rhode Island/Verizon 271 proceeding.<sup>17</sup> In addition, although it is true that some CLECs, as Sprint pointed-out, face financial difficulties today,<sup>18</sup> overall the CLEC industry as a whole is still very healthy.<sup>19</sup> In fact, CLECs operating in BellSouth's Georgia and Louisiana service areas continue to show signs of growth.
20. Sprint also rehashes other arguments made in the Pennsylvania and Rhode Island proceedings in yet another attempt to advance some threshold level of facilities-based residential competition as a condition of Section 271 authorization. Specifically, Sprint argues that the percentage of facilities-based competition in the residential market is too low in BellSouth's Georgia and Louisiana service areas.

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<sup>17</sup> See *Application by Verizon New England, et al., for Authorization to Provide In-Region InterLATA Services in Rhode Island*, Memorandum Opinion and Order at para. 106, CC Docket No. 01-324, FCC 02-63 released February 22, 2002.

<sup>18</sup> Of the seven vanguard CLECs cited by Sprint, four, including Covad, NorthPoint, Rhythms and WinStar are data CLECs (DLECS) a category of providers that Sprint argues should be excluded from consideration in BellSouth's competitive assessment. In addition, Conversent is not listed in either the Method One or Method Two competitive line assessments in Georgia and Louisiana.

<sup>19</sup> See, e.g., Credit Suisse/First Boston, *Telecom Services: CLECs, Third Quarter Vital Signs Review*, December 2001, at 14 (estimating that CLECs' market share of access lines has grown from 8 percent as of YE 2000 to 9 percent at the end of 2Q 2001, and over 10 percent at the end of 4Q 2001).

21. Again, these arguments have already been raised and rejected by the Commission in previous 271 proceedings.<sup>20</sup> Moreover, facilities-based competitors are firmly entrenched in the residential markets in Georgia. As of the end of 2001 in Georgia, CLECs were serving approximately 808,000 lines either wholly or partially over their own facilities. Nearly 20% of those lines are being used to serve residential customers. See Stockdale Supplemental Affidavit at Exhibit ES-5. If anything, these numbers are likely to increase over the next several months due to AT&T's recent rollout of residential service in Georgia.<sup>21</sup>
22. Although in Louisiana the CLEC facilities-based residential line share may not be as large as it is in Georgia, there are several facilities-based CLECs, such as Cox Communications, Advanced Tel and The Other Phone Company, serving residential customers in Louisiana. These three CLECs continue to show line growth into 2002. In fact, Cox Communications, which began offering Digital Telephone Service over its cable network to customers in New Orleans, Louisiana late last year, nearly doubled the number of residential lines it serves over the last two-month period. See Exhibits ES-3 and ES-4 attached.

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<sup>20</sup> "We disagree with those commenters that assert under our public interest examination we must consider the level of competitive LEC market share...as evidence that, despite checklist compliance, the local market is not yet truly open to competition. For example, one commenter argues that the relatively low percentage of residential customers served by competitive LECs indicates the market is not yet open... Given an affirmative showing that the competitive checklist has been satisfied, low customer volumes or the failures of any number of companies to enter the market... do not undermine that showing. Factors beyond the control of the BOC, such as individual competitive LEC entry strategies might explain a low residential customer base. We note that Congress specifically declined to adopt a market share or other similar test for BOC entry into long distance and we have no intention of establishing one here." *Application of Verizon Pennsylvania Inc., et al., for Authorization to Provide In-Region, InterLATA Services in Pennsylvania*, Memorandum Opinion and Order, 16 FCC Rcd 17419 at ¶ 126 (2001)

<sup>21</sup> AT&T News Release, *AT&T Offers Georgians a New Choice for Local Phone Service* (March 5, 2002).

**V. CONCLUSION**

23. In sum, BellSouth employs two conservative methods for estimating CLEC competition in its region. Both methodologies utilize data that has been utilized by other applicants who have received 271 relief. In addition, as BellSouth's February data shows, CLEC facilities-based competition continues to grow in both its Georgia and Louisiana service areas. Moreover, the facilities-based providers are entrenched in both the business and residential markets.
24. This concludes my Affidavit.