

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by DIECA Communications,
Inc., d/b/a Covad Communications Company
for Arbitration of Unresolved Issues in
Interconnection Agreement with BellSouth
Telecommunications, Inc.

Docket No. 001797-TP

Filed: May 23, 2001

**REBUTTAL TESTIMONY AND EXHIBITS OF THOMAS E. ALLEN
ON BEHALF OF COVAD COMMUNICATIONS COMPANY**

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1 **Q. What is your name and by whom are you employed?**

2 A. My name is Tom Allen, and I am employed as Vice President of ILEC Relations
3 for Covad Communications Company ("Covad"). My business address is 10
4 Glenlake Parkway, Suite 650 Atlanta, GA 30328.

5 **Q. What are your responsibilities as Vice President of ILEC Relations?**

6 A. As Vice President of ILEC Relations and External Affairs, I have responsibility for
7 regulatory and ILEC management for the BellSouth, Qwest, and Sprint regions.

8 **Q. What is the purpose of your testimony?**

9 A. The purpose of my testimony is to rebut several of the issues discussed by
10 BellSouth witnesses Kephart, Latham, Williams, Pate, and Cox. I want to provide
11 the Commission with a general understanding of the reasonable terms and
12 conditions Covad has proposed in negotiations for its Interconnection Agreement
13 with BellSouth.

14 **Issue 5(a): WHAT IS THE APPROPRIATE INTERVAL FOR BELL SOUTH TO**
15 **PROVISION AN UNBUNDLED VOICE-GRADE LOOP, ADSL, HDSL, OR UCL**
16 **FOR COVAD?**

17 **Q. On page 4, lines 12-25 of BellSouth witness Latham's direct testimony, Mr.**
18 **Latham states that the intervals for voice-grade, ADSL, HDSL, and UCL**
19 **unbundled loops should be six business days. Do you agree?**

20 A. No. First of all, it is not clear that Mr. Latham means the loop should be delivered
21 within six business days of receipt of the LSR from Covad. That is the interval
22 included in BellSouth's Product and Services Guide. Again, the BellSouth guide

1 provides only targets and sets no firm loop delivery intervals, upon which Covad
2 is entitled to rely. If Mr. Latham means that the xDSL loop should be delivered 6
3 business days after Covad receives the FOC, then he is actually advocating an even
4 more extended loop delivery interval than is currently targeted by BellSouth. In the
5 Performance Measures docket in Florida, BellSouth advocated an extended loop
6 delivery interval of 7 business days after the FOC, which is also longer than the
7 interval set forth in the Product and Services Guide.

8 Moreover, as I have stated, Covad proposes a uniform and firm loop
9 installation interval of three (3) business days for these types of loops. The work
10 required to provision a DSL loop is simple and routine. DSL loops are nothing but
11 voice grade copper loops, and, therefore, provisioning intervals should reflect that
12 fact. Mr. Latham states that SL1 voice loops are non-designed, but he fails to
13 justify what steps, if any, are taken by BellSouth in the provisioning of the loop that
14 take additional time. Without that evidence, BellSouth offers no support for its
15 loop delivery interval. BellSouth cannot continue to be allowed to have inflated
16 provisioning intervals that disadvantage Covad and, ultimately, Florida end users.

17 **Q. Mr. Latham also discusses on page 4, lines 21-25 of his direct testimony that**
18 **these intervals are needed to "efficiently and accurately install the volume of**
19 **loops being demanded by our CLEC customers." Can you please comment?**

20 **A.** Mr. Latham asserts that monthly volume for DSL loop types has grown
21 significantly over the past 12 months. However, I would be interested to see the
22 number for just the first four months of this year. With several ALECs going out

1 of business, I believe loop demand could be decreasing, so a uniform three-business
2 day interval for these loop types should be attainable by BellSouth. Further, if
3 volume is in fact increasing significantly, then BellSouth should staff accordingly
4 to meet the needs of its wholesale customers as well as to meet its legal obligations
5 to provide non-discriminatory treatment to Covad.

6 **Q. On page 5, lines 1-6 of BellSouth witness Latham's direct testimony, he**
7 **discusses the differences in provisioning a BellSouth retail circuit versus an**
8 **unbundled loop. Do agree that the differences in work would require the**
9 **interval of 6 business days?**

10 **A.** No. Although some retail loops are already connected to the switch, Mr. Latham
11 tries to make the act of performing simple central office cross-connection seem like
12 rocket science. Again, the task of a BellSouth central office technician making
13 cross-connection to Covad's collocation should not add days to an interval.

14 **Issue 5(b): WHAT IS THE APPROPRIATE INTERVAL FOR BELL SOUTH TO**
15 **PROVISION AN IDSL-COMPATIBLE LOOP FOR COVAD?**

16 **Q. On page 5, lines 19-20 of BellSouth witness Latham's direct testimony, Mr.**
17 **Latham states, "as recognized by the FCC, not all ISDN loops are completely**
18 **compatible with IDSL service." Do you agree with his statement?**

19 **A.** I'm not sure what Mr. Latham is referencing regarding the FCC, but as the evidence
20 in Covad's IDSL complaint against BellSouth in Georgia showed, all ISDN loops
21 that comply with the applicable ANSI standards will support IDSL. However,
22 BellSouth has employed certain digital loop carrier ("DLC") units that create ISDN

1 loops that do not comply with the ANSI standards, when placed in certain time
2 slots on the DLC unit. Thus, all BellSouth has to do is place Covad's IDSL orders
3 in the proper time slots, and the loop will function perfectly.

4 Our experience reveals that BellSouth's major problem with IDSL loops
5 does not relate to DLC slot placement issues, but rather results from BellSouth's
6 technicians being poorly trained on installing line cards in the DLC units.
7 Irrespective of whether BellSouth is provisioning an IDSL or an ISDN loop,
8 BellSouth technicians must set the options correctly on the line cards. Options are
9 set exactly the same for both ISDN service and for IDSL service. Nonetheless,
10 BellSouth's technicians are still having problems, which delays provisioning.
11 BellSouth should solve this through better training, rather than by elongating the
12 loop delivery intervals. Stretching out the intervals does not solve the problem.
13 Shorter loop delivery intervals drives BellSouth performance. Without shorter
14 intervals, Covad can expect little improvement in BellSouth performance.

15 **Q. Do you agree with BellSouth witness Latham that the provisioning interval for**
16 **IDSL-compatible loops should be 10 business days plus the FOC?**

17 **A.** No. As I stated in my direct testimony, Covad proposes that in general BellSouth
18 commit to providing IDSL-Compatible Loops within (5) five business days of
19 submission of an LSR. In some cases, the ISDN loop is clean copper, no different
20 than a copper SL1 loop or an ADSL loop. Nonetheless, Covad's proposed interval
21 recognizes that in some, but not all instances, BellSouth will need to place an
22 appropriate line card in the digital loop carrier system to support this loop. Thus,

1 Covad proposes 5 business days for this work.

2 In addition, installation of an xDSL loop served by certain IDLC systems
3 often requires a "work around" to certain components of that DLC system. As a
4 result, Covad has proposed that BellSouth undertake this work around and provide
5 such loops within (10) ten business days. BellSouth offers no evidence why this
6 work cannot be accomplished in this time period. BellSouth simply does not want
7 to make any effort to provide a work around in a reasonable time.

8 **Issue 5(c): WHAT SHOULD BE THE APPROPRIATE INTERVAL FOR**
9 **BELLSOUTH TO "DE-CONDITION" (I.E., REMOVE LOAD COILS OR**
10 **BRIDGED TAP) LOOPS REQUESTED BY COVAD?**

11 **Q. On page 7, lines 1-9 of BellSouth witness Latham's direct testimony, Mr.**
12 **Latham discusses BellSouth position on the interval to condition a loop. Do**
13 **agree with BellSouth's proposals on this issue?**

14 **A.** No. BellSouth argues that the loop conditioning intervals, for 1 to 3 intervening
15 devices, intervals should be 10 days for aerial plant, 15 days for buried plant, and
16 30 days for underground plant. These intervals are simply too long to condition
17 loops. All BellSouth is doing by proposing such intervals is slowing the growth of
18 competitive DSL to Florida consumers. Moreover, as I have stated in my direct
19 testimony, numerous other retail services require loops that are de-conditioned,
20 such as ISDN and T-1 service. BellSouth does not make its retail customers wait
21 these extended periods of time for a conditioned loop. Therefore, it is inappropriate
22 to make Covad customers wait unnecessarily for the same work to be performed.

1 **Q. Should BellSouth be conditioning loops as a part of its everyday maintenance**
2 **of its outside plant?**

3 A. Absolutely. First, loops under 18,000 feet with load coils are a remnant of the past
4 -- antiquated outside plant that has not been brought up to engineering standards
5 that have been in place for more than 20 years. BellSouth needs loops conditioned,
6 just as Covad does, for a variety of retail services, including the provision of ISDN
7 and T-1. Moreover, BellSouth has announced aggressive plans to provide DSL
8 service to 600,000 customers by the end of 2001. (See Exhibit No. _____, TEA -
9 1). In that same investor's report, BellSouth notes that it has earned over \$1 billion
10 in revenue from data services. Moreover, it claims that it "continues to transform
11 its core network from analog voice to digital data." In addition to developing
12 remote terminal capabilities for digital service, BellSouth's statement must mean
13 either it is in the process of or has plans to upgrade its outside plant to remove load
14 coils that are unnecessarily on loops and which inhibit digital services. Otherwise,
15 BellSouth would have a very difficult time meeting its goal of 600,000 DSL
16 customers by the end of this year. Preparing a network for digital service involves
17 active work to remove impediments to digital service, such as load coils and
18 excessive bridged tap.

19 Finally, in other dockets, BellSouth has admitted that it cannot distinguish
20 between money it spent on conditioning and that spent for other maintenance
21 activities. (See Exhibit No. _____, TEA-2). This shows that BellSouth does treat
22 conditioning as routine maintenance. As such, it should not need the extended

1 intervals it proposes here.

2 **Q. What interval does Covad propose for loop conditioning?**

3 A. Covad proposes a five (5) business day interval for loop conditioning all xDSL loop
4 types. Five days is a very reasonable interval when you consider exactly what
5 needs to be done to provision basic loops.

6 **Q. What conditioning interval did BellSouth propose in the Florida Performance
7 Measures docket?**

8 A. BellSouth proposed that penalties be assessed against it if it failed to condition a
9 loop within 14 business days. This interval was ordered by the Georgia
10 Commission. When asked why BellSouth did not offer this interval to Covad in
11 negotiations, Mr. Latham responded that BellSouth only agreed it could condition
12 loops in 14 days after the Georgia Commission ordered it to.

13 **Q. Why is that significant?**

14 A. BellSouth will not improve any aspect of its performance for Covad if it is not
15 required to by a Commission order. Irrespective of what this Commission decides
16 regarding penalties for conditioning, Covad requests a contract provision entitling
17 it to conditioned loops in 5 business days. Moreover, BellSouth should bear the
18 burden of proving to this Commission that it (1) does not condition loops for its
19 own retail customers in less time and (2) that it cannot condition loops in the time
20 requested by Covad. Without such a showing, this Commission should accept
21 Covad's proposed intervals.

1 **Issue 6: WHERE A DUE DATE FOR THE PROVISIONING OF A FACILITY IS**
2 **CHANGED BY BELL SOUTH AFTER A FIRM ORDER CONFIRMATION HAS**
3 **BEEN RETURNED ON AN ORDER, SHOULD BELL SOUTH REIMBURSE**
4 **COVAD FOR ANY COSTS INCURRED AS A DIRECT RESULT OF THE**
5 **RESCHEDULING?**

6 **Q. How did this issue arise in negotiations between Covad and BellSouth?**

7 A. This issue is the direct result of BellSouth efforts to impose charges on Covad when
8 Covad changes or modifies an order. Covad asked BellSouth to remove that
9 proposal. When BellSouth refused, Covad argued that if BellSouth wanted to
10 charge Covad for changing or modifying an order, then Covad should be entitled
11 to assess a similar charge on BellSouth when BellSouth changes or modifies a
12 Covad order. One of the most common ways this occurs is when BellSouth
13 provides Covad with a Firm Order Confirmation ("FOC") loop delivery date, and
14 then later changes that date one or several times. In addition to the wasted time
15 processing the original delivery date, and arranging Covad technician's scheduling
16 accordingly (which I described fully in my direct testimony), this change in
17 delivery date can cause huge customer dissatisfaction, especially when BellSouth
18 does not inform Covad until the last minute that the loop will not be delivered after
19 all. Imagine if you had taken off work to wait for BellSouth to install your DSL
20 line, only to find out at the end of the day that BellSouth had changed the delivery
21 date.

1 **Q. On page 18, lines 1-14 of BellSouth witness Cox's direct testimony, Ms. Cox**
2 **states that in order for BellSouth to guarantee that the requested due date will**
3 **not be missed, then the rates that Covad pays for the services would have to**
4 **be increased to reflect BellSouth's additional costs. Do you agree?**

5 **A. Absolutely not. We continue to hear arguments about increased costs, but we**
6 **never hear the specifics. BellSouth has never provided the specific activities that**
7 **would be different in order to provide a true and accurate firm order confirmation**
8 **(FOC). Furthermore, to a large extent, BellSouth's ability to deliver and meet Firm**
9 **Order Confirmation delivery dates results from BellSouth's own record keeping.**
10 **When BellSouth's records are accurate, BellSouth should be able to look at those**
11 **records, issue a FOC delivery date to Covad, and meet that date. If BellSouth fails**
12 **to keep its records updated or otherwise fails to perform sufficient, routine**
13 **maintenance on its outside plant, then BellSouth may encounter problems with**
14 **meeting its delivery date. Nonetheless, BellSouth should bear the costs of its**
15 **failures to maintain accurate records, not Covad. Furthermore, BellSouth**
16 **completely ignores the costs Covad incurs when BellSouth changes a delivery date**
17 **as a result of work load or constraints unrelated to the existence of facilities.**

18 **When BellSouth fails to provide service on the due date provided on the**
19 **FOC, it affects Covad's relationship with BellSouth as a supplier, and it also affects**
20 **Covad's relationship with its customer. The Commission should obligate**
21 **BellSouth to provide service as committed in the firm order confirmation ("FOC").**
22 **Otherwise, BellSouth should pay Covad's related costs that result from changing**

1 or modifying a Covad order.

2 **Q. Do other ILECs verify facilities before providing due dates via a FOC?**

3 A. Yes. Qwest does a check for facilities before providing a due date on the FOC and
4 at no "extra" cost to Covad. In fact, Qwest has a thirteen step process for checking
5 the availability of facilities prior to issuing a FOC. Covad experiences facility
6 problems in the Qwest region, just like it does in the BellSouth region. The
7 difference is that Qwest gives us information about potential problems before it sets
8 a loop delivery date, and starts Covad's order processing and operations dispatch
9 processes. That way, Covad can make informed decisions about how to proceed
10 with orders and most importantly, Covad can accurately advise its customers about
11 potential problems. From a customer satisfaction standpoint, we've found Qwest's
12 process to be superior to BellSouth's. In the Qwest territory, Covad can be much
13 more confident about informing its customers when service will be delivered.
14 BellSouth apparently wants Covad's Florida customers to wait quietly until
15 BellSouth decides it will deliver the ordered facilities. BellSouth does not impose
16 such uncertainty on its own retail customers and should not do so to Covad's.

17 **Q. On page 21, lines 10-22 of BellSouth witness Cox's direct testimony, Ms. Cox**
18 **states that, "BellSouth does not unilaterally cancel an ALEC's orders." Do**
19 **you agree?**

20 A. No. Ms. Cox does not appear to be fully informed about the BellSouth processes
21 for ALEC orders that are in place today. I have discovered through discussions
22 with Covad's Florida field operations managers and technicians that BellSouth does

1 in fact unilaterally cancel Covad orders. BellSouth systematically cancels the
2 following type of orders: (1) Orders requiring conditioning. Thus, the burden is
3 placed on Covad to issue another SI-LSR for a loop with conditioning. (2) Orders
4 with missed installation appointments, including those appointments missed for
5 reasons attributable solely to BellSouth. Thus, Covad must resubmit the order each
6 time within 5 days, even if it was a BellSouth-caused missed appointment; (3)
7 BellSouth cancels loops that have buried load coils, require a new remote terminal,
8 new pedestal or where a long-term facility issue cannot be cleared within thirty (30)
9 days.

10 These occurrences exemplify the lack of customer service exhibited by
11 BellSouth. I cannot think of another vendor that cancels customer orders, rather
12 than trying to work them. From my perspective, this shows that BellSouth does not
13 really want Covad's orders and certainly will make no significant efforts to ensure
14 that Covad's orders are successfully filled by BellSouth.

15 **Q. On page 22, lines 2- 17 of BellSouth witness Cox's direct testimony, Ms. Cox**
16 **states that Covad should rely on filing complaints with the Commission or look**
17 **to the Performance Measurements Docket (000121-TP) to resolve the issue of**
18 **missed commitments. Do you agree?**

19 **A. No. Covad understands that the Commission has a complaint process and Covad**
20 **is participating in the Performance Measurements Docket in Florida, but that is not**
21 **the point. Covad is simply asking that this Commission require contract language**
22 **in the Covad-BellSouth interconnection agreement that would obligate BellSouth**

1 to reimburse Covad when it cannot meet a due date for service ordered by Covad.
2 Experience has shown Covad that BellSouth will only adhere to the letter of its
3 contracts. If a particular provision is not in the contract, Covad has had little luck
4 obtaining service or assistance from BellSouth.

5 Remember, this issue arises from BellSouth's decision to place language in
6 the contract requiring Covad to reimburse BellSouth for any changes or
7 modifications to orders placed by Covad. All Covad seeks is equal treatment. If
8 BellSouth believes it is entitled to be reimbursed each time Covad changes an
9 order, than BellSouth should likewise reimburse Covad each time BellSouth
10 changes an order.

11 **Q. Does BellSouth provide service installation guarantees for its retail operations?**

12 A. Yes. BellSouth has a service called the Commitment Guarantee Plan located in its
13 Florida General Subscriber Services Tariff, Section A 2.17. This service provides
14 a credit of \$25 for residential and \$100 for business customers, "...should
15 [BellSouth] fail to meet its commitment in connection with installation or repair of
16 service..." For BellSouth to offer such a commitment to its retail customers and not
17 to wholesale customers is blatantly discriminatory. Covad's request is very
18 reasonable when put in to context of what BellSouth does for its retail customers.

19 **Issue 7(a): WHEN BELLSOUTH PROVISIONS A NON DESIGNED xDSL LOOP,**
20 **UNDER WHAT TERMS, CONDITIONS AND COSTS, IF ANY, SHOULD**
21 **BELLSOUTH BE OBLIGATED TO PARTICIPATE IN JOINT ACCEPTANCE**
22 **TESTING TO ENSURE THE LOOP IS PROPERLY PROVISIONED?**

1 Q. On page 3, lines 1-15 of BellSouth witness Kephart's direct testimony, Mr.
2 Kephart states that BellSouth will only perform testing to ensure that a non-
3 designed XDSL loop meets the specifications for that loop. Is this acceptable?

4 A. No. Because BellSouth continues to provide non-functioning loops to Covad, Joint
5 Acceptance Testing of all loops is crucial. I would like to stress again that Joint
6 Acceptance Testing is a safety net intended to catch non functional loops during the
7 provisioning process, rather than forcing these problems to be resolved through the
8 repair and maintenance process. This testing should be unnecessary because when
9 Covad orders a loop, it should always receive a functional loop from BellSouth.
10 Requiring BellSouth to perform Joint Acceptance Testing on all loops, including
11 the new non designed loop, ensures that Covad gets what it pays for. Once
12 BellSouth proves that it is delivering functional loops with consistency, this testing
13 will become unnecessary.

14 Q. What is Covad's proposal regarding the rates, terms and conditions for Joint
15 Acceptance Testing of a non-designed loop as discussed in your direct
16 testimony?

17 A. BellSouth should participate in Joint Acceptance Testing on every non-designed
18 loop before Covad will accept the loop as "delivered." As I proposed in my direct
19 testimony, Covad is willing to put its money where its mouth is. From experience,
20 we believe that Joint Acceptance Testing on these loops will show that BellSouth
21 routinely fails to provision a fully connected and functional loop the vast majority
22 of the time. Thus, we proposed that BellSouth provide Joint Acceptance Testing

1 on the UCL-ND for \$40. If BellSouth delivers UCL-ND loops on time that are
2 functional 90% of the time, Covad will pay for the Joint Acceptance Testing. If
3 BellSouth does not deliver UCL-ND loops that are functional on time 90% of the
4 time, BellSouth pays for the Joint Acceptance Testing. We believe this is a
5 reasonable proposal. If BellSouth can deliver functional loops on time at a level that
6 enables Covad to successfully compete, Covad will have no need to require Joint
7 Acceptance Testing.

8 **Q. Does Covad have this type of an arrangement with any other ILECs?**

9 A. Yes. Covad has an agreement to do just this with Southwestern Bell Telephone
10 Company ("SWBT"). If SWBT does not deliver good loops on time to Covad 90%
11 of the time, then Covad does not have to pay for Joint Acceptance Testing. To date,
12 we have not had to pay for Joint Acceptance Testing with SWBT, because they
13 continue to fall below the 90% benchmark. This same financial incentive would be
14 beneficial in the BellSouth region. Copies of the relevant provisions of Covad's
15 Southwestern Bell Interconnection Agreement are attached. (See Exhibit No.
16 _____, TEA-3).

17 **Q. Why does BellSouth oppose mandatory Joint Acceptance Testing?**

18 A. That's a good question. BellSouth argues that it will not dispatch a truck on every
19 UCL-ND loop. This dispatch rate calculation makes the cost of the UCL-ND
20 similar to that of the SL1. Nonetheless, BellSouth acknowledges that it must
21 provision Covad a fully connected loop when Covad orders a UCL-ND, but
22 BellSouth wants Covad to test the loop for it. BellSouth seeks to escape any

1 responsibility regarding whether it has delivered a functional, connected loop.

2 Apparently, this is how BellSouth has decided to provision the UCL-ND.
3 BellSouth will inform Covad that the loop has been delivered, without any testing
4 whatsoever, unless BellSouth has dispatched a truck for that particular loop. The
5 loop may or may not be fully connected and functional. Covad will then ask its
6 customer to stay home from work and will roll a truck to perform its portion of the
7 installation, including installing the customer premise equipment. Only then, when
8 Covad tests the loop, will we know if BellSouth has done the cross connections in
9 the central office or in the field properly. At that point, if the loop is not working,
10 BellSouth apparently wants Covad to open a trouble ticket. Then, and only then,
11 will BellSouth take the time to ensure that its loop is fully provisioned. BellSouth
12 acknowledges that it will have to pay for its truck roll to repair the loop.

13 From Covad's perspective, this is exactly backwards. Before we ask a
14 customer to stay home from work, we want to make sure we can deliver DSL
15 service. We cannot deliver DSL service on a loop that BellSouth has not properly
16 provisioned. We propose that BellSouth participate in Joint Acceptance Testing
17 with Covad on every UCL-ND provisioned. If 90% of the loops in a particular
18 month that are tested are delivered on time and working, Covad will pay for all the
19 Joint Acceptance Testing on every loop ordered in a particular month. That way,
20 BellSouth will not be out any money for the truck roll. If less than 90% of the
21 UCL-ND loops are delivered on time and working, BellSouth must pay for the Joint
22 Acceptance Testing.

1 **Issue 7(b): SHOULD BELLSOUTH BE PROHIBITED FROM UNILATERALLY**
2 **CHANGING THE DEFINITION OF AND SPECIFICATIONS FOR ITS LOOPS?**

3 **Q. On page 5, lines 6-9 of BellSouth witness Kephart's direct testimony, Mr.**
4 **Kephart states that Covad should not be allowed to impose static network**
5 **standards that could limit BellSouth's ability to meet the needs of all ALECs.**
6 **Do you agree with this statement?**

7 **A. No. Loop standards should not change as frequently as BellSouth would like the**
8 **Commission to believe. BellSouth seeks to reserve the right to unilaterally change**
9 **the definitions of loops by changing its Technical Specifications. Covad asks that**
10 **BellSouth's loop definitions for DSL loops remain as defined in the contract and**
11 **the Technical Specifications in place on the date of execution of the Interconnection**
12 **Agreement. If BellSouth does, in fact, change a loop specification then a simple**
13 **amendment to the interconnection agreement could be made, as BellSouth requires**
14 **Covad to do every time it makes changes, like offering new products and services.**

15 Covad is building a business based on the loop products and their
16 specifications as set forth by BellSouth. For example, assume that Covad's
17 equipment is designed to utilize loops that meet a certain industry standard. At the
18 beginning of the Interconnection Agreement with BellSouth, BellSouth's loop
19 product technical specifications may assure Covad that it will receive a loop that
20 meets the industry standards. Then, half way through the contract, BellSouth could
21 unilaterally change its loop specifications to something else entirely. This could
22 severely disrupt Covad's business, delay necessary customer installations, and

1 otherwise detrimentally effect Covad's business. BellSouth offers no legitimate
2 reason why one party to a contract should be able to unilaterally change key
3 provisions of the contract, merely by changing the Technical References
4 incorporated into the Interconnection Agreement.

5 Covad merely asks that the Technical Reference and Specifications in place
6 when it executes its Interconnection Agreement govern its Interconnection
7 Agreement for the duration of the agreement. If BellSouth believes an industry
8 standard necessitates a change to the Technical Reference, then it is free to
9 negotiate with Covad for an amendment to their agreement.

10 **Issue 8: WHEN COVAD REPORTS A TROUBLE ON A LOOP WHERE, AFTER**
11 **BELLSOUTH DISPATCHES A TECHNICIAN TO FIX THE TROUBLE, NO**
12 **TROUBLE IS FOUND BUT LATER TROUBLE IS IDENTIFIED ON THAT LOOP**
13 **THAT SHOULD HAVE BEEN ADDRESSED DURING BELLSOUTH'S FIRST**
14 **DISPATCH, SHOULD COVAD PAY FOR BELLSOUTH'S COST OF THE**
15 **DISPATCH AND TESTING BEFORE THE TROUBLE IS IDENTIFIED?**

16 **Q. On page 23, lines 9-11 of BellSouth witness Cox's direct testimony, Ms. Cox**
17 **states, "BellSouth understands that Covad is asking that BellSouth not charge**
18 **Covad for the dispatch and testing necessary to determine that there is not**
19 **trouble on a loop." Is this accurate?**

20 **A. Trouble tickets on which "no trouble is found" are a fallacy. Covad's DSLAM**
21 **equipment enables it to check to ensure that its systems are working all the way to**
22 **the demarcation point, beyond which BellSouth is responsible. Thus, the times**

1 when BellSouth will dispatch a truck and legitimately conclude that there is no
2 trouble on the line are few, and would involve only situations in which a problem
3 with a customer's inside wiring prevented the loop from functioning. What Covad
4 is trying to avoid are the numerous and unnecessary trouble tickets it is forced to
5 open repeatedly on loops, only to have BellSouth either not try to fix the loop or
6 give up before resolving the problem on the loop. Covad is trying to focus on why
7 so many BellSouth trouble tickets are closed, reporting "no trouble found," when
8 there are later problems identified on the loop.

9 **Q. What does BellSouth propose as a solution for Covad to recoup this "no**
10 **trouble found" charge?**

11 A. Ms. Cox states on page 25 of her direct testimony that Covad could use the Billing
12 Dispute Process in the current interconnection agreement or for Covad to not close
13 the trouble ticket when BellSouth reports no trouble found. These proposals are
14 neither efficient nor reasonable. First, BellSouth seeks to force Covad to go
15 through the process of tracking all of BellSouth's erroneous "no trouble found"
16 trouble tickets, then protesting them, and hoping for reimbursement. Instead,
17 Covad believes BellSouth is responsible for erroneous "no trouble found" reports
18 on trouble tickets. Either BellSouth should develop a mechanism for tracking these
19 and providing a credit, or BellSouth should not charge at all for these trouble
20 tickets. As I've mentioned above, the legitimate "no trouble found" tickets will be
21 few. The rest result from BellSouth's unwillingness to do what it takes to repair the
22 loop.

1 Furthermore, Ms. Cox does not appear to be familiar with how the trouble
2 ticket process works at BellSouth. Covad has no ability to force BellSouth to keep
3 a trouble ticket open. Furthermore, BellSouth often closes the trouble ticket
4 without notice. This is another example of BellSouth placing unnecessary
5 roadblocks in front of Covad in our pursuit of providing competitive DSL services
6 to Florida consumers.

7 **Q. Does BellSouth routinely close trouble tickets to no trouble found (NTF)?**

8 A. Yes. BellSouth will close out a Covad trouble ticket to NTF and Covad assumes
9 that is the end of it. There is no BellSouth process that allows Covad an option to
10 keep the trouble ticket opened or put it in "delayed maintenance" status for 24, 48,
11 72 hours to allow for further testing. Even if BellSouth is offering to put this
12 process in place now, it does not solve the problem. BellSouth should be
13 investigating why so many trouble tickets are closed with no trouble found.
14 Likewise, BellSouth should be investigating, as a matter of customer service, why
15 so many loops have repeat troubles, after a trouble ticket is closed, reporting "no
16 trouble found."

17 If BellSouth will allow Covad to keep the trouble ticket opened and will
18 work with Covad on the trouble isolation until the trouble can be isolated, then we
19 would not have deal with the issue of who pays for a dispatch. Because BellSouth
20 closes the trouble ticket to NTF, a charge is automatically generated to Covad for
21 the dispatch. If trouble tickets are allowed to remain open until Covad accepts the
22 loop as fully functional (and delivers to BellSouth a serial number confirming that

1 acceptance), then this issue could be resolved. BellSouth has thus far refused to
2 accept this solution.

3 **Issue 11: WHAT RATE, IF ANY, SHOULD COVAD PAY BELLSOUTH IF THERE**
4 **IS NO ELECTRONIC ORDERING INTERFACE AVAILABLE, WHEN IT**
5 **PLACES A MANUAL LSR FOR: (A) AN XDSL LOOP? (B) LINE SHARING?**

6 **Q. On pages 26 and 27 of BellSouth witness Cox's direct testimony, Ms. Cox**
7 **argues that BellSouth is not required to provide ALECs electronic ordering**
8 **for all unbundled network elements (UNEs) and therefore should be able to**
9 **charge a manual service order fee to Covad when Covad issues manual service**
10 **orders. Do you agree?**

11 **A. No. It makes no sense for BellSouth to be able to charge an ALEC a manual**
12 **service order charge of \$21.56, when it does not offer an electronic order alternative**
13 **for its wholesale customers. Until BellSouth establishes a fully functional**
14 **electronic ordering system for xDSL loops and line sharing and Covad has had time**
15 **to develop its interface for such ordering, Covad should not have to pay the manual**
16 **service order charge. As I stated in my direct testimony, BellSouth claims that it**
17 **has now made electronic ordering available for xDSL loops and line sharing loops,**
18 **but all of BellSouth systems for handling these orders (LENS, TAG, EDI) are in the**
19 **embryonic stage and are relatively unstable. Covad, for example, has experienced**
20 **numerous problems with placing orders through LENS.**

21 **If any charge is allowed to be imposed for manual LSRs, it should only be**
22 **allowed when BellSouth has functional, stable electronic systems available for**

1 ordering which Covad has chosen not to use. When BellSouth's systems are not
2 working, rather than delaying orders, Covad will be forced to use the manual
3 processes. This severely delays Covad's process and ultimately delays service to
4 Florida end users and adds to Covad's cost of doing business.

5 **Issue 12: SHOULD COVAD HAVE TO PAY FOR A SUBMITTED LSR WHEN IT**
6 **CANCELS AN ORDER BECAUSE BELL SOUTH HAS NOT DELIVERED THE**
7 **LOOP IN LESS THAN FIVE BUSINESS DAYS?**

8 **Q. On pages 29-30 of BellSouth witness Cox's direct testimony, Ms. Cox states,**
9 **"that once Covad submits an LSR, BellSouth begins processing Covad's order**
10 **and, even if Covad withdraws its request, Covad is responsible for paying**
11 **whatever charges are appropriate to reimburse BellSouth for the work done**
12 **on Covad's behalf." Do you agree?**

13 **A. No. BellSouth unjustly states that it should be paid an LSR OSS charge even if it**
14 **ultimately fails to deliver a loop to Covad or delivers that loop late. BellSouth's**
15 **delayed loop delivery stifles Covad's ability to recruit and retain satisfied customers**
16 **in Florida. What is damaging to Covad is when it takes 10, 20 or even 30 days to**
17 **deliver the loop or if BellSouth never delivers a loop at all. With such poor**
18 **performance, end user customers will not wait for service and ultimately will**
19 **cancel. Therefore, Covad believes it is reasonable that the Commission require**
20 **BellSouth to waive the ordering charge when BellSouth does not deliver within the**
21 **stated interval.**

22 Further, Covad strongly disagrees that this should be addressed as part of

1 the Commission's generic performance measures docket. BellSouth continues to
2 ask the Commission to kick out issues to other generic dockets or processes. Covad
3 is entitled to arbitrate any open issue in this proceeding. Covad seeks to include
4 this provision in the terms and conditions governing its interconnection with
5 BellSouth.

6 **Issue 13: WHAT ACCESS SHOULD COVAD HAVE TO BELLSOUTH'S LOOP**
7 **MAKE UP INFORMATION?**

8 **Q. Have the parties reached agreement about the terms and conditions for access**
9 **to loop makeup information?**

10 **A. Yes.**

11 **Issue 21: SHOULD BELLSOUTH BE REQUIRED TO PROVIDE ACCURATE**
12 **SERVICE ORDER COMPLETION NOTIFICATIONS FOR LINE SHARED UNE**
13 **ORDERS?**

14 **Q. On page 6, lines 21-25 of BellSouth witness Williams' direct testimony, Mr.**
15 **Williams argues that the BellSouth CLEC Service Order Tracking System**
16 **(CSOTS) provides an accurate service order completion notification. Do you**
17 **agree with Mr. Williams' statements?**

18 **A. Absolutely not. Although this system allows Covad to check the status of the**
19 **billing order and will soon allow Covad to check the status of the provisioning**
20 **order, it does not provide accurate service order completion. Remember,**
21 **provisioning a line-shared loop requires no truck roll. BellSouth only has to**
22 **perform simple cross connections in the central office. Covad seeks accurate**

1 information from BellSouth confirming that the cross connections necessary to
2 provision a loop have been performed. It's that simple. BellSouth refuses to send
3 Covad a service order completion, like it does for other loop orders.

4 **Q. Can you explain why CSOTS does not provide accurate service order**
5 **completion for line sharing orders?**

6 A. BellSouth argues that Covad can get the information it needs from CSOTS. This
7 is not true. CSOTS is designed so that line sharing provisioning service orders
8 automatically complete or "auto-complete" on the due date. Therefore, even if the
9 physical provisioning work in the central office has not been performed, the service
10 order will be listed as complete in CSOTS on the due date that is carried on the
11 order. Once again, this information has no relationship to whether the actual work
12 has been done to provision a line shared loop. This would not be a problem if the
13 BellSouth central office technicians actually completed the work on the due date
14 95 percent of the time. Unfortunately, that is not what Covad has experienced to
15 date with respect to BellSouth line sharing provisioning.

16 In April, Covad line sharing installations failed on 26% of the loops. These
17 failures were due to either BellSouth's failure to complete cross-connections on
18 time or BellSouth's failure to perform the cross-connections correctly. Because
19 Covad does not always dispatch a technician on the BellSouth delivery date or the
20 customer does not always attempt an install using a self-install kit on the BellSouth
21 delivery date, the 26% failed is actually a very low number. It would probably be
22 much higher if we could attempt to install on the BellSouth due date. BellSouth

1 continually misses the delivery of line sharing loops because they do not complete
2 the necessary central office cross-connections on time. Covad needs to know that
3 the provisioning work has actually been completed. Since we are paying for this
4 work, we believe this is a reasonable request.

5 **Q. Does BellSouth offer another means to verify accurate completion of a line**
6 **sharing order?**

7 A. BellSouth proposes a solution in the form of a couple of web-based reports called
8 the COSMOS CFA Report and the SWITCH CFA Report. As I discussed in my
9 direct testimony, this solution is not an active completion notification that is sent
10 to Covad. It is merely a stop-gap solution to a larger issue. Moreover, BellSouth
11 refuses to update these reports daily and will only update the reports **3 times a**
12 **week**. The notification that is sent to Covad only shows the completion of the
13 billing order and not that the physical cross-connects have been completed in the
14 central office. It's ironic that the system is clearly designed to start billing at the
15 earliest possible point, but the system apparently is not set up to ensure that the
16 work for which Covad is billed has been done. Rather, Covad must actively go to
17 the web to view the reports and to search for orders that *should* be completed. If
18 the phone number is on the report and has a "wk" or "working status", it means that
19 the BellSouth CO technician has completed the work order for the central office
20 cross-connects for the line sharing. This means that the line sharing should be
21 complete and working.

22 As I explained more fully in my direct testimony, these reports do not

1 replace an accurate service order completion notification. BellSouth's electronic
2 ordering systems for line sharing are new and are still being tested.

3 **Q. What does Covad need from BellSouth regarding accurate completion**
4 **notifications?**

5 A. Again, as I discussed in my direct testimony, BellSouth should simply provide a
6 daily email listing of all of the line sharing orders that were completed by BellSouth
7 on the previous day. Covad could verify this against its records based on the firm
8 order confirmations (FOCs) received. This is just what another ILEC, Qwest,
9 provides to Covad for line sharing orders in that region. Moreover, Verizon
10 provides such a list on all stand alone loops ordered.

11 **Q. On page 13 and 14 of BellSouth witness Pate's direct testimony, Mr. Pate**
12 **discusses how accurate completion notifications are delivered to ALECs and**
13 **that line sharing should be treated the same. Will these completion**
14 **notifications be accurate for line sharing orders?**

15 A. No. As I discussed above in my rebuttal of BellSouth witness Williams' testimony,
16 line sharing provisioning orders "auto-complete" on the due date. Therefore, even
17 if we submit an order for line sharing electronically and are returned an electronic
18 completion notification from BellSouth, it does not really mean that provisioning
19 of the order is complete. Because of this auto-complete mechanism, ALECs have
20 no way to know if the physical work in the central office has been completed on
21 time. Covad has continued to experience problems with BellSouth completing the
22 central office cross-connects on the due date. That is why we have requested a line

1 sharing completion report be sent to Covad daily. This report must be based off of
2 BellSouth's COSOMS/SWITCH database since this is the only means to determine
3 if the physical work has been done. A completion notification that is truly accurate
4 is crucial for Covad to provide competitive DSL service to Florida consumers.

5 **Issue 22: SHOULD BELLSOUTH BE REQUIRED TO TEST FOR DATA**
6 **CONTINUITY ON EACH LINE SHARED LOOP BOTH IN THE PROVISIONING**
7 **AND IN THE REPAIR AND MAINTENANCE OF THE LOOPS?**

8 **Q. On page 7, lines 6-17 of BellSouth witness Williams' direct testimony, Mr.**
9 **Williams states that BellSouth is willing to test continuity of the data circuit**
10 **wiring. Can you please comment?**

11 **A. Yes. As stated in my direct testimony, it is crucial that BellSouth test for data**
12 **continuity during provisioning and repair and maintenance of line sharing. During**
13 **the initial implementation of line sharing, Covad has experienced numerous**
14 **problems with ensuring that BellSouth has completed the work necessary to**
15 **provision the loop. The fact that BellSouth has implemented the line sharing**
16 **verification transmitter (LSVT) is a move in the right direction. However, it is not**
17 **enough. As I asserted in my direct testimony, the LSVT does not provide the**
18 **necessary data continuity testing that Covad needs to assure that BellSouth has**
19 **accurately provisioned and repaired line sharing orders. While the LSVT is a good**
20 **step toward providing good quality line sharing orders to Covad, it does not provide**
21 **Covad with all that it needs regarding this issue. BellSouth has testing capabilities**
22 **that it uses for its own retail ADSL that it refuses to use for Covad line sharing.**

1 **Q. Can you please explain again what capability BellSouth uses to test its own**
2 **retail ADSL?**

3 A. Covad has learned that BellSouth uses a Sunset ADSL test set to test its own ADSL
4 services. Covad discovered this when several BellSouth CO technicians actually
5 used these sets to successfully test Covad line sharing circuits. With the success
6 that we have experienced using the Sunset ADSL test sets in a few sets to provision
7 Covad's line shared service, we requested that BellSouth use this test set on all our
8 loops. BellSouth responded the Sunset test set could only be used for BellSouth
9 retail ADSL orders, not Covad's wholesale orders.

10 **Q. Why should BellSouth use the Sunset ADSL test set for Covad line sharing**
11 **orders?**

12 A. Again, unlike the LSVT test set, the Sunset ADSL test set would provide Covad
13 repair representatives, located in Covad's repair center, with visibility into the
14 configuration of our line sharing circuits and improve our cooperative testing
15 abilities during the repair and maintenance process.

16 **Q. Should BellSouth still use the LSVT for the provisioning of line sharing**
17 **circuits for Covad?**

18 A. Yes. The LSVT test allows the BellSouth central office technicians to double-
19 check the cross-connections and jumpers when initially wiring Covad line sharing
20 orders. The Sunset ADSL test set would only be used in a repair and maintenance
21 situation.

22 **Q. Does this mean that the Sunset test set would not be used if Covad was having**

1 **trouble turning up a line sharing circuit initially?**

2 A. No. The way that BellSouth has implemented its processes, as soon as the due date
3 for an order has passed, BellSouth considers it a maintenance issue. Today, Covad
4 must open a trouble ticket on a new order that is having a problem, even though it
5 has never been successfully turned up on the provisioning side. BellSouth could
6 easily modify its methods and procedures to begin using the Sunset ADSL test set
7 for Covad line sharing orders. Since BellSouth uses these for its own retail ADSL
8 service, it can easily be used for Covad's service as it would quickly resolve
9 problems on the orders.

10 **Issue 30: SHOULD BELLSOUTH RESOLVE ALL LOOP "FACILITIES" ISSUES**
11 **WITHIN THIRTY DAYS OF RECEIVING A COMPLETE AND CORRECT LSR?**

12 **Q. On page 5, lines 24-25 of BellSouth witness Kephart's direct testimony, Mr.**
13 **Kephart states that, "it is not reasonable to place an arbitrary, artificial time**
14 **limit on when facilities issues can be resolved." Do agree that the intervals**
15 **that Covad is requesting are arbitrary or artificial?**

16 A. Absolutely not. Covad is simply asking this Commission to set reasonable intervals
17 for BellSouth to clear facilities issues--not arbitrary or artificial intervals. When I
18 was at BellSouth, I remember that the internal goal for clearing facilities was 30
19 days. You were measured by that goal as part of your performance plan. In fact,
20 Mr. Kephart even states on page 6, lines 1-3 that BellSouth uses the same
21 procedures for handling its own facilities.

22 **Q. What is the ultimate goal regarding clearing facilities problems on loop orders**

1 **and what do you propose as a solution?**

2 A. The goal is to not have customers wait indefinitely for service. Although I believe
3 that a 30-day interval is reasonable, our discussions with BellSouth have lead us to
4 develop the following proposal. BellSouth should categorize facility issues into
5 three types: 1) defective cable pairs; 2) facilities exhaust conditions; and 3) new
6 construction.

7 The interval to clear a defective cable pair to make a facility available
8 should be no more than seven (7) calendar days. For a facility exhaust condition,
9 one of which BellSouth should already be aware, the interval should be thirty (30)
10 calendar days. Finally, for new construction, the interval should be the same that
11 BellSouth quotes for its retail POTS service.

12 **Q. On page 6, lines 1--25 of Mr. Kephart's direct testimony he also discusses other**
13 **factors that can influence the time required to resolve facilities issues such as**
14 **natural disasters. Please comment.**

15 A. Covad understands that repair and maintenance after a natural disaster takes the
16 highest priority, but natural disasters do not happen everyday. The Commission
17 should not be persuaded by such a red herring. Covad would certainly be willing
18 to agree to contract language indicating that the intervals for resolution of facility
19 issues will be waived in the event of a natural disaster. BellSouth, as always, wants
20 this Commission to base its decision on the worst possible case scenario. Covad
21 would like this Commission to address the type of facility problems that it
22 experiences everyday dealing with BellSouth.

1 The issue that Covad is asking the Commission to decide is what should be
2 the standard interval be for clearing facilities, so that Florida consumers aren't
3 continually frustrated when they have to wait months to receive service.

4 **Q. Does this conclude your rebuttal testimony?**

5 **A. Yes.**

BellSouth

investor news

INSIDE:

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BellSouth Reports First Quarter Earnings

- Data revenues top \$1 billion for first time, gaining 28%
- Increase in DSL customers brings total to 303,000
- Cingular Wireless surpasses 20.5 million cellular customers
- Latin America customer growth approaches 53%
- Results reflect impact of DSL and Colombia growth initiatives

ATLANTA, GA, April 19, 2001 – With strong volumes in the growth areas of data and wireless, BellSouth Corporation (NYSE: BLS) reported normalized earnings per share (EPS) of 52 cents in the first quarter of 2001, including a 2-cent reduction related to foreign currency losses. This compared to normalized EPS of 52 cents in the same quarter a year earlier.

As previously disclosed, the first quarter of 2001 reflected BellSouth's accelerated growth initiatives in domestic broadband and Latin America wireless. The company's accelerating ramp-up of DSL high-speed Internet access service reduced EPS an incremental 2 cents compared to the first quarter of 2000. BellSouth's wireless operations in Colombia, which were acquired in July 2000 and not included in the first quarter a year ago, reduced EPS 3 cents.

BellSouth's Colombia acquisition creates that country's first nationwide mobile cellular operator covering a total of 41 million people, with proportional customers of 738 thousand. BellSouth's other major initiative is a rapid DSL ramp-up that will allow the company to nearly triple its DSL customer base to 600 thousand at the end of 2001, as compared to year-end 2000. Service will be available to over 70% of BellSouth's households, over 1,000 central offices and over 9,300 remote terminals – nearly doubling the number of central offices and remote terminals equipped.

Revenue growth – reflecting BellSouth's 40% share of Cingular Wireless – was 10.5%. Growth was boosted by a strong 28% increase in data revenues. Data continues to be a strong driver of revenue growth, and this quarter represented nearly one-third of our total revenue growth. For the first time ever, quarterly data revenues exceeded the \$1 billion level. Data revenues were driven by a record 25.4% jump in equivalent access lines. In addition, DSL customers increased 41% versus 4Q00, surpassing 300 thousand customers. BellSouth is confident of reaching its target of 600 thousand DSL customers by the end of 2001.

Another strong driver was worldwide wireless customer growth. The company added nearly 1.3 million proportionate customers in the quarter – including the recently acquired operations in Colombia. This phenomenal wireless growth was driven by BellSouth's Latin American markets, where our customer base grew 53% in the past year, to 7.8 million customers. Domestically, Cingular Wireless ended the quarter with over 20.5 million cellular and PCS customers.

Total operating expense grew 10.4% in the quarter, driven by the inclusion of our accelerated growth initiatives in DSL and Latin America, specifically, the recently acquired wireless properties in Colombia. In addition, strength in Cingular gross adds and the Cingular national branding kickoff costs drove expenses higher.

Complete financial statements and the first quarter 2001 earnings press release can be accessed at www.bellsouth.com/investor

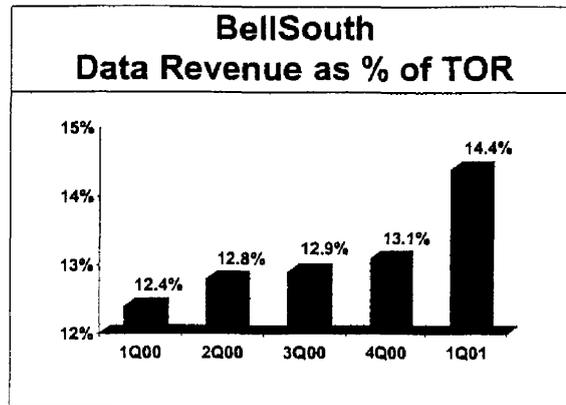
Data

Data revenues top \$1 billion

BellSouth continues to transform its core network from analog voice to digital data. More than three-quarters of the \$5.3 billion of network investments made in 2000 is doing double duty to enable New Economy products and services. And BellSouth's network already has 3.5 million miles of fiber.

The marketplace clearly has responded to this data-centric transformation. Already two-thirds of BellSouth's network traffic is data, and in the first quarter of 2001 total equivalent access lines grew a record 25.4%. This includes traditional switched lines as well as broadband data services. Equivalent business lines alone grew 38%. BellSouth's innovative products and services help drive customer demand for broadband data, as customers migrate from traditional voice lines to broadband data and other high-speed digital services.

Driving the first quarter, BellSouth grew high capacity digital and data lines by 58% and produced record data revenues of \$1.03 billion, a 28% growth rate. Data revenues alone contributed nearly one-third of the total consolidated revenue growth in the quarter. High-speed data services, such as LightGate® – a service that integrates data, voice and video over a fiber based private line service giving businesses the equivalent of 672 circuits – drove the growth in data revenues. In addition, web hosting, DSL and e>commerce applications were among the leading drivers of data revenue growth.



DSL customers increased 41% in first quarter, to 303 thousand. The company added an average of over 1,300 customers per business day, and is currently installing next generation DSLAMs, which provide a 21% improvement in cost performance per line. The daily install rate is expected to accelerate over the next three quarters. BellSouth is confident of reaching its goal of 600 thousand DSL customers by the end of 2001. Over 90% of new residential DSL customers are opting for self-install, and about 75% successfully install it – reducing the need for a home visit. The popular self-install option is being enhanced by deployment of BroadJump's broadband solutions tool kit giving BellSouth an end-to-end broadband solution. The tool kit allows BellSouth to monitor, test, and maintain a customer's DSL connection and enables customers to determine if their system can support a broadband connection. It also provides customer instructions to establish connectivity and helps customers solve routine connection problems, often without help desk support.

| | 1Q01 (2) | 1Q00 | % chg |
|---|----------------|----------------|--------------|
| EPS - Reported Diluted | \$ 0.47 | \$ 0.53 | N/A |
| Loss on Sale of Qwest common stock | \$ 0.02 | | |
| Post-retirement benefit expense | \$ 0.02 | | |
| Loss from wireless video business | | | |
| Gain on E-Plus restructuring | | (\$0.04) | |
| Severance Accrual | | \$0.03 | |
| EPS – Normalized (1) | \$ 0.52 | \$ 0.52 | 0.0% |
| Colombia Impact | \$ 0.03 | | N/A |
| DSL Impact | \$ 0.02 | | N/A |
| Foreign Currency Losses | \$ 0.02 | | |
| EPS Adjusted for Colombia, DSL, & FX | \$ 0.59 | \$ 0.52 | 13.5% |

(1) Normalized EPS for first quarter 2001 does not sum due to rounding.
 (2) See press release for an explanation of the normalizing items.

Effective 1Q01, BellSouth adopted new segment reporting to align financial reporting with management of the business. Please see our March 26, 2001, BLS Investor News at www.bellsouth.com/investor for more details about BellSouth's new segments.

BellSouth already has over 5,600 remote terminals and nearly 650 central offices provisioned for DSL – and is well on its way to having over 9,300 remote terminals and over 1,000 central offices equipped for DSL by the end of 2001. In addition, DSL will pass over 70% of BellSouth households by year-end.

BellSouth recently announced an agreement with Dell to jointly market broadband-enabled computers with a pre-installed DSL modem and pre-loaded BellSouth FastAccess DSL software, giving customers plug-and-play broadband solutions. DSL is a primary driver of the growth in BellSouth Internet Services, which now has over 1 million customers.

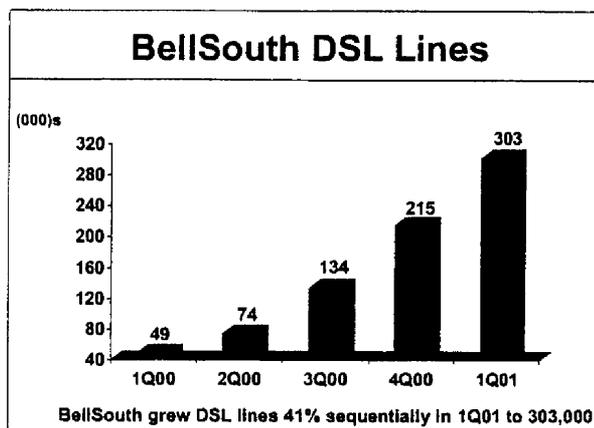
| BellSouth DSL Deployment Stats | | | |
|---------------------------------------|--------------------|--------------------|--------------------|
| | Actual at 12/31/00 | Actual at 03/31/01 | Target at 12/31/01 |
| Markets | 46 | 56 | 63 |
| CO's Equipped | 508 | 625 | >1,000 |
| RTs Deployed | 4,881 | >5,600 | >9,300 |
| HHs Passed | 45% | nearly 50% | >70% |
| Lines Passed | >10M | nearly 11M | >15.5M |

BellSouth's recent data offerings include two e>business centers in Atlanta and Miami – which already host over 25 thousand websites. The company offers a broad spectrum of e>business content, storage, security and application services. In the near future, the centers will host network-centric applications like customer care and VPN access. Recently, the centers passed the rigorous requirements of IBM's Hosting Advantage program, which identified the BellSouth centers as world-class hosting environments. The market opportunity in the Southeast for these services will be somewhere in the \$4 - \$6 billion range by 2004. BellSouth expects to gain 10% - 20% of this market.

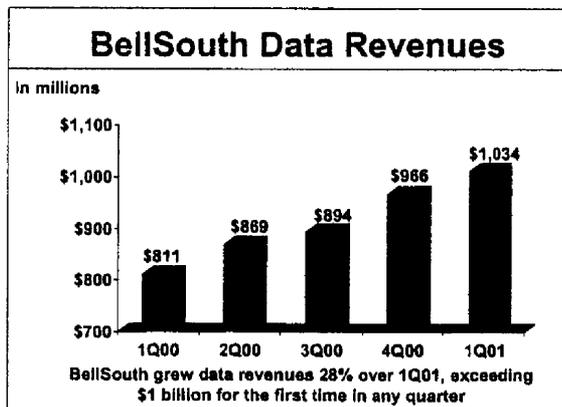
In addition, during the quarter, BellSouth and IBM formed an alliance to deliver turnkey e>business solutions to small and mid-sized businesses throughout the Southeast. The alliance includes sales, marketing and business development initiatives that will build upon IBM's and BellSouth's extensive network of distribution partners who market to businesses in the Southeast – providing a solution

that customers in this market normally don't have the resources to do in-house. The alliance enhances BellSouth's e>business strategy and state-of-the-art hosting centers and builds upon joint marketing and distribution channels to tap into the multi-billion dollar e>business infrastructure market.

During the quarter, BellSouth became the first and only data network provider offering sub-rate T3 service, a new frame relay product that offers businesses true bandwidth-on-demand from 3 Mbps up to 44.2 Mbps. The service provides customers the



rapid scalability, reliability and reduced provisioning intervals needed in today's electronic marketplace. With over 80 thousand frame relay customer sites in its markets, BellSouth recognized that users need a cost-effective, flexible solution that easily expands beyond T1 speeds.



The Communications Group Driven by strong growth in data

BellSouth's Communications Group represents the company's core domestic businesses, including: all domestic wireline voice, data, broadband, e-commerce, long distance, Internet services, and advanced voice features – all of which are provided to our array of customers, including residential, business, and wholesale. On the BellSouth normalized income statement, Communications Group revenues grew 3.0% in the quarter, driven by strong growth in digital and data revenues, wholesale revenues, and by the company's marketing of calling features, and were offset by competition, rate reductions and the slower growth in access lines, reflecting a slowing economy.

In the Communications Group segment, local service revenue increased 2.9% -- impacted by competition, rate reductions, and the slower growth in access lines, which reflects a slowing economy. Excluding an adjustment related to a one-time retroactive rate settlement, operating local revenue grew nearly 4%, boosted by strong growth in digital and data revenues, wholesale revenues (ending the quarter with 1.4 million wholesale lines in service), and by the company's marketing of calling features.

Calling Features and Other Enhanced Services

Calling features generated \$567 million in revenues in 1Q01, growing 10.1% over 1Q00 to total nearly 60 million features in service. Growth was driven by sales of Complete Choice® -- a package combining a basic telephone line with various calling features. Sales of the Complete Choice family of products grew 18% in 1Q01 to 5.6 million packages, a 31.4% penetration rate. BellSouth's leading calling features include:

- **Caller ID**, which increased 12% to over 8.6 million -- a 47.5% penetration rate of residential customers.
- **Call Waiting Deluxe**, which grew 26% in the past year to nearly 4.9 million features in service, a 28% penetration rate.
- **BellSouth VoiceMail**, which climbed 14.5% to nearly 3.4 million mailboxes, a 17% penetration rate.

- **Privacy Director**, a service that BellSouth began offering last year, enables customers to screen out unwanted calls. The service gives the customer the option of answering a call, ignoring a call, or sending a sales-reject message. While still in the early stages, the service has grown over five-fold in the past year, to nearly 600 thousand customers.

Access Lines & Revenues

Network access revenue grew 0.4%, impacted by higher incremental rate reductions and slowing access MOU growth.

Total switched access minutes of use fell 2.7% in 1Q01, the result of continued migration of minutes to dedicated digital and data services and to competitive services, such as wireless and Internet e-mail.

Long distance revenue increased 0.6%, driven by the strong growth in wireless long distance and offset by the demand for Area Plus, a package that combines a basic telephone line with an expanded local calling area, and also offset by toll market share loss. Area Plus packages grew 19% in the past year to nearly 1.9 million. Long distance messages declined by 20.6% in 1Q01, a result of competition and the demand for Area Plus.

Other Communications Group Revenue increased 5.7%, driven by growth in wireless interconnection revenues and offset by a reduction in payphone revenues, as BellSouth begins the transition out of this business that will be completed by December 2002.

Communications Group Expenses

The Communications Group EBITDA margin was 53.1% in 1Q01, compared to 52.7% in 1Q00. Communications Group total operating expenses increased 3.3%, driven by expenses related to data initiatives and higher depreciation and amortization expense -- primarily due to the deployment of software since first quarter 2000. This was offset by lower discretionary expenses.

**Domestic Wireless
Cingular delivers strong customer
and revenue growth**

Cingular, BellSouth's domestic wireless joint venture, generated strong net adds of 854 thousand and grew revenues by 14.6% during the first quarter of 2001. Cingular's nationwide footprint serves over 20.5 million cellular and PCS customers with an array of data and voice services.

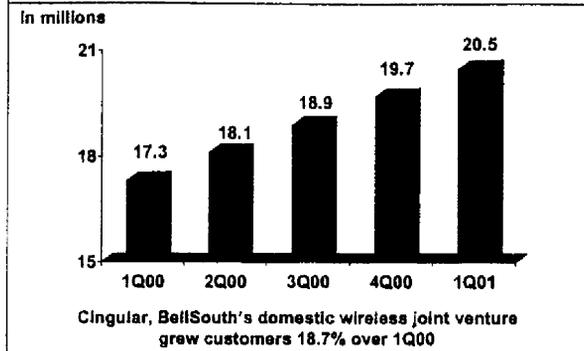
Driven by the excitement surrounding the nationwide branding campaign and an increasing demand for wireless services, Cingular revenues increased 14.6% to \$3.3 billion. EBITDA improved 4.2% over 1Q00 to \$972 million and the EBITDA margin increased sequentially from 4Q00 to 31.7%, a 320 basis point improvement. Strong net additions, national branding launch and one-time merger related initiatives impacted operating expenses.

Cingular added 854 thousand net cellular and PCS customers during the first quarter of 2001, a 22.9% increase over last year. Cingular's innovative marketing and effective segmentation programs for both post and prepaid products, coupled with an array of data offerings are attracting quality customers while generating strong growth. Cingular ended the quarter with 20.5 million customers, an increase of 18.7% over the prior year. In addition, Cingular Interactive more than doubled its customer base over prior year to bring the total customers to 657 thousand, adding 84 thousand customers during the first quarter.

Cingular currently operates in 42 of the top 50 MSAs with about 192 million POPs, while the pending receipt of New York will bring that number to 43 MSAs and about 211 million POPs. Salmon PCS, of which Cingular is an 85% non-controlling equity owner, was a winner of spectrum in the recent 1900 MHz band auction. The spectrum covers approximately 77 million POPs; 28 million of these are in five markets where Cingular currently has no presence.

To service its nationwide footprint, Cingular continues to provide innovative product offerings. During this quarter, Cingular completed a nationwide roll-out of

Cingular Wireless Customer Growth



wireless Internet (WAP) capabilities. In addition, Cingular announced "Wireless Internet Express," which ushered in always-on connections for virtual instant access to e-mail, Internet, games and other services.

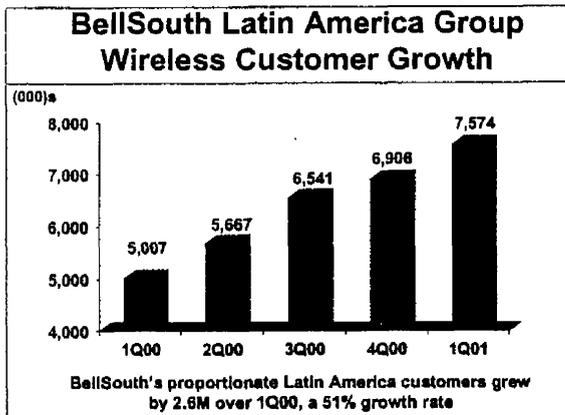
In an ongoing effort to create synergies and streamline customer service functions throughout the United States, Cingular announced the opening of six new state-of-the-art, multi-functional regional customer care call centers at the beginning of April. The centralization and consolidation of customer care centers will allow Cingular to provide consistent, high quality service in a cost-efficient manner.

Beginning in the fourth quarter of 2000, BellSouth's reported consolidated income statement no longer reflects revenues and expenses from domestic wireless. Net earnings from BellSouth's share of Cingular are included in other income on BellSouth's Consolidated Statement of Income - Reported Basis. Cingular's pro-forma financial statements for 1Q01, and for 1999 and 2000, can be accessed at www.bellsouth.com/investor.

**Latin America Group
Delivers strong customer and operating
cash flow growth**

Consolidated revenues from BellSouth's Latin America segment grew 13%, driven by Colombia and Chile. BellSouth's consolidated international properties include Argentina, Chile, Colombia, Ecuador, Nicaragua, Peru and Venezuela. Revenues were impacted by a delay in publication of directories by Listel, one of the company's Advertising and Publishing subsidiaries in Brazil. Excluding this impact, revenues grew 15% to \$781 million in the first quarter. Consolidated ARPU declined to \$28, impacted by the increased penetration of cellular service into the mass-consumer market.

Despite the decline in ARPU, consolidated EBITDA increased 33% to \$152 million, and the operating cash flow margin improved 300 basis points over 1Q00. Proportionate EBITDA improved more than 41% over 1Q00, reflecting strong operational performance in Brazil. The Latin America Group portfolio generated a net loss for the quarter of \$106 million, primarily related to the Colombia acquisition and foreign exchange losses.



With a focus on attracting quality customers, BellSouth added over 668 thousand proportionate wireless customers during the first quarter. The company's Latin American wireless equity customer base surpassed 7.6 million for a 51% growth rate over last year.

The primary customer growth drivers were:

- Venezuela, which added 184 thousand subscribers to surpass 2.7 million equity customers
- Colombia added more than 170 thousand customers during the quarter
- Brazil which stands at 1.4 million equity customers, a growth rate of 57% over last year, and
- Chile continued strong growth with an 88% increase in customers.

In March the company successfully launched the BellSouth brand name in Colombia, integrating two properties acquired last year to form the first nationwide wireless operator in the country. In the last 3 months alone, BellSouth Colombia grew its subscriber base 30% to reach 737 thousand equity subscribers. Consolidation of the operations has enabled the company to streamline processes and capture cost synergies.

Armed with targeted price plans and new service offerings, such as concierge services, short messaging and WAP-based services, BellSouth's BCP operation in Brazil increased its share of postpaid customers this quarter. Nationwide prepaid roaming, implemented in Brazil in January 2001, drove additional customer growth and bolstered ARPU.

In December 2000 and January 2001, BellSouth's operation in Venezuela won licenses to provide nationwide Wireless Local Loop (WLL) services, and Telcel-BellSouth is now offering basic telephony services throughout Venezuela, without installing local landlines. The company is leveraging its current backbone network to provide voice and high-speed Internet access, providing service to over 3,500 voice customers and 250 Internet customers.

Worldwide Wireless

Lead by E-plus in Germany with a 69% customer growth rate, BellSouth's Europe and other International properties contributed 263 thousand proportionate net adds during the quarter. BellSouth's non-Latin proportionate customer base increased 45% over 1Q00 to 2.7 million.

On a proportionate basis, worldwide wireless customer growth was a robust 48%, demonstrating the increasing demand for wireless services globally. From 1Q00, BellSouth's worldwide wireless total customer base doubled to 42.6 million throughout sixteen countries, with a total population of 537 million.

For the quarter, BellSouth's Domestic and Latin America wireless operations delivered more than two-thirds of the company's normalized consolidated revenue growth.

Additional Details

Domestic Advertising and Publishing

BellSouth's advertising and publishing business grew revenues 23.8% -- driven by a book shift and volume growth in the domestic books. EBITDA grew 44% to \$233 million, driving an EBITDA margin of 53.3%.

BellSouth consolidated results

Interest expense increased 37.3% over 1Q00, primarily driven by interest expense related to Cingular but which is offset by interest income booked to the Other Income/Expense line. Adjusting for the higher interest expense related to Cingular, interest expense would have grown 17.6%, driven by debt related to Colombia, and the buyout of our partners in our Carolinas PCS operations.

The effective tax rate for 1Q01 was 36.6%.

BellSouth's capital expenditures for 1Q01 were \$1.6 billion, up 5% over 1Q00. First quarter was a ramp-up due to heavier spending on DSL and long distance entry. Total cumulative costs related to long distance entry are in the \$1.0 -- \$1.5 billion range. Capital expenditure guidance for 2001 is in the range of \$5.5 - \$6.0 billion, excluding the impact of Cingular Wireless.

BellSouth's level of investment in its networks has remained fairly stable and consistent over time, allowing BellSouth to lead the industry in broadband deployment, with 95% of the customers in our top metros within 12,000 feet of a fiber connection. The company's success in managing its network is clear -- today BellSouth has over 520 broadband switches, over 17,000 SONET rings, and 3.5 million miles of fiber deployed in its network.

Long distance entry update

During the quarter, BellSouth passed a major long distance milestone in Georgia when KPMG delivered its final report to the Georgia PSC. After evaluating over 1,170 criteria in testing BellSouth's OSS, the independent firm told the PSC that BellSouth satisfied over 96% of the sample criteria, and with actual orders from CLECs flowing through at an even better rate than the samples. The same OSS systems support local competition across BellSouth's nine-state region. BellSouth expects to file a notification with the Georgia PSC in late May and with the FCC in July.

In addition, on April 12, BellSouth asked the North Carolina Utilities Commission to concur that the company is ready to provide long distance service. After gaining the Commission's endorsement, BellSouth will then seek permission from the FCC to enter the long distance market in North Carolina. Commission action is expected this summer.

OSS testing continues in Florida with a filing expected with the PSC in May and a state decision expected in December, followed by an FCC filing in late December or January.

2001 Guidance

BellSouth is reaffirming its previous guidance for certain key financial and business metrics in 2001 as follows:

- EPS growth in the 7% - 9% range
- Total operating revenue growth (including Cingular) of 9% - 11%
- Data revenue growth of approximately 30%
- DSL high-speed Internet customers of 600,000 at 12/31/01
- Capital expenditures of \$5.5 - \$6.0 billion

This document contains forward-looking statements, and actual results may vary significantly depending on factual developments, including whether our assumptions materialize. We refer you to our form 10-K, 10-Qs, and 8-Ks that we have filed with the SEC, which discuss factors that may cause actual results to differ materially from those forecast. The forward-looking information in this document is given as of this date only, and BellSouth assumes no duty to update this information.

BellSouth Telecommunications, Inc.
Tennessee Regulatory Authority
Docket No. 00-00544
Broadslate's Revised 1st Interrogatories
November 1, 2000
Item No. 26
Page 1 of 1

REQUEST: Please provide the total amount of expense BellSouth booked for conditioning activities (i.e., removing load coils, removing bridged tap or removing repeaters and/or other devices disruptive to digital services) in 1998, 1999, and year to date 2000.

RESPONSE: BellSouth does not maintain its accounting records in a manner which would permit it to provide the detailed information sought by this request. While BellSouth records the dollars (whether capital or expense) associated with an outside plant construction job, a job often includes many tasks and determining the cost incurred by the actual "conditioning" may not be separable from other tasks. Also, even the identification of those jobs that included the removal of some portion of the plant, is dependent on the verbiage the engineer stated in the title of the job and therefore capturing all the relevant jobs would be unlikely.

INTERCONNECTION AGREEMENT-TEXAS

between

Southwestern Bell Telephone Company

and

Covad Communications Company

the parties in each instance. These provisioning intervals are applicable to every xDSL loop regardless of the loop length.⁴¹ The Parties will meet to negotiate and agree upon subloop provisioning intervals.

6.3 Subsequent to the initial order for a xDSL capable loop or subloop, additional conditioning may be requested on such loop at the rates set forth below and the applicable service order charges will apply; provided, however, when requests to add or modify conditioning are received within twenty-four (24) hours of the initial order for a xDSL-capable loop, no service order charges shall be assessed, but the due date may be adjusted as necessary as agreed to by the parties. The provisioning interval for additional requests for conditioning pursuant to this subsection will be the same as set forth above.

6.4 The CLEC, at its sole option, may request shielded cross-connects for central office wiring at rates set forth in Section 11.3.⁴²

6.5 SWBT shall keep CLEC deployment information confidential from SWBT's retail operations, any SWBT affiliate, or any other CLEC.⁴³

7.0 Acceptance Testing

7.1 SWBT and Covad agree to implement Cooperative Acceptance Testing for xDSL loop delivery.

7.2 Should Covad desire Cooperative Acceptance Testing, Covad shall request such testing on a per xDSL loop basis upon issuance of the Local Service Request (LSR). Cooperative Acceptance Testing will be conducted at the time of installation of the service request.

7.3 Acceptance Testing Procedure:

7.3.1 Upon delivery or repair of a loop to/for Covad, SWBT's field technician will call the Local Operations Center (LOC) and the LOC technician will call a toll free Covad number to initiate performance of a series of cooperative tests.

7.3.1.1 Except for ISDN loops that are provisioned through repeaters or digital loop carriers, the test requires the SWBT field technician to provide a solid short across the tip and ring of the circuit and then open circuit the loop.

7.3.1.2 For ISDN (very low band symmetric) loops that are provisioned through repeaters or digital loop carriers, the SWBT field technician will not perform a short or open circuit.

7.3.2 If the loop passes Cooperative Acceptance Test for loop continuity test parameters defined by this Agreement for xDSL loops, Covad will provide SWBT with a

⁴¹ Award pages 81-82.

⁴² Award page 33.

⁴³ Award page 55.

the parties in each instance. These provisioning intervals are applicable to every xDSL loop regardless of the loop length.⁴¹ The Parties will meet to negotiate and agree upon subloop provisioning intervals.

6.3 Subsequent to the initial order for a xDSL capable loop or subloop, additional conditioning may be requested on such loop at the rates set forth below and the applicable service order charges will apply; provided, however, when requests to add or modify conditioning are received within twenty-four (24) hours of the initial order for a xDSL-capable loop, no service order charges shall be assessed, but the due date may be adjusted as necessary as agreed to by the parties. The provisioning interval for additional requests for conditioning pursuant to this subsection will be the same as set forth above.

6.4 The CLEC, at its sole option, may request shielded cross-connects for central office wiring at rates set forth in Section 11.3.⁴²

6.5 SWBT shall keep CLEC deployment information confidential from SWBT's retail operations, any SWBT affiliate, or any other CLEC.⁴³

7.0 Acceptance Testing

7.1 SWBT and Covad agree to implement Cooperative Acceptance Testing for xDSL loop delivery.

7.2 Should Covad desire Cooperative Acceptance Testing, Covad shall request such testing on a per xDSL loop basis upon issuance of the Local Service Request (LSR). Cooperative Acceptance Testing will be conducted at the time of installation of the service request.

7.3 Acceptance Testing Procedure:

7.3.1 Upon delivery or repair of a loop to/for Covad, SWBT's field technician will call the Local Operations Center (LOC) and the LOC technician will call a toll free Covad number to initiate performance of a series of cooperative tests.

7.3.1.1 Except for ISDN loops that are provisioned through repeaters or digital loop carriers, the test requires the SWBT field technician to provide a solid short across the tip and ring of the circuit and then open circuit the loop.

7.3.1.2 For ISDN (very low band symmetric) loops that are provisioned through repeaters or digital loop carriers, the SWBT field technician will not perform a short or open circuit.

7.3.2 If the loop passes Cooperative Acceptance Test for loop continuity test parameters defined by this Agreement for xDSL loops, Covad will provide SWBT with a

⁴¹ Award pages 81-82.

⁴² Award page 33.

⁴³ Award page 55.

confirmation number and SWBT will complete the order. Covad will be billed for the Cooperative Acceptance Test as specified below under Acceptance Testing Billing.

7.3.3 If the Cooperative Acceptance Test fails loop continuity test parameters defined by this Agreement for xDSL loops, the LOC technician will take reasonable steps to immediately resolve the problem with Covad on the line including, but not limited to, calling the central office to perform work at such office. If the problem cannot be quickly resolved, SWBT will release the Covad technician, and perform the work necessary to correct the situation. Once the loop is correctly provisioned, SWBT will contact Covad to repeat the Cooperative Acceptance Test. When the aforementioned test parameters are met, Covad will provide SWBT with a confirmation number and SWBT will complete the order. SWBT will not complete an order that fails Acceptance Testing.

7.3.4 Since Covad's test equipment cannot send signals through repeaters or digital loop carriers, Covad will accept ISDN loops without testing the complete circuit. Consequently, SWBT agrees that should Covad open a trouble ticket on such a loop within ten (10) business days (that is the fault of SWBT), SWBT will adjust Covad's bill and refund the recurring charge of such a loop until SWBT has resolved the problem and closed the trouble ticket.

7.3.5 SWBT will be relieved of the obligation to perform Acceptance Testing on a particular loop and will, assume acceptance of the loop by Covad when Covad places the LOC on hold for over ten (10) minutes. In that case, SWBT may close the order utilizing existing procedures. If no trouble ticket is opened on that loop within 24 hours, SWBT may bill Covad as if the Acceptance Test had been completed and the loop accepted, subject to Section B below. If, however, a trouble ticket is opened on the loop within 24 hours and the trouble resulted from SWBT error, Covad will be credited for the cost of the acceptance test. Additionally, Covad may subsequently request and SWBT will perform testing of such a loop under the terms and conditions of a repair request. If such loop is found by SWBT to not meet loop continuity test parameters defined herein, SWBT will not charge for acceptance testing done on the repair call.

7.3.6 If a trouble ticket is opened within 24 hours of a loop order completion, and the trouble is determined to be SWBT's error, then the loop will not be counted as a successful completion for the purposes of the calculations discussed in Section B.1 below.

7.3.7 Both Parties will work together to implement Cooperative Acceptance Testing procedures that are efficient and effective. If the Parties mutually agree to additional testing, procedures and/or standards not covered by this Agreement or any commission-ordered tariff, the Parties will negotiate terms and conditions to implement such additional testing, procedures and/or standards. Additional charges may apply if any agreed-to changes require SWBT to expend additional time and expense.

7.4 Acceptance Testing Billing

7.4.1 Covad will be billed for Acceptance Testing upon the effective date of this Agreement for loops that are installed correctly by the committed interval without the benefit of corrective action due to acceptance testing. In any calendar month after the first sixty (60) days of the agreement, Covad may indicate that it believes that SWBT is failing to install loops with loop continuity and ordered conditioning eighty percent (80%) of the time within the committed intervals.

7.4.1.1 If sampling establishes that SWBT is correctly provisioning loops with continuity and ordered conditioning eighty percent (80%) of the time, SWBT may continue charging for Acceptance Testing for all loops that are properly installed the first time. If SWBT is not correctly provisioning loops eighty percent (80%) of the time, or greater, then Covad will not be billed for Acceptance Testing for the next 90 days. Immediately after the effective date of this agreement, the Parties will negotiate in good faith to agree to a method for sampling 100 random install orders; provided, however, the Parties agree that none of the orders included in such sampling shall be orders placed within the first thirty (30) days of Covad's entry into any Metropolitan Statistical Area ("MSA").

7.4.1.1.1 ISDN Loops that have trouble tickets (that are SWBT's fault) opened within 10 business days will be considered failures.

7.4.1.1.2 Loops that are successfully installed as a result of corrective action taken after acceptance testing will be considered failures.

7.4.1.2 In any calendar month after the 90 day no charge period, SWBT may request that another random sample of 100 install orders be reviewed. If the sample determines SWBT is provisioning loops correctly eighty percent (80%) of the time or greater, billing will resume.

7.4.1.3 Even if SWBT is in period which it may bill for Acceptance Testing, SWBT will not bill for the Acceptance Testing for loop installs that did not pass, the first time, the test parameters defined by this Agreement for xDSL loops. SWBT will not bill for loop repairs when the repair was SWBT problem.

7.4.1.4 Beginning October 1, 2000, SWBT delivery commitment changes to 90%.

7.4.2 The charges for Acceptance Testing shall be \$33.51 as specifically listed in Section 13.4.8(A) of the commission-ordered FCC Tariff No. 73. Covad will use the USOC(s) UBCX+ for basic time. If requested by Covad, Overtime or Premium time charges will apply for Acceptance Testing requests in off-hours at overtime time charges calculated at one and one half times the standard price and premium time being calculated at two times the standard price. If the tariff rate changes, the parties will negotiate in good faith to determine if the tariff rate changes should apply to acceptance testing.

7.4.3 Repairs

7.4.3.1 The parties will negotiate in good faith to arrive at terms and conditions for acceptance testing on repairs

8.0 Service Quality and Maintenance

8.1 SWBT will not guarantee that the local loop(s) ordered will perform as desired by CLEC for xDSL-based or other advanced services, but will guarantee basic metallic loop parameters, including continuity and pair balance. CLEC-requested testing by SWBT beyond these parameters will be billed on a time and materials basis at Access Tariff 73 rates.⁴⁴

8.2 Maintenance, other than assuring loop continuity and balance, on unconditioned or partially conditioned loops in excess of 12,000 feet, will only be provided on a time and material basis as set out elsewhere in this Agreement. On loops where CLEC has requested that no conditioning be performed, SWBT's maintenance will be limited to verifying loop suitability based on POTS design. For loops having had partial or extensive conditioning performed at Covad's request, SWBT will verify continuity, the completion of all requested conditioning, and will repair at no charge to CLEC any gross defects which would be unacceptable based on current POTS design criteria and which do not result from the loop's modified design.

8.3 Each xDSL-Capable Loop offering provided by SWBT to CLEC will be at least equal in quality and performance as that which SWBT provides to itself or to an affiliate.

9.0 Spectrum Management

9.1 CLEC will advise SWBT of the Power Spectral Density ("PSD") mask approved or proposed by T1.E1 that reflects the service performance parameters of the technology to be used. The CLEC, at its option and without further disclosure to SWBT, may provide any service compliant with that PSD mask so long as it stays within the allowed service performance parameters. At the time of ordering a xDSL-capable loop, CLEC will notify SWBT as to the type of PSD mask CLEC intends to use on the ordering form, and if and when a change in PSD mask is made, CLEC will notify SWBT as set forth in Section 4.3 above. CLEC will abide by standards pertinent for the designated PSD mask type.

9.2 SWBT shall not implement, impose or maintain any spectrum management, selective feeder separation, or binder group management program. SWBT may not segregate or reserve loop binder groups, pair ranges or pair complements exclusively for the provisioning of ADSL and/or POTS services to the exclusion of other xDSL technologies. SWBT may not segregate xDSL technologies into designated loop binder groups, pair ranges or pair complements without prior Commission review and approval. SWBT will release loop binder groups, pair ranges or pair complements that may have already been marked, identified or designated as "ADSL and POTS only," and will remove any such mark, identification or designation that may already have been made in

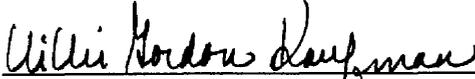
⁴⁴ See also Award page 105-106 on this topic.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Rebuttal Testimony and Exhibits of Thomas E. Allen on Behalf of Covad Communications Company has been furnished by (*) hand delivery this 23rd day of May, 2001, to the following:

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Division of Legal Services
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