

6. The Massachusetts KPMG test had several fundamental flaws:

(a) The scope of the test was limited. The test did not include a complete test of Local Service Ordering Guide (“LSOG”) 4 interfaces – the interfaces that CLECs will use when they enter the market. It also did not analyze all of the issues that have been sources of operational problems in New York. In particular, it did not include an evaluation of line loss notifications. It also did not use the performance measures developed in New York to evaluate whether there are missing notifiers.

(b) In contrast to its mode of operation in New York and Pennsylvania, KPMG closed Observations on important issues without converting them into Exceptions. This is important, because CLECs did not have an opportunity to comment on Observations, only on Exceptions. CLEC comments would have helped prompt fuller investigation of the issues and helped KPMG and the Massachusetts Department assess the competitive impact.

(c) The test was a military style test in name only. Unlike Pennsylvania where the Commission ordered KPMG to perform root cause analysis on a going forward basis, KPMG did not perform true root cause analysis in Massachusetts before closing all Observations and Exceptions. In addition, as the test wound down, KPMG increasingly resolved issues based on Verizon promises, rather than actual implementation of fixes and re-testing. When KPMG closed issues in New York without root cause analysis and re-testing, the issues recurred and ultimately led to major problems. This is also likely to happen in Massachusetts.

7. Indeed, the fact is that there is clear evidence that Verizon’s OSS is not ready. While there are many key differences between OSS in New York, Pennsylvania, and

Massachusetts, there are enough similarities that WorldCom's New York and Pennsylvania experience is directly relevant.¹ The KPMG test, despite its limitations, and WorldCom's substantial experience in New York, and early experience in Pennsylvania, all show that Verizon's OSS does not work as promised.²

8. First, Verizon continues to have problems with missing notifiers. The Commission is familiar with this problem from New York where it caused major impacts to customers. That problem has now also appeared in Pennsylvania where WorldCom recently began submitting significant volumes of orders. In Massachusetts, KPMG's data reveal the existence of missing notifiers even in the limited orders it transmitted during its functionality test. The problem is likely to worsen significantly, as it did in New York and Pennsylvania, if CLECs begin submitting commercial volumes of orders. The impact of the potential problem is increased by Verizon's poor performance in resolving trouble tickets on missing notifiers, and its

1 Because of similarities in the OSS between Massachusetts and New York, the New York experience can serve as an indicator of likely results in Massachusetts. Thus, where problems exist in New York, in general, it raises the prospect that they exist in Massachusetts. Verizon could, of course, show that the New York problems do not (and will not) exist in Massachusetts, but in the absence of significant commercial experience in Massachusetts, it is difficult for Verizon to make such a showing. Similarly, where Verizon is successful in New York, that may in some instances provide evidence of likely results in Massachusetts. However, as we describe in what follows, the differences between the OSS in the two states are substantial enough that there is no way to be sure of operational readiness in Massachusetts even with respect to aspects of OSS for which Verizon has been successful in New York.

2 WorldCom has not yet launched commercial residential service in Massachusetts because the price squeeze makes doing so uneconomic.

refusal to import New York performance measures, developed in conjunction with the Commission, that were designed to track missing notifiers.

9. Second, Verizon fails to provide adequate assistance to CLECs in constructing their interfaces. When Verizon releases documentation, that documentation is generally marred by numerous errors. These errors, and Verizon's ineffective process designed to correct these errors, vastly increase CLECs' cost in constructing an interface and also cause operational problems after the interface has been constructed. Verizon fails to provide adequate assistance in other ways as well. Its help desk does not resolve trouble tickets in a timely manner. And Verizon is not providing sufficient information to CLECs in rolling out its new back-end system ExpressTrak.

10. Third, Verizon's pre-ordering OSS does not work as promised. Its pre-order OSS is out of service far too frequently, preventing CLECs from selling new service or repairing problems for existing customers. Its "SMARTS Clock" function often returns due dates that are unreasonably long. And the telephone number reservation function often returns the message that numbers are unavailable.

11. Fourth, Verizon's ordering and provisioning processes are deficient: Verizon manually processes far too many orders, fails to provide adequate line loss notifications when a CLEC customer has migrated to another carrier, and erroneously disconnects CLEC customers based on billing problems they had when they were Verizon customers.

12. Finally, Verizon's billing processes are beset with several key problems, including failure to provide automated UNE loop bills and mishandling of CLEC checks that can

lead to over-payment by CLECs and increase CLEC costs in tracking payments. In addition to these known deficiencies, there are almost certainly other key defects as well. The OSS simply has not been used enough commercially, or tested rigorously enough, to ferret out – and resolve – all of the key problems.

13. This Joint Declaration is in two parts. In Part I, we present a general background on OSS functions, their development, and the role they play in providing local exchange service. In Part II, we explain the ways in which Verizon is failing to provide adequate, nondiscriminatory access to the basic OSS functions in Massachusetts.

I. BACKGROUND ON OSS.

A. Automated Access to the Basic Operations Support Systems and Functions is Critical to a CLEC's Ability to Compete.

14. Operations Support Systems (OSS) are all of the systems, databases, business processes, and personnel needed to ensure that a local exchange carrier can satisfy the needs and expectations of its customers. The fundamental importance to a CLEC of having nondiscriminatory access to the ILEC's OSS is well established. The Commission has emphasized that “nondiscriminatory access to these systems, databases, and personnel is integral to the ability of competing carriers to enter the local exchange market and compete with the incumbent LECs.”³ It has added that “without nondiscriminatory access to the BOC's OSS, a

³ In re Application of BellSouth Corporation, BellSouth Telecommunications, Inc., and BellSouth Long Distance, Inc., for Provision of In-Region, InterLATA Services in Louisiana, CC Docket No. 98-121, Memorandum Opinion and Order, 13 F.C.C.R. 20599, ¶ 83 (1998) (“LA II Order”). See also In re Application of BellSouth Corporation, et al. Pursuant to Section 271 of the Communications Act of 1934, as amended, to Provide In-Region, InterLATA Services in South Carolina, CC Docket No. 97-208, Memorandum Opinion and Order, 13 F.C.C.R. 539,

competing carrier 'will be severely disadvantaged, if not precluded altogether, from fairly competing in the local exchange market.'"⁴

15. Because of the importance of OSS, the burden rests with the ILEC to show that CLECs have access of the same quality, reliability, accuracy, and timeliness to the same OSS functionalities as the ILEC and that the ILEC can sustain the requisite level of performance while supporting commercial volumes of CLEC transactions. The FCC has held that in order to carry this burden, an ILEC must show both that CLEC access to OSS is nondiscriminatory on its face and that its OSS functions are operationally ready as a practical matter. LA II Order ¶ 85.

16. It is customary and useful to distinguish among five basic OSS systems: pre-ordering, ordering, provisioning, billing, and repair and maintenance. In order to access these basic OSS functions, a CLEC must establish a connection with the ILEC to exchange information and conduct transactions.

¶ 82 (1997) ("SC Order"); In re Application of Ameritech Michigan Pursuant to Section 271 of the Communications Act of 1934, as amended, to Provide In-Region, InterLATA Services in Michigan, CC Docket No. 97-137, Memorandum Opinion and Order, 12 F.C.C.R. 20543, ¶ 129 (1997) ("MI Order").

4 In re Application by Verizon New York for Authorization Under Section 271 of the Communications Act to Provide In-Region InterLATA Service in the State of New York, CC Docket No. 99-295, Memorandum Opinion and Order, 15 F.C.C.R. 5413, ¶ 83 (1999) ("NY Order") (quoting LA II Order, 13 F.C.C.R. at 20652). See also In re Application by SBC Communications Inc., Southwestern Bell Communications Services, Inc. d/b/a Southwestern Bell Long Distance Pursuant to Section 271 of the Telecommunications Act of 1996 To Provide In-Region, InterLATA Services in Texas, CC Docket No. 00-65, Memorandum Opinion and Order, FCC No. 00-238, ¶ 92 (2000) ("TX Order").

17. In theory, the connection and processing of these transactions could be manual or automated. A manual connection means that the CLEC's access is mediated in some way by human intervention. A CLEC might, for example, place orders with an ILEC via fax or monitor the status of orders by placing a phone call to the ILEC.

18. Ordinarily, manual access arrangements are not compatible with WorldCom's needs as a new entrant. Every manual intervention causes delay, sometimes substantial delay, and creates a significant risk of error. By relying on manual intervention, an ILEC makes its competitors dependent on the efficiency, and accuracy of its own employees--including their incentive or lack of incentive to be efficient and accurate. Manual arrangements also increase a CLEC's costs of managing and monitoring the ILEC's process. The FCC has recognized, therefore, that reliance on manual processing generally results in poor ILEC performance as commercial volumes increase.⁵

19. The adoption and implementation of an appropriate automated OSS interface, is a necessary condition for the development of local competition, but it is far from sufficient. The interface merely governs the communication between the BOC and CLECs. The theoretical capacity for rapid and efficient communication between the carriers is of minimal benefit if the BOC lacks the internal systems necessary to satisfactorily effect the functions a particular interface is designed to support.

⁵ See, e.g. LA II Order ¶ 110; SC Order ¶ 107; In re Application of BellSouth Corporation, et al. Pursuant to Section 271 of the Communications Act of 1934, as amended, to Provide In-Region, InterLATA Services in Louisiana, CC Docket No. 97-231, Memorandum Opinion and Order, 13 F.C.C.R. 624, ¶ 28 (1998) ("LA I Order"); MI Order ¶ 173.

20. In addition, it remains independently critical that the CLEC is able to use the BOC's interfaces effectively. MI Order ¶137. The BOCs drive the process. They select the interface, tailor its specifications and vocabulary, and control the timing of its implementation. Consequently, just as the market requires the manufacturer of a complicated software package to provide initial and ongoing customer support, regulators must ensure that the BOCs provide CLECs with adequate documentation, training and assistance.

21. In order for an OSS interface to work as planned, the interface itself, the business processes, and the training and documentation must all function appropriately. Ensuring that this occurs is a lengthy process and requires careful planning and testing. The BOC must engage in a Quality Assurance process which includes testing of both software and documentation and then must test its interfaces with the CLECs. Even after testing, it is often the case that the actual competitive use will reveal design and operating flaws that had escaped detection up through integration testing, thus requiring further trouble-shooting and system modification. That is why commercial experience is a vital to assess readiness. As a result of Verizon's price squeeze, however, use of Verizon's OSS is almost negligible with respect to UNE-P, the only realistic vehicle for widespread residential entry.

22. Experience proves the critical point that a successfully tested OSS system is not the same thing as an operationally and commercially satisfactory system. In New York, for example, despite the extensive third-party test of KPMG and a relatively high amount of commercial experience, the major problem with missing provisioning notices occurred after the conclusion of the test, causing hundreds of thousands of customers to be adversely affected. In

light of the innumerable potential glitches and pitfalls that must be eliminated prior to commercial availability, one cannot know how well OSS will be provided until it actually has been provided.

23. The FCC has therefore appropriately recognized that “[t]he most probative evidence that OSS functions are operationally ready is actual commercial usage.” It therefore relied primarily on commercial data in evaluating the section 271 applications it has received. See, e.g., TX Order ¶¶ 98-99, 102. Indeed, we believe that commercial usage is the only reliable evidence of readiness. Although the FCC has relied on third-party testing as evidence of operational readiness, it has never granted an application based on that evidence in the absence of significant commercial usage. Certainly, it has not done so where the reason for low commercial usage of a BOC’s OSS is attributable to factors driven by the BOC (such as high pricing and the resulting price squeeze in Massachusetts), not voluntary decisions on the part of the CLECs.

24. While substantial progress has been made in New York, Verizon has not yet shown that it is capable of providing adequate OSS in Massachusetts. As a result, new local carriers like WorldCom will be at a significant disadvantage when they attempt to compete with Verizon to provide local service.

II. VERIZON'S OSS IS NOT YET READY.

A. Verizon Has Not Demonstrated That OSS Is Operationally Ready.

25. As part of the requirements of section 271, a BOC must prove that the OSS functions it has deployed are operationally ready. TX Order ¶ 96. Verizon attempts to prove the readiness of its OSS in three ways: (1) based on commercial experience in Massachusetts; (2) based on commercial experience in New York; and (3) based on the KPMG test in Massachusetts. None of these shows Verizon's OSS to be operationally ready, however.

i. Verizon's Experience in Massachusetts Is Insufficient to Prove Readiness.

26. As explained above, the FCC has consistently emphasized that commercial experience is the best evidence of operational OSS. Yet Verizon's OSS has undergone little commercial use in Massachusetts. This is particularly true with respect to UNE-P, the only mode of entry that can currently be used to provide ubiquitous residential service. In Massachusetts, Verizon processed fewer than 1,000 UNE-P orders per month until May, 2000. In May, it processed only 1,963 UNE-P orders in total. (DTE-WorldCom 4-3 (a) (VZ-MA App. B, Tab 443 at image page* 450-51).) In July, Verizon processed 5,000 UNE-P orders – still a very small number. (DTE RR 339 (VZ-MA App. B, Tab 560).) In New York, in contrast, Verizon processed 70,000 UNE orders in the month prior to its application. NY Order ¶ 169. Indeed, in October 1999, Verizon processed 74,199 UNE-P orders via electronic interfaces and in December 1999, 170,808 via electronic interfaces. (McLean/Wierzbicki Decl. Att. F.) In Texas,

* We provide cites to the CD image where finding the specific reference is difficult.

Southwestern Bell Telephone had processed 203,000 UNE-P orders as of a month prior to its application. TX Order ¶ 249.

27. Even more fundamentally, Verizon processed only 4 UNE-P orders via EDI in July 2000 (and only 3,526 via all electronic interfaces)! (DTE RR 339 (VZ-MA App. B, Tab 560)); McLean/Wierzbicki Decl. Att. F.) Verizon provides no evidence that it has processed any other UNE-P orders via EDI. Thus, Verizon has almost no commercial experience processing UNE-P orders through EDI – the interface CLECs would use if they were transmitting commercial volumes of UNE-P orders. Moreover, in the entire year through May, Verizon processed only 6 UNE-P orders for new installations (as opposed to migrations) over any of its interfaces. (DTE-WorldCom 4-3(a) (VZ-MA App. B, Tab 443 at image page 450-51).) It processed only 54 more in July. (DTE RR 339 (VZ-MA App. B, Tab 560).) Especially with the popularity of second lines, new installations are vital to achieving real competition.

28. Verizon's limited Massachusetts experience has not been without problems. Verizon's own performance data reveal poor performance in July 2000 with respect to resale and UNE POTS/special services order accuracy (OR 6-01, 6-03), percent rejects (OR-3) (probably as a result of the documentation deficiencies described below), resale and UNE POTS/special services missed appointments (average delay days) (PR 4-02), percent UNE POTS/special services no dispatch orders completed in 1 day (PR 3-01), special services average interval offered and completed (PR 1-01, 1-02, 2-01, 2-02), special services percent missed appointments (PR 4-01), trouble duration generally for UNE loops, UNE POTS/special services, 2-wire digital services and 2-wire xDSL service (MR 4-01 through 4-10), and network trouble

report rate for UNE POTS/special services. Guerard/Canny Decl. Att. E. In addition, Verizon's report on trends (which does not include all relevant measures) shows relatively poor or poor performance on the following measures for March through June: percent on time reject less than 10 lines POTS (OR 2-04), average delay days total POTS (PR 4-02), percent missed repair appointment loop (MR 3-01), mean time to repair loop (MR 4-02, percent out of service more than 24 hours POTS and specials (MR 4-08), percent completed in 5 days (1-5 lines dispatch) UNE-P/other (PR 3-09), percent accuracy resale (PO 6-03), percent completed in 5 days (1-5 lines no dispatch) POTS (PR 3-08), and network trouble report rate specials (PR 2-01).

Guerard/Canny Decl. Att. O.

29. In any event, whatever the problems revealed by its performance data, Verizon simply has too little commercial experience in Massachusetts to rely on this to support its claim of operational readiness. In our view, this is a fatal defect and one that Verizon has brought upon itself due to its monopolistic pricing. Without such experience, there is no way to be confident that Verizon's OSS will work as intended. The other evidence on which Verizon relies is clearly insufficient.

ii. **Verizon's Experience in New York Is Insufficient to Prove Operational Readiness.**

30. Verizon does have significant commercial experience in New York, and while on a proper showing, some of this experience may be relevant to its operations in Massachusetts, it is not necessarily relevant, never mind dispositive. The OSS in the two states is different in many key respects – including differences in front-end interfaces and business

rules as well as back-end systems. The differences are particularly significant because different companies – New England Telephone and New York Telephone – developed the systems and products in the two states.

31. The different history of systems development in the two states has led to significant differences in the interfaces and business rules. This is particularly so with respect to Verizon's pre-ordering interface based on LSOG 3 and its ordering interface based on LSOG 2. (Collectively, we will refer to this pre-ordering/ordering suite as Verizon's LSOG 2 interfaces.) Although Verizon claims that the EDI interfaces are identical in New York and Massachusetts (McLean/Wierzbicki Decl. ¶¶ 8, 21) and has previously suggested the business rules have only minor variations, its claims are unsupported. When Verizon made similar claims during disputes with WorldCom over whether Verizon had met its obligation under the Bell Atlantic-NYNEX merger conditions to develop uniform interfaces, WorldCom identified hundreds of differences in business rules among states in the Verizon region and a significant number of differences in the EDI interfaces. There are also differences in the thousands of Universal Service Order Codes ("USOCs") and Feature Identifiers ("FIDs") used to order products in the two states. (DTE MCIW 2-13, att., p.8 (VZ-MA App. B, Tab 132 at image page 467, 477).) If WorldCom were to develop an LSOG 2 interface in Massachusetts, it would take months of development work as a result of these differences.

32. In February, Verizon implemented LSOG 4 interfaces region wide. As part of the process of developing LSOG 4, Verizon worked with CLECs to increase radically the uniformity of its interfaces and finally fulfill its obligation to provide uniform interfaces under

the merger conditions. Nonetheless, even with LSOG 4, approximately 20% of the business rules vary between states as a result of product and regulatory differences. Differences in USOCs and FIDs also remain. Thus, even with LSOG 4, without proof that the relevant interfaces and business rules are identical, evidence from other states is insufficient to show the readiness of Verizon's interfaces in Massachusetts.

33. In addition to significant differences in business rules and EDI between New York and Massachusetts, there are also significant differences in Verizon's back-end systems which is a natural result of their derivation from different legacy systems. Verizon states that for pre-ordering, the "underlying OSS are the same applications in New England and New York, although in some cases there are separate copies for New England and New York." McLean/Wierzbicki Decl. ¶ 18. It says the same thing about ordering but notes that in "most" cases there are separate copies for New England and New York. *Id.* ¶ 39. However, Verizon had previously acknowledged differences between the states. For example, at the pre-order stage, Verizon acknowledged that

[o]nce a request for a CRIS CSR is received by DCF ["Direct Customer Access Flow/Through"] it is pointed to either the NY or the NE application based on jurisdiction. The NY ODCSR [On Demand Customer Service Record] application transacts with 3 CRIS applications in NY and the NE ODCSR application transacts with one CRIS application in NE. The structure of the CSR has differences, which are jurisdictional/product in nature.

(DTE MCIW 2-13, att. at 8 (VZ-MA App. B, Tab 132 at image page 467, 477).) In addition, address validation is performed differently in the two states as a result of differences in the Street Address Guide Areas. *Id.* Moreover, in Verizon's relatively new LiveWire system, "[t]he

underlying tables are different [in New York and Massachusetts] based on jurisdictional/product differences.” (DTE-WorldCom 4-1 (VZ-MA App. B, Tab 443 at image page 426-27).)

34. At the ordering and provisioning stages, there are also marked differences between New York and Massachusetts. Verizon admits that as a result of product and services differences, the “sources of information” for the DOE (Direct Order Entry) tables are different. (DTE MCIW 2-13, att. 1 at 7 (VZ-MA App. B, Tab 132 at image page 467).) Jurisdictional and product differences also result in differences in the CABS Automated Front End, in the data resident in the service order processors (“SOPs”), and in the provisioning process. *Id.* at 9, 19 (image page 478, 488). In addition to differences in information within processors, the service order processors (“SOPs”) themselves are different in New York and Massachusetts, as are the processors for the DOE and XSOG application which builds the service order. Different Loop Facility Assignment and Control System (“LFACS”) applications are used to maintain and assign loop facilities in the two states (*id.* at 21 (image page 490)), and different resources within the Memory Administration Recent Change History (“MARCH”) are used to perform switch translations.

35. Most of all, the billing systems are vastly different in Massachusetts and New York. Entirely different systems are used to track revenue, collections and treatment in Massachusetts and New York. *Id.* at 30 (image page 499). In addition, in New York, the usage data that is included in the daily usage feed (“DUF”) for billing is identified up front in the Automated Message Account (“AMA”) system. In Massachusetts, that data is identified at the posting program. This causes a difference in time of delivery of the DUF. *Id.* at 4 (image page

473). The code for the AMA system is also different, and the data from the AMA is transmitted to two completely different systems in the two states. Id. at 30-31 (image page 499-500).

36. As a result of these differences between Verizon's OSS in New York and in Massachusetts, Verizon cannot demonstrate the operational readiness of its OSS in Massachusetts by relying on its New York experience. In addition, as discussed in detail below, the similarities give little comfort because WorldCom's experience with Verizon's OSS in New York actually demonstrates the existence of significant continued problems with that OSS. While these New York problems are not preventing WorldCom from competing in the New York market, they do significantly raise the cost of doing business and have negative impacts on customers.

iii. The KPMG Test Does Not Prove Verizon's Readiness.

37. The KPMG test also cannot show that Verizon's OSS is ready. For one thing, the KPMG test has revealed substantial flaws in Verizon's OSS. Although many of these problems are masked by KPMG's determination that it is "satisfied" with Verizon's performance on the issues in question, KPMG's comments and data reveal the existence of significant underlying problems. For another, the KPMG test was limited in scope and insufficiently rigorous. The test is certainly not sufficient to show the readiness of Verizon's OSS.

a. KPMG's test actually shows substantial problems in Verizon's OSS

38. KPMG's Report actually demonstrates the existence of substantial continued problems with Verizon's OSS. These problems include the existence of missing notifiers, a problem that should have received the most rigorous scrutiny given the impact of this problem in New York. The problems also include inadequate documentation, inadequate help desk assistance, and poor flow-through. Where KPMG found problems, it nonetheless determined that it was "satisfied" with Verizon's performance on the issues in question even though, in many instances, it failed to require Verizon to demonstrate either the root cause of the problem at issue or, through a retest, that a fix to the problem has been made. Without root cause analysis and implementation of fixes, problems often become larger as commercial order volumes increase.

39. In this section, we discuss some of the problems found by KPMG. We will discuss others, such as inadequate documentation, help desk assistance and flow-through, in subsequent sections detailing operational problems with Verizon's OSS.

1) Verizon's New York Missing Notifier Problem Persists in Massachusetts

40. This Commission certainly understands Verizon's past problems with delayed and missing notifiers in New York. WorldCom found indications of a potential problem with missing notifiers in New York before Verizon's section 271 application was approved for that state but KPMG dismissed the problem as a minor glitch. The problem grew to vast

proportions subsequent to section 271 approval. Many tens of thousands of notifiers were missing before the New York PSC and this Commission took action to reduce the problem.

41. One of the issues that KPMG has prematurely marked as satisfied in Massachusetts involves just such missing notifiers. In the functionality test, Verizon failed altogether to transmit Provisioning Completion Notices (“PCNs”) on 14 of 606 orders, or approximately 2.3%. (Final Report at 53 n.22 (VZ-MA App. I, Tab 1); Aug. 29 Tr. at 3301-02 (VZ-MA App. B, Tab 549).) Verizon also failed to return Billing Completion Notices (“BCNs”) on 2.3% of the 601 orders on which it should have returned BCNs. (Verizon failed to return BCNs on 20 orders on which it should have returned BCNs on 14 orders. Final Report. at 54, n.25 (VZ-MA App. I, Tab 1); Aug. 29 Tr. at 3298-3301 (VZ-MA App. B, Tab 549). In addition, with respect to the notifiers Verizon did return, it failed to return them in a timely manner. Verizon failed to meet the one day performance interval for timely return of provisioning completion notices (PCNs) or billing completion notices (BCNs). Final Report at 53-54 (VZ-MA App. I, Tab 1). Remarkably, Verizon returned BCNs late more than 25% of the time.⁶

42. Moreover, KPMG’s measure of timeliness of BCNs vastly understates the scope of the problem. KPMG evaluated timeliness of the BCN relative to the posting of the bill;

⁶ KPMG measured the timeliness of BCNs relative to the date for posting of the bill that is stated on the BCN. This is apparently a different time stamp than the one Verizon uses. Verizon apparently uses the CRIS completion date -- a date it does not provide to CLECs and did not provide to KPMG. Verizon has not argued that the BCNs KPMG found to be late would be on time using the CRIS completion date; indeed, it has not explained the difference between this date and the one used by KPMG, and has not explained why the CRIS completion date is the appropriate date to use as a measure. At a minimum, to the extent KPMG’s assessment was done incorrectly, this means there was no functionality test of BCN timeliness – a critical defect in the test.

per Verizon's performance measures, the BCN was considered on time if it was sent within one day of posting of the bill. Any delays between work completion and billing completion are not accounted for in this measurement. This fundamentally flawed and misleading measurement produces the following bizarre result:

| | | |
|-----------------|-----------------------------|--------|
| Example: | Order placed: | Day 1 |
| | Order work completed: | Day 6 |
| | Order billing completed: | Day 50 |
| | Billing completion | Day 51 |

Result: Completion notice is considered on time, despite its being sent 50 days after the order is placed.

43. Because of precisely this problem, in New York, when the problem with missing notifiers arose, Verizon adopted (in conjunction with the FCC and New York PSC) several new performance measures to track the problem, including a measure of "the elapsed time between the actual completion in the Service Order System (SOP) and the distribution of the billing completion notification." (OR 4-09.) That measure has become a permanent part of the New York performance plan. (McLean/Wierbicki Decl. Att. M.) Verizon has not yet imported that measure to Massachusetts, however, although it has now promised to do so.⁷ There is no commercial data on that measure. Moreover, KPMG did not assess the timeliness of BCNs under that measure; instead, relying on the old measure of timeliness. (Aug. 28 Tr. at

⁷ As detailed in the accompanying affidavit of Karen Kinard, Verizon does not even plan to report results under the three other measures designed to track missing notifiers – PO 9-01, OR 3-02, and OR 7-01. These are key measures. OR-7, for example, tracks the percentage of orders that have received either a FOC or an acknowledgment within three days of receipt.

3166-67 (VZ-MA App. B, Tab 545).) Thus, KPMG's report of 25% late BCNs fails to report on a key aspect of the problem. For the same reason, as well as the fact that order volumes in Massachusetts are too low to evaluate operational readiness, Verizon's reliance on its performance data on BCN timeliness does not show adequate performance with respect to BCNs. McLean/Wierzbicki Decl. ¶ 77.

44. Moreover, KPMG does not appear to have tested return of PCNs or BCNs in the Massachusetts volume test at all. This is a significant omission given the problems found in the functionality test and the problems found in New York once order volumes reached commercial levels. Instead, without explanation, KPMG found Verizon's performance with respect to PCNs and BCNs satisfactory. It was just such premature closure of issues in New York that led to the extensive problems CLECs experienced with missing notifiers, whereby tens of thousands of CLECs' wholesale orders fell out of BA's OSS systems.

45. Verizon eventually managed to control the scope of this problem in New York. However, soon after WorldCom launched service in Pennsylvania in August 2000, it began experiencing a problem there with late and missing notifiers. On October 2, 2000, WorldCom evaluated the number of FOCs and BCNs that were missing (as of September 28) on orders it had placed between August 15 and August 31 in Pennsylvania. Out of 3,279 orders on which WorldCom should have received a BCN, Verizon had failed to provide a BCN on 756 orders – 23.1%. (Att. 1.) For example, of the 99 Purchase Order Numbers ("PONs") transmitted on August 19, all of which should have received a BCN, by the end of September WorldCom was still missing BCNs on 22 orders (22.2%). Subsequently, on October 6,

WorldCom analyzed the number of BCNs missing on orders placed between September 1 and September 15. Things had improved somewhat but a substantial problem remained. Out of 5,712 orders that WorldCom placed in Pennsylvania on which BCNs were due, WorldCom had not received a BCN on 829 of those orders (14.74%). (Att. 2.) WorldCom is also missing other notifiers as well. As of October 2, WorldCom was missing 309 PCNs.

46. In Pennsylvania, KPMG finally opened an Exception related to missing notifiers on September 10, 2000. KPMG opened Exception Report #38 listing 48 notifiers for which it failed to receive responses. (Att. 3.) WorldCom is hopeful that the problems in Pennsylvania will be cleared up without escalation to the level of problems that occurred in New York. WorldCom is also hopeful that similar problems will not occur in Massachusetts if substantial volumes of orders are transmitted and will not, in any event, reach the level of problems that occurred in New York. But there is no current basis for confidence in this regard. In both Verizon states in which WorldCom has entered the market and submitted a substantial volume of orders, it has experienced problems with missing notifiers. And there is nothing in the KPMG Massachusetts test which shows that Verizon will return notifiers in a timely manner there. To the contrary, the evidence from that test demonstrates the existence of a potential problem, and neither KPMG nor Verizon performed a root cause analysis to determine the source of the problem.

47. As the Commission knows, the impact of delayed and missing notifiers on CLECs is severe. The NY PSC found that Verizon's missing notifiers "substantially delay[ed]

the ability of consumers to move their service to competitive local exchange companies.”⁸

Indeed, if CLECs do not receive the BCN, they must either refrain from billing the customer or rely on the PCN to begin billing. If they refrain from billing their customers, they lose revenue. But if they rely on the PCN to begin billing and Verizon does not transmit the BCN, the customer is likely to be double billed. The CLEC starts billing but Verizon continues to bill the customer until the order posts in its CRIS system which triggers the transmission of the BCN. In addition, WorldCom relies on information on the BCN to build its internal database on customers and also use the information for maintenance and repair. See also Aug. 29 Tr. at 3302 (VZ-MA App. B, Tab 547).) Finally, because of the impact missing notifiers had in New York, WorldCom is forced to spend a significant amount of time simply tracking missing notifiers to attempt to ensure that problems do not escalate to New York levels.

48. The impact of missing notifiers is magnified by Verizon’s inability to resolve quickly and effectively trouble tickets submitted on missing notifiers. When WorldCom has submitted lists of missing notifiers to Verizon’s help desk, Verizon has often taken long periods of time to reflow the notifiers, and often has reflowed the wrong notifiers. Similarly, KPMG never received the notifiers described as missing in its report even though it submitted trouble tickets on the missing notifiers. (Aug. 29 Tr. at 3303 (VZ-MA App. B, Tab 547).) These problems are detailed further in our discussion of the help desk.

⁸ NYPSC Cases 00-C-0008, 00-C-0009, Order Directing Improvements to Wholesale Performance, issued and effective February 11, 2000, at 1.

49. There must be better assurance that the missing notifier problem will not recur in Massachusetts before Verizon is allowed into the long distance market. After Verizon is let in is too late to avoid substantial harm to customers.

2) KPMG's Conclusions Are Inconsistent With Test Data In Multiple Instances.

50. In addition to the problem with missing and delayed notifiers, KPMG described numerous other important problems. The scope of the individual problems is not clear because KPMG did not determine the root cause of the problems and instead has simply reported Verizon's performance as satisfactory. Nonetheless, in the aggregate, these problems paint a picture of anything but satisfactory performance.

51. Verizon returned inaccurate address validations on 64% of the samples viewed. Nonetheless, KPMG concluded Verizon returned accurate pre-order responses. Final Report, at 57, n.32 (VZ-MA App. I, Tab 1.) These statements are entirely inconsistent. If Verizon is not returning accurate address validation in 64% of the samples, its OSS is not working. Address validation is a vital pre-order function, necessary to ensure CLECs have accurate address information on orders for new installations. KPMG acknowledged that Verizon's failure is a potential impediment to CLECs. (Aug. 28 Tr. at 3246 (VZ-MA App. B, Tab 545).) KPMG should have retested until the problem was fixed. Instead, contrary to its stated approach of military testing, KPMG closed the issue without any knowledge that Verizon even intends to fix the problem. (Aug. 28 Tr. at 3246 (VZ-MA App. B, Tab 545).)

52. Verizon failed entirely to provide responses on 2% of pre-order transactions. Final Report at 48 (POP 1-2-1) (VZ-MA App. I, Tab 1). There is no excuse for Verizon's failure to return these transactions at all. This significantly slows down the pre-order process. Moreover, the failure rate was originally 6% until Verizon implemented some unspecified fix. Yet, KPMG does not describe the fix, the retest, or why it believes that the number will remain even at 2% on subsequent transactions.

53. In addition, "the error remarks (RMK)" provided by Verizon in response to defective pre-order inquiries "did not provide an adequate level of information to determine the cause of error in all cases examined." KPMG nevertheless states that Verizon provided clear and accurate error messages. Final Report at 58 (POP-1-6-2) (App. I, Tab 1.) As in the other examples we have provided, the Final Report offers no explanation for the inconsistency. It is important that Verizon return clear and accurate error codes because only such codes allow efficient resolution of errors.

54. Thus, KPMG documented numerous apparently unresolved problems with Verizon's pre-order process despite its conclusion that the pre-order process was satisfactory. KPMG also documented Verizon problems beyond the pre-ordering stage. KPMG found that "[t]he information provided on the BCN was not in accordance with Verizon Business Rules in all cases." Id. at 59-60 (POP 1-6-7) (VZ-MA App. I, Tab 1). KPMG nonetheless again determined Verizon's performance was satisfactory, because the differences were not important to its billing activities. KPMG did not determine whether the differences would impede CLEC billing activity. (Aug. 28 Tr. at 3168-69 (VZ-MA App. B, Tab 545).)

55. KPMG also concluded that Verizon had assigned employees responsibilities for tracking help desk performance, yet stated that “[t]he performance of HD [help desk] responsibilities in the TISOCs [Telecomm Industry Services Operations Centers] is not evaluated or tracked.” Final Report at 170 (POP 5-19 (VZ-MA App. I, Tab 1)). Such tracking is important to ensure adequate performance and should be tested.

56. KPMG found Verizon’s performance with respect to return of daily usage feeds for billing to be satisfactory even though Verizon failed to record call usage for 4.6% of the calls on which it should have tracked such usage. (Final Report at 458 (BLG 5-4-1) (VZ-MA App. I, Tab 1); Aug. 28 Tr. at 3117 (VZ-MA App. B, Tab 545).) KPMG never received an explanation from Verizon for the missing calls and did not compare Verizon’s performance with its retail performance. Aug. 28 Tr. at 3118 (VZ-MA App. B, Tab 545.)

57. Thus, KPMG found numerous problems with Verizon’s OSS that were not resolved by the conclusion of testing. The test can therefore provide little confidence that the OSS will work as promised.

b. KPMG Closed Out Observations and Exceptions Too Rapidly.

58. In addition to uncovering problems that appeared but were dismissed in its Final Report, KPMG also uncovered significant problems during testing that it never even made into Exceptions. It listed these problems as Observations during the course of testing, but, unlike in New York or Pennsylvania, did not convert most Observations into Exceptions even when Verizon systems or documentation required fixes. Observations 26, 36, 37, 75, 80 and 85 all involved problems requiring Verizon fixes, for example. (Att. 4.) WorldCom was not able to

obtain a clear explanation of why these and similar Observations were not made into Exceptions. This is an important issue because CLECs were not given the opportunity to comment on Observations, only Exceptions. Thus, CLECs were unable to comment on many significant problems identified during testing.

59. The fact that these Observations were not made into Exceptions and thus CLECs were unable to comment upon them is one likely cause of over-hasty closure of Observations without true root cause analysis or implementation of systemic fixes. There are many examples of this practice, in addition to evidence of this in the above examples from the Final Report. Thus, in Observations 1 and 51, KPMG observed problems that it ultimately attributed to manual errors. (Att. 4.) It closed these Observations without examining whether the manual processes were efficient, whether re-training was required, or whether the processes should be replaced. In Observation 15, KPMG noted Verizon's delayed transmission of bills. (Att. 4.) It closed this Observation when it received the February bill on time without finding a root cause of the earlier problem. In Observation 42, KPMG discussed Verizon's implementation of a process change without notification to the CLECs. (Att. 4.) KPMG closed the Observation after it was able to "verify the change" without any examination of the underlying problem of lack of notice. In Observation 50, KPMG described its receipt of billing files with file names different from agreed upon conventions. (Att. 4.) KPMG closed the issue after receiving a written statement on Verizon's plans to resolve it. In each of these instances, Verizon failed to find the root cause of the problem or to demand a fix that would prevent a recurrence. Indeed, KPMG acknowledged that it did not require Verizon to perform root-cause