AFFIDAVIT

STATE OF GEORGIA

COUNTY OF FULTON

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Alphonso J. Varner, who, being by me first duly sworn deposed and said that:

He is appearing as a witness before the Kentucky Public Service Commission in Case No. 2003-00379, Review of Federal Communications Commission's Triennial Review Order Regarding Unbundling Requirements for Individual Network Elements, and if present before the Commission and duly sworn, his rebuttal testimony would be set forth in the annexed testimony consisting of 26 pages and 0 exhibits.

A J Varner

Alphonso J. Varner

SWORN TO AND SUBSCRIBED BEFORE ME
THIS 29th DAY OF MARCH, 2004

Evelyn Parks Peters Notary Public

Evelyn Parks Peters
Notary Public, Newton County, Georgia
My Commission Expires May 12, 2007

BELLSOUTH TELECOMMUNICATIONS, INC.

REBUTTAL TESTIMONY OF ALPHONSO J. VARNER

BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION

FILED MARCH 31, 2004

DOCKET NO. 2003-00379

Q. PLEASE STATE YOUR NAME, YOUR POSITION WITH BELLSOUTH TELECOMMUNICATIONS, INC. ("BELLSOUTH") AND YOUR BUSINESS ADDRESS.

A. My name is Alphonso J. Varner. I am employed by BellSouth as Assistant Vice President in Interconnection Services. My business address is 675 West Peachtree Street, Atlanta, Georgia 30375.

Q. ARE YOU THE SAME ALPHONSO J. VARNER WHO FILED DIRECT TESTIMONY IN THIS PROCEEDING?

A. Yes I am.

Q WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. My Rebuttal Testimony addresses various performance related issues raised by the MCI witnesses James Webber and Sherry Lichtenberg and AT&T witness Mark David Van De Water.

Q. ALL PARTIES HAVE DIRECTED THIS COMMISSION TO VARIOUS PORTIONS OF THE TRO AND THE RULES IN SUPPORT OF THEIR POSITIONS IN THEIR DIRECT TESTIMONY. WHAT IS THE IMPACT OF THE D.C. CIRCUIT COURT OF APPEALS ORDER ON THE TRO IN THIS PROCEEDING?

A. Currently the impact of the DC Circuit Court's opinion is unclear. At the time of filing this testimony, the DC Court had vacated large portions of the rules promulgated as a result of the TRO, but stayed the effective date of the opinion for at least sixty days. Therefore my understanding is that the TRO remains intact for now, but its content, and the rules adopted thereto, must be suspect in light of the court's harsh condemnation of large portions of the order. Accordingly, I will reserve judgment, and the right to supplement my testimony as circumstances dictate, with regard to the ultimate impact of the DC Court's order on this case.

Q. MR. WEBBER STATES ON PAGE 46 OF HIS DIRECT TESTIMONY THAT EVEN IF CLECS WERE TO OBTAIN COLLOCATION, "IT IS NOT UNCOMMON TO EXPERIENCE SIGNIFICANT DELAYS" IN GAINING ACCESS TO IT. IS HE RIGHT?

A. No, and the lack of evidence corroborating Mr. Webber's allegation is telling. The aggregate CLEC collocation performance results provided in my Direct Testimony demonstrate an excellent track record by BellSouth over the entire twelve-month period reported. Specifically, BellSouth met

100% of collocation due dates in Kentucky from November 2002 through October 2003, which includes MCI.

Q. MR. WEBBER, ON PAGE 56 OF HIS DIRECT TESTIMONY, CONTENDS THAT THE INDUSTRY "DOES NOT HAVE MUCH EXPERIENCE WITH EELS USED TO SUPPORT DS0-BASED SERVICES." HOW DO YOU RESPOND?

A. BellSouth provides services and measures its associated performance levels with respect to EELs according to what the CLECs order - whether DS-0, DS-1 or DS-3 loops. Currently, the vast majority of EELs ordered by CLECs are at the DS1 level; however, such EELs can be used to support DS0-based services. If he is simply referring to DS0 level EELs, that concern is neither relevant, nor does it establish that providing EELs at the DS0 level presents an insurmountable hurdle. In fact, it does not even establish that there is any hurdle at all. BellSouth has years of experience in combining a loop and an interoffice facility and an EEL is simply one of these combinations. Examples are foreign exchange or central office lines, tie lines, PBX trunks, Special Access circuits, and off premise extensions. BellSouth has even more experience with DS0 services. There is nothing so complex about an EEL using a DS0 loop that would cause CLECs to become impaired. Indeed, if they prefer to order DS0 EELs rather than DS1 or DS3 the measurement process is in place to accommodate the orders and to monitor BellSouth's performance in meeting the Commission's established standards.

Q. ON PAGE 24, MS. LICHTENTBERG ALLEGES THAT BECAUSE BELLSOUTH'S HOT CUT PROCESS IS MANUAL, IT "OFTEN RESULT[S] IN ERRORS AND DELAYS." DOES THE DATA SUPPORT HER POSITION?

A. No. Ms. Lichtenberg's uncorroborated position is directly contrary to the actual data. As discussed in my Direct Testimony, pages 34 – 35, looking at the three primary hot cut measurements in Kentucky (Coordinated Customer Conversions, Hot Cut Timeliness, and Provisioning Troubles within 7 days of Cutover), BellSouth achieved the established standard on 100% of the sub-metrics over the 12-month period provided (November 2002 to October 2003). Clearly, in light of these data results, Ms. Lichtenberg's comments are unsubstantiated and should be given no weight in this proceeding.

Q. IS MS. LICHTENBERG'S CHARACTERIZATION (ON PAGE 36) OF INCREASED OUT OF SERVICE TIMES AND CUSTOMER HARM FROM TROUBLES IN A UNE-L ENVIRONMENT ACCURATE?

A. No, and again the performance results, as noted below, refute Ms. Lichtenberg's claim. Ms. Lichtenberg accurately states the major difference between UNE-L and UNE-P with respect to maintenance and repair is who is responsible for isolating the trouble between the loop and the switch. However, she greatly exaggerates the expected impact on the

handling of trouble reports in the UNE-L environment. Most of the discussion includes complaints about the work that MCI would have to do in the UNE-L environment. Apparently, Ms. Lichtenberg would rather make BellSouth "fully responsible" for handling trouble reports, and relieve MCI of any meaningful responsibility to its own customers in this regard.

When a trouble is reported for UNE-P lines, the CLEC merely passes on any physical trouble to BellSouth, since the CLEC is simply reselling BellSouth's network with UNE-P. BellSouth then has to 'sectionalize' the trouble, just as the CLEC would under UNE-L, by determining whether the problem is in the switch, frame, loop etc., and whether a dispatch is necessary. By contrast, if the CLEC's customer is served on UNE-L, the CLEC can isolate and fix any troubles that are in its switch, collocation space or transport, and BellSouth can concentrate on determining if there are any problems in the loop. Therefore, if the CLEC does a good job upfront of eliminating the switch, collocation or transport as the cause of the trouble, BellSouth can concentrate on the loop, which should decrease, not increase, repair intervals. In this way, CLECs have greater control over the timeliness and quality of repairs for their customers, and it is baffling that CLECs would not want to avail themselves of this opportunity.

Ms. Lichtenberg's argument that if the CLEC is responsible for part of the trouble identification and resolution process the interval would be increased because of 'finger pointing' exercises is merely speculation.

BellSouth has been providing UNE Loops and other services where cooperation between CLECs and BellSouth is required. Yet, Ms. Lichtenberg does not point to any tangible evidence to support her conclusion. Furthermore, it is unsubstantiated speculation if the CLEC does a good job of trouble isolation. Surely the mere possibility of certain administrative issues or predictions of poor performance by CLECs is no basis for finding that CLECs are impaired without access to unbundled switching.

Q. HOW IS BELLSOUTH'S PERFORMANCE FOR MAINTENANCE AND REPAIR FOR UNE-L COMPARED TO UNE-P?

A. As a preliminary matter, it should be pointed out that using UNE-P performance results as the standard for assessing UNE-L performance is not appropriate because the two products are not analogous. The relevant approach is to compare UNE-P or UNE-L to its respective retail analogue as was done in my Direct Testimony. Nonetheless, if we compare the Customer Trouble Report Rate (CTRR) and Maintenance Average Duration (MAD) interval for UNE-P and 2W Analog Loops sub-metrics in Kentucky for November 2002 through October 2003 there is no indication of a problem with UNE-L maintenance performance. CTRR and MAD are used because they are considered two of the major indicators of performance in the maintenance and repair environment. As noted in my Direct Testimony, these two measurements pertain to trouble reports,

which may not necessarily mean there was an actual out-of-service or service affecting condition.

For the period from November 2002 through October 2003, the average customer trouble report rate (CTRR) was 2.20% for UNE-P and 0.62% for UNE-L. In other words, both UNE-P and UNE-L customers experience about 98% trouble-free service. Similarly, for the same period, November 2002 through October 2003, the dispatched maintenance average duration (MAD) interval, which is the average amount of time required to fix a trouble, contradicts her assertion. Where the trouble required the dispatch of a technician, the repair interval for UNE-P was 26.5 hours and 7.4 hours for 2W Analog Loops. For those cases where no dispatch was required, the repair interval for UNE-P was 8.4 hours versus 3.3 hours for 2W Analog Loops. For CTTR BellSouth met 96% of the sub-metrics for UNE-P and 100% for UNE-L in this 12-month period in Kentucky. Also, BellSouth met 100% of the sub-metrics for MAD for both UNE-P and UNE-L during this period.

Based on these results, the current environment shows that UNE-L maintenance and repair results are as good as, and in some instances better than, UNE-P maintenance and repair results. Granted, the UNE-L volumes are not as significant as they will be if UNE-P is no longer available; however, there is no reason to believe that the increase in volume would suddenly make UNE-L performance decline substantially. In fact, the increased volume may actually improve the level of

performance due to more repetition. But, the important point is that any supposition that maintenance and repair performance will deteriorate based on conversions from UNE-P to UNE-L is not supported by the facts.

Q. MS. LICHTENBERG IN HER DIRECT TESTIMONY ALLEGES THAT THE LNP PROCESS WILL BE COMPLICATED BY MIGRATIONS TO UNE-L AND, ON PAGE 43 OF HER TESTIMONY, SUGGESTS A NEED TO "DEVELOP METRICS FOR THE COMPLETION OF NUMBER PORTABILITY TASKS." PLEASE RESPOND.

A. There is no need to "develop" metrics to capture number portability performance. BellSouth already reports Local Number Portability (LNP) results via three measurements: P13C, Percent Out of Service < 60 Minutes; P-13B, Percentage of Time BellSouth Applies the 10-Digit Trigger Prior to the LNP Order Due Date; and, P-13D, LNP-Average Disconnect Timeliness Interval (Non-Trigger). These measures are certainly more than sufficient to capture any potential problems related to local number portability. Further, as part of my Direct Testimony I provided detailed analysis of the BellSouth's performance with respect to LNP in Exhibit AJV-1. The performance results provided in that exhibit show that there are no performance problems that significantly affect market entrance in this area. BellSouth does not expect a significant impact on LNP performance based on anticipated increases in UNE-L orders.

Q. ON PAGES 8 AND 9, MR. VAN DE WATER ALLEGES "SUBSTANDARD PERFORMANCE IN RETURNING TIMELY FIRM ORDER CONFIRMATIONS", AND OTHER FAILURES RELATED TO THE SCHEDULING OF HOT CUTS AND "ERRONEOUS DISCONNECTION OF END USERS' LINES", AND "UNDUE DELAY IN RECONNECTION." DO THESE ALLEGATIONS HAVE ANY MERIT?

A. No. Much of Mr. Van De Water's assertions are conjecture or distortions of the facts. Although Mr. Van De Water provides little or no specifics to support his conclusions, I will attempt to respond to these issues in order. Where Mr. Van De Water alleges that there are delays in returning Firm Order Confirmations, the facts tell a completely different story. As noted on page 16 of my Direct Testimony, for the period November 2002 through October 2003, over 99% of the LSRs for UNE Loop Orders (which include hot cuts orders) received a Firm Order Confirmation (FOC) within the intervals established by this Commission. For AT&T alone, as indicated by footnote 5 on page 12 of Mr. Van De Water's direct testimony, there were not adequate UNE-L orders submitted to perform a meaningful analysis in Kentucky.

In response to Mr. Van De Water's belief that BellSouth has not provided a 'reliable schedule for performing hot cuts' this belief is, once again, not supported by the facts. Referring to paragraph 14, Exhibit AJV-1, of my Direct Testimony, for the period November 2002 through October 2003, 100% of the scheduled Hot Cuts were started within 15 minutes of the

requested time on the order. In stark contrast to Mr. Van De Water's allegation, this is conclusive evidence of BellSouth's superb performance in reliable scheduling.

Mr. Van De Water states that BellSouth fails to notify "consistently and timely that customer loops had been transferred to AT&T." Once again, the facts illustrate that Mr. Van De Water's comments are misleading. Referring to my Direct Testimony, page 21, BellSouth achieved the performance standard for the Average Completion Notice Interval for 100% (58 of 58) of the sub-metrics (which include hot cut orders) over the 12-month period, from November 2002 to October 2003.

Lastly on page 9, Mr. Van De Water theorizes that BellSouth creates "customer service outages by erroneous disconnection of end users' lines and, when erroneous disconnections occur, there is undue delay in reconnection." While BellSouth's data does not directly provide the number of customer outages caused specifically by erroneous disconnection of end user's lines, outages caused by erroneous disconnection of end user's lines, should this actually occur, would be reflected in several measurements. As an example, the Customer Trouble Report Rate captures all troubles and it includes service outages as well as troubles that do not put a customer out of service. As noted on page 26 of my Direct Testimony, for the period November 2002 through October 2003, UNE Loops experienced at least 98% trouble free service. (Troubles related to Hot Cuts would be in this category). In the event Mr.

Van De Water is alleging that the 'erroneous disconnects' occur as the customer's line is being cut over from BellSouth retail to the CLEC, those troubles would be captured in Trouble Report Rate for BellSouth Retail, mostly in Residence or Business. For the period November 2002 through October 2003, the trouble free rate for these retail lines was 97%. For AT&T alone, as indicated by footnote 5 on page 12 of Mr. Van De Water's direct testimony, there were not adequate UNE-L in service circuits to perform a meaningful analysis in Kentucky. In summary, the facts do not support Mr. Van De Water's implication that there are significant "erroneous disconnections."

As to Mr. Van De Water's opinion that there is "undue delay in reconnection," once again, the facts portray a completely different picture. The time required to clear a trouble report is reflected in the Maintenance Average Duration metric for all services, and, where a trouble is encountered during a hot cut, the time required to clear the trouble is also reported in the measurement Coordinated Customer Conversions – Average Recovery Time. It is important to note that these two measurements reflect the time to clear troubles, many of which are not service outages, but simply problems that do not put the end user completely out of service. For the first measurement, Maintenance Average Duration, BellSouth achieved the Commission's performance standard of parity 95% of the time during the 12-month period, November 2002 through October 2003. Moreover, the average time to clear the trouble for all UNE loops (2W Analog Loops, ISDN and XDSL) was 5.6

hours for this 12-month period. As noted above, there were not adequate in service UNE-L lines to perform a meaningful analysis for AT&T in Kentucky.

For the second measurement, Coordinated Customer Conversions – Average Recovery Time, there was one outage with a 1.8-hour time to clear during the 12-month period.

Q. ON PAGES 15 AND 16 OF HIS TESTIMONY, MR. VAN DE WATER CITES SEVERAL FIGURES THAT PURPORT TO ILLUSTRATE THE DIFFERENCES IN THE ORDER COMPLETION INTERVAL FOR UNE-P ORDERS VERSUS UNE-L ORDERS. WHAT IS THE RELEVANCE OF THIS DIFFERENCE IN THIS PROCEEDING?

A. It has no relevance. Mr. Van De Water is simply noting that it takes less time on average to complete UNE-P orders, which are predominantly orders requiring a records change only, and no physical work, than the time involved on average to complete UNE-L orders where some form of physical work is always required. This revelation should come as no news to anyone. However, the important point is how BellSouth performs relative to appropriate performance standards for these two different functions. Analysis of the data reflected in my Direct Testimony shows BellSouth performs quite well.

Q. ARE MR. VAN DE WATER'S COMPARISONS AND CONCLUSIONS

VALID?

A. No. First, his claimed impact on the CLEC is minimal at best. The interval that Mr. Van De Water refers to simply reflects how far in advance the CLEC must place the order. In this regard, Mr. Van De Water's comparison of UNE-P to UNE-L is about as relevant as comparing UNE-P to collocation. There simply is no relevance. All of these are different products that allow the CLEC to serve its customer in different ways. The customer still has service during this interval. So, the only impact is apparently on the CLEC's need to plan and sequence the orders. I should also point out that this same interval would apply to any customers that BellSouth wins back from the CLEC.

The most basic flaw in Mr. Van De Water's analysis is his attempt to equate two different products and processes. An order for UNE-P typically involves little more than changing the billing of an existing end-user from BellSouth retail (or from another CLEC) to the acquiring CLEC. In this instance, no physical work is required, an outside dispatch is not needed and the order is not subject to facility shortages. In contrast a UNE-L order will always require some form of physical work, in the central office, at the customer's premise, or both. A dispatch may be needed and the order interval can be affected by facility shortages. As a result of these two different processes, the applicable ordering intervals will usually differ.

Further, Mr. Van De Water includes in the chart on pages 15 & 16 of his testimony the provisioning Interval for Switch-based Completions, the shortest interval reflected. This is apparently to show a large difference in the time for UNE-P and UNE-L completion intervals. However, the Switch-based Completions include all orders that are nothing more than a request for a feature change. Moreover, once the hot cut is complete, CLECs don't even need to send these orders to BellSouth because they can make the changes themselves. Mr. Van De Water does not acknowledge this, or any other benefits that accrue to the CLEC from moving to UNE-L. Surely, these benefits offset the nebulous impact that he claims the longer provisioning interval for UNE-L causes.

Additionally, AT&T made this same argument before the FCC that the standard must be the same for UNE-P and UNE-L, contending that until ILECs offer an electronic loop provisioning (ELP) method of transferring large volumes of local customers, unbundled switching for voice grade loops is essential. The FCC, in paragraph 491 of its TRO, rejected this contention stating: "the evidence in the record suggests that an ELP process, to be effective, would require significant and costly upgrades to the existing local network at both the remote terminal and the central office…we, decline to require ELP at this time, although we may reexamine AT&T's proposal if hot cut processes are not, in fact, sufficient to handle necessary volumes." Clearly, the FCC did not support the idea that UNE-P and UNE-L installation intervals must be the same, notwithstanding Mr. Van De Water's suggestion to the contrary.

Q. YOU MENTIONED THAT THE ORDER COMPLETION INTERVALS FOR UNE-L AND UNE-P WILL "USUALLY DIFFER." ARE THERE INSTANCES WHEN THESE INTERVALS WOULD NOT DIFFER?

A. Yes. Depending on the marketing and business plans of the CLECs, the order intervals for UNE-P could be the same as UNE-L. If a CLEC acquires a customer and intends to serve that customer with a newly provisioned UNE-P (rather than migrating existing services), the processes, physical work, potential for a dispatch, possibility of a facility shortage and the resulting order interval would be similar to UNE-L. Similarly, if a CLEC's customer served by UNE-P wishes to add a second line, the work process and the resulting interval would resemble a UNE-L. For instance, for the months of November 2002 through October 2003 the Order Completion Interval for UNE-P requiring a Dispatch was 5.0 days. In comparison, the Order Completion Interval for 2W Analog Loop Non-Design, with LNP was slightly better at 3.6 days. Mr. Van De Water's analysis is predicated on the ordering patterns of the CLECs today. And today, most UNE-P orders are simply migrations of existing service, which, again, requires a records change rather than physical work and a dispatch.

Q. ON PAGE 17, MR. VAN DE WATER HAS A TABLE THAT HE CONTENDS ILLUSTRATES 'INFERIOR PERFORMANCE' FOR ANALOG LOOPS COMPARED TO UNE-P. SIMILARLY, MS.

LICHTENBERG ALLEGES, ON PAGE 17 OF HER TESTIMONY, THAT A UNE-L MIGRATION "TAKES SUBSTANTIALLY LONGER." DO THESE DATA RESULTS TRULY REPRESENT INFERIOR PERFORMANCE AS ALLEGED BY MR. VAN DE WATER AND MS. LICHTENBERG?

A. Certainly not. Once again, this is an invalid comparison. As I mentioned above, these data simply represent that the two services are ordered and provisioned differently. For the most part UNE-L data reflects data for new service while UNE-P data is largely migration of existing service. Consequently, these differences are more a reflection of the ordering patterns and business practices of the CLECs, rather than an indicator of inferior performance as Mr. Van De Water erroneously represents, and Ms. Lichtenberg implies. As an example, because most UNE-P orders are migrations of existing working service, there should be fewer orders placed in jeopardy, less orders requiring a field visit, and a shorter order completion interval than an order for a new UNE Loop. As more existing in-service loops are used for UNE-L the same conditions that apply to such loops today when used as UNE-P would also apply tomorrow for loops used as UNE-L.

Furthermore, the Order Completion Interval for UNE Loops w/ LNP is a minimum of 3 days. The origin of this 3-day minimum is actually an industry agreement, which allows for the new service provider to accomplish the work and coordination necessary to perform a number port. To clarify, in July 2003, the Local Number Portability Administration

Working Group (LNPAWG), which includes CLEC and ILEC representatives, approved a set of number porting procedures that place a lower limit or minimum on the Order Completion Interval for number ports in an NPA-NXX exchange. These procedures, in part, state: "Any subsequent port [meaning after the very first port] in that NPA NXX will have a due date no earlier than three (3) business days after FOC receipt." The LNPAWG is a sanctioned committee of the North American Numbering Council (NANC). AT&T is a member of the LNPAWG that approved these procedures.

With a 3-day industry standard minimum it is unlikely that 2W Analog Loop orders that do not require an outside dispatch will be completed as quickly as retail Residence and Business Orders that do not have that requirement. Perhaps a better comparison for parity determination purposes is the interval on BellSouth retail winbacks where the process is essentially the same for both BellSouth and the CLECs. Of course, little winback activity existed when these standards were established, but that is probably no longer the case, so a more analogous standard can be set.

Q. ARE MR. VAN DE WATER'S COMPARISONS OF UNE-P AND UNE LOOP PERFORMANCE CONSISTENT WITH THIS COMMISSION'S RULINGS IN THE PERFORMANCE MEASURMENENTS PROCEEDINGS?

A. No. Throughout his testimony, Mr. Van De Water is implying that UNE

Loop performance is inferior or flawed, based on a theory that it should somehow be compared to UNE-P. This Commission (and every other Commission in BellSouth's region as well as the FCC in BellSouth's 271 applications) has determined that the performance for UNE-P and UNE Loop should be each compared to a retail analogue, where one is appropriate, or a benchmark if a retail analogue does not exist. They are not compared to each other. These performance standards were designed to take into account differences in the products and the processes, and, to a large degree, remove the influence of the CLEC's ordering patterns and business plans on BellSouth's performance results. As an example, for a typical ordering measurement, *e.g.*, the Firm Order Confirmation Timeliness, all orders placed and processed electronically should be evaluated against a standard for Fully Mechanized FOCs. The Commission determined that this standard should be 95% of FOCs returned within 3 hours. However, the first line on Mr. Van De Water's table on Page 17 attempts to compare FOCs for UNE-P against FOCs for UNE-L. The Commission has determined that the proper comparison is against the performance standard, which for Fully Mechanized FOCs is 95% within 3 hours. For the period November 2002 through October 2003, more than 98% of the Fully Mechanized UNE-P orders and more than 99% of the Fully Mechanized Analog Loop Orders (with and without LNP) were processed within the 3-hour Commission standard.

Turning to flow through results on the Table on page 17, Mr. Van De Water has misinterpreted some data and misrepresented it as percent

flow through. The rebuttal testimony of Mr. Pate addresses this issue in more detail.

Finally, Mr. Van De Water attempts to compare the percent of Orders requiring Field Dispatch and Non-Dispatch Order Completion Intervals for UNE-P and UNE-L orders. The percent Orders requiring Field Dispatch for UNE-P is artificially low as many of these orders are simply migrations of existing retail service to the CLECs. For Non Dispatched Order Completion Intervals, as has been stated several times before, these comparisons are not appropriate. Furthermore, they are in conflict with the Commission's findings that established a retail analogue for each product of these metrics.

Q. MR. VAN DE WATER, ON PAGE 19 LINES 15 – 19, OF HIS TESTIMONY, SUGGESTS THAT THERE ARE CURRENTLY FAILURE AND RESTORATION PROBLEMS AT LOW VOLUMES THAT WILL "ONLY BE EXACERBATED" BASED ON POTENTIAL INCREASED DEMAND FOR UNE-L IF UNE-P IS NO LONGER AVAILABLE. PLEASE ADDRESS HIS COMMENT.

A. First, Mr. Van De Water begins, incorrectly, with the premise that there are currently "failure and service restoration problems that occur at low volumes." This premise is belied by the significant amount of data provided with my Direct Testimony in this case demonstrating that BellSouth's performance in the ordering, provisioning and maintenance &

repair of UNE Loops is more than sufficient to allow CLECs to compete in the local market. Second, Mr. Van De Water uses an incorrect characterization of current performance to speculate that an increase in UNE-L orders, based on the elimination of local circuit switching as a UNE, exacerbates a current problem, which really is not a problem at all. As with many of his other generalizations and forecasts of doom, Mr. Van De Water provides no facts to support his theory that performance will decline as volume increases, which is contrary to the historical pattern where BellSouth's performance for CLECs has improved as the level of competition has increased over the years.

Q. IN ADOPTING THE PERFORMANCE MEASUREMENTS STANDARDS FOR UNE-L THAT ARE CURRENTLY IN EFFECT, DID THE COMMISSION LIMIT THE APPROPRIATENESS OF THE STANDARDS THAT IT ESTABLISHED TO SMALL VOLUMES?

A. No, the Commission made no such limitation. When the Commission set standards for UNE-L measures in the performance measurements proceedings, it did so based on its deliberations to determine reasonable performance objectives for BellSouth's service to large and small CLECs, without regard to volumes. Simply said, the Commission did not consider any type of "sliding-scale" of performance standards based on volume.

The important point to be made here is that the Commission has already set standards for UNE-L measurements that it considers to be

appropriate, and if BellSouth fails to meet these standards it is subject to penalty payments. BellSouth has demonstrated a consistent record of meeting appropriate standards and has every incentive to continue this record in adjusting to the anticipated increases in UNE-L volumes.

Q. MR. VAN DE WATER, ON PAGE 40 LINES 15 – 16, OF HIS TESTIMONY, STATES, "BELLSOUTH PROVIDES NO PERFORMANCE DATA ON THE FREQUENCY AND DURATION OF FALL-OUT FROM ITS PROVISIONING SYSTEMS." HOW DO YOU RESPOND?

A. It is not clear what Mr. Van De Water means by 'fall-out from provisioning systems.' If he means order processing that requires manual handling, we actually do provide information on the frequency and duration in a number of Ordering measurements reports – namely Flow-Through Service Requests, Partially Mechanized Rejected Service Requests and Partially Mechanized Firm Order Confirmations (FOCs). If, on the other hand, he is referring to what happens after a FOC is issued and service order processing begins, that is a combination of manual and automated processes and both can occur for UNE-P and UNE-L, as well as retail. The proportion of each is not relevant. What is relevant is whether BellSouth is providing CLECs with a level of service that allows the CLEC a meaningful opportunity to compete. Both this Commission and the FCC reached that conclusion and the performance data show that there is no basis for concluding otherwise today.

Q. ON PAGE 62 LINES 13 – 14, MR. VAN DE WATER STATES THAT "BATCH CUT AND OTHER ASSOCIATED LOOP PERFORMANCE STANDARDS SHOULD BE EQUIVALENT TO PERFORMANCE TO MIGRATING A CUSTOMER FROM RETAIL TO UNE-P." IS THIS A LOGICAL BASIS FOR THE PERFORMANCE STANDARD FOR BATCH HOT CUTS?

A. No. Batch cutovers to UNE-L require some amount of work, over and above that required to migrate an existing customer from retail to UNE-P. Thus, it is unreasonable to base performance standards for batch cutovers on UNE-P migrations. Mr. Ainsworth will address this issue in more detail.

Q. ALSO ON PAGE 62 LINES 15 – 23, MR. VAN DE WATER LISTS SEVERAL KEY PERFORMANCE MEASUREMENT FACTORS FOR BATCH CUTS THAT MUST BE IN PLACE. DO YOU AGREE?

A. Yes. In Section III of my Direct Testimony I proposed additional metrics, revisions in business rules and standards associated with batch hot cuts. These revisions address the issues noted by Mr. Van De Water.

Q. MR. VAN DE WATER SUGGESTS THAT: 1) SELF EXECUTING FINANCIAL CONSEQUENCES SHOULD BE IN PLACE FOR ILEC FAILURES TO MEET PERFORMANCE STANDARDS; 2) THAT FOR ALL CONVERSION SERVICE OUTAGES, THE CONSEQUENCES SHOULD BE COMMENSURATE WITH THE AVERAGE NET REVENUE TIME

OVER THE AVERAGE LIFE OF THE CUSTOMER. DO YOU AGREE WITH THESE TWO STATEMENTS?

A. The first statement is moot because the SEEM plan in effect in Kentucky meets this requirement. BellSouth's existing measurements associated with cutovers have self-executing financial consequences for the key ordering, provisioning and maintenance and repair metrics. These measurements include:

-Percent Flow Through Service Requests
-Reject Interval
-Firm Order Confirmation Timeliness
-Firm Order Confirmation and Reject Response Completeness
-Percent Missed Installation Appointments
-Order Completion Interval
-Percent Provisioning Troubles within 30 days of a Service Order
-Coordinated Customer Conversions Interval
-Coordinated Customer Conversions – Hot Cut Timeliness
-Hot Cut Conversions - % Provisioning Troubles with 7 days
-Service Order Accuracy
-Missed Repair Appointments
-Maintenance Average Duration
-Customer Trouble Report Rate
-Percent Repeat Troubles within 30 days

In addition to these existing measurements in the SEEM plan, BellSouth is proposing a new measure, P-7E, Non-Coordinated Customer Conversions

- % Completed and Notified on Due Date, that will be included in the enforcement plan pending approval by the Commission.

As to Mr. Van De Water's second statement -- that "[f]or all conversion service outages, the consequences should be commensurate with the average net revenue time the average life of the customer." This is an absurd position for AT&T to take. Earlier in my Rebuttal Testimony, I noted that there was only one service outage experienced during the 12-month period. When these outages occur during a hot cut conversion, they are usually resolved in a matter of hours. As mentioned above, there was only one service outage associated with hot cuts during the period from November 2002 through October 2003 in Kentucky and it was resolved in 1.8 hours. For Mr. Van De Water to suggest that an outage of approximately 1/2 of one day should somehow be compensated by average revenue for the life of the customer goes beyond the realm of reason.

Furthermore, such a payment in compensatory damages must assume that the customer is lost to the CLEC forever due solely to being out of service for a portion of a day. If the customer decides to leave AT&T forever following an outage related to a hot cut, the root cause is most likely something other than a partial day's outage. Turning the issue raised by Mr. Van De Water around, if he assumes that outages are the sole reason for a customer leaving AT&T, would he further assume that customer retention after a trouble free hot cut is the sole reason for a

customer staying? And would he suggest that BellSouth should be rewarded with the average net revenue for the life of that customer? Probably not.

Q. ON PAGES 54 - 55 OF HIS DIRECT TESTIMONY, MR. VAN DE WATER INDICATES THAT TRUNKING IS ONE OF THE OPERATIONAL CONSTRAINTS THAT WILL RESULT FROM THE CONVERSION OF UNE-P TO UNE-L. IS THIS ACCURATE?

A. No. BellSouth provides CLECs with a very high level of performance in the area of local trunking. This performance level would not be significantly impacted by the conversion from UNE-P to UNE-L because in many cases the increase would simply mean that an existing trunk group would need to be augmented. As long as the CLEC provides a timely forecast to BellSouth of its trunking requirements, these increases can be accommodated within the same performance levels as provided currently.

In my Direct Testimony I included data with respect to BellSouth's performance for trunks in the Ordering, Provisioning and Maintenance & Repair categories. A detailed discussion of these performance results was provided in Exhibit AJV-1 of my direct filing. These data demonstrate a very high level of performance for trunks. For example, for Kentucky, during the period of November 2002 through October 2003, BellSouth met the trunk blocking criteria (less than 0.5% difference for two consecutive hours) for all 12 of the 12 months (100%).

It is significant to note that BellSouth has years of experience in administering and augmenting trunk groups to respond to shifts in traffic such as would occur with the movement from UNE P to UNE L.

Q. HOW WOULD BELLSOUTH PROPOSE TO ADDRESS PROCESS CHANGES THAT WOULD AFFECT MEASUREMENTS?

A. BellSouth is reviewing several enhancements to the batch hot cut process. In my direct testimony, I proposed two new measurements, PO-3 and P-7E, and changes to measures O-7, O-8, O-9, O-11 and P-7. To the extent that these enhancements affect the measurements, BellSouth will, of course, modify its proposed measurement changes and additions accordingly.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.