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Commonwealth of Kentucky
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January 27, 2004

PARTIES OF RECORD

Re: Case No. 2003-00379

Attached is a copy of the memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the informal conference memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact Amy Dougherty at 502/564-3940, Extension 257.

Sincerely,

A handwritten signature in black ink that reads "Wm H. Bowker".

William H. Bowker
Deputy Executive Director

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INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File 

FROM: Amy E. Dougherty, Staff Attorney

DATE: January 27, 2004

SUBJECT: Case No. 2003-00379; January 14, 2004 Informal Conference

On January 14, 2004, those persons whose names appear on the attached sign-in sheet met at 10:00 a.m. in BellSouth's offices at 601 West Chestnut Street, Louisville, Kentucky, for an informal conference to address hot-cut issues. BellSouth presented a talk entitled "BellSouth's UNE-P to UNE-L Migration Process" by Ken Ainsworth. A copy of this presentation is attached hereto. CompSouth then presented a talk given by Mark Van de Water. A copy of this presentation is attached hereto. All present were provided opportunities to ask questions.

After lunch, we proceeded to BellSouth's offices at 526 Armory Place for a hot-cut demonstration. Then the group moved to NewSouth at 620 South Third Street for a viewing of the CLEC switch.

Representatives from NewSouth indicated that they would furnish the Commission with information on the switch capacity and on the percentage of capacity in use. Commission Staff hereby requests that this information be forwarded to the Commission by no later than seven days from the receipt of this memo. Questions regarding this matter may be forwarded to Amy Dougherty, Staff Attorney, at (502) 564-3940 or aedougherty@ky.gov.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

REVIEW OF FEDERAL COMMUNICATIONS)
COMMISSION'S TRIENNIAL REVIEW ORDER) CASE NO.
REGARDING UNBUNDLING REQUIREMENTS) 2003-00379
FOR INDIVIDUAL NETWORK ELEMENTS)

=====
January 14, 2004 Informal Conference
=====

Please sign in:

NAME

REPRESENTING

Amy E Dougherty

PSC

Martha Ross-Bain

AT & T

Mark Van De Wate

AT & T / CompSouth

Kent Hatfield

CompSouth

Doug Brent

CompSouth

Mike Hayden

BellSouth

Jim Stevens

PSC

Eric Bowman

PSC

Kyle Willard

PSC - Engineering

Ann Laise Chevront

CHG

Lisa Foshee

BellSouth

KEITH MILNER

BELL SOUTH

KEVIN ANSWURTH

BELL SOUTH

JEFF BAUSON

PSC

Steve Byars

ALLTEL

January 14, 2004 Informal Conference

Please sign in:

NAME

REPRESENTING

Bob Davis

ATT

Russ Cave

ATT

Dorothy J. Chamber

BellSouth

Joan Coleman

"

Gary Kidd

BellSouth

Liz Tucker

SouthEast Telephone

Jonathan W. Ambler

SouthEast Telephone

Tony Taylor

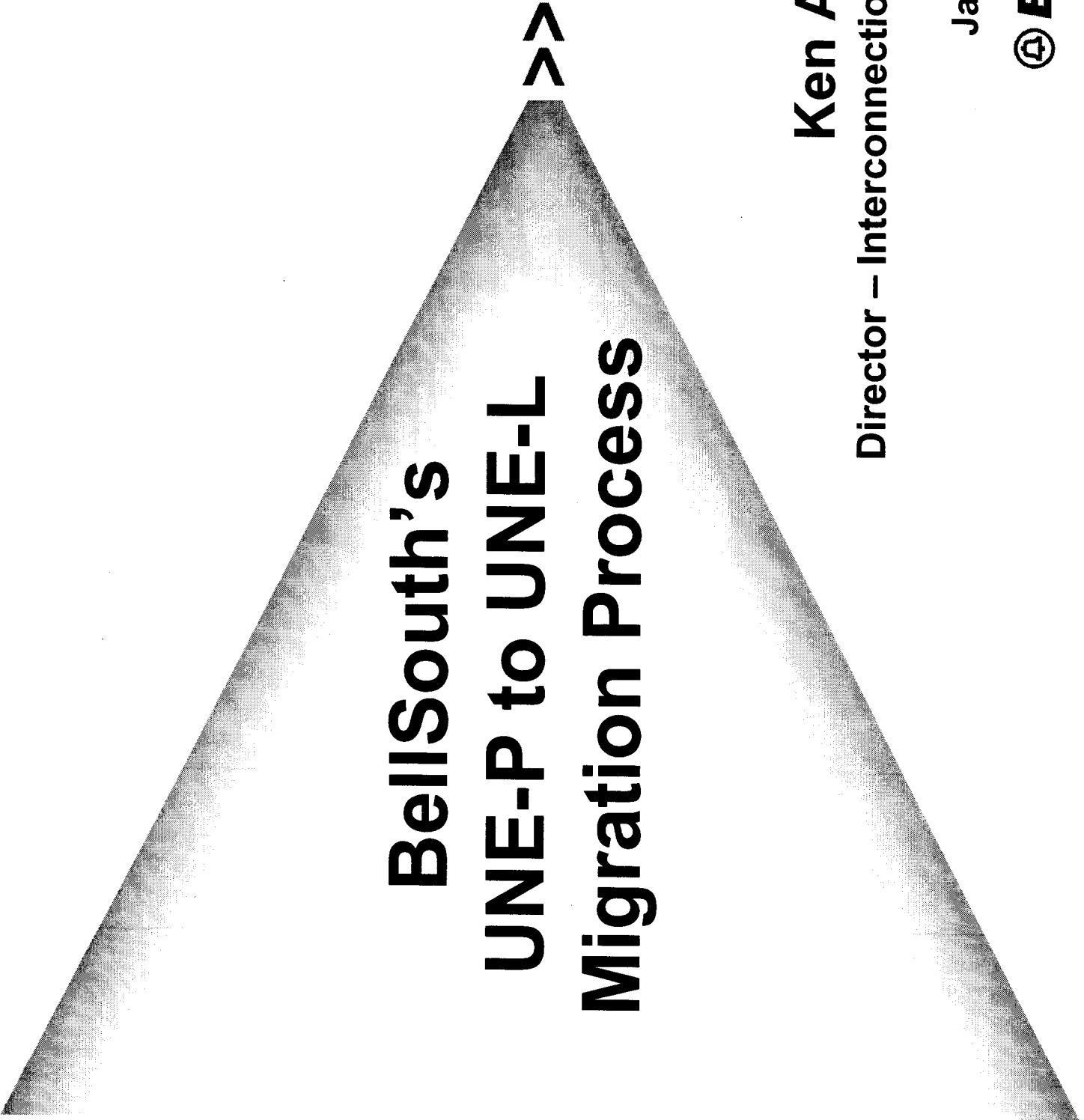
BellSouth

Penny Arnold

PSC

Collette Davis

Covad Communications
- via phone



**BellSouth's
UNE-P to UNE-L
Migration Process**



Ken Ainsworth
Director – Interconnection Operations

January 14, 2004

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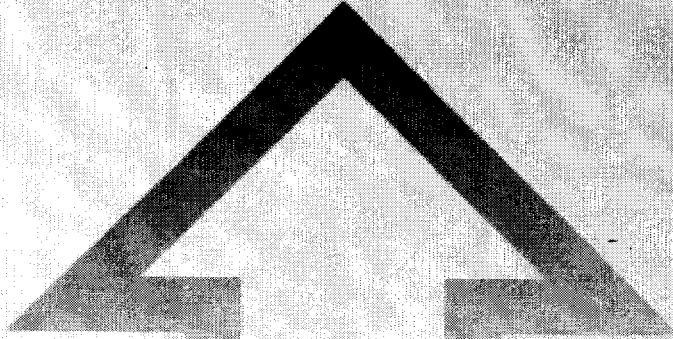
>> Presentation Overview

UNE-P to UNE-L Bulk Migration Process

1. Description

2. Requirements Highlights

3. Status

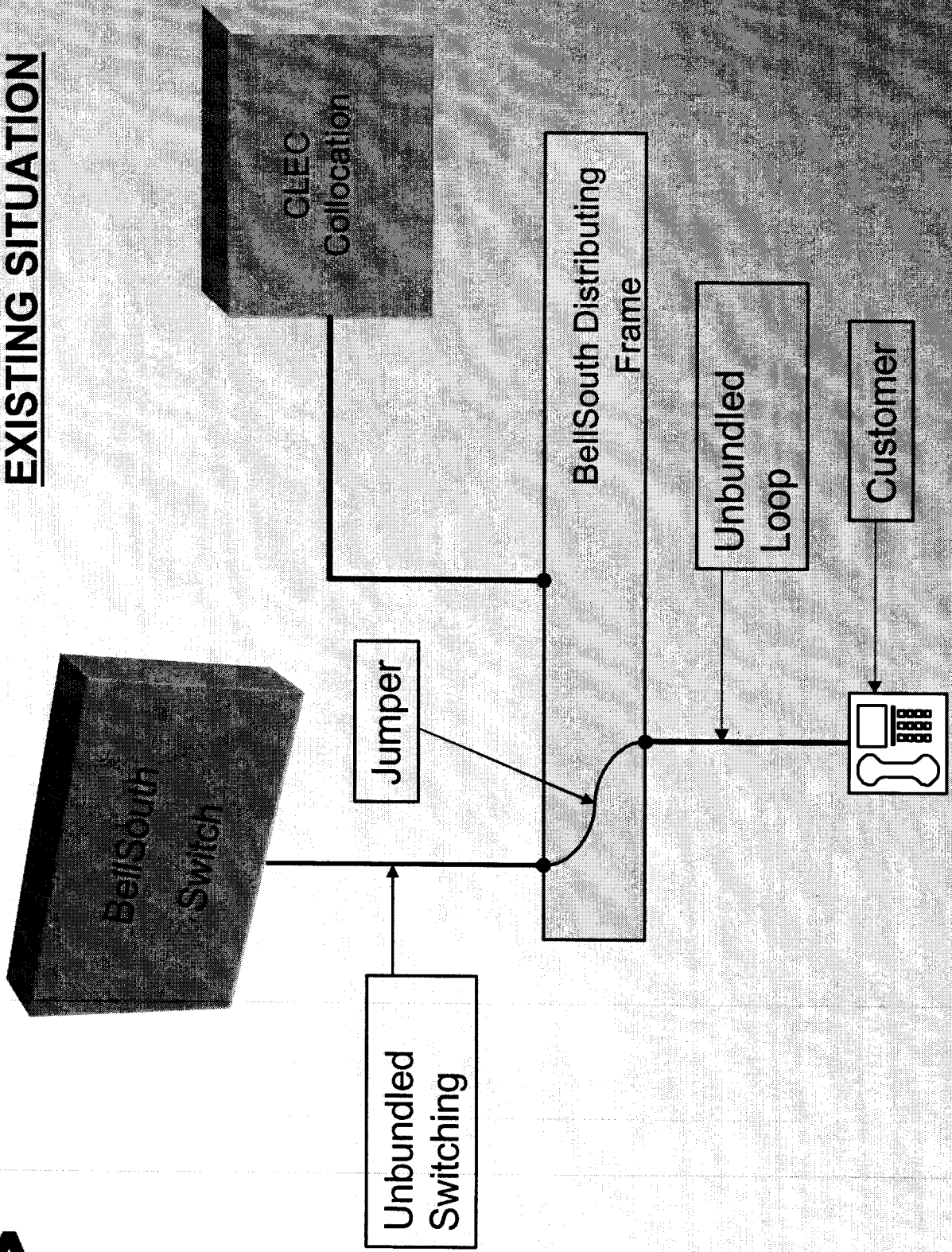


A Product of BellSouth
Interconnection
Services



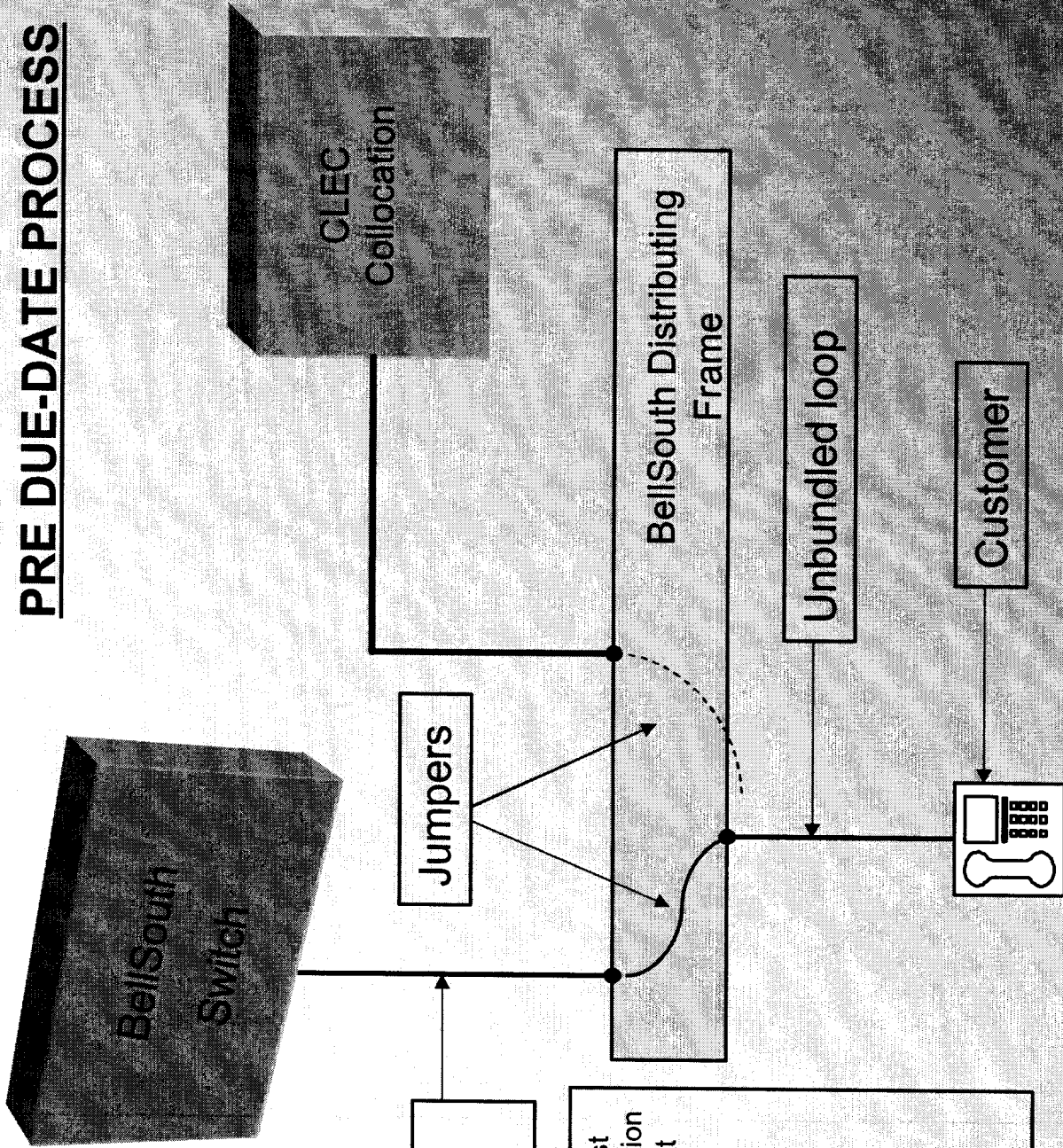


EXISTING SITUATION





PRE DUE-DATE PROCESS



Unbundled switch port

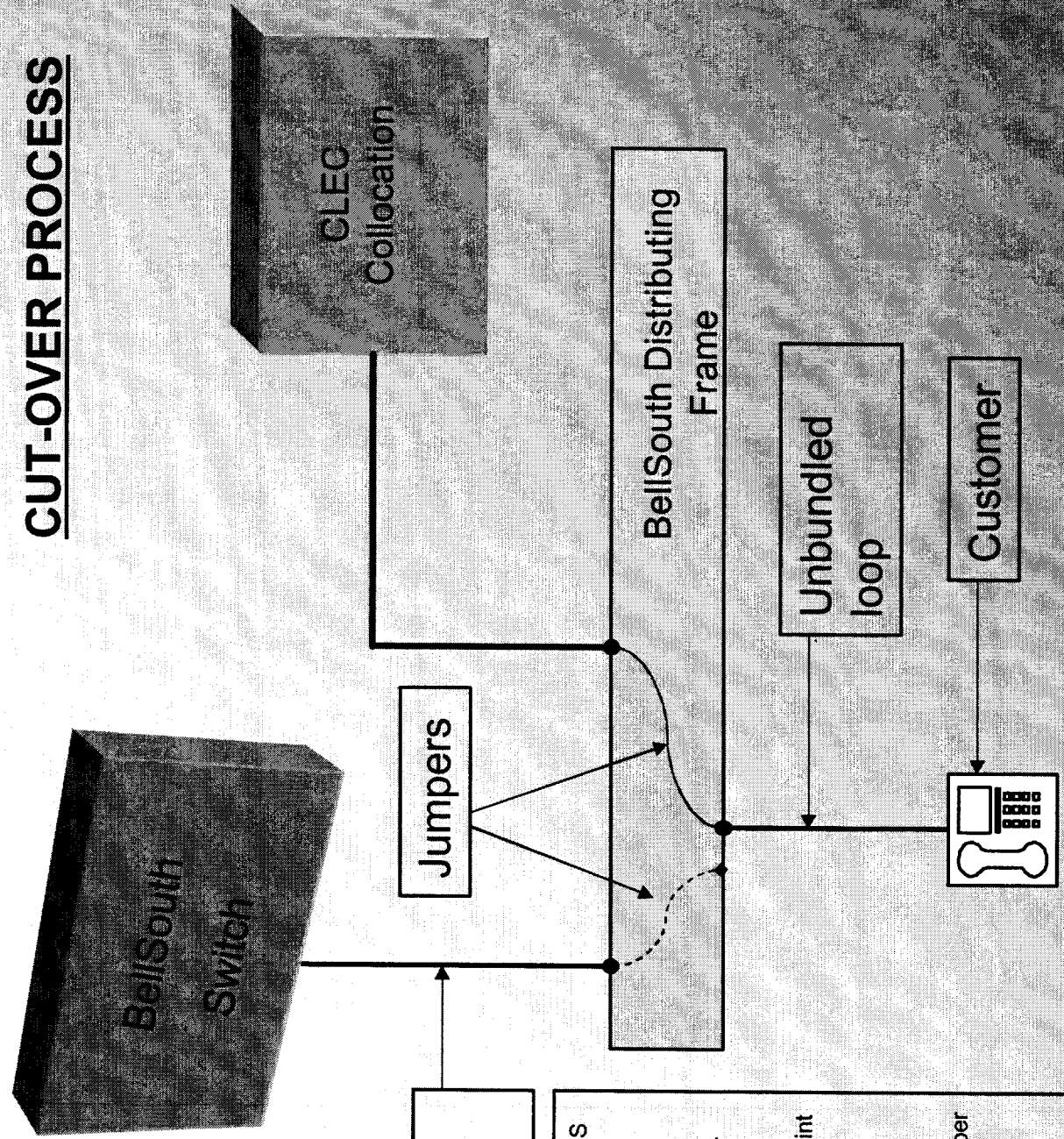
1. Tech obtains work list
2. Locates jumper location
3. Conducts ANAC Test
4. Readies new jumper
5. Extends jumper to CLEC equipment
6. Connects jumper to CLEC equipment
7. Completes pre-wire steps
8. Files copy of work order.

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CUT-OVER PROCESS



Unbundled switch port

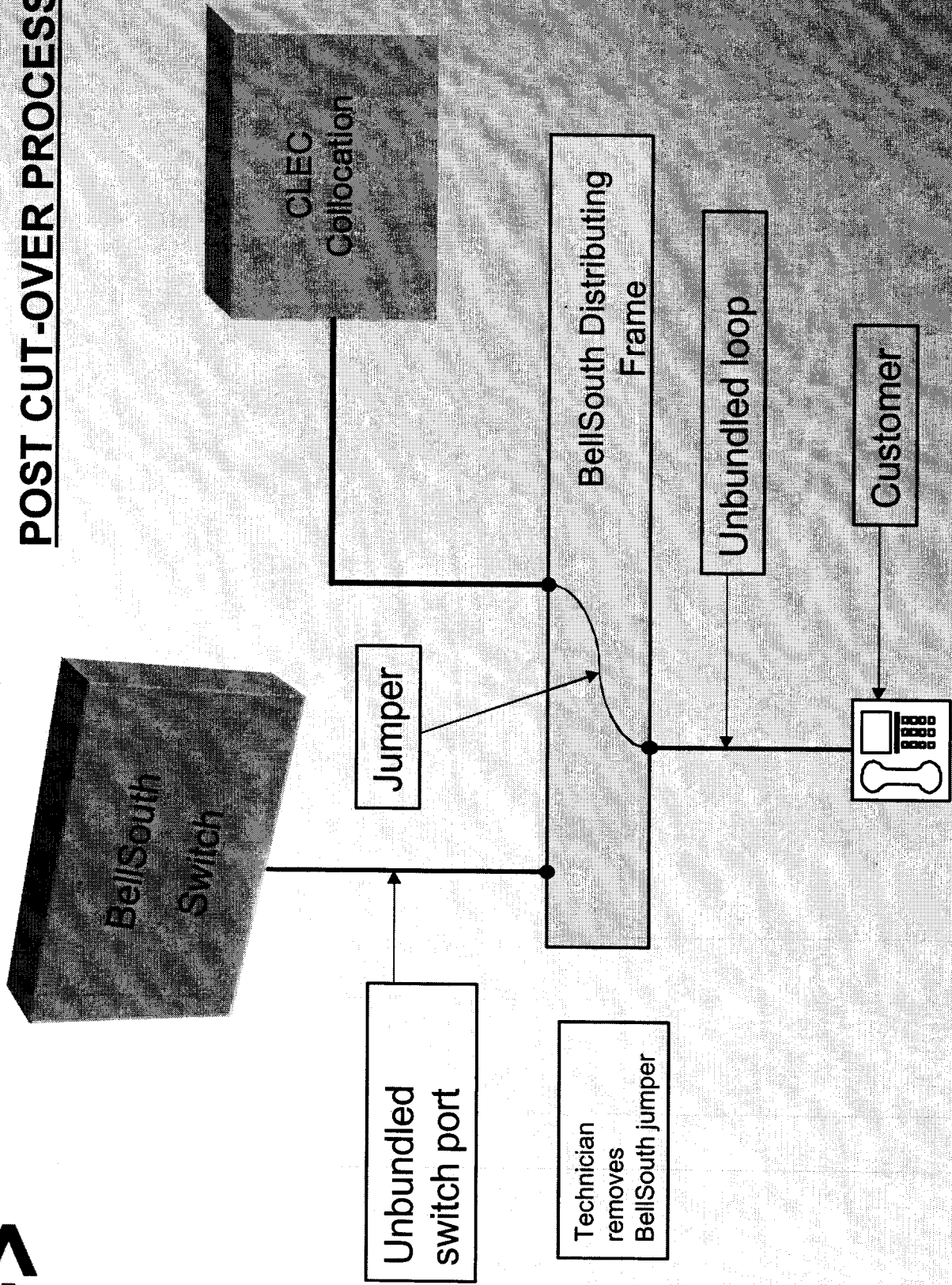
1. Tech receives CWINS Call
2. Obtains cutover number
3. Retrieves work order
4. Responds to CWINS
5. Locates migration point
6. Conducts ANAC test
7. Removes BellSouth Jumper
8. Connects CLEC jumper
9. Conducts ANAC test
10. Notifies CWINS

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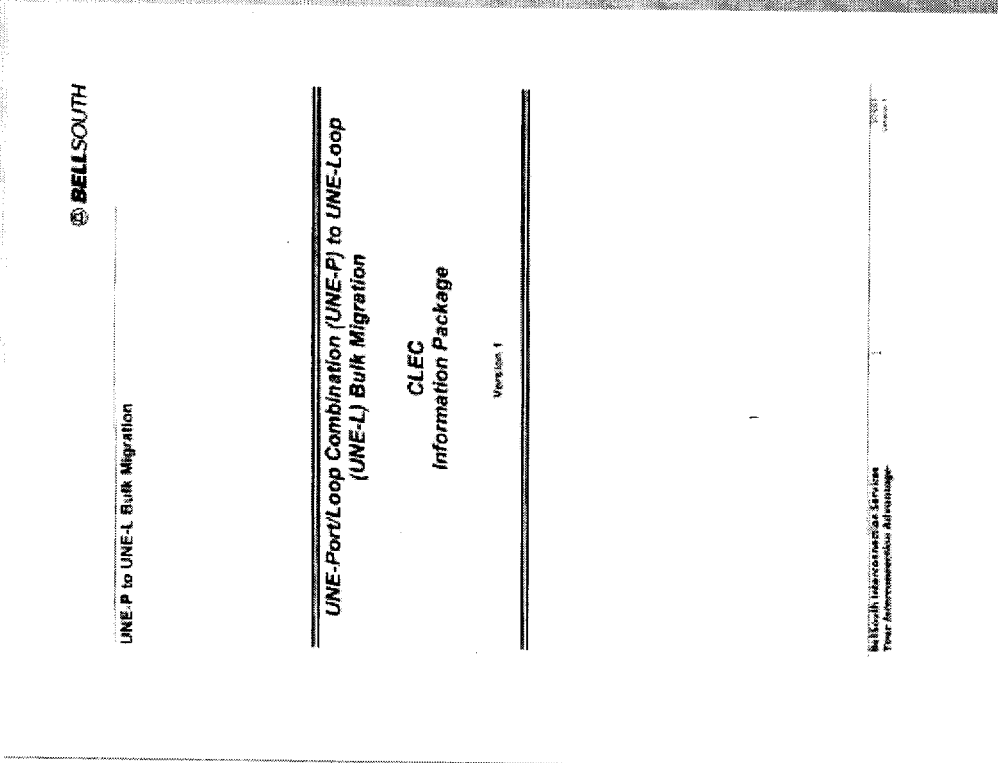
POST CUT-OVER PROCESS



>> Batch Migration

- The FCC has determined that ILECs will provide a batch migration process for UNE-P to UNE-L migration.
- BellSouth has in place a bulk migration process which meets the “Batch” requirements set forth by the FCC.
- The terms “bulk” and “batch” will be used interchangeably throughout this presentation.

>> BellSouth announced its mechanized Bulk Migration process in March 2003



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>> Batch Migration

- To obtain a copy of the Information Package, go to BellSouth's Interconnection website:

<http://interconnection.bellsouth.com/guides/unedocs/BulkManpkg.pdf>

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>> Batch Migration

BellSouth's Bulk Migration process enhances BellSouth's proven hot cut process with Project Management and internal due date negotiation to ensure timely, accurate bulk migrations.

>> Batch Migration

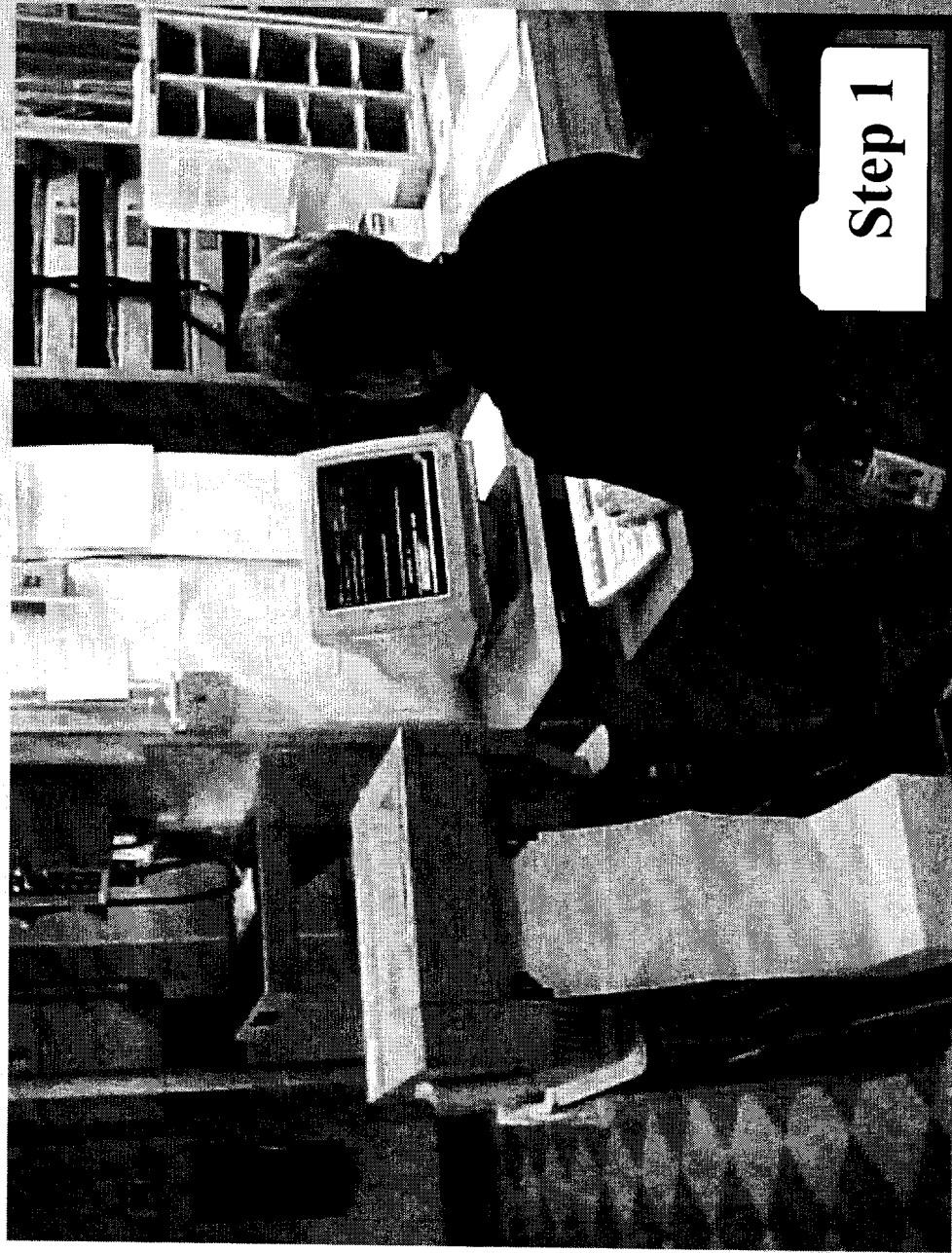
BellSouth's Pre-Due Date Hot Cut Process

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LOOP PRE-DUE DATE PROCESS
Technician obtains work list.



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LOOP PRE-DUE DATE PROCESS
Technician locates precise location of jumper.



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LOOP PRE-DUE DATE PROCESS
Technician conducts Automatic Number Announcement
("ANAC") test to verify that correct loop is being cut over.

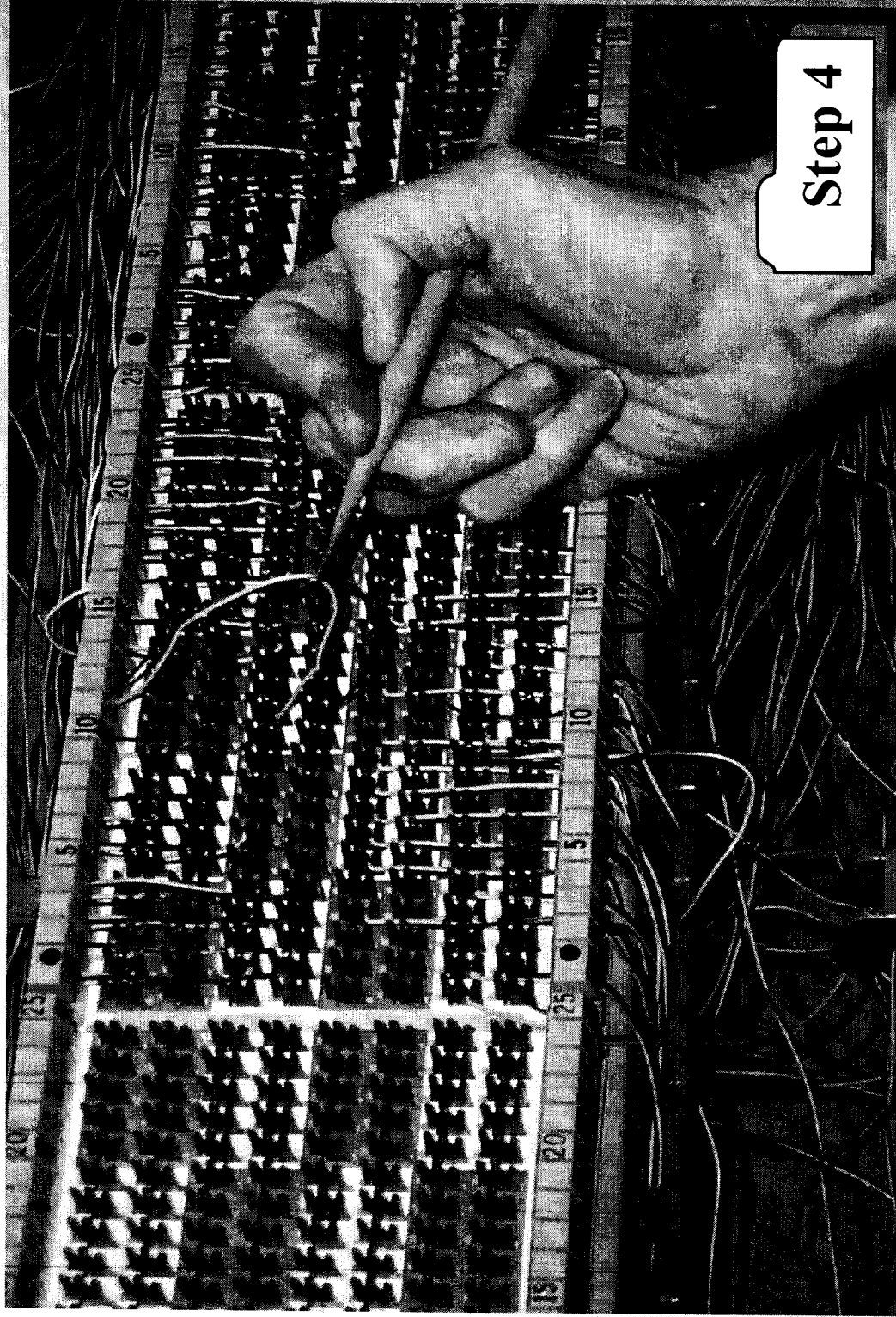


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LOOP PRE-DUE DATE PROCESS
Technician readies new jumper on MDF.



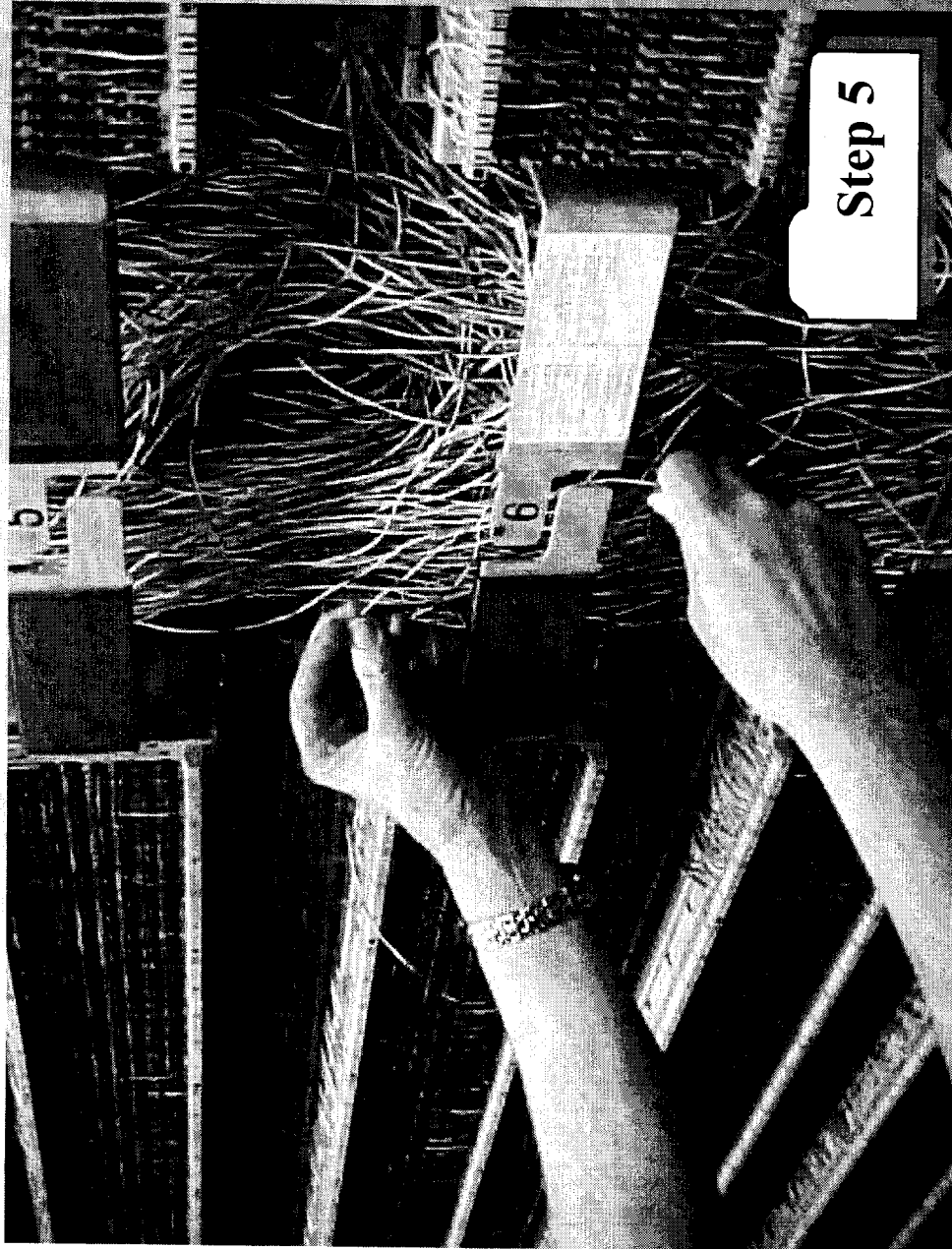
**Interconnection
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LOOP PRE-DUE DATE PROCESS

Technician weaves wire through cable rack to reach tie cable to CLEC's collocation equipment.

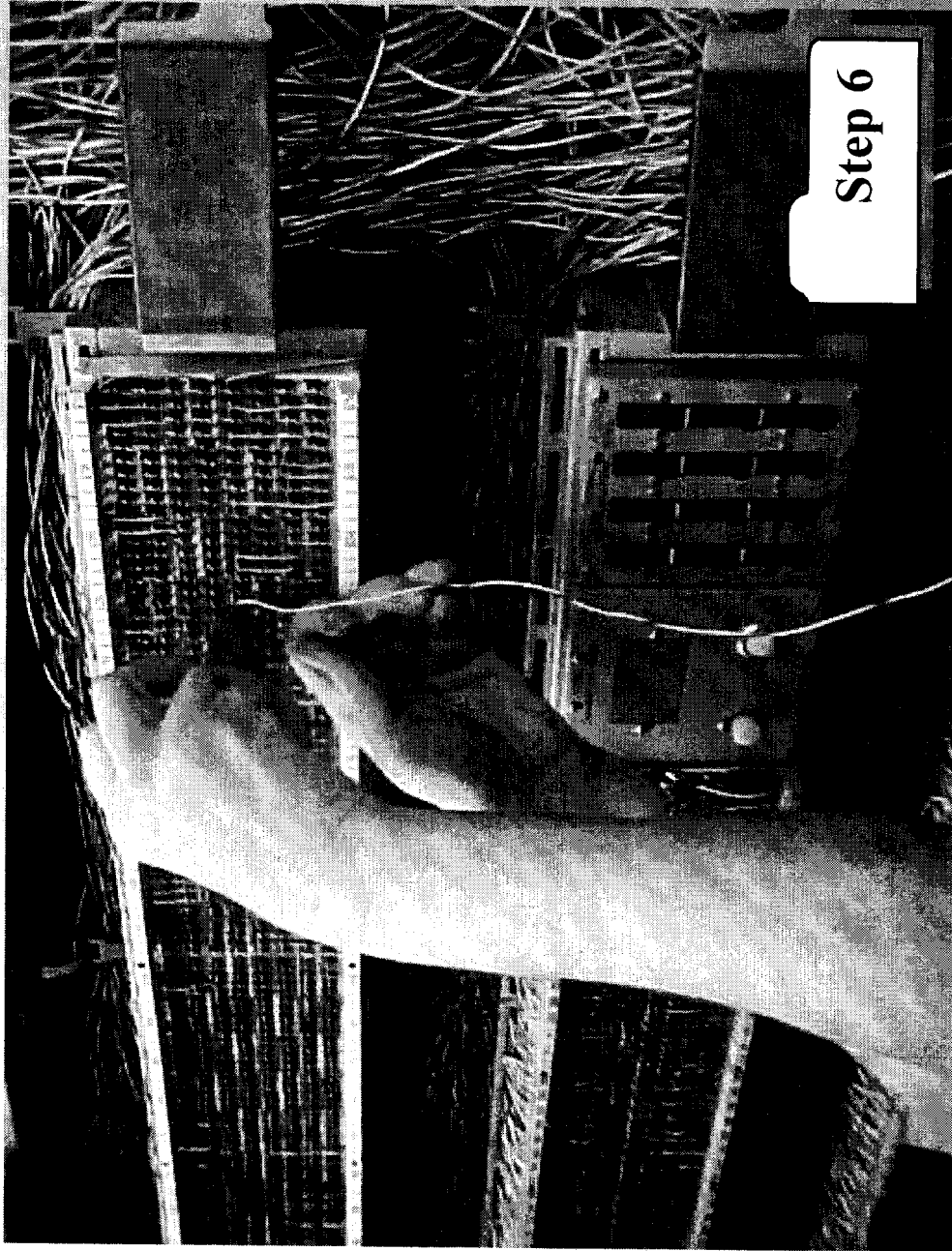


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LOOP PRE-DUE DATE PROCESS
Technician connects new jumper
on frame to tie cables to CLEC equipment.



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LOOP PRE-DUE DATE PROCESS
Technician completes pre-wire steps.



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LOOP PRE-DUE DATE PROCESS
Technician files copy of work order.



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>> Batch Migration

BellSouth's Due Date Hot Cut Process

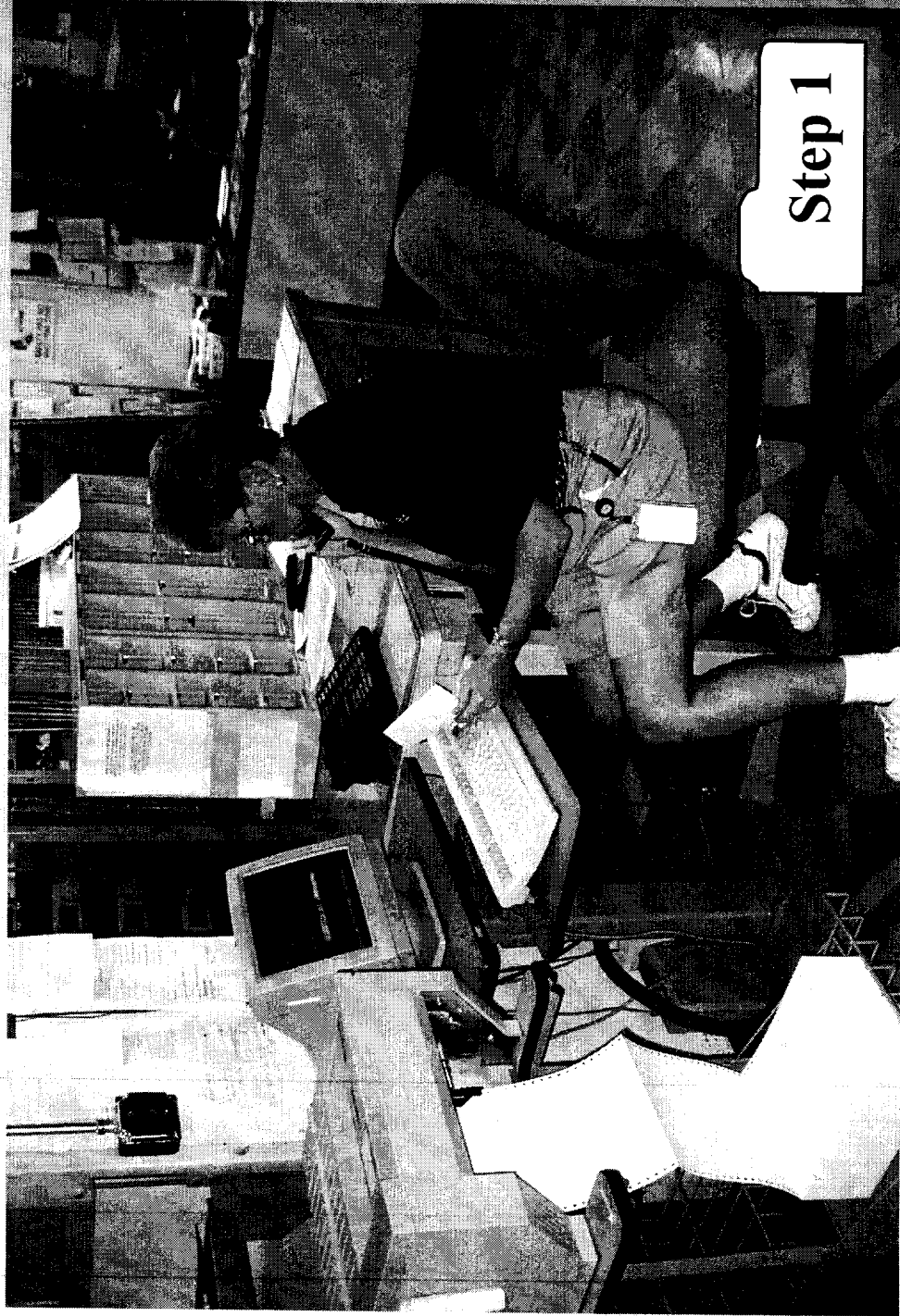
**Interconnection
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LOOP CUTOVER PROCESS

Technician gets call from BellSouth's Customer Wholesale Interconnection Network Services ("CWINS") Center to begin coordinated cutover or pulls work list to initiate non-coordinated cutovers.



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LOOP CUTOVER PROCESS
Technician obtains order number.

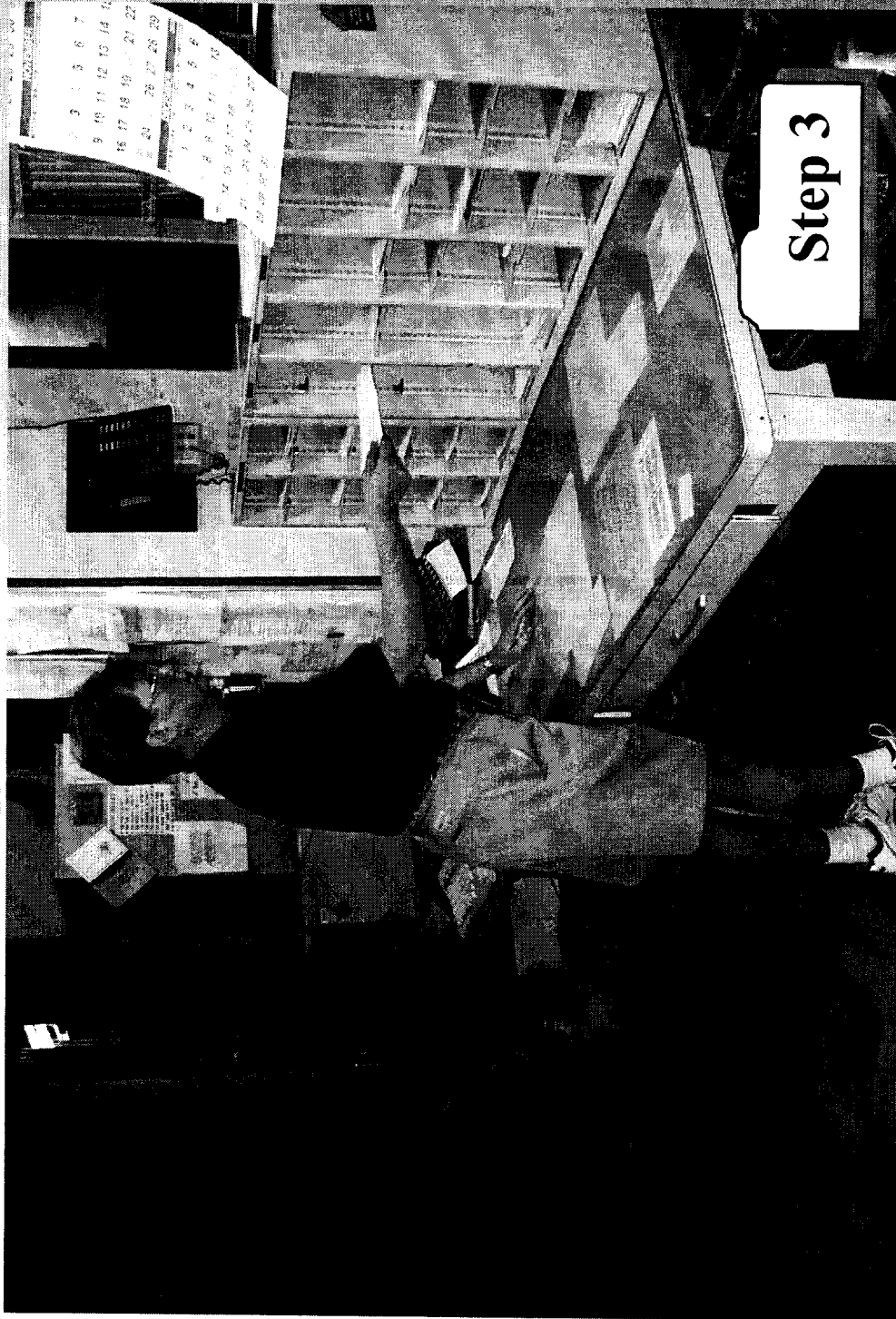


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LOOP CUTOVER PROCESS
Technician retrieves copy of work order.



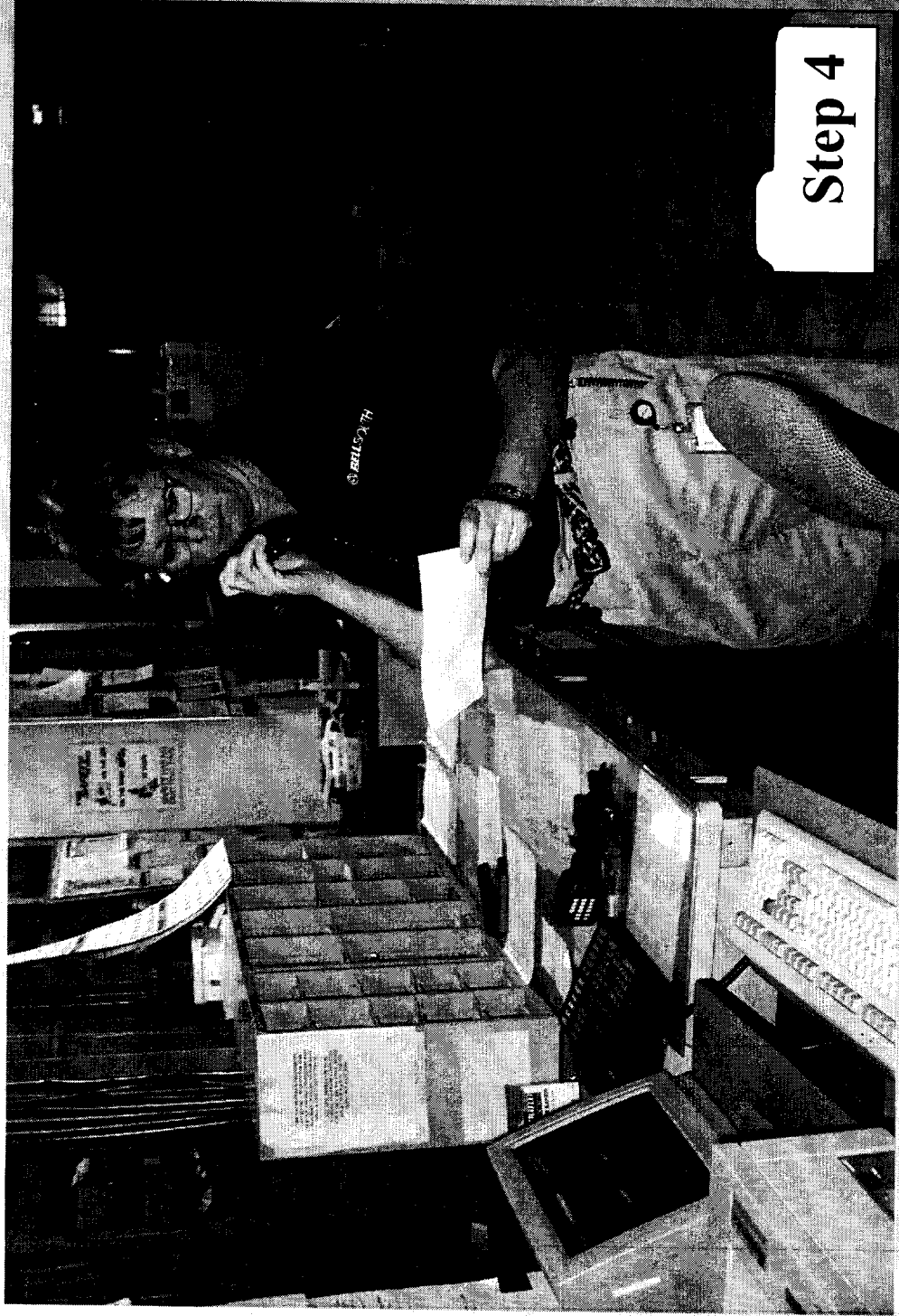
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LOOP CUTOVER PROCESS

Technician responds to CWINS request or work list to initiate overall cutover of service from BellSouth to CLEC.



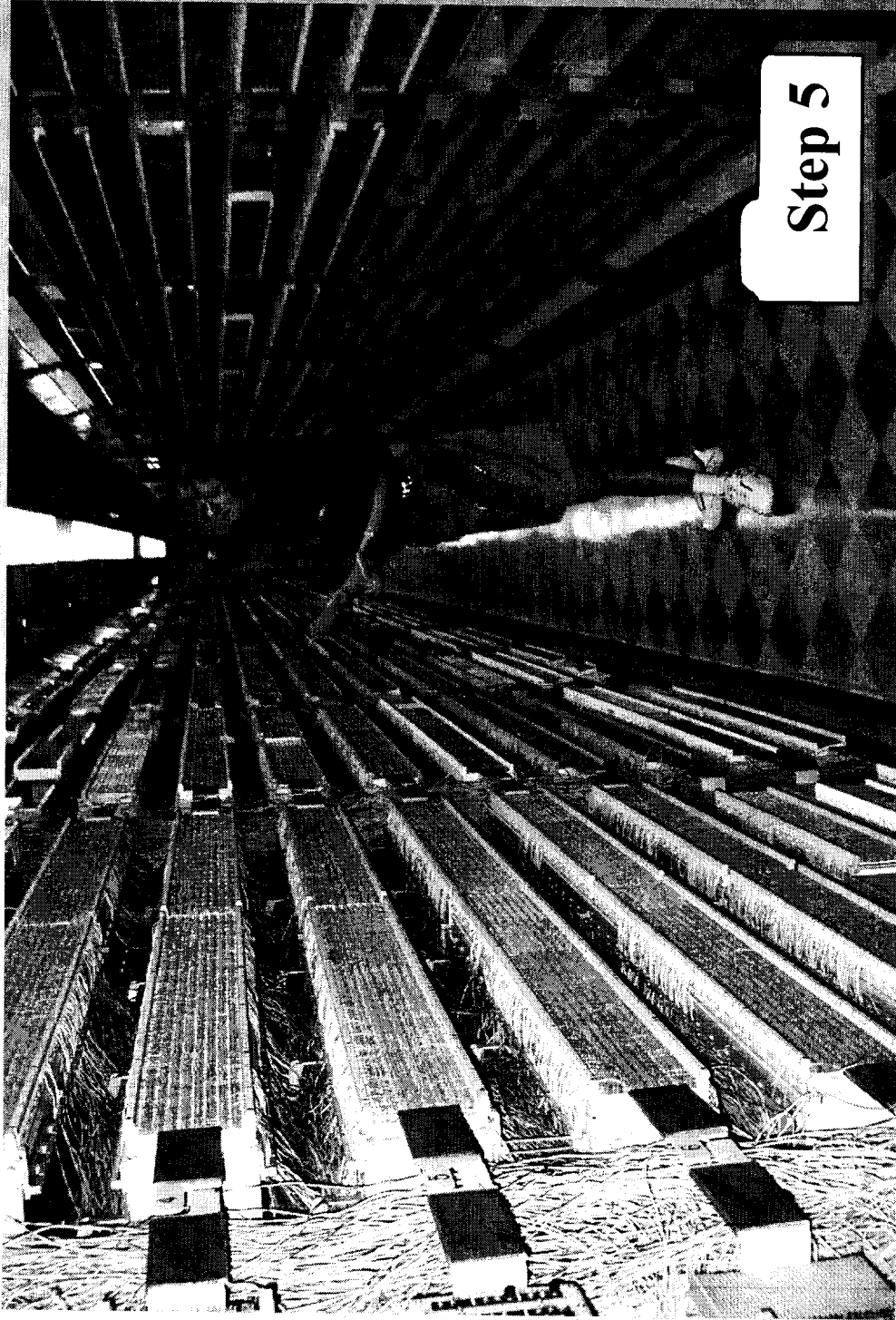
Step 4

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LOOP CUTOVER PROCESS
Technician walks along Main Distributing Frame to locate migration wiring point for cutover.



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LOOP CUTOVER PROCESS
Technician conducts ANAC test to verify that correct loop is being cut over.



Step 6

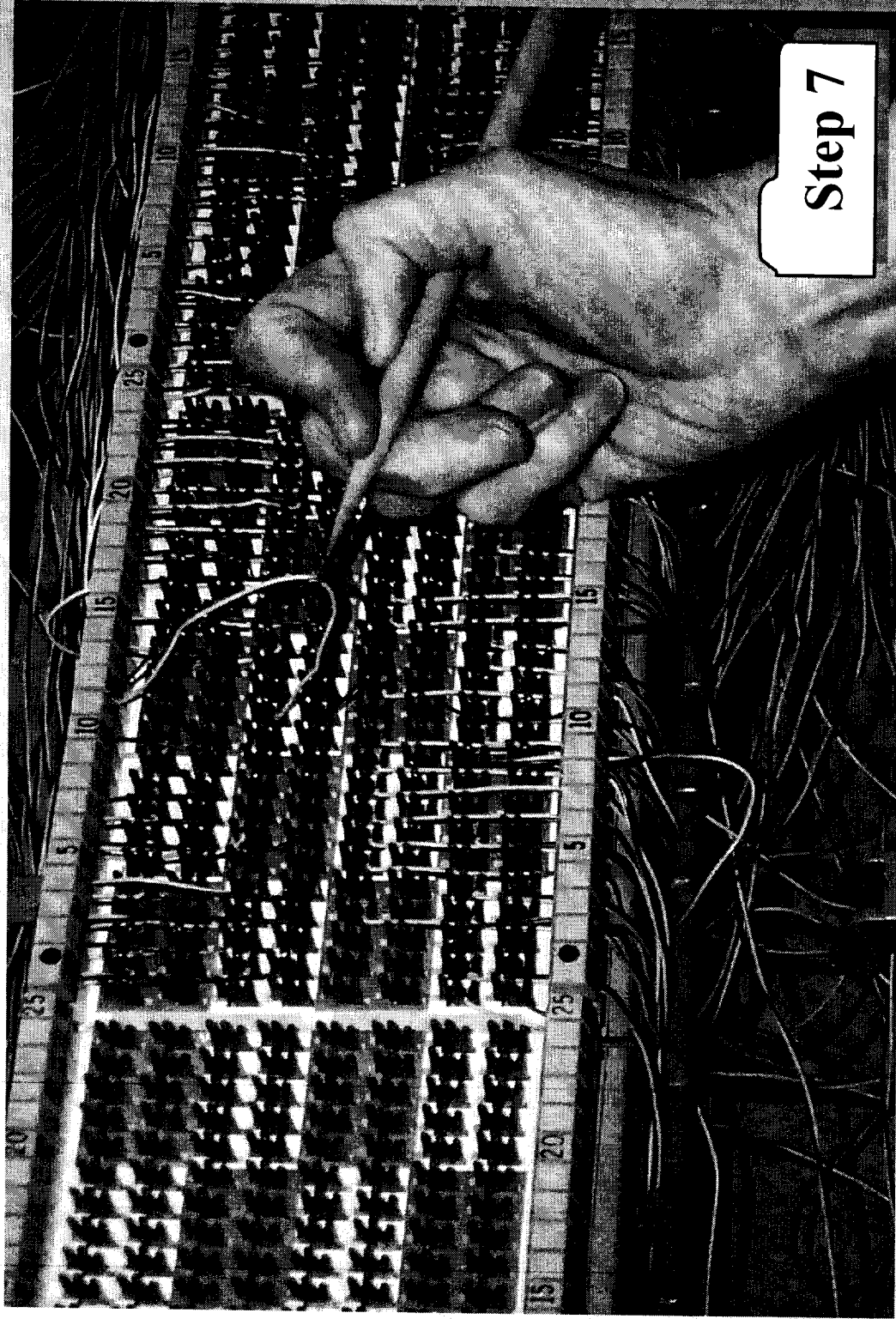
**Interconnection
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LOOP CUTOVER PROCESS

Technician locates and removes end of jumper connected to the BellSouth cable pair.



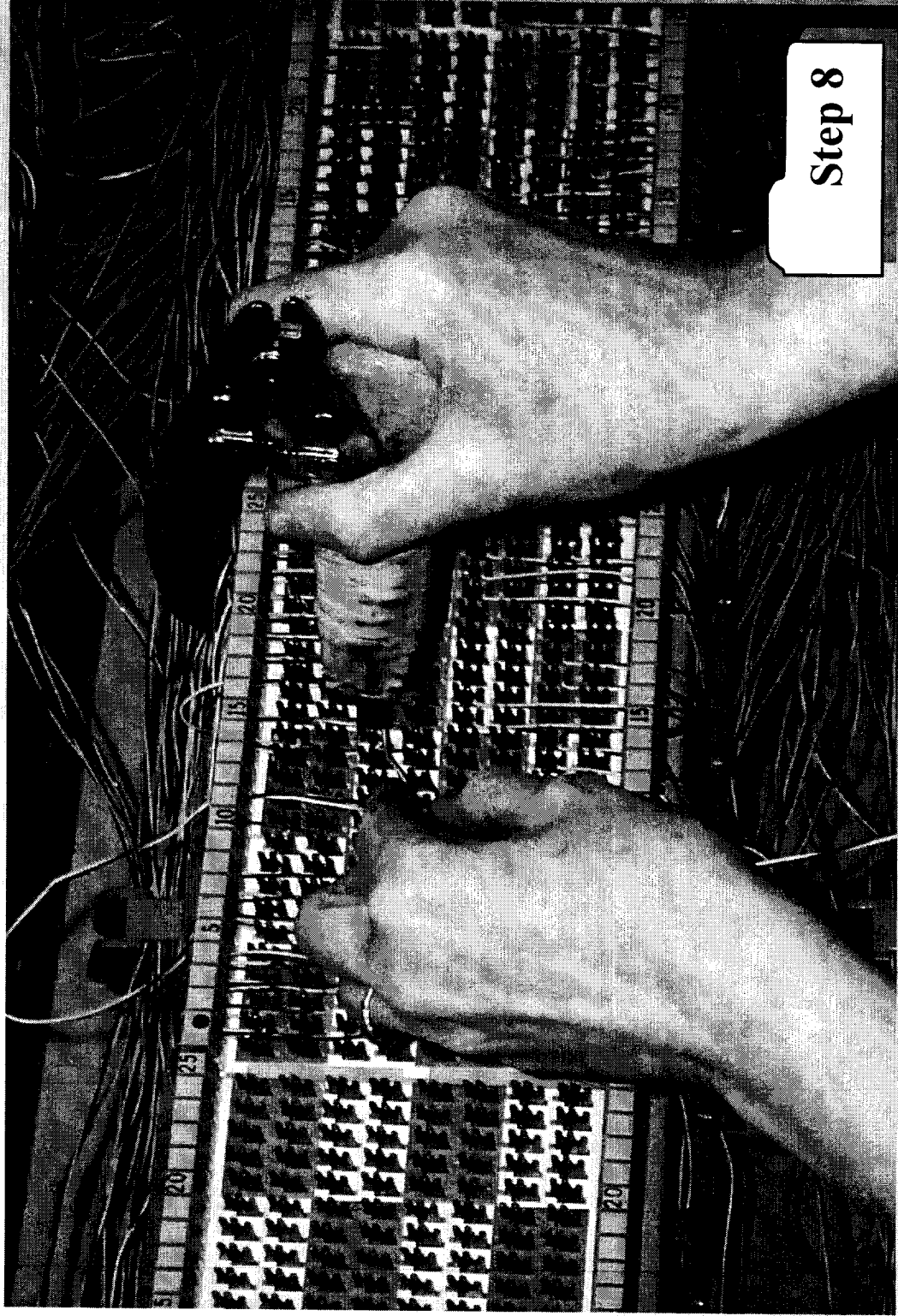
Step 7

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LOOP CUTOVER PROCESS
Technician places new jumper on MDF.



Step 8

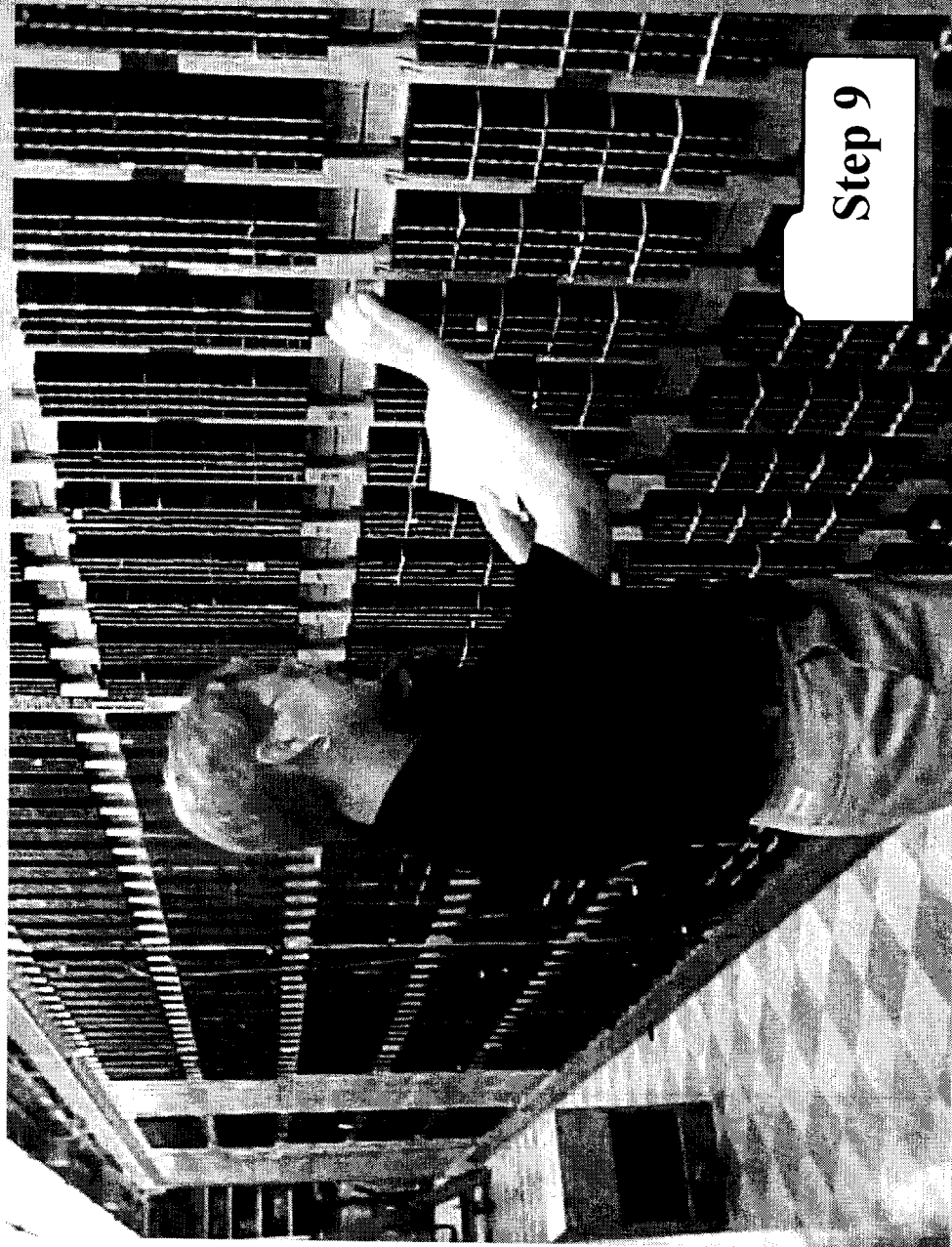
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LOOP CUTOVER PROCESS

Technician conducts ANAC test to verify the CLEC telephone number.



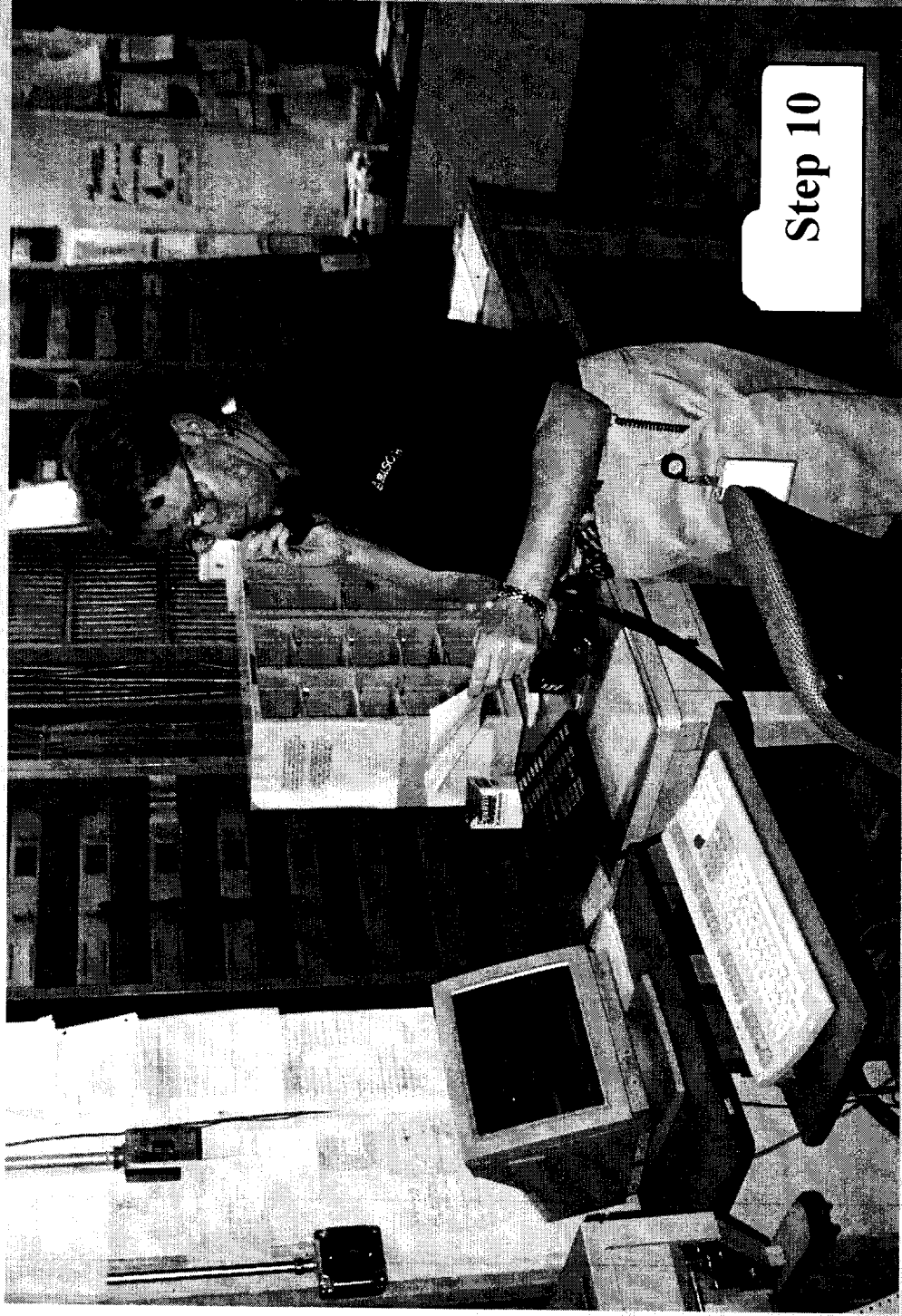
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LOOP CUTOVER PROCESS

Technician notifies CWINS that the cutover is complete (on coordinated cuts) and closes the order (coordinated or non-coordinated).



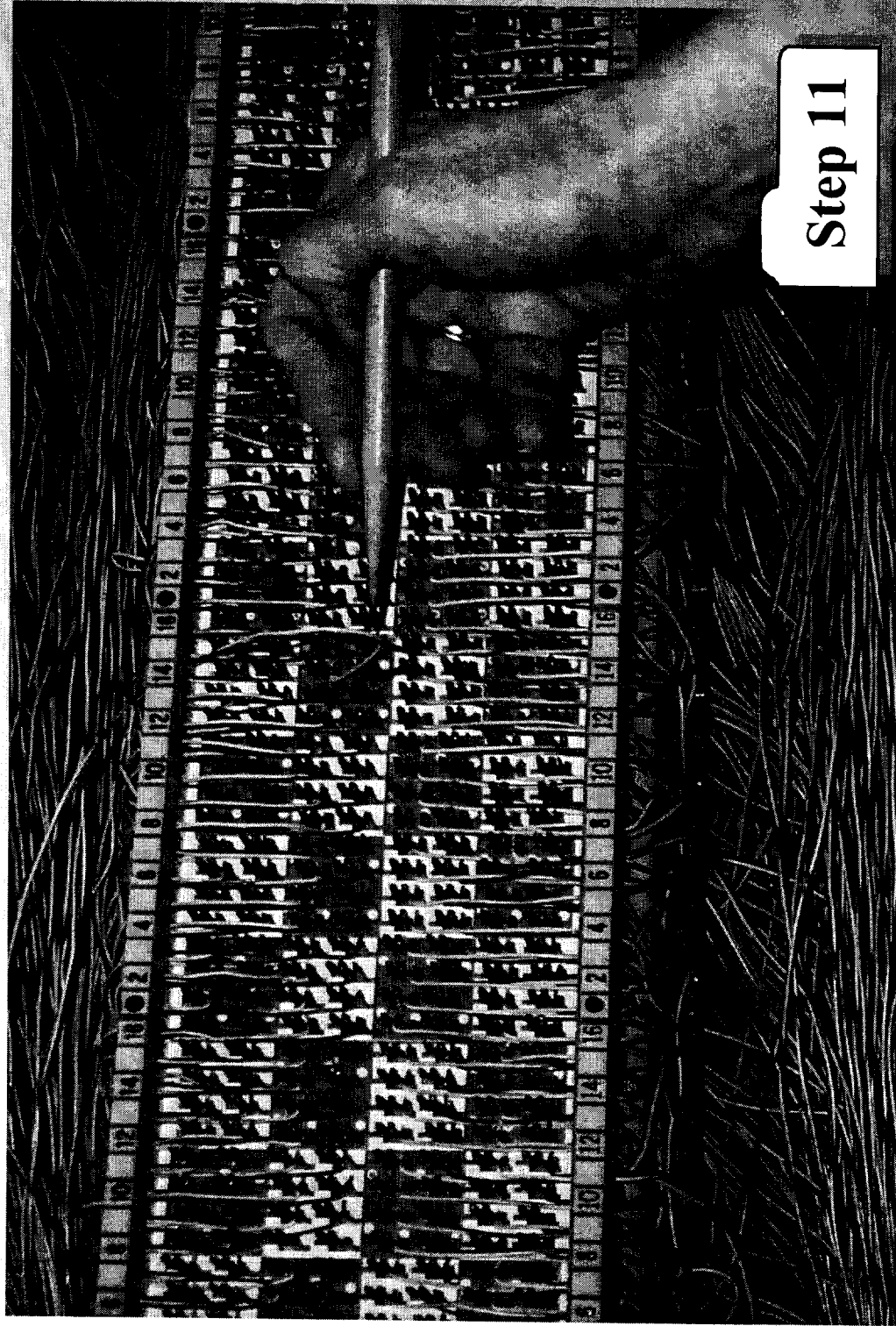
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LOOP CUTOVER PROCESS

Technician locates and removes end of jumper connected to the switching equipment.



Step 11

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>> UNE-P to UNE-L Batch Migration

- The UNE-P to UNE-L Bulk Migration is a process that may be used by CLECs when migrating its existing multiple non-complex UNE-P Services to a UNE-L offering.
- CLECs will submit the Bulk Migration Request electronically.
- This process allows the migration of multiple UNE-Ps to a UNE-L offering without submitting individual Local Service Requests.
- This process also allows for Project Management support during the migration process.

>> Pre-Ordering

- CLEC submits Notification Form to Customer Care Project Manager (PM) for UNE-P accounts to be converted to UNE-Loop within a single wire center
- PM reviews form entries for errors and assigns BOPI (Bulk Order Project Identifier) - Project ID ending in "BULK"
- PM forwards Notification Form to Network Single Point of Contact (SPOC)
- SPOC assigns due dates to accounts and returns Notification Form to PM
- PM returns Form to CLEC

>> Pre-Ordering

Interval for return of Notification Form

- **Up to 99 Telephone Numbers, 7 business days to return to CLEC**
- **100 – 199 TNs, 10 business days to return to CLEC**
- **200+, PM will negotiate with SPOC**
- **Multiple Batch Requests from multiple CLECs may be submitted simultaneously**
- **Maximum TNs per Batch Request is 99x25=2475**

>> First Due Date

- **The first due date to be assigned by the SPOC will be a minimum of 17 business days after the Notification Form is returned to the CLEC**
- **3 days for CLEC to submit a clean bulk LSR**
- **Minimum of 14 days after LSR submitted to first service order due date**

>> Ordering Activity

- LCSC will use normal process to handle orders that fall out for manual or partial handling**
- LCSC will use normal process to return FOC, etc.**

>> Provisioning Activity

- CWINS will notify the PM whenever an order is in danger of missing the assigned due date.**
- CWINS, CO and Field will provision service using normal methods and procedures.**

>> Provisioning – Customer Care Project Manager

- **Provides CWINS and Network Operations Group with notification of planned bulk activity**
- **Monitors order status**
- **Interfaces with the CLEC and BellSouth groups**
- **Advises CLEC to cancel an order that is still in PF status on DD-7 business days**
- **Tracks orders and project until complete**

>> UNE-P to UNE-L Batch Migration

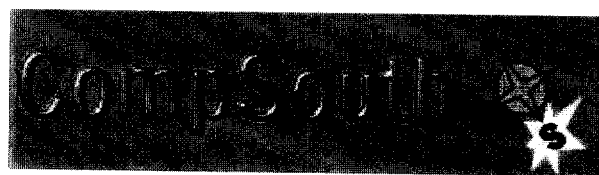
Requirements Highlights

- A BellSouth Customer Care Project Manager (PM) will project manage the Batch Migration Request.
- Non Complex UNE-P may be migrated to the following UNE-L types:
 - UVL-SL1
 - UCL-ND
 - HDLSL
 - UVL-SL2
 - ADSL
 - UCL-D
- All migrations on a Batch Request must be for the same Wire Center.
- UNE-Ls that require Service Inquiry submission are excluded from Batch Migration.
- A minimum of 2 EATNs and up to a maximum of 99 EATNs may be placed on a single Batch Request. An EATN may contain up to 25 end-user telephone numbers.

Status

- Mechanized Batch Request became available on March 30, 2003.

Concerns with the Hot Cut Process



January 14, 2004

CompSouth Members

Access

MCI

Birch
telecom

LecStar

COVAD



AT&T

NewSouth
communications

NUVOX
COMMUNICATIONS

Talk America

ITC DELTACOM

NETWORK TELEPHONE
COMMUNICATIONS

CINERGY
COMMUNICATIONS



KMC Telecom
PHONE • DATA • INTERNET

ACCESS POINT INC.

CompTel ASCENT
ALLIANCE

PACE
coalition

MOMENTUM

Z
TEL

IDS

XSPEDIOUS
Communications

Structure of Presentation

- **FCC concerns with current individual hot cut process**
- **CLEC concerns with current individual hot cut process**
- **FCC concerns with current “batch” process**
- **CLEC concerns with current “batch” process**
- **Other critical areas to be considered**
- **Standard for review of hot cuts process**
 - ◆ **FCC**
 - ◆ **CLEC**
- **Summary and Recommendation**

FCC Concerns with current individual process

What did FCC say was wrong with the hot cut process?

- There is a **practical limitation** on how many manual hot cuts an ILEC can perform
- Hot cuts often result in **provisioning delays**
- Hot cuts can cause significant **service outages**
- Poor hot cut performance causes **customer dissatisfaction** with individual competitors and the competitive process in general
- Hot cuts generally impose **prohibitively high** external and internal **costs** on competitors
 - Hot cuts are labor intensive
 - Hot cuts require the expenditure of substantial ILEC and CLEC resources

FCC Concerns with current individual process

What is the CUSTOMER IMPACT of these deficiencies?

Coordinated cutovers “**prevent[]** the competitive LEC from providing service in a way that mass market customers have come to expect.”

Para. 466. (emphasis added)

“**Service disruptions** also will influence customer perceptions of competitive LECs’ ability to provide quality service, and thus affect competitive LECs’ ability to attract customers.” Para. 466. (emphasis added)

“Most importantly, mass market customers generally demand reliable, easy-to-operate service and trouble-free installation. . . . Accordingly, we find the evidence in the record persuasive that the hot cut problem would be particularly great for transferring existing mass market customers in a **cost-effective and operationally seamless manner.**”

Para. 467. (emphasis added)

“...[T]here is a significant amount of **churn**, or movement, among mass market customers. **Mass market customers move freely** from carrier to carrier when they desire, and **have come to expect the ability to change local service providers in a seamless and rapid manner....** The evidence in the record demonstrates that customer **churn exacerbates the operational and economic barriers** to serving mass market customers.” Para. 471. (emphasis added)

“...we find that it is **unlikely** that incumbent LECs will be able to provision hot cuts in sufficient volumes absent unbundled local circuit switching in all markets.” Para. 468. (emphasis added)

FCC Concerns with current process

What was the FCC response to ILEC arguments?

<u>ILEC Position</u>	<u>FCC Response--</u>
Current performance	<p>“[W]e find that the issue is not how well the process works currently with limited hot cut volumes, rather the issue identified by the record identified is an inherent limitation in the number of manual cut overs that can be performed, which poses a barrier to entry that is likely to make entry into a market uneconomic.” Para. 469 (emphasis added)</p>
ILEC Promises of Performance	<p>“We find . . . incumbent LECs’ promises of future hot cut performance insufficient to support a Commission finding that the hot cut process does not impair the ability of a requesting carrier... While incumbent LECs state that they have the capacity to meet any reasonable foreseeable increase in demand for stand-alone loops that might result from increased competitive LEC reliance on self-provisioned switching, there is little other evidence in the record to show that the incumbent LECs could efficiently and seamlessly perform hot cuts on a going-forward basis for competitors who submit large volumes of orders to switch residential subscribers.” n. 1437 (emphasis added)</p>
271 Approval	<p>“[T]he Commission’s prior findings in section 271 orders do not support a finding here that competitive carriers would not be impaired if they were required to rely on the hot cut process to serve all mass market customers. . . . [T]hese orders examined the adequacy of hot cuts at a time when competitive LECs were principally using unbundled local circuit switching to compete for mass market customers. . . . Here, we must consider the adequacy of current hot cut practices for handling the volumes that would be expected if competitive LECs were denied unbundled access to unbundled local circuit switching - something that was by no means “reasonably foreseeable” in the context of the section 271 orders. The section 271 orders thus tell us very little about a BOC’s ability to provision large batches of cut overs in a timely and reliable manner under these circumstances.” n.1435 (emphasis added)</p>

FCC Concerns with current process

What was FCC response to ILEC arguments?

<u>ILEC Position</u>	<u>FCC Response--</u>
Current standards and penalties will ensure performance.	“[In addition], because there generally are no performance intervals associated with these approaches, incumbent LECs are not subject to financial penalties for inadequate performance.” Para. 474 (emphasis added)
PSCs set TELRIC hot cut prices	The FCC’s finding of national impairment is based on evidence regarding the economic and operational barriers caused by the cut over process, including the associated non-recurring costs. Para. 459. “Competitors seeking to use their own switches must incur the costs associated with a hot cut, including both the charges assessed by the incumbent LEC and their own costs of managing and participating in the hot cut process. . . . [T]he record evidence [also] indicates that the non-recurring costs associated with cutting over large volumes of loops would likely be prohibitively expensive for a competitive carrier seeking to provide service without the use of unbundled local circuit switching.” Para. 470 (emphasis added)

CLEC concerns with current hot cut process

- Same as identified by FCC
- Additionally, CLECs are gravely concerned that *any manual* hot cut process, individual or batch, is inadequate for wide-scale mass market use:
 - Does not provide a seamless experience for the customer
 - Manual nature causes lack of scalability
 - Manual nature keeps costs prohibitively high
 - BellSouth's substandard performance in returning timely firm order confirmations.
 - BellSouth's failure to provide a reliable schedule for performance of hot cuts.
 - Erroneous disconnection and undue delay in reconnection.
 - BellSouth's failure to notify consistently and timely that the loop has been transferred to the CLEC (and is not measured.)
 - The absence of performance measures that adequately reflected the customer's experience.
 - Cost
 - OSS problems

FCC concerns with current “batch” hot cut process

“Incumbent LECs argue that Frame Due Time (FDT) and project managed approaches offer sufficient efficiency...Project managed cut overs involve the conversion of a number of lines at one time, pursuant to provisioning requirements and intervals negotiated by the incumbent and the competitive LEC. We find that these approaches are not **sufficiently developed or widespread** enough to adequately address the impairment created by the loop cut over process.” Para. 474.

CLEC concerns with current “batch” hot cut process

- What batch hot cut process?
 - More restrictive than individual hot cuts
 - It does not allow time specific cuts.
 - No meaningful reduction in costs
 - It does not allow after-business-hours cuts, which are necessary to meet customers need to have uninterrupted telephone service during business hours.
 - There is no assurance that services requested to be migrated on the same bulk order will in fact be worked on the same day.
 - There is no assurance that all of an individual customer’s lines will be cut on the same day, creating customer satisfaction issues.
 - BellSouth is unwilling to commit to the number of lines or customers it will provision per day.
 - BellSouth’s process does not provide sufficient safeguards, such as real-time communication between the two companies during the conversion process, or a process for timely service restoration in the event of a problem.

CLEC concerns with current “batch” hot cut process

According to BellSouth, the difference between its individual hot cut process and its “batch” hot cut process is as follows:

- **“Difference is that a larger number of lines are being moved from the ILEC’s switch to a CLEC’s switch.**
- **Processes are the same, except that a Project Manager works with the CLEC prior to the orders being issued to negotiate due dates for the cuts and ensure that all the necessary information is provided.”**

Excerpt from presentation to the South Carolina Public Service Commission

Lisa Brooks-BellSouth

October 23, 2003

At page 22 (emphasis added)

Other concerns crucial to hot cuts

- Access to DSL providers
- Elimination of UNE-P eliminates current method of line-splitting
- Loop splitting creates operational and economic impairment, is undefined, is likely to be manual, and has no method of ordering cross connects on the MDF.
- OSS Issues (examples)
 - BellSouth cannot electronically process (and threatens not to process at all) orders in which one entity orders the loop and directs that it be delivered to another entity's collocation.
 - CLEC to CLEC ordering processes are manual, have no or inefficient processes for interaction, and are not "batchable".
 - UNE-L orders do not flow-through BellSouth's OSS, creating more delay and risk of error than that incurred for UNE-P.
 - Potential negative impacts on E911, NPAC, provisioning, repair, billing, and DL databases.
 - Handling of IDLC, DSL, and CLEC to CLEC migration scenarios.

Other concerns crucial to hot cuts

Capacity Issues in Kentucky

	UNE-P	ANALOG LOOPS
06/03	10,612	2
07/03	11,415	3
08/03	9,600	2
Order Volume – Migrations		

What is the impact on--quality--capacity--cost to the CLEC

Of eliminating an *electronic* process that handles 10,000 migrations orders per month and moving that work to a *manual* process that currently handles 2 migration orders per month?

NOTE: COMPOSITION OF COMPETITIVE POTS LINES:

UNE-P **151,666 --91%**

UNE-L **1,190 -- 1%**

RESALE **13,185 -- 8%**

November 2003 PMAP Reports

–Customer Trouble Report Rate

Other Crucial Issues

BellSouth non-recurring migration costs in Kentucky

Type of Charge	UNE-P	SL-1	SL-1 with Coordination	SL-1 with Coord. Time Specific	SL-2 with Coordination	SL-2 with Coord. Time Specific
Loop NRC		\$46.66	\$46.66	\$46.66	\$134.89	\$134.89
Svc. Order	\$7.88	\$7.88	\$7.88	\$7.88	\$7.88	\$7.88
“Transfer” Charge	\$.10					
Order Coord.			\$9.00	\$9.00	N/A	N/A
Time Specific				\$23.01		\$23.01
	\$7.98	\$54.54	\$63.54	\$86.55	\$142.77	\$165.78

Standards for review of hot cut process

FCC

“This review is necessary to ensure that customer loops can be transferred from the incumbent LEC main distribution frame to a competitive LEC collocation as promptly and efficiently as incumbent LECs can transfer customers using unbundled local circuit switching.” n. 1574.

“We have found that a seamless, low cost batch cut process for switching mass market customers from one carrier to another is necessary, at a minimum for carriers to compete effectively in the mass market.”

Para. 487.

Standard for review of process

FCC

Did the FCC conclude that a batch hot cut process would solve hot cut problems?

“...the loop access barriers contained in the record may be mitigated through the creation of a batch cut process” Para. 487

“After a batch cut process has been put into place, we expect state commissions in subsequent reviews to reevaluate the circumstances surrounding self provisioning, and expect that states will begin to find requesting carriers are *not* impaired...” Para. 502. (emphasis in the original)

“...even after such processes are implemented, competitive carriers may face barriers associated with loop provisioning – even problems arising from the newly improved hot cut processes – which may continue to impair a requesting carrier’s entry into the mass market.” Para. ¶ 512.

Standard for review of process

CLEC

UNE-L migrations must be as quick, easy, cost effective, and able to be implemented in the same volumes as UNE-P migrations and PIC changes in order to adequately serve the mass market.

Summary of Situation and Recommendation

Summary

The FCC found that deficiencies in the hot cut process result in operational and economic impairment

The FCC also directed State Commissions to determine whether loop provisioning, collocation, and CLEC to CLEC cross connects cause operational and economic impairment.

To address the hot cut deficiencies, the FCC directed State Commissions to approve and implement a batch cut process, and consider the implementation of rolling access to UNE-P.

CLECs have experienced significant problems using BellSouth's individual hot cut process.

AT&T tried twice, unsuccessfully, to develop a satisfactory batch hot cut process with BellSouth.

BellSouth's currently offered "batch" process is inadequate.

New and changed performance measures are required.

Both the batch and individual hot cut processes will remain intensely manual, therefore are too expensive and not sufficiently scalable to overcome impairment issues.

Elimination of bundled switching also raises other issues directly related operational impairment:

- Ordering and provisioning of loops that is inferior to UNE-P.
- BellSouth specific problems with using wholesale switching.
- Impairment in ability to provide DSL

Summary of Situation and Recommendation

CompSouth's Recommendation

- Approve, test and implement the best manual batch hot cut process that can be devised by the Commission and the industry for use in those limited circumstances that would otherwise warrant the use of CLEC switching.
- Order the development of a plan to move to a non-discriminatory electronic ordering and provisioning process to eliminate operational and economic impairment.
- Continue to make UNE-P available until electronic processes resulting from the Commission's approved plan are available.