

222. AT&T's present local base consists of approximately XXXX customers, roughly XXX of which are UNE-P customers. Of those, roughly XXXX were signed up by AT&T in its initial money-losing effort to enter the Texas market via resale. When AT&T turned up UNE-P service for the first time in August 1999, its first step toward mass market UNE-P entry was to attempt to migrate its resale customer base over to UNE-P service.

223. Delays and problems AT&T experienced in converting its resale customer base have resulted in AT&T's commercial experience with "true" UNE-P orders -- i.e., orders to convert SWBT retail to AT&T UNE-P service, as opposed to resale migration UNE-P orders -- being extremely limited. All told, that experience amounts to roughly XXXX total orders. This is too small a sample for a reliable determination of commercial readiness -- especially for a mass-market offering like the UNE-P. Indeed, if AT&T succeeds in signing up XXXXX XXXXX customers by the end of the year -- as its current strategy envisions<sup>224</sup> -- the XXXX SWBT customers that AT&T has converted in the three months since September represent substantially fewer customers than the number AT&T intends to convert per month (XXXXX) through the end of this year.

224. AT&T is not currently mass-marketing local service to residential customers in Texas for a variety of reasons, including, among other things, many of the problems noted above (e.g., error-prone pre-ordering and ordering systems, and unreliable billing capabilities), as well as the numerous, important problems identified in some of the

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<sup>224</sup> Tonge/Rutan Decl.

accompanying declarations.<sup>225</sup> While AT&T acknowledges that some of the more recent problems have been its fault, it is also true, as shown above, that some have also been SWBT's fault. The result of all of these problems is that AT&T's market entry in Texas to date has been tentative due, in part, to its concern about the reliability and stability of the SWBT systems and processes which it must rely on to serve its local customers. Until AT&T is confident that these problems have been solved, and that serious new problems will not arise, it cannot ramp up to mass market commercial volumes.

225. As to whether AT&T's transition of its embedded base of resale customers to UNE-P is a proving ground for SWBT's OSS capabilities, SWBT already has taken the position that this is a "scenario unique to AT&T."<sup>226</sup> Based on SWBT's view of the peculiarity of AT&T's resale to UNE order activity, recent EDI usage levels need to be adjusted downward to determine the volume of EDI activity from day-in day-out CLEC order activity. Moreover, any positive performance results from AT&T's customer transition project cannot be extrapolated to predict accurately how SWBT wholesale systems and processes will react to a diverse mix of CLEC order activity at rapidly increasing levels.

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<sup>225</sup> See, e.g. the accompanying Tonge/Rutan Declaration, Rhinehart Declaration and Witcher Declaration

<sup>226</sup> SWBT S. Kinney Letter to AT&T R. Wren, 7/1/99 (responding to loss of outbound calling capability for transitioned AT&T customers). Id. "With AT&T's stated intention to abandon the resale market, the scope of this type of order will in all probability be limited to AT&T's project of moving its embedded base of resold customers. It was probably in recognition of the uniqueness of this order type that neither AT&T nor anyone else in the industry identified this as a scenario that required provisioning in the functionality portion of the OSS test." Id. (Attachment 1).

226. In addition to low levels of standard EDI order activity, SWBT admits to no commercial usage of (and no Telcordia testing of) its EDI/CORBA pre-order functionality,<sup>227</sup> Moreover, a comparison of “AT&T only” and “all CLEC” performance data for SWBT’s proprietary pre-order interface, DataGate, demonstrates that AT&T residential customer UNE-P pre-order activity accounts for XXX percent of all activity for 5 of 7 query types, XX percent of Service Appointment Scheduling accesses, and XX percent of total CSR retrievals. These statistics do not permit a prediction of likely performance as increasing numbers of CLECs concurrently access SWBT’s pre-order functionalities.

**C. Telcordia Test Results Do Not Supply Missing Proof of Commercial Readiness**

227. The absence of significant commercial usage of SWBT’s OSS places enormous weight on the ability of Telcordia’s OSS testing to predict whether SWBT’s OSS wholesale support systems and processes will meet the challenges of increased local competition. As is discussed in the accompanying Declaration of Nancy Dalton and Timothy Connolly, Telcordia’s OSS testing did not rise to the occasion. The Texas OSS test falls dramatically short of delivering results that can adequately stand in for commercial usage. As discussed more fully in the accompanying Dalton/Connolly Declaration, the Department of Justice and this Commission praised the KPMG test that was performed in New York,<sup>228</sup> and relied on its findings in granting Bell Atlantic’s application. The Telcordia test lacks virtually all of the

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<sup>227</sup> Ham Aff. ¶ 70

<sup>228</sup> Dalton/Connolly Declaration.

attributes that led the DOJ and FCC to rely on KPMG's findings, and cannot, in all events, support a finding that SWBT's OSS are commercially ready.

228. First, there is much reason to doubt the independence, objectivity, and blindness of Telcordia's work. Unlike New York, Texas followed no formal Request for Proposal ("RFP") process (despite AT&T's offer to participate in drafting an RFP) in selecting its testing contractor. If such a process had been adopted, Telcordia would have been forced to disclose possible conflicts of interest. Unfortunately, there was no disclosure of such conflicts at the outset of the testing, with the result that -- following the testing -- CLECs learned that Telcordia was SWBT's vendor for some of the software that Telcordia was testing. Telcordia, however, did not recuse itself -- even in situations where Telcordia software appeared to be the cause of certain OSS problems and where Telcordia upgrades would have solved those problems.<sup>229</sup> Moreover, the Telcordia test was not blind. Among other things, SWBT was given advance notice of test scenarios and AT&T, the major participating CLEC, was required to use special codes that earmarked test orders.<sup>230</sup>

229. As to the "conditions" of the Texas OSS testing, the test processes followed by Telcordia were far more restrictive than those used by KPMG in New York. Contrary to the "open test environment" used in New York by KPMG (where CLECs had ample opportunity to participate) CLECs in Texas were instructed not to make any advocacy filings prior to issuance of the Texas Master Test Plan by Telcordia, and -- when CLECs were allowed

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<sup>229</sup> Dalton/Connolly Declaration.

<sup>230</sup> Id

to comment on the draft -- their comments were largely ignored.<sup>231</sup> Indeed, in response to concerns expressed by AT&T that certain test documentation called for in the Master Test Plan was not being provided to test participants, Telcordia simply modified the provisions of the Test Plan so that the documentation was no longer called for.<sup>232</sup>

230. The “scope” of the Telcordia testing was also narrower than that of the KPMG testing in New York in many significant ways. Thus, among many other things: (1) unlike KPMG, Telcordia confined its functionality analysis to test orders – it did not include any “live” CLEC participation; (2) Telcordia used a much smaller number of test scenarios than KPMG, because those scenarios were limited by the business plans and order generation capacity of the CLECs operating the interfaces used in the testing; (3) nearly 5,000 orders were submitted in the KPMG testing; by contrast only approximately 525 orders (including very limited retest orders) were submitted in the Telcordia testing – a volume that was patently insufficient to evaluate the adequacy of SWBT’s OSS; (4) Telcordia, unlike KPMG, performed no peak load testing on the EDI ordering functionality; (5) Telcordia unlike KPMG, simply assumed -- in the face of clear evidence to the contrary – that SWBT’s back-end systems treated wholesale and retail traffic indiscriminately; (6) Telcordia, unlike KPMG, did not evaluate the scalability of SWBT’s manual processing of orders -- a critical omission, because over 45% percent of all CLEC orders in Texas are submitted manually to SWBT, and available data indicates that SWBT

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<sup>231</sup> Id.

<sup>232</sup> Among other things, Telcordia removed explicit statements in its earlier Master Test Plan (“MTP”) versions that called for the distribution of tracking summaries to CLECs. Compare MTP Version 3.2 (requiring SWBT to identify failures and to provide a complete explanation to the Test Manager “for distribution to the contact list”) with MTP, § 4.5.2.1 (omitting quoted language).

makes errors on a significant number of orders that it manually processes; (7) Telcordia, in contrast to KPMG, failed to review the “support mechanisms” that SWBT provides to CLECs, including the Help Desk, account managers, and IS support; and (8) unlike KPMG, Telcordia evaluated test data against only a limited subset of Texas performance measures, made no parity evaluation of the SWBT data, and performed no data reconciliation to determine whether the data reported by SWBT was correctly calculated.<sup>233</sup>

231. Finally, quite apart from the enormous differences between Telcordia’s Texas testing and the KPMG testing in New York, Telcordia’s work was inadequate in numerous obvious respects. Telcordia, for example, “closed” more than one-half of the issues noted on its test log, without recommending and validating any SWBT changes.<sup>234</sup> Moreover, in many instances, Telcordia sought to minimize problems that it had discovered in SWBT’s OSS, such as extremely high rates of dial tone loss (11% on simple UNE-P orders) and SWBT’s failure to satisfy almost a third of the performance measures that were evaluated.<sup>235</sup> Also, Telcordia’s analysis of SWBT’s ability to provision xDSL loops was so limited as to be meaningless, and it did not evaluate the accuracy of the raw data that SWBT used to calculate its performance measurements.<sup>236</sup> Moreover, SWBT did not evaluate the ability of CLECs to integrate pre-ordering and ordering functionalities and it did not evaluate SWBT’s Line Information Database

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<sup>233</sup> See Dalton/Connolly Declaration.

<sup>234</sup> Telcordia Final Report, Att. A.

<sup>235</sup> Telcordia Final Report Att. E20-1; Telcordia Final Report, Att. K. p. K01B-6.

<sup>236</sup> Dalton/Connolly Declaration.

(“LIDB”) record creation and update methods -- all of which are important aspects of any BOC’s OSS.<sup>237</sup>

232. In light of this problem, these, and many other, problems (which are more fully described in the accompanying Dalton/Connolly Declaration), the Texas OSS testing is entitled to no weight.

**D. SWBT Has Not Demonstrated That Its OSS Can Be Scaled to Accommodate Reasonably Foreseeable Demand.**

233. As noted above, the Commission -- in its assessment of “operational readiness” – will review the ability of a BOC to scale its OSS to meet “reasonably foreseeable demand”.

**1. Scalability of SWBT’s Electronic Systems.**

234. In its present application, SWBT seeks to demonstrate that its OSS can meet reasonably foreseeable demand by reference to Telcordia’s Report on the Texas OSS testing. However, as we have shown above (and in the accompanying Declaration of Nancy Dalton), Telcordia’s capacity testing of SWBT’s OSS is deeply flawed. Among other things, (1) the testing considered only pre-ordering and ordering capacity (thereby excluding any consideration of SWBT’s capacity for provisioning, repair and maintenance and billing)<sup>238</sup>; (2) all manual activities were deemed to be beyond the scope of the capacity test<sup>239</sup>; (3) the test, by

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<sup>237</sup> Dalton/Connolly Declaration.

<sup>238</sup> Telcordia incorrectly suggests in its Master Test Plan that the CLEC test participants in Texas “agreed” to the limitations which it placed on the test of the capacity of SWBT’s OSS. In fact, the design of Telcordia’s capacity test was not agreed to by AT&T or other CLECs, as Telcordia subsequently admitted. Telephone Conference, TPUC project 20000, 7/26/99, p. 221 (Attachment 37).

<sup>239</sup> Master Test Plan § 4.2.6.

design, excluded all orders that had not been proven in advance to process without manual intervention (thereby unrealistically excluding orders containing errors that could lead to manual rather than electronic rejection)<sup>240</sup>; and (4) the test made no attempt to assess peak usage capacity.<sup>241</sup>

235. Despite the fact that design limitations tended (unrealistically) to “improve” SWBT’s performance on that test, SWBT’s EDI ordering system became dangerously overloaded during the Capacity Testing. Thus, during a one day, 8-hour system capacity run, the CPU utilization rate for SWBT’s MVS system (which encompasses SWBT’s UNE ordering OSSs, including EDI, LASR, MOG and SORD) exceeded 96% for three consecutive hours, and averaged above 99% for one hour.<sup>242</sup> Telcordia acknowledged that this “high average utilization” rate, caused it “concern”, and that such high rates “could eventually degrade (lengthen) response times”.<sup>243</sup>

236. No prudent design or planning model would tolerate CPU utilization rates at the dangerous levels identified in the Telcordia testing. SWBT -- in designing its retail EASE system -- adopted 80% CPU utilization as an appropriate threshold for planning additional capacity.<sup>244</sup> Similarly, SWBT plans for a maximum average CPU utilization rate of 80% in

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<sup>240</sup> MTP § 1.2.

<sup>241</sup> Instead, Telcordia only tested anticipated normal daily usage levels projected for the first quarter of 2000. By contrast, KPMG’s test plan called for peak usage capacity tests of Bell Atlantic’s OSS in New York.

<sup>242</sup> Telcordia Final Report § 5.4.4.1.

<sup>243</sup> Telcordia Final Report § 5.5.2.

<sup>244</sup> Carl Thorsen, SWBT’s expert witness on capacity issues in the Texas 271 proceeding, testified as follows in his deposition:

connection with the UNIX platform which it uses to support its pre-ordering systems.<sup>245</sup> In both cases, utilization rates in excess of 80% indicate a need to expand capacity because of increased risk of response time deterioration and application failures.

237. SWBT has recently conceded that the corresponding design threshold for its MVS platform (i.e., used for EDI, LASR, MOG and SORD) is set at 85%.<sup>246</sup> This demonstrates that -- during the extremely undemanding OSS capacity test designed by Telcordia -- SWBT's MVS platform was operating well beyond acceptable utilization levels. It is highly unlikely that circumstances in the real world will be as forgiving as those created by Telcordia.<sup>247</sup>

238. Telcordia's assessment of SWBT's "capacity planning" (i.e., scalability) for its MVS system found SWBT to be deficient in its failure to "specifically address the response time delivered to CLEC users of the MVS order OSSs, such as EDI, LASR and

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"The 80 percent utilization was a factor we used in calculating EASE capacity. The design criteria were such that it was possible that, once you got to 80 percent utilization, you have response time deterioration and need a relief deck. So in calculating capacity, the 80 percent factor became a limitation."

Deposition of Carl Thorsen at p. 155, TPUC Docket No. 16251 (3/26/98) (Attachment 38).

<sup>245</sup> Telcordia Final Report § 5.7.2.2.

<sup>246</sup> Open Meeting, TPUC Project 20000, 10/21/99, p. 314-16 (Attachment 39).

<sup>247</sup> To take only one example, Telcordia's decision not to run capacity tests at "peak usage" volumes resulted in a failure, on the part of the Texas OSS test, to assess the additional strain that a limited-time promotion run by one or more CLECs would place on the ordering platforms. This is obvious from a comparison to data from SWBT's own retail operation. For example, SWBT retail on average processes 65,000 orders daily using EASE. However, daily usage has gone as high as 100,000, depending on the time of the year and the day of the week. OSS Demonstration, TPUC Docket 16251, p. 83 (4/7/98) (Attachment 40). Telcordia's decision to size its capacity test on "average" projected volumes fails to account for this sort of variability.

MOG/SORD”,<sup>248</sup> and expressed concern about SWBT’s need “to respond faster to rapid growth in the CLEC workload demands”.<sup>249</sup>

239. Ultimately, Telcordia “recommended” that SWBT “improve its capacity planning process for their MVS order OSSs” by implementing a “plan that will provide a faster response to a rapidly increasing CLEC demand forecast”, and it “suggested” that SWBT should “examine response time data” in specified ways and “implement appropriate diagnostic metrics based on that study.”<sup>250</sup> While SWBT has promised to improve its capacity planning in ways deemed “reasonable” by Telcordia by the end of 1999,<sup>251</sup> it will not introduce the improved planning metric suggested by Telcordia until after January 2000. No proof exists today that the new metric has been validated or that the metric has improved forecasting capabilities. And no replacement data exists for the alarming processor utilization rates registered in the only Capacity Testing of SWBT’s ordering systems. Even Telcordia’s Final Report concluded that the ability to manage future scalability issues “cannot be determined based solely on one CT [Capacity Test].”<sup>252</sup>

240. It remains to be seen whether SWBT’s promised improvements -- if and when they are implemented -- will forestall the types of dangerous CPU utilization rates observed in the Telcordia testing. At this point, the only thing that is clear is that SWBT’s ability

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<sup>248</sup> Id. § 5.7.3.2.

<sup>249</sup> Id. § 5.7.5.2.

<sup>250</sup> Id. § 5.8.2.

<sup>251</sup> Id. §§ 5.8.2, 5.7.4.

<sup>252</sup> Id. § 5.5.3.

to maintain acceptable response times to CLEC workloads -- which Telcordia acknowledges may “show rapid growth and a high variability in the mix of transactions over the next several years”<sup>253</sup> -- has not been established. On the contrary, it is, at best, grounded in SWBT’s “paper promise” to follow Telcordia’s recommendations” and “suggestions”, which may or may not prove sufficient to solve the very real capacity problems identified by Telcordia.

**2. The Scalability of SWBT’s Work Force .**

241. Almost 50% of the CLEC orders processed by SWBT’s OSS in August 1999 were submitted manually; however, Telcordia’s capacity test, by design, did not evaluate SWBT’s capacity to handle manually submitted orders or its ability to scale its OSSs to handle growing numbers of manually submitted orders.<sup>254</sup>

242. Telcordia did perform a review of SWBT’s Work Force Model,<sup>255</sup> which is designed to enable SWBT to estimate its staff requirements, and concluded that SWBT has adequate mechanisms in place to hire new employees (or transfer current employees) to meet its staffing needs.<sup>256</sup> However, Telcordia failed to consider the impact that growing manual processing volumes (and growing staff to process those volumes) would have on error rates and

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<sup>253</sup> Telcordia Final Report § 5.7.1. In its Interim Report, Telcordia found that SWBT’s system scalability plans “are insufficient to address the changing environment of CLEC competition.” Telcordia Interim Report, 6-13 and ES-12 (Attachment 41).

<sup>254</sup> Master Test Plan, § 4.2.6.

<sup>255</sup> AT&T’s request to review, subject to the appropriate nondisclosure provisions, the underlying assumptions in the model was not granted. See AT&T Letter to TPUC, Dockets 16251/20000 (11/1/99).

<sup>256</sup> Telcordia Final Report § 5.6.2.4. Even Telcordia’s narrow focus on the ability to plan for new hiring did not take into account, for example, an assessment of the local job market. Open Meeting, TPUC Docket 16251/20000, p. 40 (11/4/99).

delays in the handling of CLEC orders.<sup>257</sup> Evaluating a company's ability to meet increasing work load by adding personnel is not the same as a study of the likely impact on performance (e.g., accuracy, timeliness, and responsiveness) that would accompany increased hiring.

243. Because manual processes are far more error prone than electronic processes, it is axiomatic that human error in the manual processing of orders will grow exponentially as volumes increase. Thus, Telcordia's review of SWBT's Force Model, and its conclusion that SWBT has "adequate mechanisms in place to hire new employees" and facilities to train them are of little comfort to CLECs absent some realistic assessment of how SWBT's manual processing systems will perform as volumes grow. Moreover, lack of access to the Work Force analysis, which SWBT deemed proprietary, prevented industry participants from commenting on whether each of its underlying assumptions is accurate. Based on local competitors' experiences to date with the "output" of the Work Force model, two points are clear.

244. SWBT's commitment of resources is highly reactive and its level of preparedness is too heavily influenced by historical figures, rather than forward-looking views of the likely growth of competition. When backlogs were encountered at the SWBT LSC as AT&T made its scheduled entry on a UNE-Platform basis, SWBT admitted advising smaller CLECs that the company was resource constrained. Similarly, AT&T has been given the same explanation – limitations of resources -- in response to concerns about the clearing of backlogs in completing the critical step of posting to back end billing systems.

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<sup>257</sup> TPUC Project 20000, 10/21/99 Open Mtg. Tr. 449 (Telcordia "didn't correlate the Force Model with performance questions").

**3. Early Signs of Continuing and Growing Concern**

245. The number, severity and unexpected nature of problems in SWBT's wholesale support demonstrate that system limitations and manual processing already are culprits impacting accuracy and timeliness. Any consideration of overall scalability to meet increasing demands cannot overlook problems in the level of performance delivered today at even low volumes of commercial activity. Whether the root cause of sporadic or consistently poor performance is traceable to a process flow design problem, system malfunctions or software limitations, a "patch" that fails, or human error in the handling of activities that have not been and may never be automated – the concern is how problems small and large may expand at higher volumes, with greater order activity variety, and with more stress on SWBT's people, processes and systems.

246. SWBT's OSS is neither sufficiently stable nor sufficiently reliable, at this point, to support local competition on any substantial commercial scale. Even unrealistically low volumes have clearly stressed SWBT's systems in key areas. Two dramatic examples from AT&T's own experiences entering the UNE Platform market in Texas demonstrate that SWBT's claims of readiness have not proven reliable.

First, in AT&T initial phase of transitioning its resale customers to UNE-P, AT&T placed only 28 migration orders. Of the 28 customers affected by those orders, 24 (86%) suffered a loss of outbound dialing capabilities, which lasted an average of three days.<sup>258</sup> Ultimately, SWBT disclosed that this problem was caused by an undisclosed interim manual process being used by SWBT to address a problem with its implementation of AIN triggers.<sup>259</sup>

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<sup>258</sup> AT&T (Wren) Letter to SWBT (Kinney), 6/28/99 (Attachment 41).

<sup>259</sup> SWBT's failure to inform AT&T of its manual back-end processes -- and the high risk of error associated with those processes -- demonstrates SWBT's willingness to place AT&T's customers at risk in an effort to expedite its long distance entry.

Second, after advising SWBT of its intention to send a large volume of orders and being assured by SWBT that it was prepared to handle the volume involved – AT&T sent 3700 migration orders to SWBT; however, 2100 (57%) were improperly rejected by SWBT. The result was that AT&T was forced to respond to 2100 incorrect reject notices, with the attendant delays in provisioning. SWBT subsequently admitted that the problem stemmed from its failure to properly configure the “queuing” mechanism in its EDI gateway.<sup>260</sup>

247. AT&T’s continuing concerns based on these early experiences are that other stress points in SWBT’s systems and processes remain to be discovered at the most inopportune moments – when local entrants are most invested in providing growing numbers of customers with quality local service. AT&T’s recent experience with SWBT’s unannounced rate coding of usage billing records resulting in inaccurate billing to AT&T local customers proved once again how utterly dependent competing carriers are on SWBT’s wholesale operation. The fact that the error resulted from an unannounced change in process by SWBT, also proved how vulnerable competitors’ operations are to SWBT’s patten of imperfect execution of system, process, and policy changes.

248. The following statistics – drawn from all CLEC and AT&T specific performance data, Telcordia test results, and AT&T-SWBT data reconciliation efforts drive home the point that today SWBT is not keeping up with, and certainly not staying ahead of, the challenges of even modest volumes of CLEC competitive activities. These points illustrate the

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<sup>260</sup> Although this problem has been fixed, it has an enduring impact on the performance data that SWBT relies on here. Because SWBT erroneously rejected these 2100 orders, they did not count in SWBT’s July performance data because – from a performance measure standpoint – the improper rejection of 2100 orders is an unrecorded event. Thus, as a result of these erroneous rejects, SWBT’s reported performance data for July does not reflect that SWBT failed to provision 57% of a subset of AT&T’s July UNE-P orders by the originally requested due date.

basis for growing concerns about SWBT's ability to support the ramp up of Texas local market competition.

**a. Commercial Results**

- In the most recent reconciled data analyzed by SWBT and AT&T for December 1999, local customers experienced SWBT-caused service outages on 33 percent of AT&T's Frame Due Time (FDT) UNE Loop orders. The average duration of the unanticipated outages was 8 hours. The underlying causes of the outages continue to include problems with SWBT's LSC and LOC. From an OSS perspective, specific shortcomings consistently point to failed order handling processes, problems with coordination between SWBT ordering and provisioning, and fall out to manual handling.
- SWBT continues in its failure to meet flow through standards. In every month in which SWBT has reported flow through data for LEX, the ordering interface used by the majority of Texas CLECs placing UNE orders, SWBT has failed to achieve parity standards.
- SWBT fails to uniformly issue jeopardy notices for all post-FOC ordering problems that threaten a confirmed installation due time. In December alone, post-FOC rejects amounted to approximately 7.2% of all manual rejects returned by SWBT to AT&T. In a recent experience, SWBT failed to issue a timely jeopardy prior to provisioning; instead, SWBT sent a manual "reject" 17 minutes after the scheduled cutover. Because AT&T had performed its work on schedule, SWBT's failure to provision or to give notice of delay put AT&T's customer out of service.
- SWBT has moved at a slow pace in introducing up front edits to permit timely electronic return of error notifications, while concern with the length of time taken for SWBT to return manual rejects grows. The average time that SWBT has taken to return manual rejects has increased geometrically with volumes, trending from 6.86 hours (based on 3,658 rejects) to 35.65 hours (based on 6,698 rejects).
- SWBT has proven incapable of timely posting CLECs' completed orders to SWBT's legacy billing systems, thereby subjecting CLECs' new customers to continued (and incorrect) billing by SWBT and exposing them to the risk of double billing. On completed AT&T UNE Loop orders in one month studied, for example, 91% have experienced delays in posting of at least one day, and 23% have been delayed for 5 or more days. On a sample of orders reviewed

by AT&T and SWBT, SWBT confirmed incidents of continued customer billing beyond the point of conversion.

- SWBT consistently has failed to meet the 97% benchmark for all CLECs for return of SOCs within one day of order completion. The standard has been missed in each month reported. In meetings with AT&T, SWBT has linked the delays in posting to delays in returning SOCs. The SOC delay problem on AT&T UNE Loop orders, for example, initially was attributed by SWBT to the failure of its LSC personnel to monitor pending orders in SORD. SWBT later identified in remedial action plan communications with AT&T that the majority of the problems could be traced to a programming defect (still unfixed) that has prevented completed orders from being distributed by SORD to both AT&T and to SWBT's legacy systems.
- Billing completeness standards have been violated in every month between June and November 1999. On billing timeliness, running months of violations through November, have combined with a dramatic drop-off in performance for December 1999. SWBT's self-reported data demonstrates that SWBT's billing timeliness has declined from 99% in September -- when SWBT was billing in excess of 58,000 accounts -- to 76.4% in November and 76.3% in December, when it was billing less than 8600 accounts monthly.

**b. Telcordia Testing Results**

- In the sub-set of performance measures against which Functionality Test data was measured, Telcordia reports that SWBT failed to meet the standard (benchmark or parity) on 5 of 17 measures,<sup>261</sup> resulting in a failure rate of 29.4 percent on a "limited number of test cases."
- Telcordia reported SWBT's failure to meet the retail parity standard for PM 13 – Order Process Flow Through, stated as a combined percentage for test orders processed via EDI and LEX.
- SWBT also failed to meet the Texas standard on percent of SWBT-caused missed due dates (PM 29). Compared to a retail rate of .2%, SWBT-caused missed due dates were 2.3% on CLEC UNE Loop and Port "no field work orders."
- Manual rejects were returned on 24 percent of test cases in the Telcordia OSS testing; the overall reported reject rate was 48 percent.

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<sup>261</sup> Telcordia Final Report, Attachment K, p. K01B-6.

- In its review of a sample of 998 service order SORD records created in the Texas OSS Testing as of July 7, 1999, Telcordia found that 376 of those records (37.68%) reflected an error that only occurs when SWBT service representatives make mistakes during the course of manual data entry on LSRs that require manual handling (i.e., manual generation of internal service orders).<sup>262</sup> This demonstrates that at least 37.68% of a sample of the service orders processed in the test were manually generated by SWBT representatives. If the 376 records with errors represents the universe of service orders manually generated, the error rate is 100%; alternatively, assuming the same manual entry error was not made on the same record field, the rate of manually generated service orders exceeded 37.68%.
- Reported trouble ticket rates were recorded at 14.29 percent for the Telcordia Testing – versus 3.47 percent in SWBT’s retail operation<sup>263</sup>
- While Telcordia attempted to minimize the startling statistic, Telcordia reported 11 percent of customer lines tested experienced a loss of service.<sup>264</sup>
- Processor utilization rates on the SWBT platforms supporting CLEC wholesale ordering exceeded 99 percent during the single day of Capacity Testing, despite Telcordia’s acknowledgment that the Capacity Test was not a “stress” test of how the systems would perform under peak usage conditions.

249. Any suggestion that these and other performance issues encountered in either the commercial or test environment are indicative of business as usual, or that ongoing problems can be handled effectively through more industry forums, account management contacts, escalation charts, informal dispute resolution dockets, and promises of new processes overlooks the fact that the impression made by competing carriers today will have a significant

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<sup>262</sup> Telcordia Final Report § 4.5.4.3.1 at 91. The error involved SWBT representatives failing to enter data reflecting the due date requested by the customer on the service order.

<sup>263</sup> Id., Attachment K03B.

<sup>264</sup> Telcordia Final Report

impact on the fate of competition.<sup>265</sup> So long as serious problems continue to arise when CLECs attempt to implement new service offerings, SWBT's ability to "fix" such problems weeks or months after the fact is small comfort to CLECs, which must live with the business consequences when things go wrong. Nor can local competition, as a general matter, withstand such events without suffering a serious loss of confidence.

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<sup>265</sup> Any such reliance on processes rather than improved performance and consistent responsiveness is problematic and questionable in light of recent experience. For example, while reference has been made to the relatively new informal dispute resolution docket at the Texas PUC, AT&T's own experience is that some commitments made by SWBT as long ago as our first informal meeting in September 1999 (e.g. comparison of how posting delays compare in SWBT retail and CLEC wholesale environments) still remain outstanding. See, e.g., AT&T Letter Regarding Current Status of Commercial Activity Issues, TPUC Dockets 21000/16251 (12/8/99).

FCC DOCKET CC NO. 00-4

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I hereby declare under penalty of perjury that the foregoing is true and accurate to the best of my knowledge and belief.

Executed on January 29, 2000

*Nancy M. Deeto*

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FCC DOCKET CC NO. 00-4

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I hereby declare under penalty of perjury that the foregoing is true and accurate to the best of my knowledge and belief.

Executed on January 29, 2000

Sam O. Young