

ORIGINAL

Bell Atlantic  
1300 I Street NW, Suite 400W  
Washington, DC 20005

Dee May  
Director, Federal Regulatory Affairs



October 7, 1998

EX PARTE OR LATE FILED

Ex Parte

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
1919 M Street, NW  
Room 222  
Washington, DC 20554

RECEIVED  
OCT - 7 1998  
FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Re: <sup>Rm</sup> CC Docket 98-56, 9101: In the Matter of Performance Measurement Requirements for Operations Support Systems, Interconnection, and Operator Services and Directory Assistance

A meeting was held today on the matter above between Bell Atlantic and representatives of the Common Carrier Bureau. Representing Bell Atlantic were Leslie Vial, Julie Canny and I from Bell Atlantic and Fritz Scheuren and Mary Batcher from Ernst & Young. Attending from the Common Carrier Bureau were Michael Pryor, Jake Jennings and Daniel Shiman. Bell Atlantic presented an overview of the status of Bell Atlantic's 271 Pre-Filing statement regarding performance measurements in New York and Pennsylvania and the carrier to carrier conferences on the same subject taking place in New York. Materials used in the meeting are attached.

Please feel free to contact me if you have any questions.

Sincerely,

Attachments

Cc: M. Pryor  
J. Jennings  
D. Shiman

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# *NY 271 Pre Filing: Continued Performance Plan*

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- ❑ Metrics based on NY Carrier to Carrier Guidelines
  - OSS, Pre Ordering, Provisioning, ....
- ❑ Two Tracks
  - Mode of Entry
    - Resale, UNE and Interconnect
    - Measures overall performance
    - Aggregate scores
  - Critical Measures
    - 11 critical measurements
    - Aggregate and CLEC specific
    - A miss in one measurement triggers Market Adjustments
- ❑ Statistical Differences in performance triggers price reductions

# *Evaluating Results: Mode of Entry*

*For each measurement....*

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- Step 1: Compare CLEC result to BA Standard  
Standard = Parity with BA Retail *or* an Absolute Standard
- Step 2: Calculate Z Score
  - Provides statistical confidence interval
  - Range -2 to +2
- Step 3: Convert Z Score to Staff Performance Score

<u>Z Score</u>	<u>Staff Perf Score</u>	<u>Parity</u>
$Z \leq -2$	-2	Not achieved
$-2 < Z \leq -1$	-1	In question
$-1 < Z \leq +1$	0	Achieved
$+1 < Z$	0	Achieved

Note: A score of -1 is subject to change if next 2 months = 0

## *Evaluating Results: Mode of Entry (cont'd)*

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- Step 4: Aggregate scores
  - Weight components based on importance
  - Develop overall score for each MOE
  - Overall score of -0.2 triggers Wholesale price reductions
  - Price reductions increase for poorer scores
- Maximum monthly adjustments
  - Resale: 2.94% Additional Discount
  - UNE: \$6.86 Reduction in UNE Loop Price
  - Interconnect: \$0.00025000 reduction in MOU reciprocal compensation

# *Evaluating Results: Critical Measures*

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- ❑ Measure Aggregate *and* CLEC specific if failed at aggregate
- ❑ Z Scores and Staff Perf Scores same as MOE
- ❑ Price reductions trigger if
  - Aggregate score of -1 in any category
    - reductions for CLECs receiving below standard service
  - Any CLEC receives -1 two months in a row
    - regardless of aggregate score
- ❑ Price reductions increase for scores between -1 and -2
- ❑ Maximum monthly adjustments
  - Resale: 2.36% Additional Discount
  - UNE: \$6.48 Reduction in UNE Loop Price
  - Interconnect: \$0.00031250 reduction in MOU reciprocal compensation

## Statistical Measures

### LCUG Proposed Statistics

### Concerns

Strong assumptions are made to allow simple statistics

Independence assumption does not respect the business structure, nor are all identically distributed.

Normality assumption does not hold in all tests.

Sample size

Can be both too large and too small. Too large means too much power to detect small differences. Too small means normality assumption does not hold.

Not clear that this is the most appropriate standard deviation

There are alternatives and it is not clear that all possibilities have been fully considered or that the LCUG version is best suited to all cases

No distribution analysis

Proposed tests rely exclusively on testing single parameters, measures of central tendency. There are no comparisons of entire distributions. Much information is lost when looking at summary statistics.

Measures taken at single point of time

This ignores the underlying data structure, which is one of a process over time (or several processes over time).

Multiple hazards

The measures are often related, in the sense that failure on one nearly guarantees failure on another.

All Measures for all CLECs taken at same time interval

Some CLECs have only a few observations on affected measures each month.

Excessively small categories are tested

The large number of tests of significance on related measures exposes the ILEC to multiple opportunities to fail, sometimes multiply for the same offense.

All measures are treated equally

Some measures are more important than others in the sense that failure to provide good service will have greater impact on the business

Penalties for all deviations from parity

A one time difference that barely reaches statistical significance should not be treated in the same way as repeated offenses that are much farther away from parity.

One-sided confidence interval (or one-tailed statistical test)

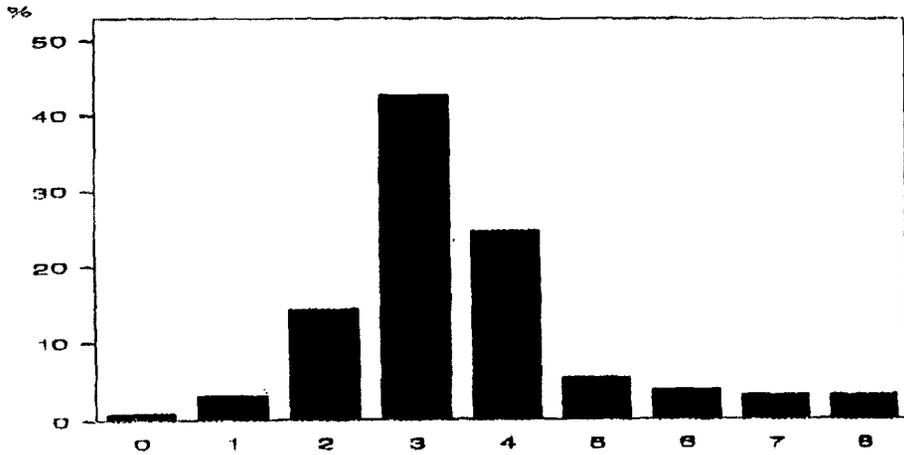
Credit is not given for providing the CLEC with better service.

One size fits all

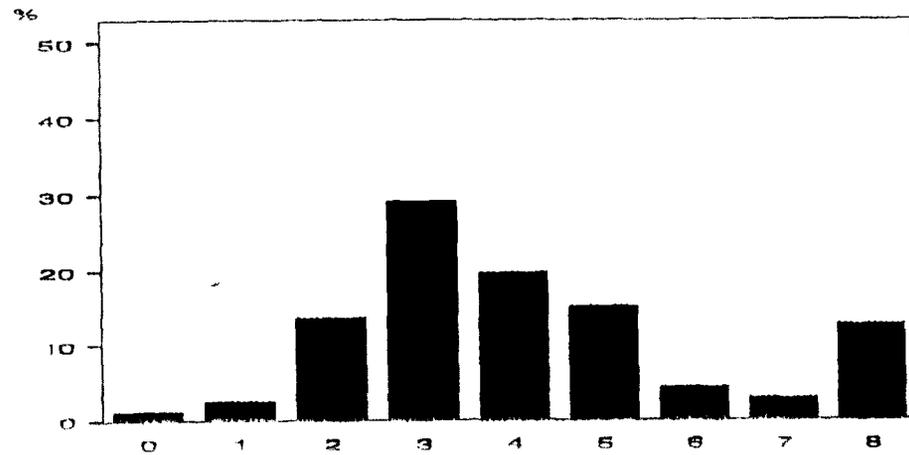
Each CLEC/ILEC combination is different and operates in a different environment. Measures should fit the particular situation.

Analysis on Completion Interval, for the Category of Dispatched and Residential

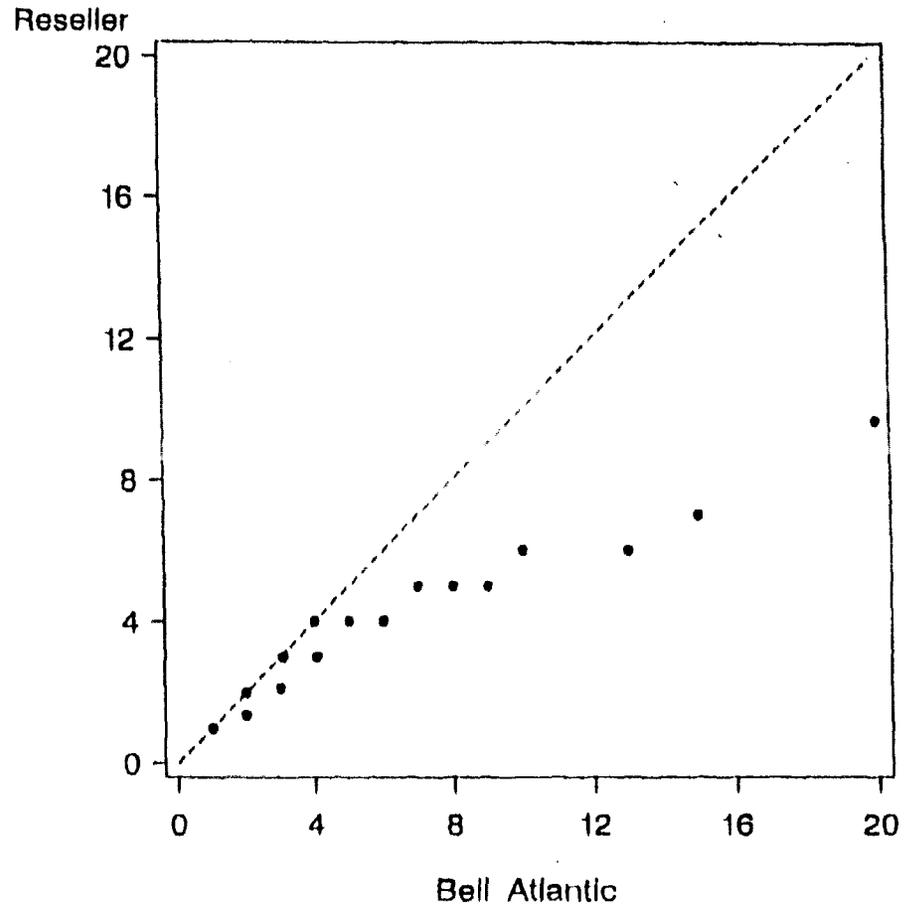
Reseller



Bell Atlantic



Q-Q Plot  
Reseller Percentiles vs. Bell Atlantic Percentiles



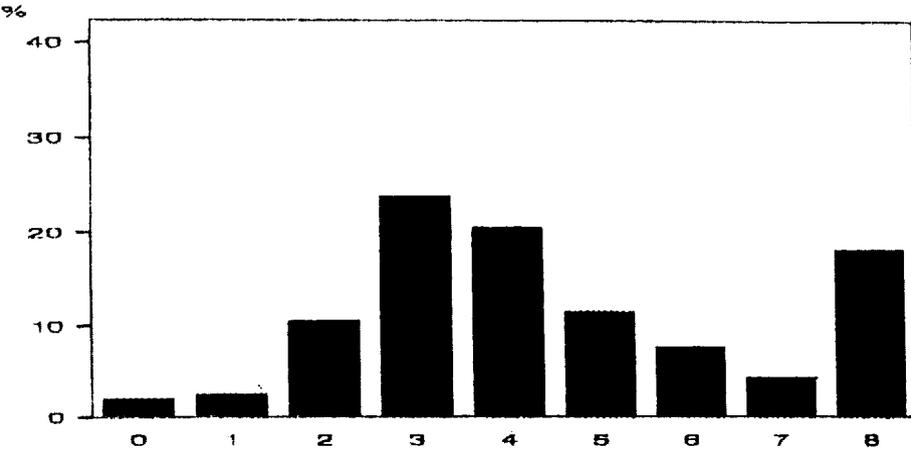
Note: values greater than 7.5 are included in the last bar

"Hypothetical Case Study: Data not from actual performance records"

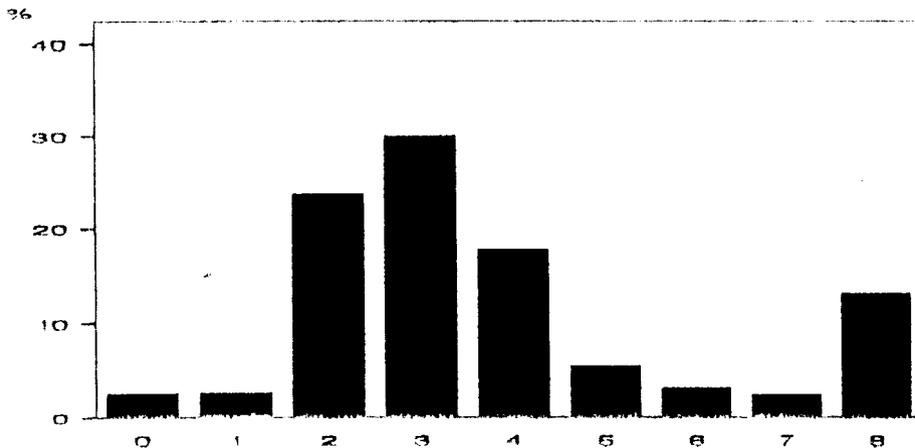
Service	ILEC Obs	CLEC Obs	ILEC Mean	CLEC Mean	ILEC $\sigma^2$	CLEC $\sigma^2$	Pooled $\sigma^2$	LCUG z-value	Pooled z-value
Dispatched Residential	11335	134	4.980856	3.679104	23.922432	5.242116	23.705768	3.062850	3.076815

Analysis on Completion Interval, for the Category of Dispatched and Business

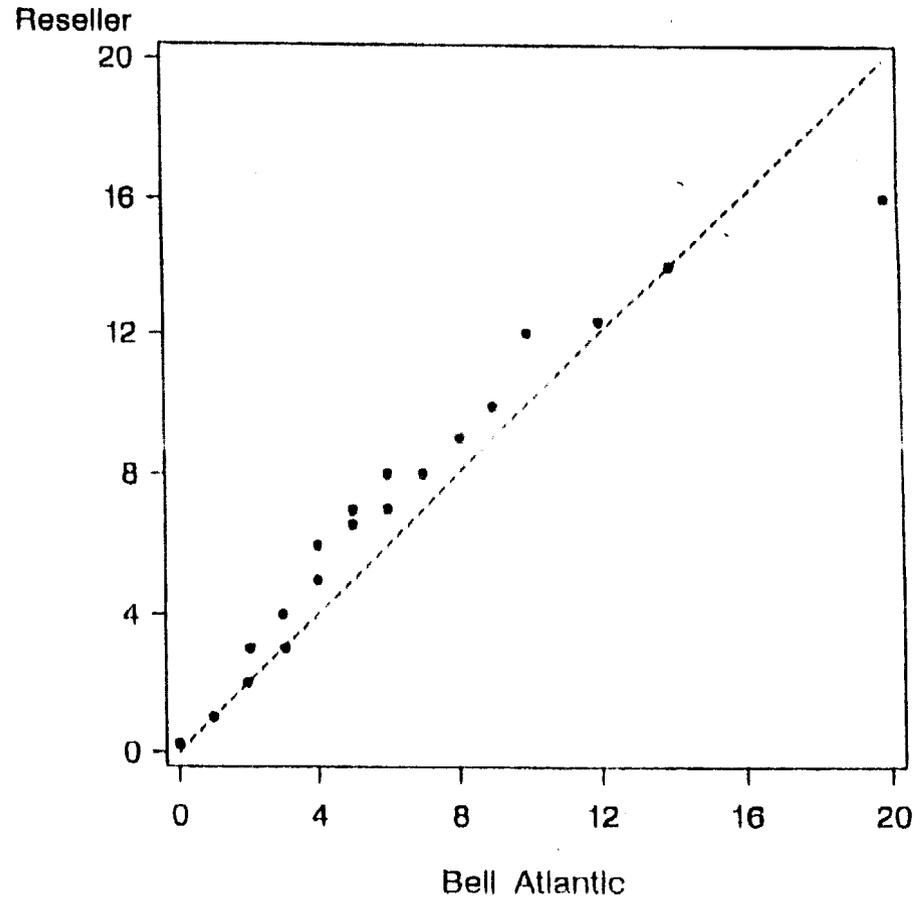
Reseller



Bell Atlantic



Q-Q Plot  
Reseller Percentiles vs. Bell Atlantic Percentiles



Note: values greater than 7.5 are included in the last bar

"Hypothetical Case Study: Data not from actual performance records"

Service	ILEC Obs	CLEC Obs	ILEC Mean	CLEC Mean	ILEC $\sigma^2$	CLEC $\sigma^2$	Pooled $\sigma^2$	LCUG z-value	Pooled z-value
Dispatched Business	6208	211	4.540110	5.180095	23.267281	13.548364	22.949224	-1.895311	-1.908400