

BELLSOUTH TELECOMMUNICATIONS, INC.

DESCRIPTION AND JUSTIFICATION

ORDERING CONDITIONS – SERVICE DATE ADVANCEMENT REVISIONS

TRANSMITTAL NO. 716

1.0 INTRODUCTION

With this filing, BellSouth Telecommunications, Inc. (hereinafter "BellSouth") is revising the F.C.C. Tariff No. 1, Section 5.1.1(H), Ordering Conditions, for Service Date Advancement (hereinafter "advancement"). The revisions in this filing will add regulations to: 1) apply advancement charges on access orders with "short" negotiated service intervals, and establish a maximum number of days advancement charges will apply on pending orders with negotiated intervals; 2) introduce a new charge that will apply when the customer does not allow BellSouth to complete delivery of an access order with an advanced service date; 3) establish a minimum service interval for rescheduling a service date when the customer does not allow completion of an access order.

This filing provides a restructure of existing advancement charges as explained in the following sections. In compliance with the Commission's rules, this filing includes the appropriate support information to demonstrate that the restructured charges remain within the applicable price cap limits.

2.0 DESCRIPTION OF ORDERING CONDITIONS REVISIONS

2.1 Advancement of Access orders with Negotiated Intervals

Unlike standard service intervals, Access orders with negotiated intervals require a “real time” review by BellSouth personnel in multiple work groups to confirm availability of facility, equipment, and installation resources to determine if the customer’s requested due date can be met or if an alternative date must be offered. BellSouth has established a minimum goal of 8 business days for these reviews and anything less than this goal requires special coordination to accelerate the delivery date and warrants application of advancement charges, when the requested advancement date is achievable.

This filing adds regulations to Section 5.1.1(H)(2) to specify that advancement charges will apply for access orders with negotiated intervals with an agreed upon “short service interval” of less than 8 business days¹. The tariff’s existing advancement charge of \$200 per circuit per day will apply for each day the access order is advanced from 8 business days.

In addition, this filing revises existing tariff regulations in Section 5.1.1(H)(3) for advancing pending access orders that have negotiated intervals. The existing tariff regulations specify that advancement charges apply for each day the revised service date is advanced from the original service date. The new regulations proposed in this filing will limit the number of days advancement charges apply by specifying “when the service interval between the Subsequent Request Date and the Subsequent Due Date is less than 8 business days, a Service Date Advancement Charge will apply for each day the revised

¹ BellSouth and the customer must agree to the short service interval.

service date is advanced from 8 business days.” Advancement charges will not apply when the revised interval is 8 business days or greater.

2.2 New Charge for Customer Missed Appointment on Advanced Service Dates

Under the existing tariff, when a customer requests a service date advancement, the advancement charge only applies when an order is completed, i.e., the service is installed. Nevertheless, there are occasions when BellSouth has finished all of the work necessary to complete an order for which the customer has requested a service date advancement but when BellSouth’s technician arrives at the customer’s premises to install the service, the customer is not ready to accept service.² In this situation, the service date advancement charge would not apply, however, BellSouth has expended considerable resources to meet the customer’s request to advance the service date (i.e., BellSouth provisioning centers monitor service orders by due dates and reprioritize, reschedule, and accelerate pre-defined daily work activities for these advancement requests which involve special handling). Under the current rate structure, BellSouth cannot recover the costs of these activities from the customer who caused BellSouth to expend the resources in the first instance. Instead, recovery is averaged across all customers. In order to make the rate structure more cost causative, this filing restructures the ordering charges by creating a new rate element, called Service Date Advancement-Missed Appointment. This charge would only apply where a customer has requested a service date advancement and the customer misses the installation appointment for his service. The charge will enable BellSouth to recover directly from the customer the resource expenditures that BellSouth

² The customer indicates that they are not ready for service at the time of the prearranged installer visit for such reasons as 1) conduit, outlets, backboards, etc., have not been installed or are not satisfactory. 2) Installer is unable to gain access to the customer’s premises to complete work because designated person cannot be located to authorize the work or access cannot be given to company facilities, i.e. riser cable, building house cable, etc. 3) Customer requested incorrect equipment or makes a change to the service requirements.

undertook to advance the installation date associated with the customer's order. Section 5.1.1(H) of the tariff has been revised to add the terms, conditions and rates applicable for this situation. Following is an example scenario of when the Service Date Advancement-Missed Appointment charge may apply:

A customer submits an Access order for a DS1 (a.k.a., BellSouth SPA DS1) service to be installed at the customer's premises. The Access Order has a requested service date that is two business days less than the standard interval for DS1 (a.k.a., BellSouth SPA DS1) service. The Company agrees to the requested advanced service date, and the customer is informed that Service Date Advancement charges will apply and will be billed to the customer upon the Company installing and completing the Access order. However, when a Company technician arrives to install the DS1 (a.k.a., BellSouth SPA DS1) service on the advanced service date, the Company cannot gain access to the customer's premises to install the service and complete the order. The Service Date Advancement Charges would not apply. The customer, however, would be billed a Service Date Advancement-Missed Appointment charge (\$300 per circuit per occurrence) to compensate BellSouth for the additional resources expended to advance the service date. Had the Company technician been allowed to install and complete the order on the advanced service date, the customer would have been billed the normal Service Date Advancement charges for advancing the service date.

2.3 Rescheduling a Service Date When the Customer has Missed the Service Date

The existing tariff does not provide a minimum interval before a customer can reschedule an appointment for installation of an access order that the customer has not allowed BellSouth to complete. (i.e., the customer is not ready for service when a BellSouth technician arrives at the customer's premises to install, move or rearrange the service). This filing establishes a 3-business day minimum interval for rescheduling an installation that was missed as a result of a customer-missed service date. BellSouth has determined that this minimum interval is required for order coordination and rescheduling purposes. If the customer requests a service date that is less than the 3 business day interval, the customer may request to advance the service date from 3 business days to an earlier service date at the current advancement charge provided in the tariff (i.e., \$200 per circuit per day). Terms and conditions have been added to Section 5.3(C)(1) to reflect these revisions.

3.0 PRICE CAP ANALYSIS

Section 61.46(c) of the Commission's price cap rules require 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 3.1 below. Next the recast base period demand is multiplied by the proposed rates to derive the revenues under the rate restructure. This step is discussed in Section 3.2 below.

3.1 Demand Analysis

The proposed regulations for negotiated intervals provide for advancing a service date for initial and pending access orders. As discussed in 2.1 above, BellSouth has established an internal benchmark of 8 business days for “real time” reviews and rescheduling of work activities to accommodate these types of advanced service requests. To recast demand for these tariff revisions, demand was determined based on a 6-month sample from January through June of 2001. Based on this 6-month sample, it was determined that 26.38% of the DS1, DS0 and DDAS eligible orders had negotiated intervals. Of these 26.38% orders, 1% were requested to be advanced less than 8 business days. This applies to initial requests for advancement and requests for advancing pending orders. BellSouth anticipates that the new tariff provisions to apply advancement charges to initial requests for a service date less than 8 business days will reduce demand to .5%.

The existing structure for advancement charges does not recognize the number of advanced service dates on initial orders that BellSouth is unable to complete due to customer-missed appointments. To recast demand to the new tariff provisions, which captures these occurrences (discussed in 2.2 above), a 10-month sample was used from January through October 2001 indicating that 13.55% of the DS1, DS0 and DDAS orders were advanced and 2.9% of these orders were due to customer-missed appointments.

The 10-month service order sample also provided data to determine advancement demand for rescheduling a service date to less than 3 business days when the customer has missed an appointment (discussed in 2.3 above). The service order sample indicated that 45% of these orders were supplemented and of these, 6.54% were due to customer-missed

appointments. The sample data indicated that 24% of the customer-missed appointments requested a service date in less than five business days with 19.7% of the demand shifting to 3 business days or greater to avoid paying advancement charges. The resulting number of service orders was converted to circuit days by assuming average circuit days of 2.08 for DS1 and 2.17 for DS0 and DDAS.

Appendix A, Work Papers SDA-1, provides a step-by-step analysis of how demand was derived for the tariff revisions proposed in this filing.

3.2 Revenue Impact

The tariff revisions proposed in this filing will result in an API revenue increase of \$122,900 in the Special Access Basket as shown in Appendix B, Workpaper SUM-A. Additionally, Workpaper SUM-A displays all existing and proposed price cap index values as well as revenue data for the Special Access Basket demonstrating that BellSouth remains within all allowable price cap limits with this filing. Rate detail for the Service Date Advancement revisions is displayed in Appendix B, Workpaper SP-1.