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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

March 17, 2000

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: EX PARTE -- CC Docket No. 00-4: Application of SBC Communications Inc. Pursuant to Section 271 of the Telecommunications Act of 1996 to Provide InterLATA Services in Texas

Dear Ms. Salas:

In recent meetings with Common Carrier Bureau staff and Commissioners' legal advisors, MCI WorldCom has responded to numerous assertions made by Southwestern Bell ("SWBT") for the first time in its reply comments or in its many substantive ex parte filings submitted in recent weeks in the proceeding listed above. We summarize below our responses to SWBT's assertions on operations support systems ("OSS") issues raised in MCI WorldCom's comments. This letter is not intended to comprehensively discuss each OSS issue – see MCI WorldCom's Comments and Reply Comments for a full analysis – but only to respond briefly to some of SWBT's many post-application assertions relating to OSS deficiencies in Texas.

As in our meetings, we focus below on the practical business issues that are critical to the viability of MCI WorldCom's upcoming launch of residential service in Texas. Each issue is briefly described, followed by a summary of SWBT's post-filing arguments, and MCI WorldCom's response to those arguments:

Parsed CSRs and Requirement that CLECs Submit Addresses On Every Order

Summary of Problem: SWBT fails to enable CLECs to integrate pre-order and order functions by allowing them to take information from pre-ordering and populate it on an order without the need for re-typing, as well as incorporate needed customer information into their records. These problems discourage competition by increasing errors and costs to CLECs, who must re-type addresses and handle an increased number of rejects. MCI WorldCom demonstrated in its reply filing that many rejects are related to address problems. SWBT's March 10 ex parte makes this even more clear, showing that 39% of rejects are related to address errors. Rejects delay provisioning of service to the customer – even more so because SWBT manually processes many rejects.

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SWBT Response

- SWBT states in its post-application ex parte filings that at least one CLEC (not AT&T) has managed to parse addresses obtained from the Customer Service Record ("CSR") through Datagate and use those addresses to pre-populate orders. SWBT also argues that it provided parsing rules in its Universal Service Order Practice Manual and in a February 18 ex parte filing. (Ham Reply Aff. ¶ 52.)

- SWBT further claims that it is possible to take the address from the CSR, "send that address through the Address Validation function and then populate the parsed result on the LSR [Local Service Request]." (Ham Reply Aff. ¶ 56.) SWBT also claims that one CLEC is successfully taking address validation information obtained through CORBA and populating orders -- "this particular CLEC uses its integrated pre-ordering/ordering gateway for new connect activity." (Ham Reply Aff. ¶ 61.)

- SWBT further claims that CLECs did not request parsed CSRs.

MCI WorldCom Rebuttal

- SWBT fails to present any evidence that any functions other than those related to addresses (e.g., features, service, telephone number, due date) are integratable.

- Nor is it true that address functions are integratable.

  - SWBT does not provide CSRs with parsed address information (in contrast to Bell Atlantic, which eventually provided parsed CSRs prior to submitting its section 271 application).

  -- SWBT requires CLECs to submit addresses on every order.

  -- The address information returned at the pre-order stage is not always accepted on orders, because SWBT's process includes verifying addresses against its PREMIS database which does not always match the CRIS database from which CLECs obtain the CSR.

- It is not true that CLECs can successfully parse addresses themselves.

  -- With respect to the CLEC that is supposedly parsing addresses itself, SWBT provides no details as to how many orders the CLEC has submitted, whether the CLEC is carefully checking addresses visually before submitting them, and what sort of parsing rules it provided to that CLEC.

  -- This shows the importance of the "complete when filed" rule. If SWBT had a process that actually works, it should have demonstrated that process and subjected it to

rigorous independent testing, and/or documented commercial usage over at least two months with significant volumes of orders, before submitting its section 271 application. SWBT's submission of a premature application which it then supplemented with untested and unreliable assertions in later ex parte filings defeats the purpose of having other parties – including state and federal regulators and competing carriers – test its self-serving assertions in evidentiary proceedings before the state commission.

-- SWBT's untested claim is also inconsistent with MCI WorldCom's internal analysis and conclusions and with AT&T's statement that accurate parsing is not possible with the parsing rules SWBT has provided. It is also extremely unlikely in light of the many difficulties CLECs have generally experienced attempting to parse data from a BOC.

-- SWBT's Feb. 18 ex parte does not provide parsing rules that a CLEC could use to successfully parse CSRs, nor does its Universal Service Order Practice Manual. (This manual cannot be accessed via the web site as SWBT claims. MCI WorldCom's evaluation is based on receiving a fax with the information the manual contains on the service address field). For example, if an address were 530 McCullough Avenue, nothing tells the CLEC whether Avenue should be put in the field for street name or for thoroughfare.

-- There is no chance that an independent third party could use this documentation to parse. SWBT should not be permitted to escape scrutiny of its erroneous factual claims by submitting conclusory letters rather than proof before the state commission and CLECs prior to applying for section 271 authority.

-- Requiring CLECs to parse addresses does not provide parity as SWBT does not have to parse addresses on the retail orders it submits.

- SWBT does not deny that its suggested approach of taking an address from a CSR and sending it through address validation requires the additional and otherwise unnecessary steps of retyping and use of an additional pre-order function. The CLEC SWBT says is using address validation to obtain parsed address information is doing so for new connect activity only according to SWBT and thus does not have this problem.

  -- Equally important, this method risks loss of dial tone per SWBT's three service order process, because SWBT has advised CLECs that they must use addresses from the CSR, not address validation, in order to avoid address mismatch problems in the back-end. (Ham Reply Aff. ¶ 73, #7.)

  -- In addition, SWBT acknowledges that address validation by address returns partial matches; the CLEC must determine which one is correct and resubmit the request. (Ham Reply Aff. ¶ 65.) These are unnecessary additional steps and will cause further problems because of mismatches between CRIS and PREMIS.

- SWBT's contention that CLECs did not ask for parsed CSRs is absurd. It is undisputed that MCI WorldCom asked for parsed CSRs in December 1998. SWBT admits that at that time it informed MCI WorldCom that it would await industry standards to deploy EDI 10 functionality for pre-order including CSRs. (Ham Reply Aff. ¶ 58.) This shows that it is SWBT which refused to deploy parsed CSRs.

  -- SWBT is reduced to arguing that MCI WorldCom did not frequently enough renew its request for parsed CSRs. When SWBT finally provided unparsed CSRs, it argues that MCI WorldCom should have renewed its request. That MCI WorldCom waited two months (from October to December 1999) to repeat its earlier denied request hardly establishes that it did not demand this functionality.

- Eliminating the SWBT requirement that service addresses be provided for migrations of existing service, and allowing migrations to be ordered using only name and Telephone Number ("TN") would be a great benefit to competition (as long as it is implemented properly), but does not eliminate the need for parsed CSRs. CLECs will still presumably have to submit address information to SWBT when a customer places an order for a second line (since this is considered a new install) and thus will need parsed CSRs to be able to populate the address information correctly. In addition, CLECs need parsed address information to be able to establish records in their own systems to properly and efficiently service their new customers.

Three Service Order Process

Summary of Problem: SWBT creates three "service orders" from every UNE-P order submitted by a CLEC: a new order (N order), a change order (C order), and a disconnect order (D order). SWBT has inadequate processes to ensure that these three service orders remain associated. If the D order is processed first, the customer will be disconnected. If the C order is processed first, the customer can be double billed. Both of these problems have occurred in practice.

SWBT Response

- SWBT states that it has "targeted implementation of software changes in April 2000 that will fatally reject an invalid address and will not permit associated orders to be created for LSRs that are rejected for an address mismatch." (Ham Reply Aff. ¶ 73.)

- SWBT further states that much of the lost dial tone experienced by CLECs results from address mistakes by CLECs and that the total was low in any event. (Ham Reply Aff. ¶ 71.)

- SWBT also states that trouble reports after ten days for UNE-P conversions were lower than for CLEC orders as a whole, and lower than for SWBT retail customers. (Ham Reply Aff. ¶ 72.)

MCI WorldCom Rebuttal

- The software changes that SWBT had targeted for April 2000 were withdrawn after opposition from CLECs. SWBT was completely unable to explain what the edits did, what they supposedly would fix, or how they worked. They did not appear to do anything to eliminate mismatch problems, and certainly did not fix the real problem.

- Address mistakes should *never* lead to loss of dial tone. They lead to loss of dial tone in Texas only as a result of SWBT's flawed process.

- The proportion of customers suffering from lost dial tone will likely increase with increased volumes.

  - SWBT does not deny the accuracy of DOJ's assessment that SWBT is currently hand-holding orders in its back-end to prevent lack of dial tone. It will not be able to do this at higher volumes. That is presumably why SWBT stated at the December User Forums that it had established a task force to evaluate long term solutions to the multiple problems connected with the three service order process.

- There are many problems other than lost dial tone related to the three service order process, as the User Forum notes make clear. These include double billing, among others.

- The metric of trouble reports after 10 days will not capture all lost dial tone because lost dial tone can occur before SWBT has generated a completion notice, which is the trigger for the measurement.

  - Moreover, as noted above, SWBT is hand-holding small volumes of orders. Lost dial tone will increase disproportionately with increased volumes.

  - *No* loss of dial tone should be tolerated in light of the severe consumer impact of this problem and its impact on prospects for local competition.

Manually Processed Rejects

Summary of Problem: SWBT (i) rejects too many orders; (ii) manually returns far too many of these rejects; and (iii) takes far too long to return those rejects it manually processes. This problem is compounded by the fact that CLEC orders to correct manually processed rejects are themselves processed manually as SWBT seems to acknowledge. (Ham Reply Aff. ¶ 84.)

SWBT Response

- SWBT argues that the rejects are largely the fault of CLECs.

- SWBT further states that manual reject rates were 12.2% and 11.5% in November and December. (Ham Reply Aff. ¶ 91.)

MCI WorldCom Rebuttal

- SWBT acknowledges that it rejected over 30% of electronic orders in October, November and December. (Ham Reply Aff. ¶ 91.)

- SWBT processed approximately one-third of the rejected orders manually.

  - As to the 12% and 11% figures, with careful reading it is apparent that this is the percentage of total orders that are rejected with manual processing, not the percentage of rejects that are manually processed. The latter number is approximately 33%. (Ham Reply Aff. ¶ 96.)

- Return times for manually processed rejects remained almost 25 hours in January, after averaging approximately 35 hours in December.

- SWBT's filings, such as its March 10 ex parte, show that the reject rate is high for all CLECs, so it is highly unlikely the problem is on the CLEC side.

  -- Moreover, almost 40% of the rejects were caused by address problems resulting from SWBT's failure to provide an integrated interface. (SWBT's March 10 ex parte.)

  -- SWBT's suggestion that CLECs could reduce rejects by adding up-front edits is absurd – all CLECs should not have to program such edits when SWBT could reduce rejects for all CLECs at once; moreover, SWBT has the business rules needed to create such edits.

Flow-Through

Summary of Problem: SWBT manually processes far too many orders, including all supplemental orders to correct rejects that were themselves processed manually; most partial migrations; hot cut orders; and suspend and restore orders. SWBT's flow-through numbers are poor for all categories except UNE-P orders via EDI and even in that category, flow-through was much lower in December. Moreover, for the reasons discussed below, SWBT's numbers do not document true flow-through.

SWBT Response

- SWBT states that of EDI orders submitted, 96%, 92%, 87% and 88% were MOG-eligible in September through December respectively. (Ham Reply Aff. ¶ 75.) SWBT does not separate this for UNE-P and other orders. (Fewer than 60% of LEX orders were MOG-eligible.)

- On partial migrations, SWBT states, "Contrary to MCI WorldCom's claims, SWBT provides limited flow-through for partial migrations . . . . The CRIS database structure allows for 'Bill-on' accounts. When a CLEC requests conversion of an existing account, SWBT will MOG the conversion of the 'Master' and all bill-ons or any bill-on group. However, the conversion of just one bill-on group is not MOG-eligible. In addition, if a CLEC converts the master without the bill-ons, SWBT must create additional service order work to identify one of the bill-on numbers as the new master." (Ham Reply Aff. ¶ 83.)

- SWBT further states that it would not be useful to flow through hot cut orders until provisioning since the orders would still drop out eventually for provisioning. (Ham Reply Aff. ¶ 85.)

- SWBT states with respect to suspend and restore that CLECs using a loop strategy will control dial tone through switch translations. (Ham Reply Aff. ¶ 86.)

<u>MCI WorldCom Rebuttal</u>

- SWBT's trend on MOG-eligible orders is clearly downward.

  -- It also doubtful that SWBT's figures include supps which alone reduced flow-through to less than 87% for all CLEC orders in November. (McMillon, Sivori & Lichtenberg Reply Decl. ¶ 37, based on SWBT Jan. 21 ex parte.) This fact also casts substantial doubt on the other numbers SWBT puts forth to show its flow-through rate is high.

  -- If 88% of EDI orders are MOG-eligible, flow-through rates are presumably significantly lower than 88%. Orders that are MOG-eligible in theory do not always flow through in practice. SWBT states that its overall flow-through rate on UNE-P orders via EDI was 84% in December (and far less for other UNEs). (Jan. 21 ex parte.) But this is hard to believe given the number of manually processed supplemental orders alone reduces flow-through to almost this level. (McMillon, Sivori & Lichtenberg Reply Decl. ¶ 37.)

  -- SWBT's figures do not include orders which drop out after SWBT's SORD system. SWBT's claim that it provides parity after SORD has not been tested. It is also plainly untrue given that SWBT does not create three service orders for its own retail orders and that the number of up-front edits is far higher for retail than for CLEC orders, thus reducing the number of edits that have to occur after SORD.

- SWBT's explanation as to partial migrations is unintelligible and was not previously explained to CLECs. During the Telcordia test, MCI WorldCom's partial migration orders did not flow through.

- SWBT's argument as to flow-through of hot cuts does not make sense. It would reduce coordination problems to at least eliminate one manual stage in the process.

- SWBT's response on suspend and restore does not help CLECs using UNE-P.

Trouble Tickets

Summary of Problem: SWBT does not allow CLECs to submit trouble tickets electronically (or to conduct MLT tests needed to find the source of a trouble) until an order has posted to billing, a process that often takes two days or even longer after the customer has converted to the CLEC. As a result, CLECs are forced to depend on manual processes at a time when troubles are likely to be most frequent and when customers are closely evaluating their new provider. This defect also prevents CLECs from advising their new customers of the status of a trouble report, as SWBT is able to do for its own retail customers.

Bell Atlantic corrected a similar problem prior to submitting its section 271 application for New York.

SWBT Response

- SWBT states that CLECs are able to submit the troubles manually by procedures that have been delineated, and that an electronic solution will be implemented in the future. (Ham Reply Aff. ¶ 112-13.)

MCI WorldCom Rebuttal

- SWBT's statement shows that it does not deny the existence of this problem, and that it is capable of solving the problem, but has not done so. It is also undisputed that there is no parity today. Any post-application fix should be subjected to adequate testing and proven to work consistently with significant order volumes.

LIDB

Summary of Problem: SWBT fails to provide an adequate process to enable CLECs to update the Line Information Database ("LIDB"). LIDB contains information needed for customers to receive third-party calls, have their calls routed to their selected interexchange carrier ("PIC"), and have their directory assistance and operator calls properly branded. Failures in SWBT's new process for LIDB updates on initial CLEC orders can and have caused inaccurate branding, among other problems. The absence of a process to transmit subsequent LIDB updates such as PIC changes via LSRs forces CLECs to use an alternative process that delays their ability to transmit the updates, requires dual data entry and precludes them from obtaining status information as to whether the update has been successful.

SWBT Response

- SWBT does not defend this process except to state that it implemented a new process in January (post-application) to correct this problem for initial orders, but not for updates.

MCI WorldCom Rebuttal

- SWBT ignores the evidence in MCI WorldCom's original and reply Comments that SWBT's post-application change to the LIDB process is not working to ensure correct branding for CLEC customers on initial orders. (However, SWBT has acknowledged problems with implementation of the new LIDB process in recent change management meetings). It is also undisputed that there was no such process at the time of SWBT's application.

  -- This problem – that SWBT relies on a post-application alleged fix that a CLEC shows does not work, and for which there is no independent verification or testing – illustrates again the importance of adhering to the "complete when filed" rule. If SWBT had a process that actually works, it should have demonstrated that process and subjected it to rigorous independent testing, and/or successful commercial usage over at least two months with significant volumes of orders, before submitting its section 271 application.

- SWBT also ignores the fact that it has yet to implement a process for submitting LIDB updates (especially PIC changes) via LSRs on subsequent orders.

Operational Readiness

MCI WorldCom's Position: SWBT does not yet have sufficient data to show operational readiness of its OSS given deficiencies in the third-party Telcordia test & the relatively low volume of UNE-P orders SWBT is receiving each month. Moreover, even with current low volumes, SWBT is failing almost 20% of the performance measures each month, including key measures. At higher volumes, SWBT's performance is likely to be far worse given the extensive hand-holding that is currently occurring. Even in New York, where Bell Atlantic's ("BA's") systems had been subject to a much more rigorous third party test and where BA had processed higher volumes of orders, BA's systems are experiencing significant problems post-271 approval.

SWBT Response

- The Telcordia test was terrific.

- MCI WorldCom's estimates of order volumes are "invent[ed]"; "SWBT stands behind the accuracy of its volume figures." (Ham Reply Aff. ¶ 131.)

- SWBT states that MCI WorldCom's small UNE-P test in 1999 was successful to SWBT's knowledge.

MCI WorldCom Rebuttal

- The problems with the Telcordia test are discussed at length in our filings.

- SWBT's volumes are low. The reason MCI WorldCom had to estimate volumes in its original Comments was that SWBT never provided any monthly order volumes (as opposed to the volume of service orders in its back-end). Later SWBT filings support MCI WorldCom's claims. In its reply brief (p. 51), SWBT states that it has provisioned 125,000 UNE-P orders altogether from the beginning of competitive service and cites AT&T for the proposition that it is currently processing 21,000 UNE-P orders per month. In contrast, Bell Atlantic was processing 70,000 UNE-P orders a month prior to its application and that number has increased subsequently.

- MCI WorldCom had numerous problems during its small UNE-P test last year. Ten percent of customers had general service problems with their lines after migration and more than half these had multiple problems. Moreover, in 16% of the cases in which MCI WorldCom submitted a trouble ticket, it had to submit multiple tickets before SWBT fixed the problem. (McMillon & Sivori ¶ ¶ 208-09).

- More fundamentally, SWBT does not explain how it can claim to be providing service at parity when it is repeatedly missing approximately 20% of its performance measures, including key measures, even at today's low volumes.

* * * * *

In accordance with section 1.1206 of the Commission's rules, 47 C.F.R. § 1.1206, an original and one copy of this letter are being filed with your office.

Sincerely,

Keith L. Seat

cc: Kathryn Brown, Dorothy Attwood, Jordan Goldstein, Helgi Walker, Kyle Dixon, Sarah Whitesell, Larry Strickling, Robert Atkinson, Michelle Carey, Jake Jennings, Margaret Egler, Audrey Wright, William Dever