

individual analog on an ongoing monthly basis, it should be permitted to conduct a one-time, statistically valid study of its performance for that item.<sup>44</sup> The sample study would generate the value to be included as the ILEC's performance in its monthly performance reports. ILEC studies should be updated on a periodic basis (e.g., semi-annually), and whenever there is any operational change in the ILEC's processes that might reasonably impact the study results.

Finally, as a general matter, none of the above factors invalidates the Commission's concern that the overall process should balance the needs for information with the costs and associated burdens on ILECs and others. However, in establishing the performance measurement process, the Commission must recognize that it is dealing with mandatory requirements of the Act that are critical to the development of effective competition.<sup>45</sup> Thus, for example, the Commission should not give credence to vague ILEC claims of cost or burden, especially claims regarding data collection.

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<sup>44</sup> If an ILEC undertakes such a study, it should be based on experience from its own operations. In addition, it should conform to the following minimum requirements: (1) a result must be provided for each reporting dimension established for the measurement; (2) the mean, standard error, and sample size are disclosed; and (3) the study methodology and results are fully disclosed, and an independent audit permitted.

<sup>45</sup> See Notice, ¶ 3.

As explained above, even smaller ILECs typically keep extremely detailed records of their activities. Thus, the Commission should require ILECs to provide detailed proof of such claims and weigh the supporting facts against the critical need for comparative data to demonstrate ILEC compliance. In particular, no ILEC claim of cost or burden should prevail if it only requires the ILEC to report on data categories it already collects for its own purposes.

**III. Statistical Analysis Should Be Applied To Determine If The ILEC's Performance Reports Demonstrate Compliance With Section 251.**

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As described in the accompanying affidavit of Dr. Colin Mallows,<sup>46</sup> the Commission (§ 34) is clearly right that mere "reporting averages of performance measurements alone, without further analysis," is not sufficient to determine whether ILECs have provided equal treatment to CLEC. Thus, the proposal to require the use of statistical tests is correct. AT&T describes below a statistical methodology that will provide reliable results. In contrast, the BellSouth proposal referred to in the Notice (Appx. B, § 6) cannot make any meaningful determinations regarding parity.

Statistical testing is used to account for the fact that there is inherent variability in the data being measured (i.e., the measurement values of the ILECs'

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<sup>46</sup> Attachment G ("Mallows Aff."), §5.

performance) and that measurement values may differ to a degree that does not represent a statistically "significant" difference. Thus, statistical tests can provide appropriate determinations of performance parity for each measurement comparison. Without such a methodology, regulators and affected carriers cannot determine whether measured differences in average performance "represent true differences in behavior rather than random chance."<sup>47</sup>

AT&T strongly recommends that the Commission adopt a single statistical methodology for assessing ILEC performance.<sup>48</sup> Application of a consistent methodology is critical to permit comparisons across states and regions. In particular, consistency would dispel confusion that could result from the application of different methodologies in different jurisdictions. Indeed, without a uniform methodology, identical ILEC performance in different states could produce different conclusions regarding its compliance with Section 251.

In addition, all RBOCs and many larger ILECs operate in multiple states, and their OSS systems often support operations in more than one state. Thus, use of a consistent statistical methodology is both practical and

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<sup>47</sup> Notice, ¶ 34.

<sup>48</sup> Notice, Appx. B, ¶ 1.

cost-effective. It also has the added benefit of producing consistent results across the entire nation, which will make it easier to compare results of different ILECs against one another for benchmarking purposes. Finally, the use of a single approach would not be limiting, provided that it is robust enough to provide reliable results. AT&T's proposed methodology meets this requirement.<sup>49</sup>

Earlier this year, AT&T provided the Commission with information regarding the application of statistical analysis to ILEC performance measurements.<sup>50</sup> Specifically, it showed how to determine whether an ILEC has complied with its Section 251 obligations when it reports results of numerous individual parity measurements, some of which show "worse" results for CLECs than for the ILEC.<sup>51</sup> The methodology described here also provides a sound basis for

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<sup>49</sup> As with other aspects of performance measurement systems, the use of a standard statistical approach would not preclude states from requiring additional analyses if they believe the public interest warrants them, whether for Section 251-related or other purposes (see *id.*, Appx. B, ¶ 4).

<sup>50</sup> Ex parte letter from Frank S. Simone, AT&T to Magalie Roman Salas, FCC, CC Docket No. 96-98, RM9101, dated February 3, 1998 ("AT&T Statistical Ex Parte").

<sup>51</sup> Since most of the measurements for these purposes are measures of time, a "worse" result for a CLEC is usually a larger value, e.g., a 5-day installation interval for a CLEC is worse than a 3-day interval for the ILEC.

making individual parity tests. Moreover, this methodology can be applied even with small sample sizes.<sup>52</sup>

AT&T's Statistical Ex Parte recognized that because each of the individual tests contained a statistical Type I error,<sup>53</sup> it is appropriate to use a Type I error concept when reviewing the ILEC's parity tests in the aggregate. AT&T's proposal thus described a three-part analysis that could be used to determine whether ILEC measured and reported results, when viewed in the aggregate, represent compliance with the statutory requirements.<sup>54</sup> Since that

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<sup>52</sup> See Notice, Appx. B, ¶ 5. "Sample" in this context does not mean a subset of the transactions performed by the ILEC on behalf of itself or CLECs during a specific reporting period. Except as noted below, AT&T opposes any "sampling" technique that would measure the results for fewer than all such transactions (see Notice, ¶ 43). In particular, AT&T opposes the type of sampling referenced in connection with the Bell Atlantic/NYNEX merger, which only applies to the first "n" number of transactions in a month (see Canny Supplementary Aff., ¶ 14). In order to be effective, sampling must be designed to cover all aspects of time-based variation. Moreover, the ILECs' systems are designed to collect most, if not all of the required data. Thus, there is no reason to exclude any of such data in assessing the ILECs' performance.

<sup>53</sup> "Type I error" is described in detail below. In essence, this type of error leads to a false conclusion that parity is not being provided by the ILEC.

<sup>54</sup> AT&T's proposal recommended establishment of separate thresholds for: (1) the maximum number of "failures" on a monthly report that could reasonably represent mere randomness resulting from the measurement process rather than disparity of performance; (2) repeated failures on specific performance measurements in consecutive months; and

(footnote continued on next page)

time, AT&T has reviewed and refined its views on the use of statistical tests. As described below and in Dr. Mallows' affidavit, the more detailed statistical methodology that is described here requires only a two-part analysis of aggregate ILEC performance.

**A. AT&T's Recommended Statistical Methodology**

AT&T's recommended statistical methodology consists of two parts. First, it requires the development of a statistical method for reviewing each of the many individual performance measurements the ILEC must make each month, including a means to account for the two types of errors that are inherent in any statistical analysis. Second, there must be a way to analyze an ILEC's aggregate performance on all the individual tests to determine its overall compliance with the statutory nondiscrimination requirement.

**1. Analysis of Individual Performance Measurements**

The statistical tests AT&T recommends are designed to test a "null hypothesis," i.e., the assumption that the ILEC's performance is the same for itself and for CLECs, both in terms of mean (average) performance and variation

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(footnote continued from previous page)

(3) measurements showing extreme differences in average performance for the ILEC and CLECs. Id., p. 3.

from the mean.<sup>55</sup> If the null hypothesis is accepted through the use of the chosen tests, then any differences in the ILEC's performance results for itself and the CLEC are deemed "statistically insignificant," and parity can be assumed.

Dr. Mallows' affidavit (¶¶ 13, 15-29) describes the three components needed to test the results of individual performance measurements: (i) a test statistic that produces a single number summarizing the observed ILEC and CLEC data; (ii) an assumed Type I error probability (i.e., tolerance for such error); and (iii) a probability distribution of the test statistic that describes the variability of performance under the null hypothesis. It also describes how each of these components should be developed.

Once these components are established, the ILEC can determine,<sup>56</sup> usually from a statistical table, a "critical value" against which to compare the computed value of the test statistic that is based on the actual results for a

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<sup>55</sup> Mallows Aff., ¶¶ 12, 15; Notice, Appx. B, ¶ 4 ("variability of response times . . . may affect the competitiveness of a competing carrier but may not be reflected in a comparison of average response times").

<sup>56</sup> Subject to the conditions described in Part V below regarding the availability of ILEC data for CLEC audit and review, AT&T believes it is most practical and efficient for the ILEC to perform such tests as part of its monthly reporting.

given month. If the test statistic is less than the critical value, it can be inferred that the ILEC's performance has "passed" the test of parity. If, however, the test statistic is greater than the critical value, the ILEC's performance is judged to be not at parity.<sup>57</sup>

In order to create a single test that can account for both differences in means (average performance) and variation from the mean (variance), AT&T recommends the use of the modified z-statistic proposed by LCUG, which relies upon the variance of the ILEC's performance for itself.<sup>58</sup> LCUG's proposal is based on well-developed statistical principles and combines the power of tests of means and tests of variance. Thus, if the test proposed here is used, there would be no need to develop a separate test of the equality of variances.<sup>59</sup>

Use of the LCUG modification is appropriate because the problem here is different from that addressed in the standard texts. The texts assume that if the null

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<sup>57</sup> Mallows Aff., ¶ 14.

<sup>58</sup> Id., ¶¶ 15-19.

<sup>59</sup> See Notice, Appx. B ¶ 4. It should also be noted that the use of separate tests to measure the differences in means and variances could reduce the power of each separate test. AT&T thus advocates the use of a test that is sensitive to cases where both the mean and variance increase. Mallows Aff., ¶ 17 n.8.

hypothesis fails, it is only because the population means are different. Here, in contrast, in order to determine whether the actual monthly results for ILEC and CLEC come from the same population (i.e., are at parity), both the mean and variance for the ILEC and the CLEC must be the same. Thus, the test should be able to detect whether or not both conditions exist.<sup>60</sup>

In determining the appropriate error probability for any statistical test, it should be noted that any error probability level above 0% means that the tests will produce errors.<sup>61</sup> It is also important to recognize that there are two distinct types of testing errors. "Type I" errors occur when a statistical test shows that two sets of results (here for the ILEC and CLEC) are inconsistent with the null hypothesis (i.e., are not in parity) when in fact they are. "Type II" errors are the opposite. They occur when a statistical test indicates that the outcomes are in parity, but parity does not in fact exist. Both types of errors are possible and important in establishing whether the hypothesis should be accepted.

There are two "tails" to Type I errors, but the Notice (Appx. B, n.3) correctly notes that only one is pertinent

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<sup>60</sup> Mallows Aff., ¶¶ 16-17.

<sup>61</sup> Id., ¶ 20; AT&T Statistical Ex Parte, p. B-1.

here: errors relating to cases in which the ILEC's performance for CLECs is worse than its performance for itself. Under the Commission's rules, CLECs are entitled to performance that is "at least equal" to the performance the ILEC provides to itself. Those rules are not concerned with cases where, unintentionally, the ILEC provides CLECs with a level of performance that is better than the performance it provides to itself.<sup>62</sup> Thus, the Commission's rules themselves argue for a one-tailed test.<sup>63</sup>

There is also no practical basis to consider cases where the ILEC may provide CLECs with "better than ILEC" performance. CLECs cannot obtain any market advantage from such performance, because it cannot be requested by the CLEC. Therefore, the CLEC cannot rely on receiving such a level of performance, nor can it advertise to customers that they can expect better performance from it than the ILEC. Even more important, the CLEC will not even know in real time when it is receiving better average performance than the ILEC. That information can only be learned after the fact, when the ILEC reports its performance for itself and

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<sup>62</sup> CLECs are not entitled to demand performance better than the ILEC provides to itself. Thus, there is no reason to believe that ILECs would intentionally provide their competitors with a higher grade of service than they provide to themselves and their retail customers.

<sup>63</sup> Mallows Aff., ¶ 21.

the CLEC.<sup>64</sup> Thus, only cases where the ILEC's performance for the CLEC is worse than its performance for itself should be considered in analyzing Type I errors.

It must also be recognized that Type II errors are as real as Type I errors. Thus, there may be cases in which the ILEC is not in fact providing equal service to CLECs, but purely by chance the statistical test fails to reject the parity hypothesis. Accordingly, it is necessary to strike a balance between the two types of errors. If the Type I error rate selected is too small, then the Type II error rate will be large, and conversely. AT&T suggests that the Type I error rate should be set at the conventional level of 5%.<sup>65</sup> This controls the frequency of false parity rejections at 5% while making the probability of Type II errors small for violations that are of substantial size. Thus, using a one-tailed test for Type I error at the 5% level strikes a reasonable balance.<sup>66</sup>

The final step in designing the test for individual performance measurements is establishment of a probability

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<sup>64</sup> In contrast, CLECs will always suffer marketplace injury when if their customers receive less than parity performance.

<sup>65</sup> For general information supporting the 5% level, see AT&T Statistical Ex Parte, pp. B-1-B-2.

<sup>66</sup> Mallows Aff., ¶ 22.

distribution. Dr. Mallows explains (¶¶ 23-24) that the standard t-distribution is appropriate to use in almost all cases to establish a "critical value" which can be compared against the computed test statistic to determine whether the ILEC's performance passes the parity test.<sup>67</sup> The test can then be performed in the manner described by LCUG.<sup>68</sup>

## 2. Analysis of Aggregate Performance Results

Once the results for the individual comparisons are completed, it is also necessary to apply a statistically valid methodology to conclude whether the ILEC is, in the aggregate, providing nondiscriminatory treatment to CLECs. Therefore, any review of an ILEC's compliance with its Section 251 obligations should be based on two dimensions of statistical comparisons, both of which must be satisfied. These are

- (a) the number of tests that fail in any monthly period must not be too large, and

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<sup>67</sup> The only case in which the sample may be too small is when the ILEC and CLEC each have fewer than ten measurements. Id. ¶ 24. Dr. Mallows' affidavit (¶¶ 25-29) also describes a method that can be used to develop a probability distribution from the actual ILEC data that is available when this occurs.

<sup>68</sup> Local Competition Users Group, Statistical Tests for Local Service Parity, Version 1.0, pp. 10-13, dated February 6, 1998.

(b) the number of tests that fail for three consecutive months must not be too large, where "too large" is determined by consideration of the total number of individual tests and the desired overall Type I error rate.<sup>69</sup>

Assuming a total of  $N$  individual tests and a 5% Type I error rate, if the number of individual tests that "fail" the parity comparison is approximately .05 times  $N$ , there is no evidence of overall non-compliance. Dr. Mallows' affidavit (¶ 34) describes a statistical formula that can be computed, for any  $N$ , to determine the maximum number of "failures" that may be tolerated based on an aggregate 5% Type I error rate.

The second dimension, i.e., the number of measurements failing the test repeatedly, is necessary to assure that the ILEC failures are indeed random. Without this dimension, the ILEC might be able to "game" the process and produce repeatedly discriminatory results on measurements that are critical to one or more competitors. Thus, for this dimension, we must determine how many individual measurements in an ILEC report may be allowed to fail the parity test in three successive months before finding that the ILEC has failed to provide parity. Assuming a 5% Type I

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<sup>69</sup> Mallows Aff., ¶ 30.

error rate, Dr. Mallows' affidavit (¶ 33) demonstrates that there should be zero cases in which an ILEC is in fact providing parity and also fails the parity test for that measurement in three consecutive months.

**B. BellSouth's Proposed Methodology Is Unsuitable To Measure Parity**

The Notice (Appx. B, ¶ 7) also solicits comments on the methodology proposed by BellSouth, which is based on the use of statistical process control ("SPC"). Dr. Mallows' affidavit (¶¶ 35-42) demonstrates that this approach is not suitable to measure parity between ILECs and CLECs.<sup>70</sup> Further, regulators in two of BellSouth's states have already rejected proposals based on SPC.

Unlike the AT&T approach described above, statistical process control is not designed to detect differences in parity. Rather, this technique is used to detect departures from stable performance. Stability of ILEC processes is of course an important concept. Indeed, it is essential in determining whether a BOC has met its duties under Section 271.<sup>71</sup> However, stability is irrelevant in determining

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<sup>70</sup> Dr. Mallows' affidavit also describes why two more recent BellSouth statistical proposals are also unsuitable.

<sup>71</sup> A BOC could not demonstrate that its local market is irreversibly open to competition without demonstrating that its OSS processes provide stable performance over time. However, measures used to determine stability are different from those used to demonstrate parity.

whether an ILEC's performance for itself is at parity with the performance it provides to CLECs.

There is simply no basis for applying SPC to the problem of determining whether an ILEC is discriminating against CLECs. This technique was developed for manufacturing quality control applications. Thus, its purpose is to determine whether the results of the same process are consistent over time. By contrast, a parity measurement must compare two results (here for the ILEC and CLECs) for a specific reporting period. Moreover, ILEC parity measurements may not even be measuring identical support processes.<sup>72</sup>

Both Georgia and Florida regulators have recognized this fact and have unequivocally rejected BellSouth's SPC proposal. In Georgia, the Commission chose not to adopt the SPC methodology, holding that it "does not appear well suited to the task of measuring performance between more than one system, and the three standard deviations proposed by BellSouth is too wide a range for differences in performance of functions essential to competition in Georgia's local exchange market."<sup>73</sup>

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<sup>72</sup> FCC Michigan Order, ¶ 139.

<sup>73</sup> GA PSC Order, p. 16.

Similarly, in Florida, the Commission Staff provided very strong recommendations against SPC in the BellSouth SGAT proceeding in Florida.<sup>74</sup> In addition, the Florida Staff clearly found the AT&T proposal superior to BellSouth's:

"Alternatively, Staff notes that AT&T suggests the use of mean performance and performance variability testing using a 95% confidence interval as an effective method for comparing operational performance between BellSouth and competing carriers. Staff observes that BellSouth did not endorse nor refute these ideas. Staff, however, believes that the mean performance testing and the performance variability testing provide for direct comparison better than any target based measures."<sup>75</sup>

Accordingly, BellSouth's SPC proposal should be rejected.

#### IV. Reporting Requirements

The Notice (¶ 105) also solicits comments on the type of reports that ILECs should be required to submit. The Notice (id.) correctly states that such information serves

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<sup>74</sup> Consideration of BellSouth Telecommunications Inc.'s Entry into InterLata Services Pursuant to Section 271 of the Federal Telecommunications Act of 1996, Docket No. 960786-TL, issued October 22, 1997, Memorandum, p. 146 ("Staff agrees with AT&T that the SPC is not adequate to compare two sets of performance data for nondiscrimination. Staff believes that BellSouth is potentially misapplying SPC by attempting to use it to monitor multi-system processes in the service environment . . . Staff [also] believes that three sigmas are not sufficiently restrictive to detect discrimination, especially if this is utilized in conjunction with target-based measures.")

<sup>75</sup> Id., p. 147.

two important purposes. First, it is necessary to determine whether the ILEC is complying with its statutory duties to provide nondiscriminatory and just and reasonable support for CLECs. Second, it is critical to any remedial actions if the ILEC is not meeting its obligations.

As an initial matter, ILECs should be required to provide monthly performance reports to regulatory commissions and to individual CLECs.<sup>76</sup> These reports will be generated through mechanized processes and thus should not be burdensome to produce once initial programming is completed. Monthly reporting is common in the industry, and is essential in this case. Less frequent reports would create a substantial lag between the time of the ILECs' performance and the availability of data on its activities. This could allow poor performance to linger undetected, and would also slow down the ability to rectify service inequalities that harm consumers and the competitive process.

The purpose of regulatory reporting is to determine if the ILEC is meeting its overall nondiscrimination obligations. The public interest in a competitive marketplace should be satisfied if this determination is

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<sup>76</sup> AT&T suggests that monthly reports should be submitted by the 15<sup>th</sup> of the month following the month being reported, a standard interval for carrier reporting.

made at the industry aggregate level in the format described below.<sup>77</sup>

Individual CLECs, however, must also have the option of seeking remedies for their specific performance issues, even if the ILEC appears to be in compliance at the industry aggregate level. Thus, the Notice (¶ 106) correctly concludes that individual CLECs that purchase services or UNEs from an ILEC must be permitted to obtain reports regarding the ILEC's performance for that particular company.<sup>78</sup> The focus of individual CLECs is on their specific performance results. Each CLEC requires the ability to compare their results with the ILEC, as well as with the CLEC industry in aggregate. Because of confidentiality concerns, however, individual CLEC reports should be provided only to the specific CLEC.

Accordingly, there are three types of reports that an ILEC should provide on a monthly basis: 1) a CLEC Aggregate Summary; 2) CLEC Aggregate Exception Detail; 3) and

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<sup>77</sup> AT&T assumes that the Commission and State PUCs will monitor the ILECs' compliance on an industry aggregate basis, and that the States would also focus on specific CLEC non-compliance complaints in their states.

<sup>78</sup> AT&T does not object to the proposed requirement that CLECs must request individual reports from the ILEC (see Notice, ¶ 107). However, the summary reports filed with regulators (see below) should be public documents available to all CLECs, whether or not they currently purchase any services or UNEs from the ILEC.

Individual CLEC Full Detail. The latter should also contain the CLEC Aggregate Full Detail and ILEC Full Detail.

The focus of the Summary Report is to report the limited amount of information, in summary form, that will provide a direct determination of whether or not the ILEC has met its nondiscrimination obligation. The purpose of the Detail Reports is twofold. First, when the Summary Reports identify that the ILEC is not in compliance with its nondiscrimination obligations, the Aggregate Exception detail reports should identify the specific performance measurements that identify areas requiring investigation and improvement.<sup>79</sup> Second, regardless of whether or not the ILEC is meeting its nondiscrimination obligations, the detail reports should allow the CLECs to determine their specific performance and provide CLECs important data with which to verify the summary regulatory report results.

The reports for regulatory commissions and CLECs should have different detail reporting requirements. Regulatory commissions are most interested in performance results that

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<sup>79</sup> In the event of noncompliance, the ILEC should be required to provide a corrective action plan within 30 days. This is especially important for any measurement that shows a lack of parity for more than one month. The plan should specify the root cause of the noncompliance problem, the corrective action to be taken, and a schedule for implementing the required correction. CLECs should also be permitted to comment on the appropriateness of the ILEC's analysis and corrective action plan.

are not meeting parity. Therefore, the regulatory commissions should be most interested in "exception" reports, or reports of only those measurement and reporting dimension combinations which "failed" the parity tests. CLECs, in contrast, are interested in the details for all measurements of their performance.

AT&T recommends that the summary reports should contain the minimum amount of data necessary to make a direct determination of whether the ILEC is complying with its nondiscrimination obligation. Attachment H, Table 1 provides an example of a Summary Report assuming a 5% Type I error rate and using the statistical criteria identified above. Because these data do not show actual performance levels for any carrier, there should be publicly available to any interested party.

Detail exception reports should identify only the specific measurement and reporting dimension combinations that failed the parity test. This type of reporting allows commissions to focus on only the subset of data that is necessary to determine compliance and to direct enforcement efforts. Attachment H, Table 2 provides an example of detailed exception reports for the aggregate CLEC data that corresponds to a portion of the details underlying the aggregate CLEC Summary Report shown in Attachment H, Table 1.

Attachment H, Table 3 provides an example of a CLEC detail report for an individual CLEC. The individual CLEC detailed report should contain all measurement results for the ILEC and CLEC. Thus, these detail reports should contain the statistical results computations for the ILEC, for the individual CLEC and for all CLECs in the aggregate. In addition, the raw performance data should also be made available, in electronic format, to each CLEC on request. Safeguards should be provided by the ILEC to ensure that each CLEC has access to the details for only the ILEC and its own performance data.

Making this information available to CLECs affords them the opportunity to validate the summary and exception regulatory reports provided to commissions. Thus, CLECs, in pursuing their own interests to assure that they are receiving nondiscriminatory treatment, also off-load from regulators much of the need to analyze and verify the reported results. The detail report for individual CLECs should have a similar format to the regulatory detail exception report.<sup>80</sup>

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<sup>80</sup> Note that some of the reported results in the individual CLEC column would be blank for those items that it did not obtain from the ILEC.

## V. Other Issues

### A. Audits

The performance measurement processes being developed are critical to support the introduction, and ongoing success, of local competition. Thus, it is important that there be appropriate audit processes in place to assure the reliability and validity of the information in the ILEC performance reports. Audits are a key component of any such process.

Audits are needed to assure that the reported ILEC measurement results and processes accurately reflect their actual conduct. Thus, it is not only necessary to review an ILEC's processes for calculating and reporting its performance, but the ILEC's data collection systems and processes must also be available for periodic inspection, including the underlying support processes themselves. Otherwise, it will be impossible to determine whether the ILEC is accurately tracking and reporting its performance and performing in a nondiscriminatory manner. In addition, the ILEC's rules for defining measurements and excluding measurements must be reviewed to assure that they are not introducing bias into the documented calculations. Audits should also cover the statistical validity of any sampling underlying the measurements and the business processes used to perform the ILEC and CLEC functions being measured. Such

an audit process will require significant cooperation and support from the ILEC staff.

Audits would focus on confirming the performance measurements provided by the ILEC for a specific period. They would trace underlying supporting data to their sources (to assure that they capture all relevant data) and validate the calculations. Therefore, auditors will need access to ILEC subject matter experts and relevant documentation, as well as assistance in verifying reported results. In addition, the auditors must have direct access to ILEC data related to specific CLEC measurements. Auditors should also use available, comparable and independent CLEC data in verifying reported ILEC performance results.

Each CLEC should have the right to conduct an audit at least once a year, without cause; however, the ILEC should be permitted to require reasonable cooperation among CLECs in scheduling such audits. In addition, CLECs must have the ability, with regulatory commission approval, to audit, or ask the commission to conduct an audit, in conjunction with a complaint proceeding. ILECs should also be required to provide annual audits conducted by independent auditors.

#### **B. Data Retention Requirements**

In order to assure that data are available for audit and analysis, the ILEC performance data should be retained for a period of at least two years. The Notice (§ 109) also

requests comments on whether a national clearinghouse should be created to retain ILEC data. Although AT&T supports this proposal in concept, it may take a significant period of time to implement. AT&T believes that this may be a valuable long-range project that could be developed cooperatively by the States and the Commission. For the short term, however, it is critical that the individual ILECs collect, report and retain their own performance data in the manner AT&T describes above.

C. Smaller ILECs

Finally, the Notice (¶ 131) seeks comment on whether the performance measurement rules should be applied to smaller ILECs. AT&T would not object to a longer implementation period and a reduced (but not eliminated) set of reporting requirements for small companies, provided that these exemptions do not apply to any Tier I LECs or to Cincinnati Bell.

CC Docket 98-56

AT&amp;T Comments

June 1, 1998

Conclusion

For the reasons set forth above, the Commission should promptly issue national binding rules on performance measurements that are consistent with AT&T's recommendations.

Respectfully submitted,

AT&T CORP.

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