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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY
November 4, 1999

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th St., SW, Room TWB-204
Washington, DC 20554

Re: Notice of Ex Parte Contact
In the Matter of the Application by New York Telephone Company (d/b/a Bell Atlantic - New York), Bell Atlantic Communications, Inc., NYNEX Long Distance Company, and Bell Atlantic Global Networks, Inc., for Authorization to Provide In-Region, InterLATA Services in New York, CC Docket No. 99-295

Dear Ms. Salas:

On Wednesday, November 3, 1999, Richard Rubin, Harry Davidow, Ray Crafton, Jack Meek, Robert Mulvee C. Michael Pfau and I of AT&T met with Johanna Mikes, Rhonda Lien, Julie Patterson, John Stanley, Daniel Shiman, Alex Belinfante, John Adams and Eric Einhorn, all of the Common Carrier Bureau. The purpose of the meeting was to discuss AT&T's Comments and Reply Comments in the aforementioned proceeding. Attached is a brief outline of the presentation submitted during the meeting by AT&T. All of the issues discussed during the meeting are contained in this outline. As discussed with the Policy & Program Planning Division Staff at the meeting, one page of the presentation contains confidential information, a copy of which will be filed under separate cover pursuant to the terms of a Protective Order to be issued in this proceeding.

Two copies of this Notice are being submitted in accordance with Section 1.1206 of the Commission's rules.

Sincerely,

- cc: J. Mikes (w/o attachment)
- R. Lien (w/o attachment)
- J. Patterson (w/o attachment)
- J. Stanley (w/o attachment)
- D. Shiman (w/o attachment)
- A. Belinfante (w/o attachment)
- J. Adams (w/o attachment)
- E. Einhorn (w/o attachment)

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Bell Atlantic - New York's 271
Application: The Remaining
Problems That Must Be Solved

AT&T Presentation to FCC
November 3, 1999



Summary of AT&T's Reply

- Overview
- Legal Issues that Must be Addressed
- Update on UNE-P/OSS Problems, including Flow-Through
- Update on Hot Cut Performance Problems
- Need for Improved Backsliding Plan



Overview

- The comments, including both the DOJ's and NYPSC's evaluations, confirm that BA-NY's systems and processes continue to have serious deficiencies that affect competition in both the residential and business markets
- DOJ and NYPSC generally agree on the areas that BA-NY must fix to permit effective competition; they differ on how and when BA-NY must finish its work



Overview

- DOJ properly reaffirms the legal and practical need to assure that BA-NY fixes all these problems *before* its application is granted
 - Section 271(d)(3)(A)(i) and prior Commission decisions explicitly state that the Commission cannot grant a Track A application unless a BOC “has fully implemented” all checklist items; also Section 10(d) forbids forbearance until Sections 251(c) and 271 “have been fully implemented”
 - Paper promises are simply not enough; customers can’t get service from a CLEC based on a BOC’s promises, only its performance
 - Post-entry anti-backsliding mechanisms are not designed to -- and cannot effectively -- *improve* performance



Overview

- DOJ also confirms that the Commission's consistent enforcement of the "complete when filed" rule is essential to enable it to administer the 271 process nationally
 - BOC applicants control the timing
 - The record is always voluminous and fact-intensive
 - Timelines are extremely tight and demanding on commenters, including PUCs and DOJ
 - There are limited opportunities to respond to late-filed BOC data
 - These are important consumer-affecting decisions; thus Commission needs time to review the record carefully
 - Any other rule would make it nearly impossible to handle multiple simultaneous applications



Legal Issues

- The Act permits the Commission to adopt a streamlined process for a future application but makes no provision for any type of “conditional approval”
 - Section 271 (d)(3) requires the Commission to “approv[e] or deny[] the authorization requested”
 - The concept itself is vague and could lead to inadequate opportunities to comment on or evaluate the record
 - Such an action would generate a flood of premature applications based on BOC promises, not performance
- Other legal issues must be addressed
 - Pricing
 - UNE use restrictions
 - 272 compliance issues



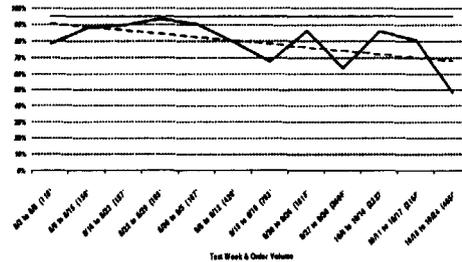
New York UNE-P Issues



BA-NY's Below Par, Deteriorating Ordering And Provisioning Performance Is Increasing Our Costs And Threatening Our Customers' Experience...

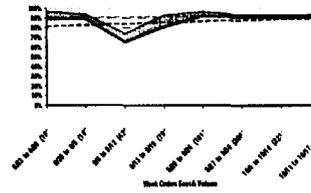
LSRCs On Time

Bell Atlantic Performance
% LSRCs on Time



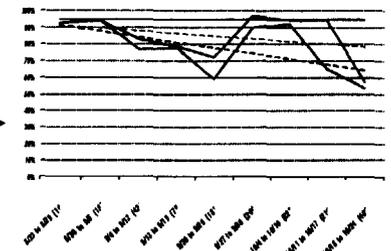
Due Date Met

Bell Atlantic Performance
Ordered Due Date vs Completion Notices



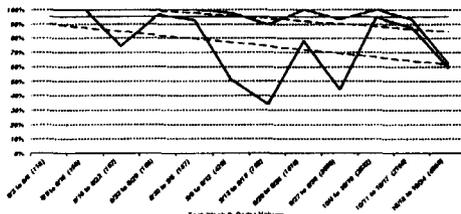
PCNs On Time

Bell Atlantic Performance
Provisioning Completions



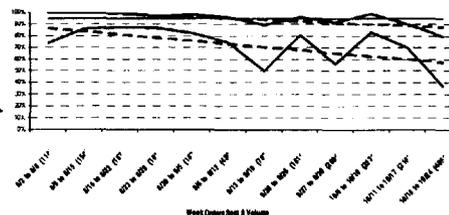
Objective ———
Actual Completeness ———
Actual Timeliness ———

Bell Atlantic Performance Acknowledgements



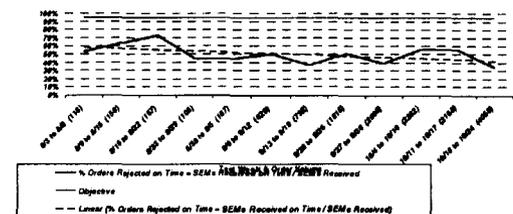
ACKs (On Time)

Bell Atlantic Performance Confirm or Reject



Confirm Or Reject

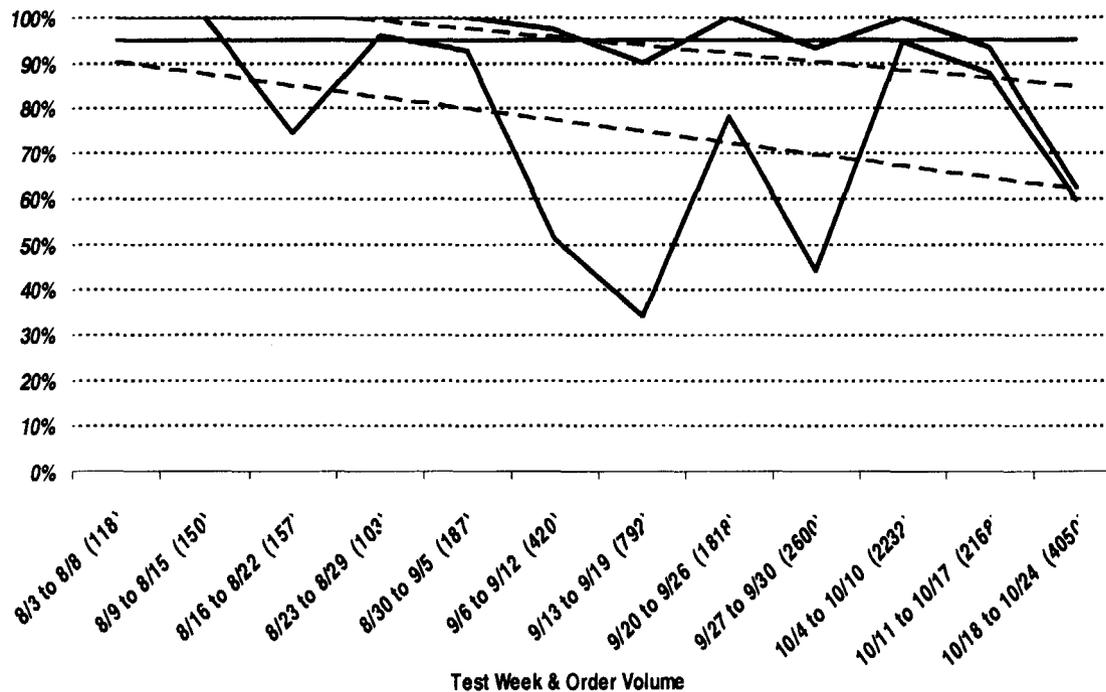
Bell Atlantic Performance % SEMs on Time



SEMs On Time

Acknowledgement Of All Orders And Prompt Acknowledgment Of More Than 95% Of Orders Is A Necessity To Guard Against A Customer Backlog...

Bell Atlantic Performance Acknowledgements

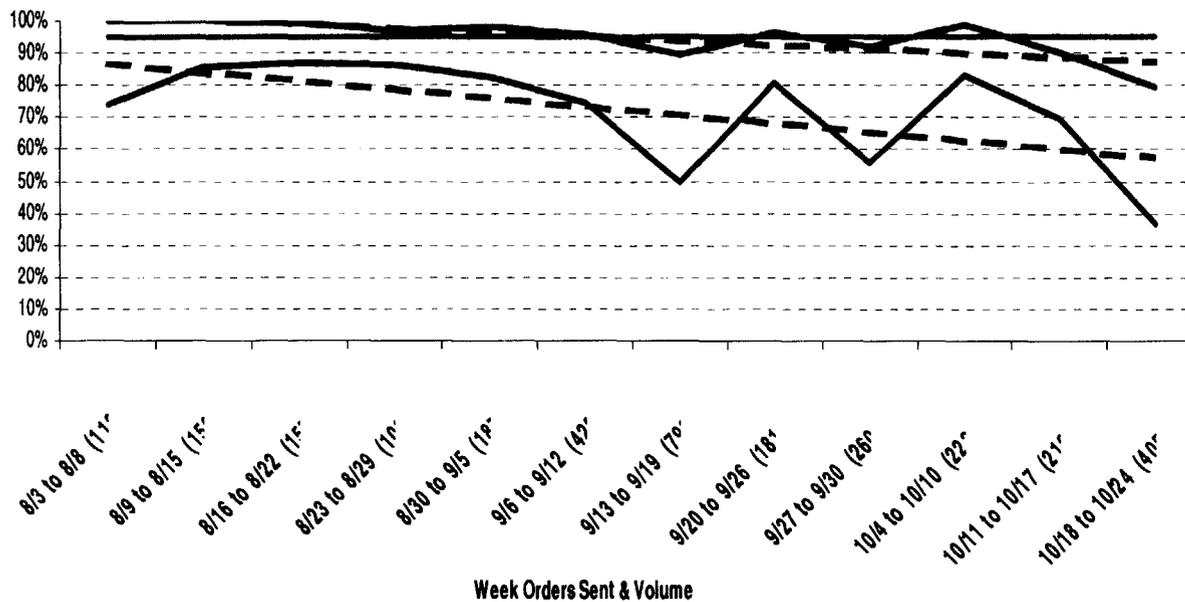


— % Acknowledged = Orders Acknowledged / Orders Sent
 - - % Acknowledged on Time = Orders Acknowledged < 15min. / Orders Acknowledged
 - - Objective
 - . - . Linear (% Acknowledged on Time = Orders Acknowledged < 15min. / Orders Acknowledged)
 - . - . Linear (% Acknowledged = Orders Acknowledged / Orders Sent)

- Acknowledgment Performance Is Deteriorating With Increased Volume
- When On-Time Performance Falls Below 60% Significant Customer Backlogs Have Developed And We Have Missed Due Dates
- We Will Have To Spend \$5 For Every Occurrence To Guard Against This
- Root Cause Appears To Be BA-NY Systems

As Our Volume Increases, BA-NY Has Failed To Either Confirm Or Reject Some Orders And Many Orders Have Received Late Responses...

Bell Atlantic Performance
Confirmation and Rejection Notification Timeliness



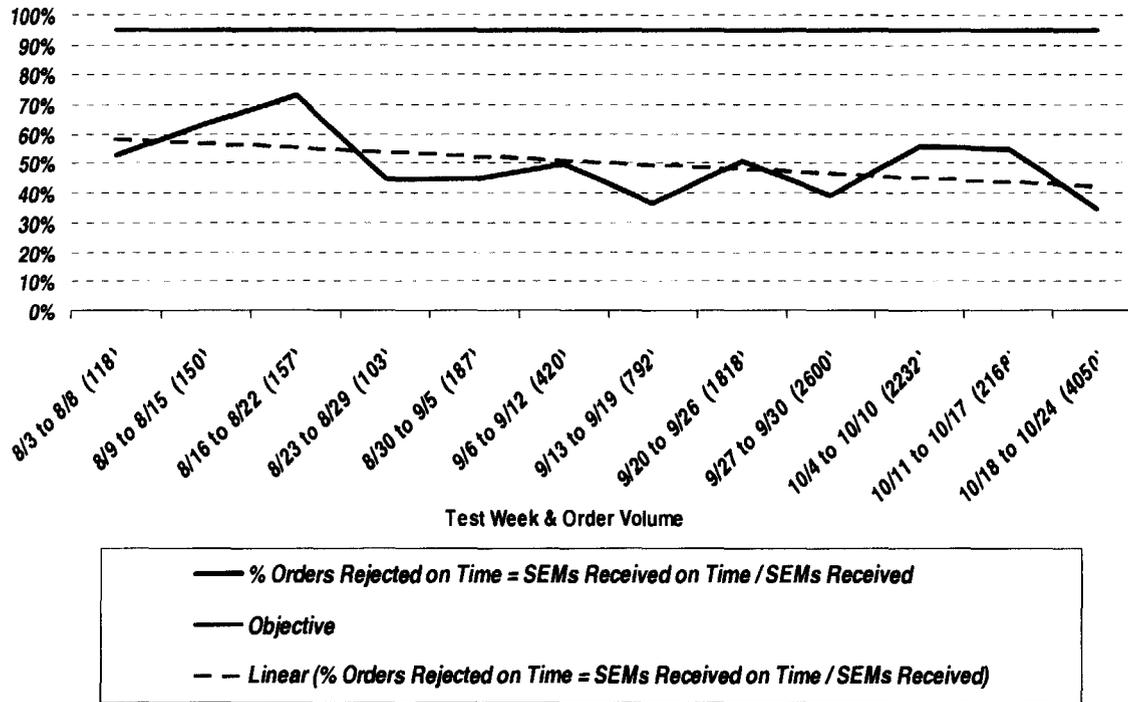
— % Confirmed or Rejected = LSRC or SEM Received / Total Orders Sent
 - - % Confirmed or Rejected On Time = LSRC or SEM Received on Time vs. Total Orders Sent
 — Objective
 - - Linear (% Confirmed or Rejected = LSRC or SEM Received / Total Orders Sent)
 - - Linear (% Confirmed or Rejected On Time = LSRC or SEM Received on Time vs. Total Orders Sent)

- Each Order Is Entitled To One Confirmation (LSRC) Or One Rejection (SEM)
- NY Carrier-To-Carrier Metrics Require That 95% Be Received In 2 Hrs. For Flow Through Orders
- And 1 Day For Non Flow Through Orders
- This Performance Has Never Met Objectives
- It Is Deteriorating As Volume Increases



Prompt Return Of More Than 95% Of Standard Error Messages (SEMs) Is A Necessity To Guard Against A Customer Backlog...

Bell Atlantic Performance
% SEMs on Time



- Prompt Return of SEMs Remains Below Objective (FT=2 Hr., Non-FT=1 Day)

- Promptness Has Deteriorated With Increased Volume

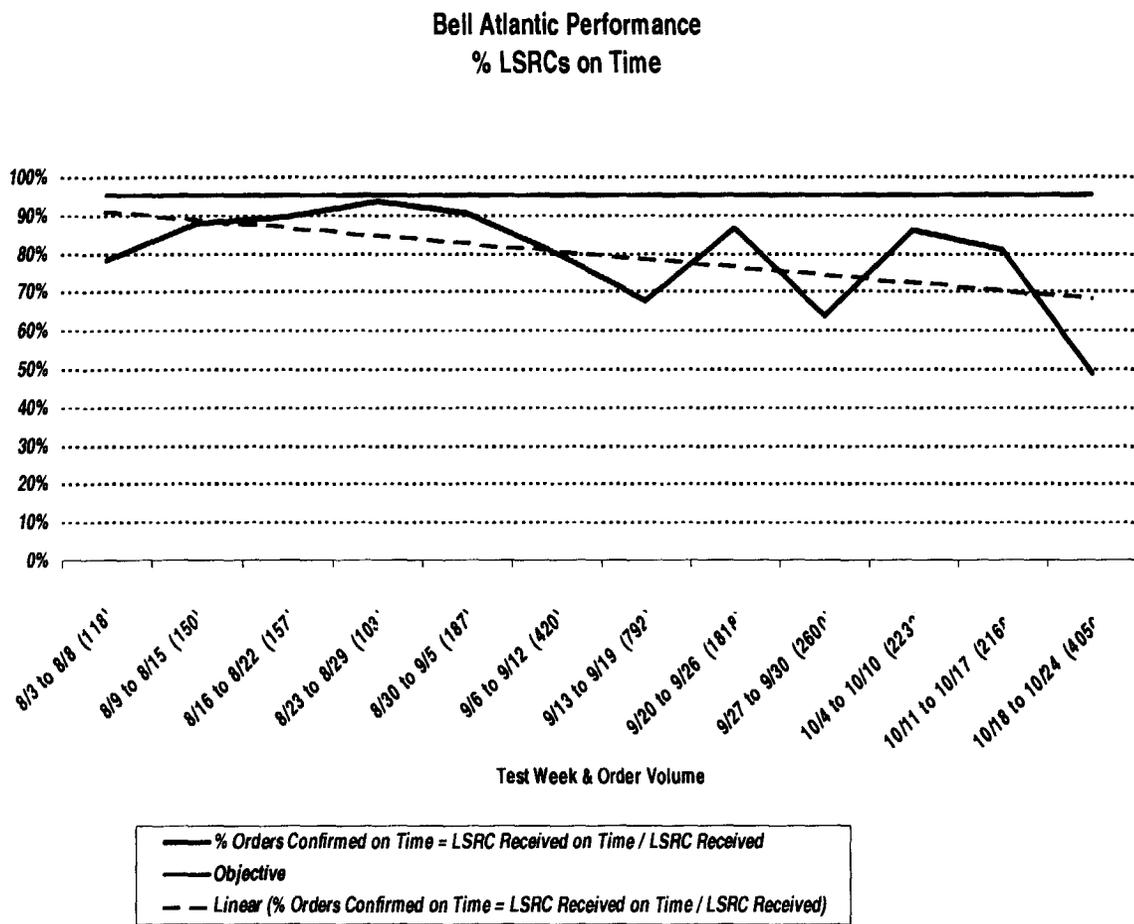
- Delay In Returning SEMs Increases The Chance Of Missing The Customer Due Date And Creating A Backlog

- We Spend \$7 Per Occurrence To Guard Against This

- Root Cause: BA-NY Systems And Centers



BA-NY Retail Customers Experience Real-Time Confirmation of Orders. Even If 95% Of Local Service Request Confirmations (LSRCs) Were On Time, Our Customer Service Would Not Be At Parity With This...

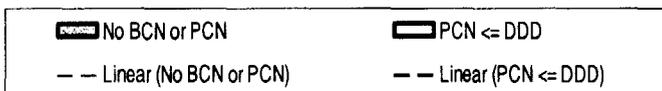
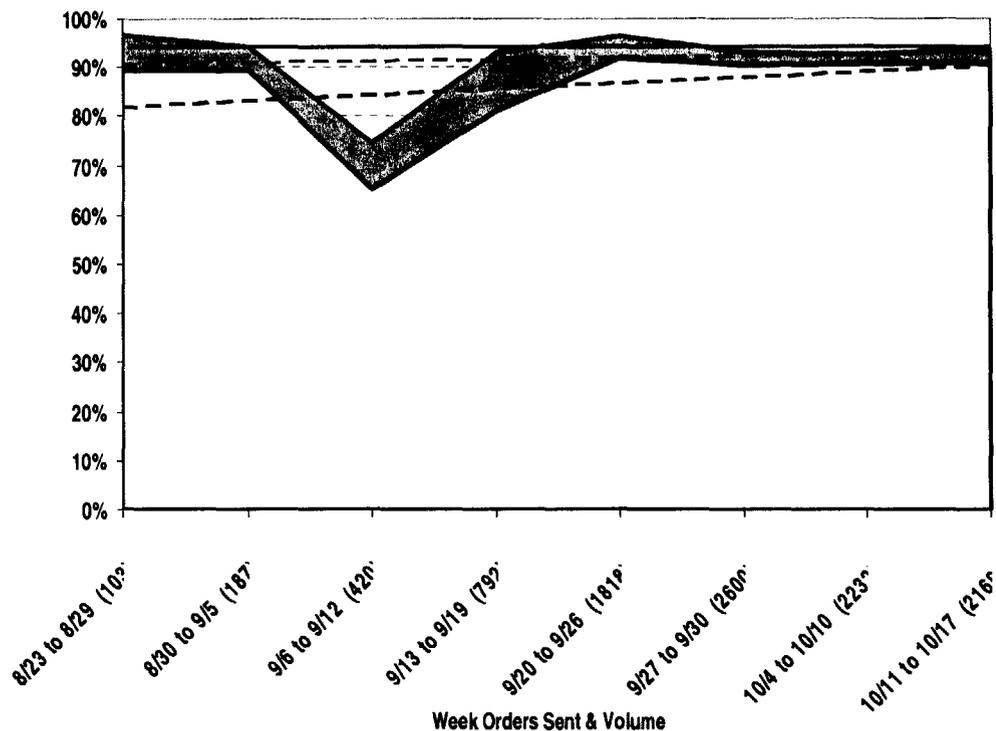


- Prompt Return Of LSRCs Remains Below Objective (FT=2 Hr., Non-FT=1 Day)
- Promptness Has Deteriorated With Increased Volume
- Our Customer Service Will Never Achieve Parity With BA-NY Even Without These Delays
- We Spend \$7 Per Occurrence To Improve Upon BA-NY's Poor Performance
- Root Cause Appears To Be BA-NY's Systems Performance And Architecture



With 5 Day Due Date Requests, BA-NY Performance Hovers Just Below The Objective. Their Performance As We Move Toward Parity Is As Yet Unknown.

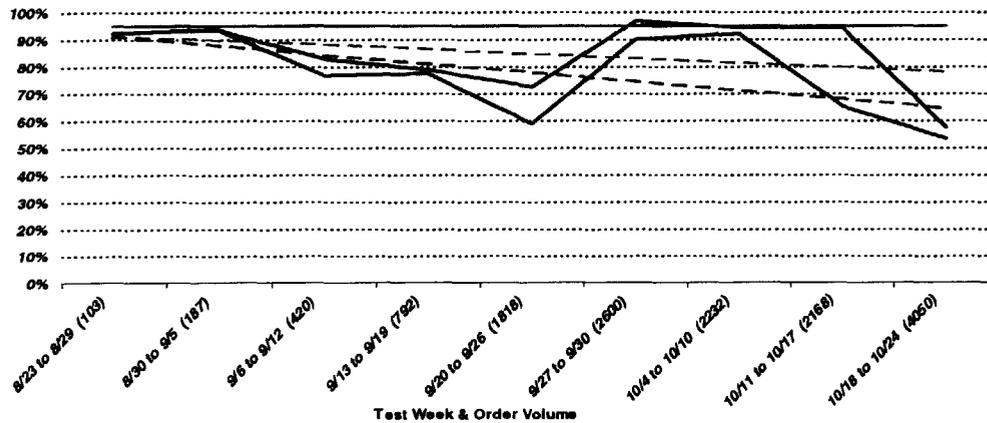
Bell Atlantic Performance
Desired Due Date vs Completion Notices



- On-Time Due Date Performance Has Recovered From The Start of Our Volume Ramp But...
- To Protect Against Customer Dissatisfaction, We Presently Ask BA-NY For Longer Due Date Intervals Than They Have Committed
 - AT&T Due Dates Are Always 5 Days
 - Most AT&T Orders Are Migrate As Specified
 - BA-NY Commitment For Most Migrate As Specified Orders Is Same or Next Day

The Use Of Provisioning Completion Notices (PCNs) Has Not Improved Our Ability To Service Our Customers...

**Bell Atlantic Performance
Provisioning Completions**

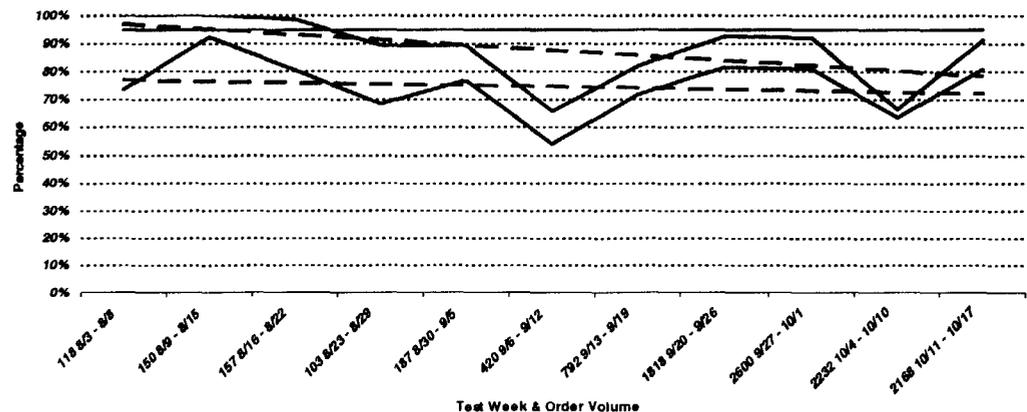


•PCN Completeness and Timeliness Has Deteriorated With Increasing Volume



•95% Are Due By Noon The Day After Provisioning To Provide Effective Response To Customer Inquiries

**Bell Atlantic Performance
Billing Completions**

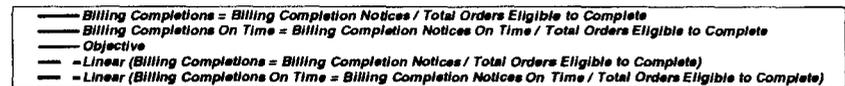


•Billing Completion Notice (CMP) Completeness and Timeliness Has Also Deteriorated With Increasing Volume



•95% Are Due Within 24 Hrs. Of BA-NY Billing Completion; Too Late To Provide Good Customer Service

**Bell Atlantic Performance
Billing Completions**



We Lost 2 Months of Local Revenue Because BA-NY Refused to Follow Billing Industry Practices and Standards...

- We Were Unable to Bill Retail Customers for Their Local Usage From Mid-August to Mid-October
 - GDG Issue - BA-NY fixed this on 9/20
 - Invalid EMI Header and Trailer Record IDs - AT&T provided a work-around
 - Invalid Billing RAO Used for Packing - BA-NY fixed this on 10/25
- AT&T Repeatedly Rejected Flawed Billing Files Back to BA-NY
- The Revenue Is Lost: We Cannot Back-Bill Our Customers Without Over-Billing
- *August and September Carrier-to-Carrier Billing Metrics Do Not Capture This Glaring Failure In Any Discernible Form*
- *BA-NY Needs A Process for Billing File Management and Reject Processing*

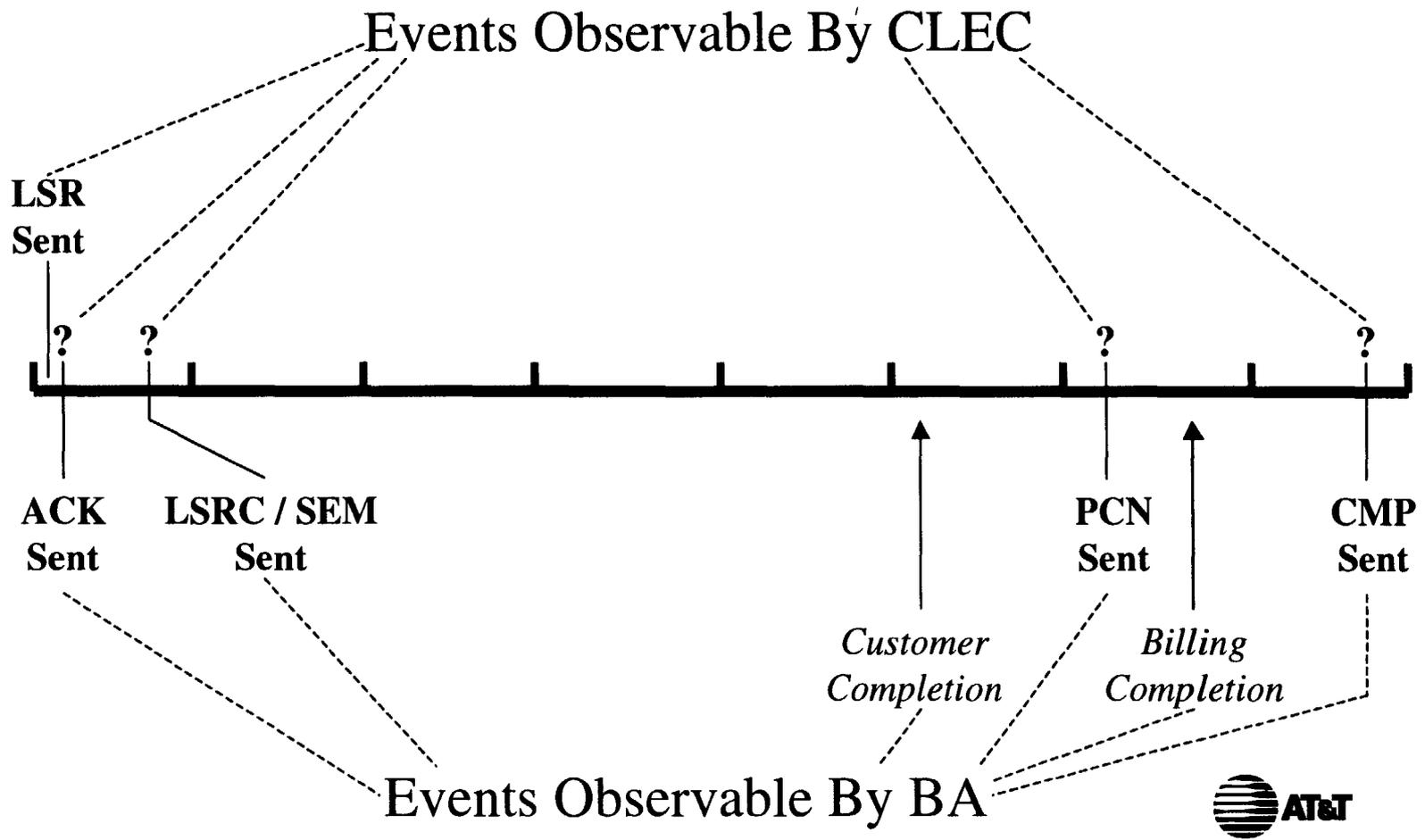


All Reporting Structures Have Biases. AT&T's Method Corrects Serious Biases In Carrier-to-Carrier...

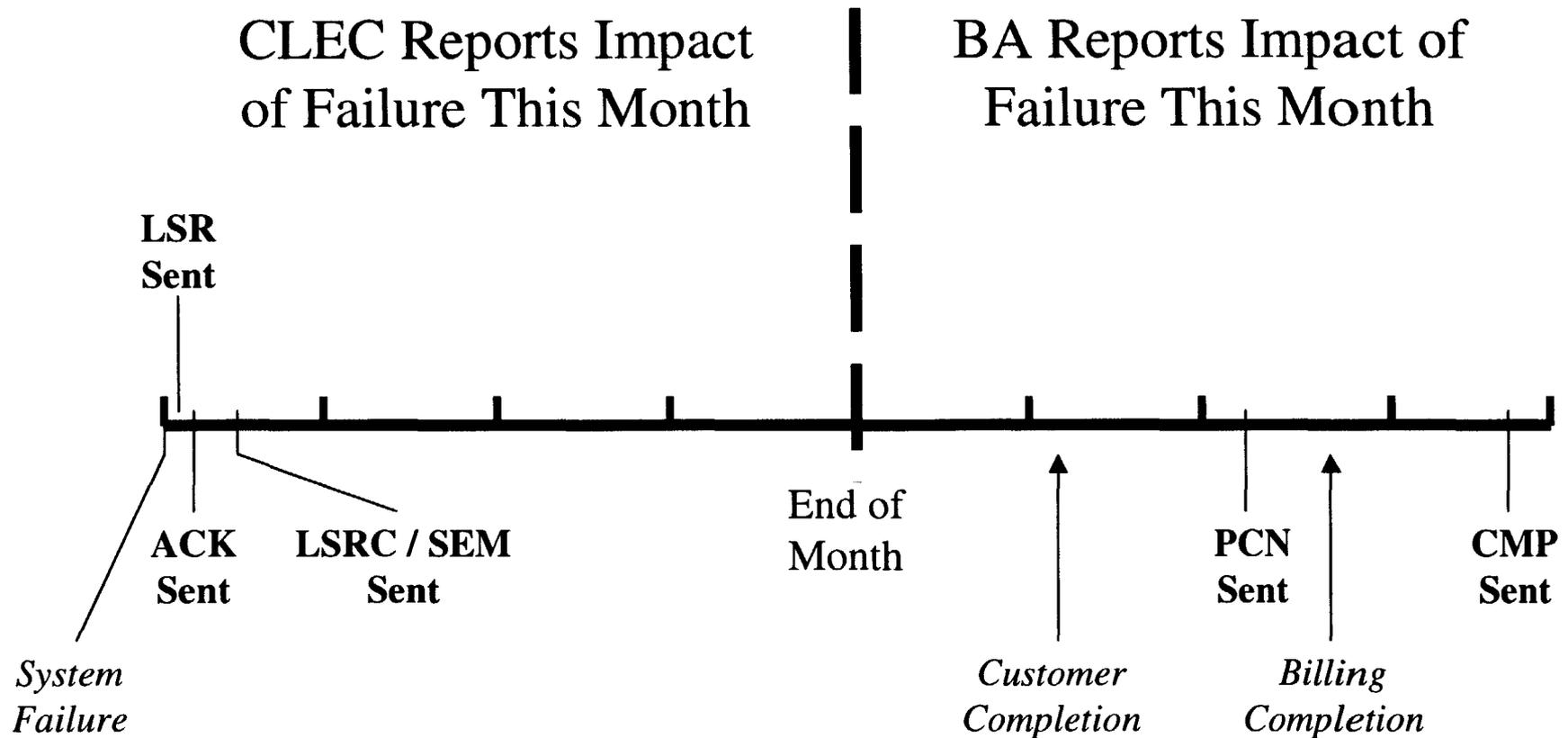
AT&T Measurements	Carrier-to-Carrier (C2C) Measurements	What Difference Does It Make?
Transactions Reported In Month Order Sent	Transactions Reported In Month Order Completed	Only BA Knows Completions No Check on C2C Available
Orders Sent That Month Are Included	Reporting Window Opens and Closes ~ 5 Business Days Earlier	C2C Results Slightly Less Current Results of System Failures May Be Assigned to a Later Month
Forward Looking View Used To Run Business	Backward Looking View Used To Report Results	C2C Significant Upward Bias
Timeliness of Response Measured for Eligible Population	Timeliness of Response Measured Only for Transactions Sent	C2C Significant Upward Bias
Completeness of Responses Measured	Not Measured	C2C Omits Key Performance Measures
Orders Immediately Preceding Data Pull Do Not Yet Have All Responses	Data Not Subject to Restatement	AT&T Downward Bias On Last Data Points Unless Orders Removed From Analysis



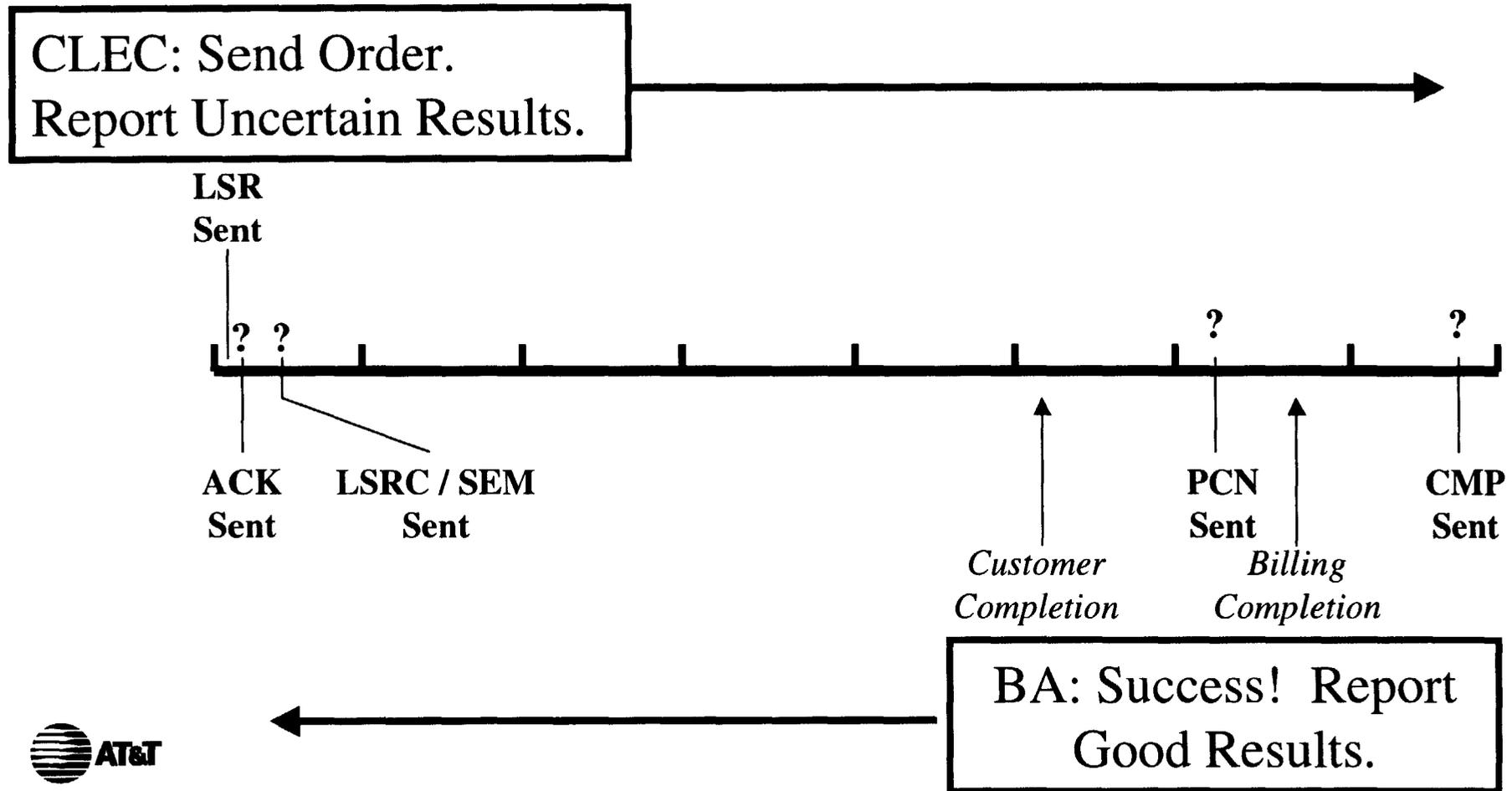
Bias #1: CLECs Can Only Report What They See. Only BA Knows What It Has Completed...



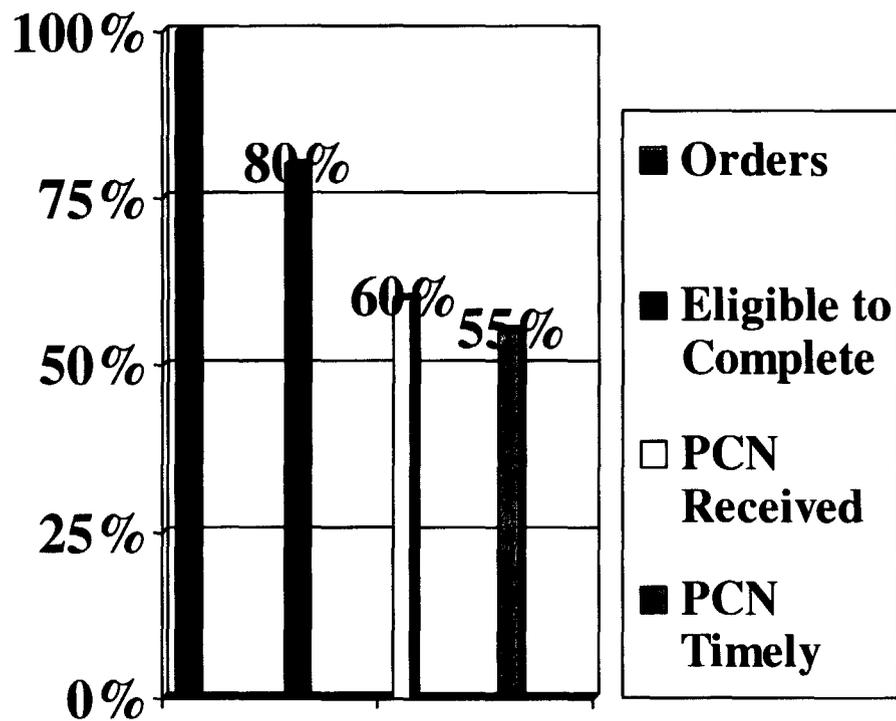
Bias #2: The Impact of System Failures On Electronic Status Messages May Be Reported In Different Months...



Bias #3: Competed Orders Are More Likely To Have Received All Status Messages. C2C Excludes Uncompleted Orders Experiencing Problems.



Biases #4 and #5: Carrier-to-Carrier Consistently Over-Reports Timeliness And Omits Completeness...

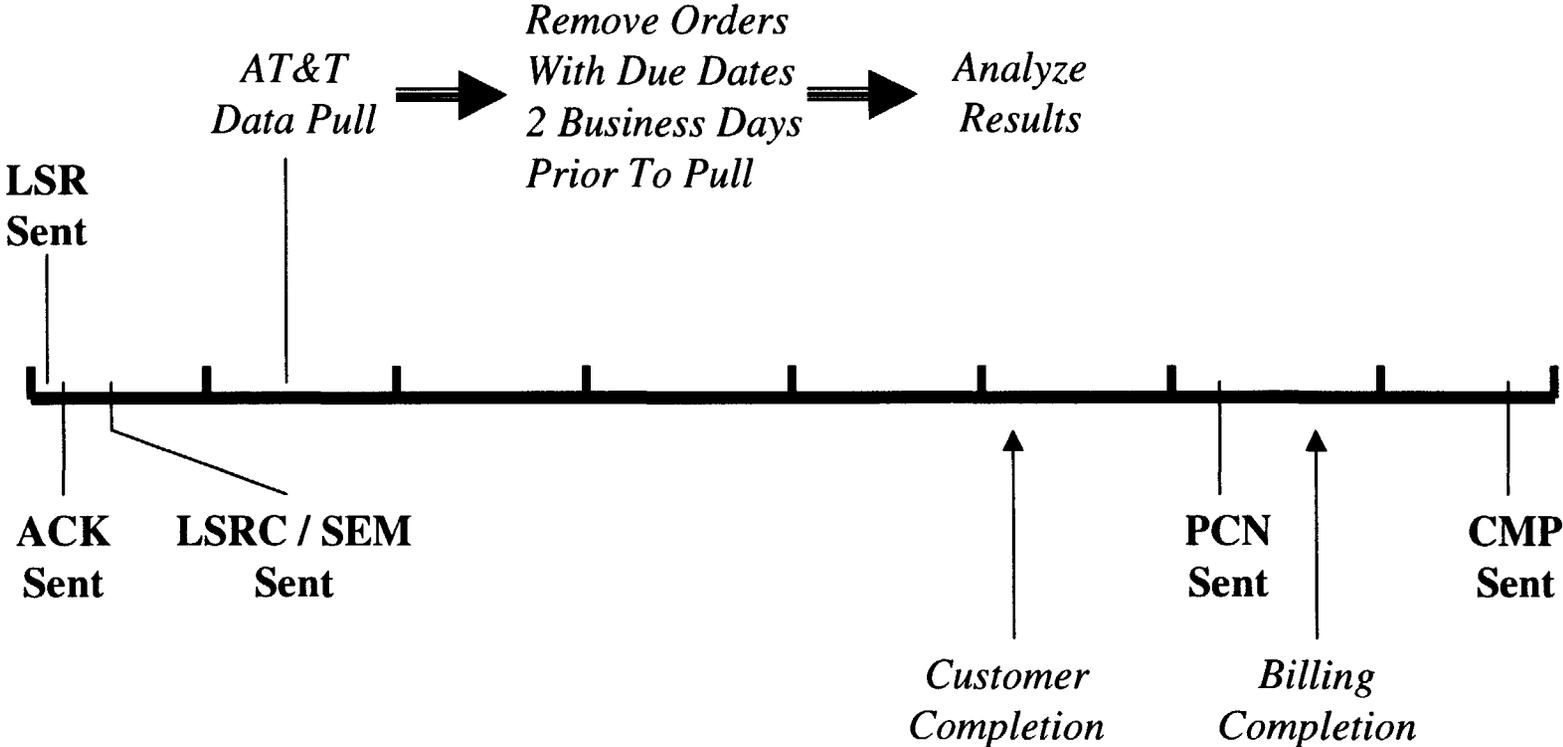


Figures On This Chart Are Illustrative Only.

- Provisioning Completion Notice (PCN) Example
 - Carrier-to-Carrier Metrics Report $55 \div 60 = 92\%$ of PCNs On-Time
 - An Unbiased Report Is $55 \div 80 = 69\%$ On-Time
 - And $60 \div 80 = 75\%$ Complete



AT&T's Reporting Adjusts To Avoid A Bias: Most Recent Orders Must Be Removed Before Analysis Or Latest Performance Readings Of BA Will Show A Drop...



PHASE I PROPOSALS – JOINT OCTOBER REPLY AFFIDAVIT

Error Code	Proposal in BA-NY Joint October Reply Affidavit	Current Status (After October Change Control Meetings)
Listing address on platform order does not match listing address on CSR	Order rejected	Tabled by BA-NY, pending further review
Can Be Reached number on platform order is invalid	Order rejected	BA-NY will flow through
BA Retail Blocking exists on line in platform order	Order will flow through with retail blocking removed	Proceeding as scheduled
Call Forward II package improperly placed on platform order	Order rejected (See Phase II related item)	Order will still fall out for manual processing
Invalid blocking code or unauthorized NXX on platform order	Order rejected	Proceeding as scheduled -- minimal impact on flow-through

PHASE II PROPOSALS -- JOINT OCTOBER REPLY AFFIDAVIT

Error Code	Proposal in BA-NY Joint October Reply Affidavit	Status (After October Change Control Meetings)
CLEC orders partial migration on platform order without properly identifying new BTN	Order rejected	Remains "non-flow-through, pending consideration of alternatives," by BA-NY
Ringmate ordered as part of platform	Ringmate will flow through as part of platform at Level 5	Will flow through after implementation in December only if customer has no complex directory listings
Additional listing exists on account in platform order	Additional listing will flow through at Level 5	Will flow through after implementation in December only if customer has no complex directory listings
Coin line ordered as part of platform	Coin line ordered as part of platform will flow through at Level 5	Tabled for further evaluation
CLEC orders partial migration of account on platform order	Partial migrations on accounts will flow through at Level 5	Will flow through only if customer has no complex directory listings
Call Forward II package improperly placed on platform order	Component parts of Call Forward II package will flow through at Level 5 (See Phase I related item)	Order will flow through after implementation in December

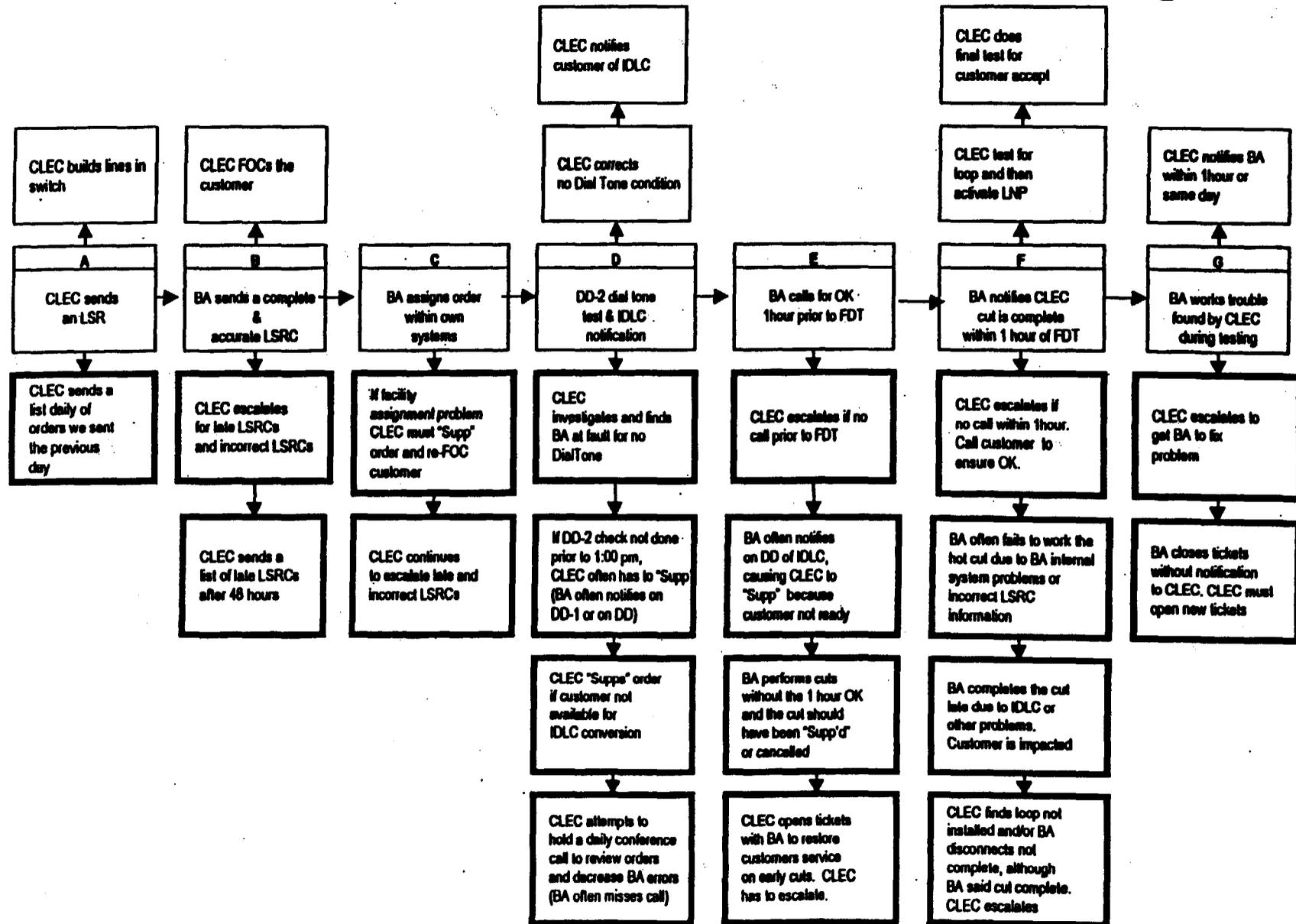
New York Hot Cut UNE-L Issues



BA-NY Hot Cut Loop Performance Deficiencies.

- Response to LSR
 - Reject timeliness
 - LSRC timeliness
 - LSRC accuracy
- On-time provisioning
 - BA-NY adherence to agreed process
- Customer outages
 - BA-NY adherence to agreed process
- BA-NY reporting accuracy
- DA/DL

BA Hot Cut Process Flows and CLEC 'Penalty Boxes'



TIME PERIODS

No. Of Hot Cut Loop Orders BA-NY Attempted To Cutover To AT&T	56	81	37	32	54	71	175	139	145	180	165	163	152	135	59
% Orders W/Loops Not Working	16%	22%	35%	31%	15%	17%	8%	14%	13%	12%	10%	9%	10%	12%	20%
No. Orders W/Loops Not Working	9	18	13	10	8	12	14	20	19	21	16	15	16	17	12
Time Out Of Serv. ≤ 1 Hr.	1	0	0	0	0	0	0	0	0	0	0	0	0	1	0
1-4 Hrs.	2	6	1	3	1	1	2	4	3	3	1	3	4	2	0
4-24 Hrs.	5	7	4	4	4	1	2	3	8	4	3	1	5	4	3
>24 Hrs.	1	4	8	3	3	10	10	11	8	14	12	11	7	10	9
% LSRC Inaccurate	25% (28/113)	26% (33/127)	34% (13/38)	14% (27/199)	59% (166/282)	51% (162/316)	63% (97/154)	63% (91/144)	64% (108/170)	64% (93/145)	71% (116/163)	75% (127/169)	70% (124/176)	87% (119/136)	100% (258/258)
% Failure To Follow Process Even When Loop Works	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	50%	60%	N/A	N/A	N/A	N/A	N/A

Source: Various Affidavits of Jack Meek, and July 30, 1999 Technical Conference Hearing Exhibits 8A-8E and 8A Confidential - 8E Confidential, Supplement to 8D, Supplement to 8D Confidential, Case No. 97-C-0271

TABLE 1 - LSRC Accuracy

Week	8/23-8/27	8/30-9/3	9/6-9/10	9/13-9/17
Total FOC/LSRCs	136	258	253	152
Total Accurate	17	0	4	2
% Inaccurate	87.5%	100%	98.4%	98.6%
Total Accurate Excluding Cable & Pair	27	132	113	66
% Inaccurate Excluding Cable & Pair	80.1%	48.8%	55.3%	56.5%

New York PAP Deficiencies



New York 271 Backsliding Plan

- **Principal Purpose: Counterbalance Anti-Competitive Business Incentives In a Post 271 Environment**
- **Achieving That End Requires That The Backsliding Plan ...**
 - Be Direct and Unambiguous
 - Essentially Self-Enforcing and Immediately Applicable
 - Sufficient to Deter Aggregate and Particular Anti-Competitive Conduct
 - Rely Upon A Comprehensive and Fully Validated Performance Measurement System
- **The Current PAP Is Deficient In All These Areas**
- **In Addition, Administration Of The PAP Will Demand Significant Resources and On-going Oversight**



New York 271 Backsliding Plan

- **Major Deficiencies That Must Be Addressed:**
 - Monetary Consequences Must be Increased and Supplemented With Complementary Non-Monetary Provisions
 - Complex And Over-Limiting Caps Must be Removed
 - More Aspects of Performance Must Be Monitored
 - Provisions Must Support/Reinforce Established Performance Standards
 - Delays and Adjustments That Weaken the Plan's Effectiveness and Sanction Continued Poor Performance Must be Eliminated
 - Performance Measurements Must be Solidified and Fully Validated



New York 271 Backsliding Plan

- **Monetary Incentives Are Insufficient And Illusory**
 - The Annual “Exposure” Must Be Raised and Be Attainable
 - The Overall Cap Should be a Procedural Cap
- **Clear Non-Monetary Consequences Are Critical Elements of an Effective Plan**
 - Suspension/Revocation of Authorization
 - Structural Separation



New York 271 Backsliding Plan

- **Any Effective Backsliding Plan Requires Stable, Clearly Defined, Adequately Disaggregated and Independently Validated Measurements**
- **The New York Measurement Plan Is Still Under Development**
- **Key Areas of Performance Ignored, Inadequately Addressed or Employ “Fluid” Metric Definitions**
 - DSL Support Not Included (promised)
 - UNE-P and UNE-L generally not disaggregated
 - Qualitative (CNR, TOK, etc) Classification Can Heavily Influence Outcome
 - FOC, Reject and Installation Intervals Not Addressed
 - Non-Flow Through LSRCs and Rejects and Order Flow Addressable Only If Money Is Not Fully Used Elsewhere
 - Flow Through Measured on a Cumulative Quarter Reflecting Yet To Be Determined Exclusions



New York 271 Backsliding Plan

- **Backsliding Consequences Should Be Based on Established Performance Requirements**

Metric	PAP Standard	C2C Standard
% On Time LSRC <10 lines (Electronic)-POTS	90%	95%
% On Time LSRC >=10 lines (Electronic)-POTS	90%	95%
% On Time LSR Reject <10 lines (Electronic)-POTS	90%	95%
% On Time LSR Reject >=10 lines (Electronic)-POTS	90%	95%
% Flow Through – Total (UNE)	80% in Qtr	No Standard
% Flow Through Achieved (UNE)	95% in Qtr	99%
Missed Appointment-% On Time-Hot Cut (Special Provision)	90% (2 consec months) or 85% (one month)	95%
% Installation Trouble Reported Within 7 Days-Hot Cuts (Special Provision) [Note Score otherwise is >3% = -2, or >2% to <=3% = -1]	3% (2 consec months) or 4% (1 month)	<=2%
OSS Response Times	> 6 sec worse (1 month) 4-6 sec worse (same type failure in next 2 months)	<4 sec worse
% Answered Within 30 Seconds	<75% (1 month) >75%,<=80% (same type failure in next 2 months)	80%
Collocation Average Delay	> 15 days worse (1 month) 6-15 days (same type failure in next 2 months)	per guidelines
# of Final Groups Blocked	<std for 3 consecutive months	parity
ALL METRICS WITH 95% STANDARDS	<90% (1 month) >=90%,<95% (same type failure in next 2 months)	95%



New York 271 Backsliding Plan

- **Plan Must Be Self-Enforcing and Closely Link Performance Quality and Consequence**
 - Provisions interjecting substantial delay must be eliminated
 - MOE Weightings, scoring and re-scoring minimizes the impact of poor performance for individual metrics
 - When caps are reached BA-NY has no incentives gto avoid further deterioration.

