

BELLSOUTH TELECOMMUNICATIONS, INC.

DESCRIPTION AND JUSTIFICATION

ORDERING OPTIONS REVISIONS FOR SPECIAL ACCESS SERVICES

TRANSMITTAL NO. 571

1.0 INTRODUCTION

Pursuant to Special Permission No. 00-107 granting a waiver of Sections 61.58 and 61.59 of the Commissions Rules, BellSouth Telecommunications, Inc. (hereinafter "BellSouth") is revising the F.C.C. No. 1 Ordering Options in Section 5 to remove tariff material introduced in Transmittal No. 564 on October 2, 2000, and deferred under Transmittal No. 565, by Special Permission No. 00-100, until November 16, 2000.

BellSouth is refiling revisions to F.C.C. Tariff No. 1 Ordering Options in Section 5. The filing restructures existing charges as described below. In compliance with the Commission's rules, this filing provides the appropriate support information to show that the restructured rates remain within the applicable price cap limits.

2.0 OVERVIEW

The revisions proposed in Section 5 include adding regulations to specify that charges for orders with short service intervals of four business days or less following the Application Date will no longer apply for certain Special Access services (listed in 3.1 below). Rather, a new charge is being introduced called the Service Date Advancement charge, which will replace the existing short interval charge for the specified Special Access Services. Concurrently, BellSouth is introducing a discount on nonrecurring charges for orders of BellSouth SPA DS1 service with long service intervals.

BellSouth's overall objective with the revisions in this filing is to more efficiently manage its ordering and provisioning process. BellSouth anticipates that customers will move away from more costly short service intervals to longer intervals, which are more manageable and efficient. The movement toward longer service intervals should enable BellSouth to meet the service date submitted by the customer, resulting in improved service predictability. BellSouth currently offers a standard interval for BellSouth SPA DS0 service and, concurrent with this filing, will implement standard intervals for BellSouth SPA DS1 service which will allow customers to more effectively plan their service effective dates.

3.0 ORDERING OPTIONS REVISIONS

3.1 Revisions to the Short Interval Charge Ordering Conditions

When a customer orders a Special Access service and requests a short service interval of four business days or less following the Application Date, the existing charge is \$345, which applies on a per service order basis for each Special Access service ordered. With this filing, the \$345 short interval charge will no longer apply for the Special Access Services specified below.

However, this charge will remain in the tariff for all other Special Access Services. As discussed in 3.2 following, a restructured charge is being introduced for orders with short service intervals for the Special Access Services specified below. Section 5, Ordering Options, has been modified to indicate the applicable Special Access services for which the \$345 short interval charge will no longer apply. The services are:

- BellSouth SPA Metallic
- BellSouth SPA Telegraph
- BellSouth SPA VG
- BellSouth SPA WATS Lines
- BellSouth SPA Program Audio
- BellSouth SPA Wideband Analog

- BellSouth SPA Wideband Data
- BellSouth SPA DS0 Digital Data
- BellSouth SPA DS1
- BellSouth SPA DS1 Diverse
- BellSouth SPA DS1 Shared Ring

3.2 Service Date Advancement Charge

BellSouth replaces the short interval charge with a Service Date Advancement charge for the Special Access Services indicated in 3.1 above. The Service Date Advancement charge will allow customers ordering the above services to improve the service date from the standard or negotiated interval to an earlier service date. A standard interval currently exists for BellSouth SPA DS0 service and standard intervals will be implemented concurrent with the effective date of this filing for BellSouth SPA DS1 service. As currently provided in Section 5.1.1 of the Access Service tariff, service intervals will be established in accordance with published service date interval guidelines, which are available to customers upon request. Interval guidelines are also available through the following website:

http://www.interconnection.bellsouth.com/market/ixc/ixc_guides

The Service Date Advancement charge will apply at a rate of \$200 per circuit for each day the circuit is advanced from the standard or negotiated interval. As an example, the standard service interval for BellSouth SPA DS0 Digital Data service is six days. If the customer requests a four-day service interval, a Service Date Advancement charge of \$400 will apply, i.e., $(6 - 4) \times \$200 = \400 ; or if the customer requests a two-day service interval, a Service Date Advancement charge of \$800 will apply, i.e., $(6 - 2) \times \$200 = \800 .

Should BellSouth fail to meet the agreed upon advanced service date but does provide the service in advance of the standard or negotiated interval, a Service Date Advancement charge will apply for each day BellSouth provides the service in advance of the standard or the negotiated interval. Terms and conditions have been added to Section 5 to indicate the above provisions for the Service Date Advancement charge. In addition, terms and conditions have been added to Section 2 to specify that BellSouth's Service Installation Guarantee will not apply for orders with advanced service dates.

3.3 Discount for Long Service Intervals on BellSouth SPA DS1 Service

As part of the restructure, BellSouth is adding a discount on nonrecurring charges for orders of BellSouth SPA DS1 service with long service intervals. This discount will apply if the customer's initial order for BellSouth SPA DS1 service has a service interval of 16 business days or greater, the customer will receive a twenty percent (20%) discount on the nonrecurring charge. This discount is applicable to BellSouth SPA DS1 service only.

Terms and conditions have been added to Section 5, Ordering Options, for the discount on long service intervals for BellSouth SPA DS1 service.

4.0 PRICE CAP ANALYSIS

Section 61.46(c) of the Commission's price cap rules requires that a filing proposing a rate restructure demonstrate the effect of converting existing rates to rates that will apply after the restructure takes effect. In order to meet the Commission's requirements, the first step is to recast base period demand into the new rate structure. This step is discussed in Section 4.1. Next the recast base period demand is multiplied by proposed rates to derive the revenues under the rate restructure. This step is discussed in Section 4.2. Section 4.2 also discusses rate adjustments that were made in order to bring the restructure within applicable price cap limits.

4.1 Demand Analysis

The existing rate structure for short service intervals of four business days or less is based on a Per Service Order charge. The proposed rate structure will be charged on a Per Circuit Per Day of advancement from the standard or negotiated interval.

To recast demand to the new rate structure, two demand components were considered for SPA DS1¹ service: 1) demand for intervals of four business days or less and 2) demand for intervals of five to seven business days. Demand for intervals of four business days or less was determined based upon an average two-month sample of service orders during the period of August and September 1999. Based on this two-month sample, the probability of 0-4 day orders during this period was 26.2%. BellSouth anticipates that the new Per Circuit Per Day advancement charge will reduce the probability to 5.7%.

Demand for five to seven business day intervals was determined based upon an average two-month sample of SPA DS1 service orders during the period of August and September 1999 (same period as discussed above for 0-4 days). The probability of 5-7 day intervals during the sample was 19.5%. However, with the introduction of standard service intervals for BellSouth SPA DS1 service, that probability is projected to increase 39.9%. This increase is anticipated to be a direct result of the shift away from 0-4 day intervals.

In developing demand for SPA DS0 Service² it was determined that there would be a 38% reduction in 0-4 day orders with some of the demand shifting to 5-day orders.

¹ SPA DS1 service intervals are 5 business days for locations found in the Facility Availability System database and 8 business days for all other locations. Other DS1 services have negotiated intervals.

²SPA DS0 service interval is 6 business days.

Demand for the Service Date Advancement rate element was segmented by class of service (DS0 Voice Grade, DDAS, and DS1) as well as by number of days advanced. Because the Service Date Advancement charge is based on number of circuits as well as number of days advanced, the volume of the demand is much greater than the existing demand for four business days or less based on a Per Service Order charge.

Demand estimates were also developed to capture the impact of the 20% discount on SPA DS1 nonrecurring charges for customers selecting Long Service Intervals of 16 business days or greater as discussed in 3.3 above. The overall impact is expected to increase the percentage of orders for 16 business days or greater from 15% to 21%.

Appendix A, Workpapers SDA-1, Pages 1 and 2 provide a detailed analysis of how demand was developed for 0-4 day intervals, 5-7 day intervals as well as the impact of the 20% discount on BellSouth SPA DS1 nonrecurring for long service intervals.

4.2 Revenue Impact

The tariff revisions proposed in this filing will result in an increase in price cap revenues. In order to stay within the allowable price cap limits, selected Switched Access and Special Access service rates were adjusted. Rates associated with SmartGate Service (a.k.a. BellSouth SPA Managed Shared Network Service) were reduced and corresponding rates associated with BellSouth SWA Managed Shared Network Service were also reduced. Because these reductions result in additional headroom in the Trunking Basket, selected rates associated with Switched Access DS0 Dedicated Transport in the Trunking Basket were increased. These rate adjustments are displayed in Appendix B, Workpaper SP-1. With the rate adjustments for the above service, BellSouth will remain within the allowable price cap limits as displayed in Workpaper SUM-A.