LOCAL COMPETITION IN TEXAS

To enter the long distance phone market, a Bell Operating Company (BOC) must demonstrate that its traditionally non-competitive local telephone market is open to competition. This is done by fully implementing the competitive checklist of section 271 of the Telecommunications Act of 1996. The fact that SWBT has implemented the competitive checklist in Texas can be seen in the degree of entry of competitors into the local exchange market.

- Over 90 competitors, known as Competitive Local Exchange Carriers (CLECs), are providing service in Texas.

- CLECs serve between 890,000 to 1,800,000 total access lines, while Southwestern Bell serves a total of 9,600,000 to 12,000,000 access lines in Texas.

- Advanced Services Providers are placing thousands of orders for xDSL loops monthly.

- Monthly orders for xDSL Service doubled from 1,200 in January to 2,400 in April.

- Voice Services Providers are placing thousands of orders for voice loops monthly.

- Monthly orders for voice service almost tripled from 24,000 in January to 70,000 in April.

IMPROVEMENTS OVER FIRST APPLICATION

When Southwestern Bell withdrew its initial application on January 10, 2000, and initiated a new application on April 5, 2000, three issues were cited that needed to be addressed before approval was granted. The following reflects the improvements that Southwestern Bell has shown between the two applications:

Issue #1 - The coordination, timing, and quality of providing unbundled loops to competitors, referred to as the "hot cut" process.

There has been improved performance in providing unbundled loops to competitors
- 98-99% of coordinated Hot Cuts completed within 2 hours.
- 93% of coordinated Hot Cuts completed within 1 hour.
- Less than 5% of coordinated Hot Cuts experience outages.
- Less than 2% of coordinated Hot Cuts experience trouble within 7 days.

Issue #2 - The non-discriminatory provisioning of loops used by competitors to provide advanced services.

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There has been significant improvement in the performance in the timeliness of orders processed and the quality of the orders processed.

- *Improved Timeliness* – The percent of basic xDSL loops missed fell from 15.5% in January to 2.5% in April, as volume increased from 699 to 1445.

- *Improved Timeliness* – The percent of other types of xDSL loops (e.g., Basic Rate Interface, BRI) missed fell from 30.5% in January to 8.8% in April, as volume increased from 687 to 1407.

- *Improved Quality* – The percent of reported basic xDSL loop troubles for CLECs within 30 days following installation fell from 9% in January to 4.5% in April, which is almost identical for Southwestern Bell's customers' reported troubles of 4.1%.

- *Improved Quality* – The percent of reported BRI loop troubles for CLECs within 30 days following installation fell from 25.4% in January to 17.7% in April.

Issue #3 - The integration of operations support systems (OSS) used by competitors to obtain unbundled elements.

There was additional analysis of and improvements in the integration of OSS between Southwestern Bell's initial application and their second application, including the following:

- Texas PUC and Telecordia review of documentation.

- Actual commercial evidence of integration of orders noted by competitors.

- Significant decrease in rejects of orders placed by competitors.
    - A decrease from 20-25% to 10-15%.

- Improved performance for returning rejected orders.
    - Less than 8 hours for manual rejects compared to 35 hours in December 1999.