

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Access Charge Reform)	CC Docket No. 96-262
)	
)	

**PETITION FOR PHASE I PRICING FLEXIBILITY
FOR SWITCHED SERVICES**

INTRODUCTION

In accordance with the Commission's directive in the above-referenced proceeding¹ and sections 1.774 and 69.701 *et seq.* of the Rules, 47 C.F.R. §§ 1.774 and 69.701 *et seq.*, BellSouth Telecommunications, Inc. ("BellSouth") herewith files this petition for *Phase I* Switched Services pricing flexibility. As shown in the accompanying data, BellSouth is entitled to *Phase I* relief² for those services enumerated in section 69.713, 47 C.F.R. § 69.713 ("relevant services"),³ that are offered in the metropolitan

¹ *Access Charge Reform; Price Cap Performance Review for Local Exchange Carriers; Interexchange Carrier Purchases of Switched Access Services Offered by Competitive Local Exchange Carriers; Petition of US West Communications, Inc. For Forbearance from Regulation as a Dominant Carrier in the Phoenix, Arizona MSA*, CC Docket Nos. 96-262, 94-1 & 98-157, CCB/CPD File No. 98-63, *Fifth Report and Order and Further Notice of Proposed Rulemaking*, 14 FCC Rcd 14221 (1999) ("*Pricing Flexibility Order*").

² Services qualifying for *Phase I* relief may be offered under contract tariffs and tariffs that employ volume and term discounts. *Pricing Flexibility Order*, 14 FCC Rcd at 14287, ¶ 122.

³ The relevant services are:
"(1) Common line services, as described in §§ 69.152, 69.153, and 69.154.

statistical areas (“MSAs”) and non-MSAs identified herein.⁴ A summary sheet identifying the MSAs that qualify for pricing flexibility relief is at Attachment 1. A second summary showing the competitive providers known to BellSouth who currently offer services in each MSA is at Attachment 2. Supporting documentation for each MSA is included as Attachments 3 through 38 of this filing. Each of the Attachments 3 through 38 is further subdivided into exhibits. Exhibit A, for which proprietary treatment is requested, provides a competitive overview matrix for the relevant MSA. For each wire center within the MSA, the matrix identifies competing providers of local exchange service (“CLECs”), the facilities over which they provide service (switch or collocation), line counts associated with customer segment(s) targeted by each (residential,

(2) Services in the traffic-sensitive basket, as described in § 61.42(d)(2) of this chapter.

(3) The traffic-sensitive components of tandem-switched transport services, as described in §§ 69.111(a)(2)(i) and (ii).”

47 C.F.R. § 69.713(a).

⁴ As required by the *Pricing Flexibility Order*, BellSouth has identified MSAs by using the definition contained in section 22.909(a) of the Rules, 47 C.F.R. § 22.909(a), which provides as follows:

MSAs. Metropolitan Statistical Areas are 306 areas, including New England County Metropolitan Areas and the Gulf of Mexico Service Area (water area of the Gulf of Mexico, border is the coastline), defined by the Office of Management and Budget, as modified by the FCC.

The above definition refers to MSAs as they were constituted in 1992. Accordingly, all information submitted herein is mapped to MSAs as they existed in 1992. Because the current MSAs reflect considerable expansion over the last few years, the use of 1992 MSAs results in an extremely conservative assessment of the CLEC investment in any given MSA.

BellSouth also requests herein relief for two “non-MSA” areas, pursuant to 47 C.F.R. § 69.707(b). Hereinafter, unless otherwise indicated, references to “MSAs” or “areas” will include both the MSA and non-MSA areas for which relief is sought.

small/medium business, complex business), and the percentage of locations targeted. Information on CLEC collocation is obtained from BellSouth customer service records. Only CLECs that have taken possession of collocation space are included in this analysis. For each CLEC switch belonging to a competitor identified in Exhibit A, BellSouth provides in Exhibit B the name of the CLEC, the Common Language Location Identifier (“CLLI”) of the competitive switch, the switch equipment type, switch location, switch node equipment type and switch node location. A Marketing Strategies Summary and information regarding the marketing efforts of each CLEC directed to specific customer segments are provided in Exhibit C. Lastly, a certification that this petition and the accompanying data have been made available to interested parties is included as Attachment 39.

METHODOLOGY

To obtain *Phase I* relief for the MSAs identified herein, BellSouth must demonstrate that unaffiliated competitors, in the aggregate, offer service to at least 15 percent of BellSouth customer locations within each MSA, 47 C.F.R. § 69.713(b)(1). Commission rules prescribe no specific method for calculating customer locations. However, the Commission has accepted the methodology described in detail below in the context of an Order granting a previous BellSouth Petition for Phase I Pricing Flexibility for switched access services. Specifically, BellSouth’s Switched Access Petition⁵ requested Phase I relief for ten MSAs. The Commission granted relief for eight of the ten

⁵ BellSouth Petition for Phase I Pricing Flexibility For Switched Access Services, CCB/CPD File No. 00-21 (filed Aug. 28, 2000) (“BellSouth’s 2000 Petition”).

MSAs.⁶ As part of this Order, the Commission discussed at length the methodology utilized by BellSouth in its Petition to establish that the applicable competitive trigger had been met.⁷ The instant BellSouth Petition is supported by information that was developed by using the same methodology.

BellSouth supplemented its 2000 Petition with an *ex parte* filing on October 31, 2000, which demonstrated, in part, that CLEC collocators were providing competitive transport. This filing was made before the Commission had occasion to rule on a pending BellSouth Petition for pricing flexibility for special access and dedicated transport services. The Commission subsequently granted BellSouth's Petition for special access and dedicated transport relief on December 15, 2000.⁸ On August 2, 2002, BellSouth filed a Petition seeking relief for special access and dedicated transport for seven additional MSAs. This Petition was granted on November 22, 2002.⁹ Through the combination of these two Orders, the Commission has granted Phase I special access and dedicated transport relief for all 36 of the MSAs encompassed within the instant Petition. Thus, it is clear that BellSouth's competitors are relying upon competitive transport to their customer locations in each of the 36 MSAs encompassed by the instant Petition.

⁶ *BellSouth Petition for Phase I Pricing Flexibility for Switched Access Services*, CCB/CPD No. 00-21, *Memorandum Opinion and Order*, 16 FCC Rcd 5040 (2001).

⁷ *Id.* At 5044-45, ¶¶ 9-11.

⁸ *BellSouth Petition for Pricing Flexibility for Special Access and Dedicated Transport Services*, CCB/CPD No. 00-20, *Memorandum Opinion and Order*, 15 FCC Rcd 24588 (2000), *applications for review denied*, *BellSouth Petition for Pricing Flexibility for Special Access and Dedicated Transport Services*, CC Docket No. 01-22, *Memorandum Opinion and Order*, 16 FCC Rcd 18174 (2001).

⁹ *BellSouth Petition for Pricing Flexibility for Special Access and Dedicated Transport Services*, WCB/Pricing No. 02-24, *Memorandum Opinion and Order*, 17 FC Rcd 23725 (2002).

Exhibit A – Competitive Overview Matrix

To make the threshold determination required by 47 C.F.R. § 69.713(b)(1), BellSouth identified three customer groups within its subscribership, *i.e.*, residential, small/medium business and complex business. Residential locations were determined by reference to the number of primary subscriber line charges (“SLCs”) assessed by BellSouth in each wire center service area as of May 2004.¹⁰ Similarly, the number of business locations was derived through the use of customer location account codes (“CLACs”) recorded by BellSouth, which are current as of May 2004. The CLAC code, which is a unique identifier for each business location, is used to associate records of all telephone accounts pertinent to that location. Like the primary residential SLC, each CLAC corresponds to a single geographic location, thus permitting an accurate count of businesses having more than one premise. The CLAC code allows BellSouth to further subdivide business locations into small/medium and complex business segments. The small/medium and complex business segment designations are based on a qualitative review and are important for the marketing efforts of BellSouth.

This method identifies only customer locations in the relevant geographic areas that were served by BellSouth as of May 2004. Because it excludes customer locations served at that time by a CLEC, the degree of competitive penetration shown on Exhibit A for each wire center/MSA is necessarily understated to some extent.¹¹ This limitation aside, the competitive overview matrix at Exhibit A displays in concise format the

¹⁰ Only one primary residential SLC is assessed per service location, thus insuring the accuracy of this measurement.

¹¹ The 1992 MSA boundaries coincide with county boundaries within a state. Wire center boundaries, however, may span several counties and thus include geographic areas within more than one MSA. In such cases, the wire center was assigned to the MSA containing the highest percentage of its serving area.

number of residential, small/medium business and complex business locations within a wire center area and the total number of customer locations. It further shows, by wire center, the customer segment(s) targeted for market development (see table below), the percentage of total MSA locations within the wire center that can be served by facilities-based CLECs and the percentage of all such locations in the wire center that are targeted by CLECs.

Target Segment Key

<u>S</u>	Small/Mid-Market Business
<u>C</u>	Complex Business
<u>B</u>	Small/Mid Market Business and Complex Business
<u>R</u>	Residential
<u>A</u>	All

CLEC classification (*i.e.*, S,C,B,R,A) was determined by the content of the CLEC's marketing material contained in Exhibit C. For example, if a web site represented that a CLEC provides service to businesses without regard to size, that CLEC was identified as serving all business segments (B). Using the targeted market segment indicator, the percentage of locations targeted by CLECs is calculated by totaling the number of locations associated with the market segment(s) indicated and dividing this figure by the total locations in the MSA. To illustrate, if B is shown under the Target Segment column on the matrix, then the percentage of locations targeted by CLECs is equal to the sum of Small and Medium Business Locations and Complex Locations contained within the wire center coverage area divided by the indicated number of Total Locations within the MSA.

Further empirical evidence of competitive activity is provided through matrix columns showing unbundled network element (“UNE”) loops provisioned and telephone numbers ported by wire center.

Exhibit B – Competitive Switch Information

All CLECs identified in the Competitive Overview Matrix (Exhibit A) that also have one or more switches in the subject MSAs are listed in Exhibit B. For each MSA, Exhibit B identifies each CLEC having one or more switches. For each switch, Exhibit B also lists the CLLI code, switch equipment type, switch location (by state), switch node, switch node equipment type, and switch node location (by state).¹² This competitive switch information was obtained from the July 2004 Local Exchange Routing Guide (“LERG”) database. Resellers are not shown.¹³

Exhibit C – CLEC Marketing Information

BellSouth has obtained information regarding CLEC marketing activities through Internet surveys. A compilation of this material is found at Exhibit C. The information in Exhibit C offers evidence of CLEC market presence within specific wire center/MSA

¹² Exhibit B was developed by deriving from the July 2004 LERG database switch information for only the switches owned by the competitors listed in Exhibit A. Thus, Exhibit B only lists a competitive switch that currently exists in any given current MSA if the switch (1) can be mapped to the 1992 version of an MSA, and (2) it belongs to a competitor that meets the criteria for inclusion in Exhibit A. Accordingly, Exhibit B substantially understates the number of competitive switches that exist in the current versions of the 36 MSAs for which relief is sought. An accurate listing of the totality of the competitive switches that currently exist in these MSAs can be found in Table 3 of Exhibit 1 to the Affidavit of Pamela A. Tipton filed in WC Docket No. 04-313 and CC Docket No. 01-338. Initial Comments of BellSouth Corporation, WC Docket No. 04-313 & CC Docket No. 01-338, Attachment 1, Affidavit of Pamela A. Tipton, Exhibit PAT-1, Table 3 (filed Oct. 4, 2004).

¹³ The rules prohibit inclusion of CLEC service offered solely through resale or the use of UNEs, except that service provided through unbundled loops may be used to demonstrate competitive presence. 47 C.F.R. § 69.713(b)(2).

serving areas as well as evidence of the specific customer segment(s) targeted by each CLEC.

CONCLUSION

The Commission should grant BellSouth's Petition based upon BellSouth's demonstration that it has met the requirements for *Phase I* relief for the relevant services in the MSAs identified herein.

Respectfully submitted,

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