

Report of Independent Accountants

To Management of
Southwestern Bell Telephone Company

We have examined management's assertion, included in the accompanying Report of Management on Compliance with the Business Rules, that Southwestern Bell Telephone Company's (the Company) reported performance measure results complied with the criteria set forth within business rules documented within Case TO-99-227 (*Application of Southwestern Bell Telephone Company to Provide Notice of Intent to File an Application for Authorization to Provide In-Region InterLATA Services Originating in Missouri Pursuant to Section 271 of the Telecommunications Act of 1996*) as filed with the Missouri Public Service Commission (MoPSC) on January 6, 2000 (Business Rules) for each of the one-month periods ended April 30, 2000, May 31, 2000 and June 30, 2000. Management is responsible for ensuring the Company's reported performance measure results comply with the criteria set forth within the Business Rules. Our responsibility is to express an opinion on the Company's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Company's compliance of reported performance measure results with the Business Rules and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Company's compliance with specified requirements.

In our opinion, management's assertion that the Company's reported performance measurement results complied with the Business Rules for each of the one-month periods ended April 30, 2000, May 31, 2000 and June 30, 2000, is fairly stated, in all material respects, except for certain instances of noncompliance as discussed below.

To Management of
Southwestern Bell Telephone Company

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As discussed in management's assertion, certain performance measurements contained errors that were subsequently restated after the initial filing or corrected on a prospective basis.

This report is intended solely for the information and use of the Company and the MoPSC and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Ernst + Young LLP

November 1, 2000

Michael N. Gilliam
Vice President-Long Distance

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**Report of Management on
Compliance with the Business Rules**

Management of Southwestern Bell Telephone Company (the Company) is responsible for reporting performance measure results that comply with the business rules documented in Case TQ-99-227 (*Application of Southwestern Bell Telephone Company to Provide Notice of Intent to File an Application for Authorization to Provide In-Region InterLATA Services Originating in Missouri Pursuant to Section 271 of the Telecommunications Act of 1996*) as filed by the Staff of the Missouri Public Service Commission on January 6, 2000 (Business Rules). Management is also responsible for establishing and maintaining effective internal control to ensure performance measure results comply with the Business Rules.

Management performed an evaluation of the Company's reported performance measure results to ensure compliance with the Business Rules for each of the one month periods ended April 30, 2000, May 31, 2000 and June 30, 2000. Based on this evaluation, we assert that for each of the one-month periods ended April 30, 2000, May 31, 2000 and June 30, 2000, the Company's reported performance measure results complied with the requirements of the Business Rules, in all material respects, except as discussed in Attachment A.

A handwritten signature in black ink, appearing to read "M. N. Gilliam", written over a horizontal line.

Michael N. Gilliam
Vice President - Long Distance
Compliance Relief

November 1, 2000

Report of Management on Compliance with the Business Rules

Attachment A

Missouri Performance Measurement (PM) Restatements

The preparation of monthly performance measurement reports involves the collection of thousands of data points which are processed by the performance measure systems. As with any system, which involves collection of data from numerous sources, corrections of a small percentage of the data points within the performance measurement system is a necessary and routine business function. If SWBT determines any error in the data, SWBT makes the correction and discloses these restatements to CLECs via the same web page on which monthly performance reports are made available. In connection with the Ernst & Young LLP performance measurement attestation engagement, SWBT has compiled a list of those items in the April – June 2000 performance measurement reports which have subsequently been restated.

The items listed below were either identified and disclosed by SWBT during its normal process of reviewing Missouri performance measurement reports or discovered as part of the Ernst & Young review process. As appropriate, SWBT corrected reporting of prior month's results and restated those reports to properly reflect the results.

- a) **Data Validity Error (PM 4)** – The calculation of PM 4 – OSS Interface Availability was incorrect for the month of April 2000 as the numerator for the calculation included incorrect data concerning LEX system availability. Through LEX, CLECs can electronically create and transmit resale and unbundled network element (UNE) local service requests to SWBT. PM 4 was corrected and restated in May 2000. This restatement resulted in the measure falling short of the benchmark (SWBT identified).
- b) **Data Validity Error (PM 5.1)** – An incorrect data input file was used to calculate April 2000 results for PM 5.1 - % Firm Order Confirmations (FOCs) received within "x" hours (DSL). The PM was calculated on the basis of a percentage of FOCs returned within 5 hours rather than 24 hours. PM 5.1 was corrected and restated in May 2000. There was no change in the aggregate outcome as a result of this restatement, (i.e., the measure continued to meet the benchmark) (SWBT identified).
- c) **Calculation Error (PM 60 & 61)** – Numerators and denominators were inadvertently switched for PM 60 and PM 61 resulting in an error in the respective PM calculations for the month of May 2000. Programmers have been advised that the input data must be standardized and arranged consistently in the future. Prior PM calculations were restated in July 2000 (SWBT identified).

- d) **Calculation Error (PM 18) –PM 18 – Billing Timeliness (Wholesale Bills)** was incorrectly reported for the months of April and May 2000 due to an incorrect source data input file. The affected PM was corrected and restated in July 2000. There was no change in the aggregate outcome as a result of this restatement, (i.e., the measure continued to meet the benchmark) (SWBT identified).
- e) **Data Validity Error (PMs 57- 63 & PMs 65 - 69) – CLEC data** for these PMs was improperly split between the Kansas City, Missouri and Kansas City, Kansas market areas for the months of April and May 2000. A new methodology was implemented to properly split the data between the two market areas and the PM results for April and May 2000 were corrected and restated in July 2000. There was no change in the aggregate outcome as a result of this restatement (SWBT identified).
- f) **Cell Reference Error (PM 35-05) -** Within the Excel worksheet used to calculate the final calculation and z-score for PM 35-05 - % Trouble Reports Within 10 Days of Installation, a wrong cell was referenced. This cell reference error affected the reported months of April and May 2000. Therefore, SWBT's calculations and z score for its retail operation were incorrectly reported for those months. For one market area, one disaggregation (out of a possible twelve total disaggregations for the market area) was originally reported in parity and should have been reported as out of parity. Beginning with June 2000 PM reporting the worksheet was corrected. SWBT restated all affected months reports in October 2000. There was no change in the aggregate outcome as a result of this restatement (E&Y identified).
- g) **Calculation Error (PM 111) -** In October 2000, SWBT discovered an error in its calculation of the average interval for PM 111 – Average Update Interval for Directory Assistance Database. SWBT corrected the method for calculating the interval and restated its PM data back to October 1999. (SWBT identified).

Missouri Performance Measurement Prospective Changes

SWBT is taking the steps noted below on a prospective basis to correct and/or enhance its PM reporting in Missouri.

- a) **Disaggregation Error (PM 1) –** This PM requires a disaggregation by Customer Service Record (CSR) segregated into CSRs with 1 to 30 lines and CSRs with greater than 30 lines. For April, May, and June 2000, CSR results were reported for CSRs of 1 to 30 lines. Due to constraints within the Datagate system, SWBT was not able to report all the diagnostic disaggregations for CSRs greater than 30 lines. The reporting has subsequently been moved to DSS (Decision Support System) and will be reported per the Business Rules for both Datagate and Verigate with October 2000 reporting. Since this change will result in a modification to the code, this measure can not be recalculated (E&Y identified).

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- b) **Calculation Error (PM 5, 6 and 94)** – Timestamp receipts recorded in the Service Order Retrieval and Distribution System (SORD) did not agree to supporting documentation for PM 5 - % Firm Order Confirmations Received Within "x" Hours, PM 6 – Average Time to Return Firm Order Confirmations, and PM 94 - % Firm Order Confirmations Received Within "x" Hours (LNP). The receipt and transmittal timestamps recorded by Local Service Center (LSC) personnel are used to calculate the time interval between the receipt of an order and the transmission of a FOC. SWBT's process states that the LSC personnel should use the time stamp on the header on the fax received from the CLEC. However, in certain instances, this process was not being followed. SWBT has taken steps to inform its clerks and supervisory personnel of the correct procedure (i.e., using the actual receipt time directly off the fax header). Since this finding resulted in a change in SWBT's process, this measure can not be recalculated (E&Y identified).
- c) **Disaggregation Issue (PM 13)** – This PM requires a disaggregation by service type (e.g., UNE loops, Resale, UNE Combos, etc.) and had been reported by interface system (i.e. LEX, EDI, EASE) during the Evaluation Period. Reporting by interface rather than by service had been accepted for reporting in Texas, and was followed for reporting in the other SWBT states as well. However, during the six-month review process in Texas it was determined that disaggregation by service type would be required prospectively. Therefore, beginning with September 2000 data, the PM will be reported by service type in Missouri. (E&Y identified).
- d) **Data Exclusion Issue (PM 18)** – The calculation of the PM excluded billing information for facilities and UNE charges during the Evaluation Period. At the time the PM was implemented resale was the predominant mode of entry, therefore no provision was made for inclusion of facilities and UNE charges. During the six-month review process in Texas, it was recognized that Billing Data Tape (BDT) was not being captured for facilities and UNE charges. During the six-month review, CLECs requested that SWBT expand the PM to include all electronic billing. SWBT concurred with this request and the business rules have been revised to include facilities and UNE charges. This change is expected to be implemented with December 2000 data. Since this change will result in a modification to the code, this measure can not be recalculated (E&Y identified).
- e) **Disaggregation Error (PM 43)** - PM 43 - Average Installation Interval was reported incorrectly for the month of May 2000 in the Kansas City, Missouri (KM) market area. Circuits should have been reported in the Kansas City, Kansas market area but were reported in the KM market area. The database tables causing this discrepancy were corrected in September 2000. Since this change will result in a modification to the code, this measure can not be recalculated (E&Y identified).

- f) **Data Exclusion Error (PM 58)** – Certain market offices are excluded from PM 58. For April, May, and June 2000, PM data for orders originating from market offices EX (CLEC originated order, LSC personnel typed into SWBT's EXACT/SORD systems) and SO (CLEC originated order, CLEC personnel typed directly into SWBT's EXACT/SORD systems) were excluded from the PM while the Business Rules do not explicitly state that these market offices should be excluded. Therefore, PM results were not stated correctly on the web site. SWBT updated the programming logic to include market offices EX and SO on June 30, 2000. (E&Y identified).
- g) **Data Exclusion Error (PM 57)** – In December 1999, PM 57 – Average Response Time for Loop Make-up Information was incorrectly excluding the time between the date the LSR was received by SWBT and the date it was sent to the engineer for review. Therefore, the response duration (length of time between receipt of the request from the CLEC and time the qualification is made available to the CLEC) excluded the number of days between the date the CLEC DSL service request was received and the date the loop qualification was sent to engineering. This was corrected in January 2000, but with the subsequent implementation of a new database, the response duration was again calculated excluding the time between date the LSR was received by SWBT and the date sent to the engineer. SWBT has submitted a programming change to address this erroneous exclusion. In October 2000, a correction was made retroactively to the date of the implementation of the new database. Accordingly, PM 57 was restated with the October 20, 2000 reports. (E&Y identified).
- h) **Coding Error (PMs 27 – 33)** – In September 2000, SWBT and a CLEC determined during joint data validation that certain orders had been excluded from the raw data as CLEC-caused missed due dates when, according to the CLEC's records, the missed due date was attributable to a SWBT cause. Research revealed that a Missed Appointment Code (MAC) of "SL" (customer caused miss) was erroneously being applied in the LSC to close orders which were being held in a pending status and not flowing further through the SWBT OSS systems. If a missed due date results from failure on the part of the LSC to timely clear an error condition which prevents the order from provisioning, LSC personnel should assign a MAC indicating a SWBT cause for the miss. SWBT will restate these measures for the evaluation period with November 20, 2000 reporting. The impact of this restatement is expected to be negligible on aggregate results. (SWBT identified).

On Thursday, September 21, 2000, the LSC began implementing corrective actions to address this issue. The LSC Service Representative Development Managers (RDMs) reviewed the methods and procedures for coding missed due dates with all LSC service representatives through intensive training sessions held during the latter part of September through the beginning of October to ensure that future data would not be affected by improper coding. The RDMs provided service representatives with an additional copy of the list of MAC codes and reminded each of them about the location and use of the method. They also discussed appropriate use of the MAC codes at length. In addition, the RDMs are actively supervising the proper application of MACs as part of their quality reviews in the LSC. The LSC first line managers also conduct service order reviews on the orders that are typed and processed by their assigned service representatives. As part of this review, they have placed additional emphasis on the use of the MAC to ensure coding accuracy. The managers will provide immediate feedback to service representatives, together with additional training as necessary.

Other Matters

- a) **Disaggregation Issue** (PMs 43, 45, 46, 49, 52, 53, 54, 56, 58, 59, 62, 65, 67, 69, 107) – In implementing the following PMs, SWBT reported more levels of disaggregation than required in the Business Rules: 43, 45, 46, 49, 52, 53, 54, 56, 58, 59, 62, 65, 67, 69, 107. SWBT acknowledges that these PMs have been reported in more levels of disaggregation than required. These additional levels of disaggregation increase the usefulness of the reported data while not changing the results of the performance measures (E&Y identified).
- b) **Data Exclusion Issue** (PM 59) – The Business Rules governing PM 59 – Percent Installation (Trouble Reports) Within 30 Days of Installation, provide for an exclusion for trouble reports received on the due date before service order completion. Service order completion times are not present in the trouble report data in the Work Force Administration (WFA) system. Accordingly, this exclusion cannot be taken (E&Y identified).
- c) **Disaggregation Error** (Various Provisioning and Maintenance PMs) - SWBT makes every effort to identify the correct market area for all transactions, reportable by market area. In some cases (this only affects manual orders other than POTS), however, it is not possible to associate a market area with a particular transaction. When a specific market area cannot be identified, records are excluded from the PM calculations (E&Y identified).

Appendix 3: MoPSC OSS Agreed-Upon Procedures Report to Assist in the Evaluation of SWBT OSS Capacity in Missouri

Report of Independent Accountants on Applying Agreed-Upon Procedures

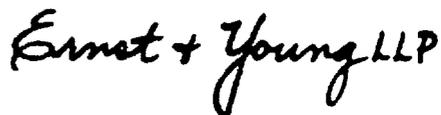
To the Management of SBC Communications Inc.

We have performed the procedures enumerated below, which were agreed to by Southwestern Bell Telephone (SWBT) Company and the Missouri Public Service Commission (MoPSC) Staff, solely to assist in evaluating management's assertion that SWBT's five-state regional Operations Support Systems (OSS) are capable of supporting commercial pre-order and order volumes specific to Missouri as of September 30, 2000. This engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are summarized in Appendix A. These procedures and the resulting findings are not intended to be an interpretation of any legal or regulatory rules, regulations or requirements or SWBT's compliance with such rules, regulations or requirements.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertion that SWBT's five-state regional OSS are capable of supporting commercial pre-order and order volumes specific to Missouri as of September 30, 2000. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of SWBT and the MoPSC, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.



November 1, 2000

Appendix A

Results of Agreed-Upon Procedures

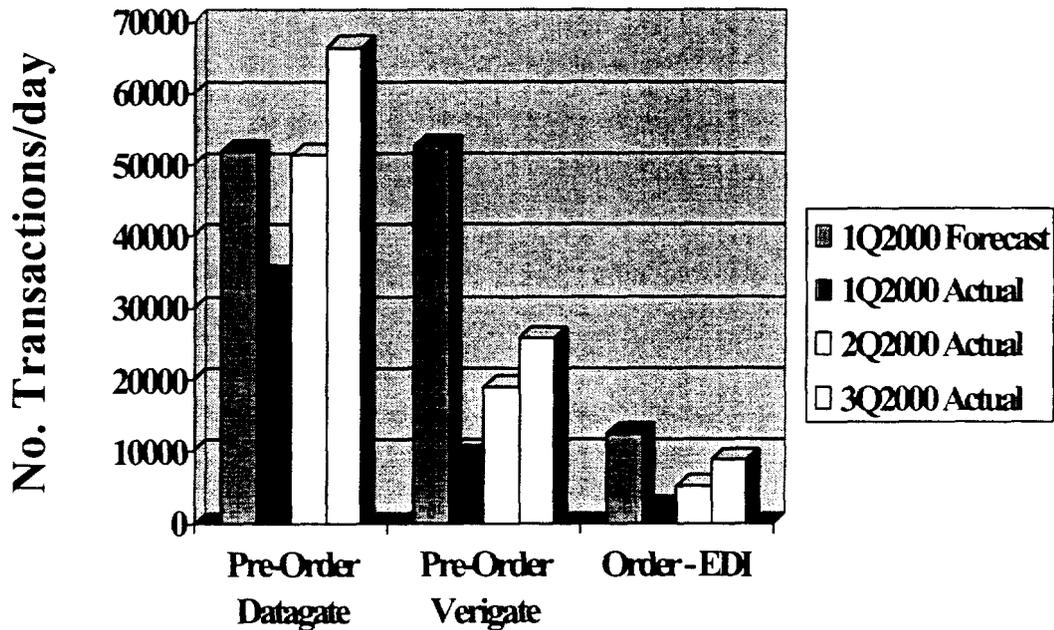
1. Obtained Telcordia's OSS Capacity Report, dated September 1999 (Telcordia Report) related to SWBT's request for Authorization to Provide In-Region InterLATA Service Originating in Texas Pursuant to Section 271 of the Telecommunications Act of 1996, and read the test results contained therein.
2. Read the Telcordia Test Methodology within the Telcordia Report, specifically the volumes and forecasts used. We determined that volumes tested within the Telcordia Report included Missouri commercial volumes.
3. Reviewed the design of SWBT's OSS and determined the systems utilized as of September 30, 2000 to process CLEC orders and requests are the same for Texas and Missouri.
4. Compared SWBT's five-state regional OSS commercial volumes as of September 30, 2000 to volumes forecasted within the Telcordia Report noting the current volumes did not exceed Telcordia forecasted volumes. See Appendix B for results.
5. Reviewed OSS system and application upgrades made by SWBT to increase capacity and scalability subsequent to the Telcordia Report through September 30, 2000 noting that SWBT's OSS were upgraded and scaled to increase capacity.
6. Read performance measure results for Pre-Ordering (PM-1, PM-2), Firm Order Confirmation (FOC) (PM-5) and Rejects (PM-10) as of the date of the Telcordia Report (September 1999) through September 30, 2000. The PM results for this period are reflected in Appendix C.

Appendix B

The chart below reflects the Telcordia forecasted first quarter 2000 volumes per day for pre-order Datagate, pre-order Verigate and order – EDI compared to actual volumes per day for the first, second and third quarter of 2000.

NOTE: Telcordia tested only orders that flowed through EDI. Therefore, actual numbers only reflected below only include orders that flow through EDI. However, the additional volume of orders for LEX for 3rd quarter was 307,866. Therefore, the total order volume for EDI and LEX for the 3rd quarter was 985,171.¹

Forecast vs. Actual Volumes/day



Telcordia utilized the first quarter 2000 forecasted volumes above to perform its capacity testing. These forecasted volumes represent a 25% increase over the forecasted volumes provided by competing local exchange carriers for that same period.

¹ LEX volumes noted were provided by SWBT.

² Volumes obtained from DOJ report.

Appendix C

Pre-Order PM 1 – Average Response Time for OSS Pre-Order Interfaces

- Definition: The average response time in seconds from the SWBT side of the Remote Access Facility (RAF) and return for pre-order interfaces (Verigate, Datagate and EDI where the pre-order functionality is integrated) by function
- Pre-order measurements apply to all five states (Missouri, Arkansas, Kansas, Oklahoma and Texas)
- The columns below represent reported PM 1 results from September 1999 through September 2000. The top number is seconds and the bottom number is transactions

System	Benchmark	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept
EDI/ Datagate														
Address Verification (1-01)	4.7 seconds	3.3 14,952	2.1 32,206	3.2 42,080	2.7 59,643	2.5 63,316	3.0 120,677	3.2 182,358	3.4 149,665	2.4 155,838	2.4 181,611	2.1 162,598	2.4 255,762	2.3 219,972
Request for TN (1-02)	4.5 seconds	4.3 11,188	2.9 25,792	3.2 30,548	2.7 44,662	3.0 42,774	3.1 49,883	3.1 54,721	4.3 63,904	3.6 82,349	3.4 94,527	3.0 92,266	3.1 152,387	3.2 130,001
Request for CSR (1-03)	6.6 seconds	4.4 52,559	3.3 37,935	3.8 30,952	3.2 56,030	3.6 28,859	3.3 62,862	4.3 77,577	4.0 87,439	4.1 144,684	4.5 245,811	4.0 231,878	4.2 325,493	4.1 277,807
Service Availability (1-04)	6.6 seconds	1.1 36,445	2.2 87,938	0.8 113,695	0.7 157,653	0.8 245,234	0.8 228,643	0.8 288,265	1.2 233,701	1.3 290,175	2.1 328,629	1.0 245,148	1.2 371,213	1.9 331,230
Due Date (1-05)	1.0 second	0.6 28,553	0.7 67,870	0.5 86,501	0.7 140,439	0.4 134,854	1.0 160,741	0.6 205,511	0.8 206,123	0.7 253,901	0.8 282,813	0.6 211,759	0.5 327,503	0.9 290,664
Dispatch Required (1-06)	12.6 seconds	12.5 1,388	8.3 2,307	9.4 2,433	8.3 3,933	8.6 4,780	9.5 6,949	9.5 9,329	9.8 9,607	10.0 13,806	9.4 18,411	8.4 21,668	8.8 43,963	9.2 39,070
PIC (1-07)	28.0 seconds	32.5 14,993	20.3 33,306	21.2 45,575	19.3 70,211	19.4 69,465	18.3 80,972	18.7 116,181	21.3 150,558	21.8 167,415	15.5 179,153	6.0 148,711	9.4 237,971	5.9 197,602

Pre-Order PM 1 – Average Response Time for OSS Pre-Order Interfaces (continued)

System	Benchmark	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept
Verigate														
Address Verification (1-08)	4.7 seconds	6.4 10,771	5.7 11,271	5.5 12,530	4.9 16,473	5.3 20,510	2.9 31,196	2.9 55,464	3.9 70,712	3.4 119,070	3.0 108,361	2.9 97,432	2.9 122,268	3.1 194,852
Request for TN (1-09)	4.5 seconds	2.8 5,856	2.7 6,172	2.5 4,831	2.4 6,610	2.8 8,915	3.0 9,820	2.3 11,092	2.6 15,034	2.5 19,606	2.0 28,097	1.9 31,431	2.1 50,202	2.2 58,642
Request for CSR (1-10)	6.6 seconds	3.1 102,813	2.4 109,988	2.6 96,797	2.7 113,560	2.7 127,029	2.3 145,847	3.1 183,295	2.9 231,239	2.6 287,785	2.8 325,521	2.9 290,536	2.4 329,018	3.4 412,399
Service Availability (1-11)	6.6 seconds	4.6 138	5.8 151	3.1 233	7.9 314	3.6 409	2.8 408	2.6 545	2.7 585	2.2 634	4.8 781	2.2 723	2.7 1,105	3.7 2,029
Due Date (1-12)	1.0 second	0.6 1,316	0.7 1,323	0.5 1,210	1.2 1,702	0.6 1,963	0.8 2,499	0.6 3,427	0.9 4,341	1.1 5,463	1.0 8,693	0.6 9,742	0.6 18,804	1.6 25,583
Dispatch Required (1-13)	12.6 seconds	5.8 506	4.8 317	8.6 393	5.8 579	5.2 588	5.3 460	6.2 678	6.4 891	6.0 2,042	6.6 6,518	5.1 6,431	8.7 11,106	9.3 13,738
PIC (1-14)	TBD	17.7 71	18.9 70	19.2 28	18.2 42	20.4 43	15.5 55	20.8 68	20.0 129	18.5 190	19.4 240	19.2 217	20.0 331	20.2 485

Yellow = Did not meet benchmark

Pre-Order PM 2 – Percent Response Received Within “x” Seconds – OSS Interfaces

- Definition: The percent of responses completed in “x” seconds for pre-order interfaces (Verigate, Datagate and EDI where the pre-order functionality is integrated) by function
- Pre-order measurements apply to all five states (Missouri, Arkansas, Kansas, Oklahoma, and Texas); there is no need to disaggregate them by state
- The columns below represent reported PM 2 results from September 1999 through September 2000. The top two numbers are percentage of pre-orders meeting standard and the bottom number is transactions

System	Benchmark	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept
EDI/Datagate														
Address Verification (2-01)	90%, 8.0 seconds	94%	99%	97%	92%	98%	97%	97%	94%	97%	98%	99%	98%	98%
		97%	100%	99%	97%	100%	100%	100%	97%	99%	99%	100%	100%	100%
	95%, 12.0 seconds	14,952	32,206	42,080	59,643	63,316	120,677	182,358	149,665	155,838	181,611	162,598	255,762	219,972
Request for TN (2-02)	90%, 7.0 seconds	89%	97%	96%	98%	97%	97%	97%	92%	95%	96%	97%	97%	97%
		92%	99%	99%	100%	99%	99%	99%	95%	98%	99%	99%	99%	99%
	95%, 9.5 seconds	11,188	25,792	30,548	44,662	42,774	49,883	54,721	63,904	82,349	94,527	92,266	152,387	130,001
Request for CSR (2-03)	90%, 8.0 seconds	96%	98%	96%	99%	97%	98%	95%	97%	96%	95%	96%	95%	95%
		99%	99%	99%	100%	99%	99%	99%	99%	99%	98%	99%	99%	99%
	95%, 13.0 seconds	52,559	37,935	30,952	56,030	28,859	62,862	77,577	87,439	144,684	245,811	231,878	325,493	277,807
Service Availability (2-04)	90%, 12.0 seconds	100%	98%	100%	100%	100%	100%	100%	100%	99%	98%	100%	100%	99%
		100%	98%	100%	100%	100%	100%	100%	100%	100%	98%	100%	100%	100%
	95%, 16.0 seconds	36,445	87,938	113,695	157,653	245,234	228,643	288,265	233,701	290,175	328,629	245,148	371,213	331,230
Due Date (2-05)	90%, 1.0 seconds	97%	97%	97%	97%	98%	96%	97%	95%	94%	92%	95%	97%	97%
		99%	99%	99%	98%	99%	98%	99%	98%	98%	97%	98%	98%	97%
	95%, 2.0 seconds	28,553	67,870	86,501	140,439	134,854	160,741	205,511	206,123	253,901	282,813	211,759	327,503	290,664
Dispatch Required (2-06)	90%, 15.0 seconds	84%	98%	95%	98%	97%	94%	93%	90%	88%	93%	97%	96%	92%
		91%	100%	100%	100%	100%	100%	100%	99%	99%	99%	100%	100%	99%
	95%, 25.0 seconds	1,388	2,307	2,433	3,933	4,780	6,949	9,329	9,607	13,806	18,411	21,668	43,963	39,070

Pre-Order PM 2 – Percent Response Received Within “x” Seconds – OSS Interfaces (continued)

System	Benchmark	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept
Verigate														
PIC (2-07)	90%, 39.0 seconds 95%, 60 seconds	84% 91% 14,993	96% 99% 33,306	95% 99% 45,575	97% 100% 70,211	97% 100% 69,465	97% 100% 80,972	97% 100% 116,181	93% 99% 150,558	93% 99% 167,415	94% 97% 179,153	96% 96% 148,711	90% 90% 237,971	97% 97% 197,602
Address Verification (2-08)	80%, 5.0 seconds 90%, 7.0 seconds	79% 83% 10,771	79% 83% 11,271	81% 86% 12,530	83% 87% 16,473	77% 82% 20,510	91% 95% 31,196	89% 94% 55,464	85% 91% 70,712	88% 93% 119,070	89% 94% 108,361	90% 95% 97,432	89% 94% 122,268	89% 94% 194,852
Request for TN (2-09)	80%, 4.0 seconds 90%, 6.0 seconds	78% 92% 5,856	79% 93% 6,172	80% 94% 4,831	81% 95% 6,610	76% 93% 8,915	77% 93% 9,820	86% 95% 11,092	89% 95% 15,034	91% 96% 19,606	94% 97% 28,097	96% 98% 31,431	94% 98% 50,202	94% 97% 58,642
Request for CSR (2-10)	80%, 7.0 seconds 90%, 10.0 seconds	97% 99% 102,813	98% 99% 109,988	97% 98% 96,797	98% 98% 113,560	97% 99% 127,029	98% 99% 145,847	95% 97% 183,295	98% 99% 231,238	98% 99% 287,785	98% 99% 325,521	97% 98% 290,536	98% 99% 329,018	94% 96% 412,399
Service Availability (2-11)	80%, 11.0 seconds 90%, 13.0 seconds	88% 90% 138	95% 97% 151	94% 98% 233	96% 98% 314	92% 96% 409	95% 97% 408	94% 96% 545	95% 96% 585	98% 98% 634	95% 96% 781	96% 97% 723	97% 98% 1,105	95% 96% 2,029
Due Date (2-12)	80%, 2.0 seconds 90%, 3.0 seconds	99% 99% 1,316	99% 99% 1,323	98% 99% 1,210	98% 98% 1,702	99% 99% 1,963	99% 99% 2,499	99% 99% 3,427	98% 99% 4,341	97% 98% 5,463	97% 98% 8,693	98% 99% 9,742	99% 99% 18,804	97% 97% 25,583
Dispatch Required (2-13)	80%, 17.0 seconds 90%, 19.0 seconds	97% 97% 506	100% 100% 317	97% 97% 393	98% 99% 579	99% 100% 588	100% 100% 460	99% 100% 678	98% 99% 891	99% 100% 2,042	98% 99% 6,518	96% 96% 6,431	86% 86% 11,106	85% 86% 13,738
PIC (2-14)	TBD transactions	N/A 71	N/A 70	N/A 28	N/A 42	N/A 43	N/A 55	N/A 68	N/A 129	N/A 190	N/A 240	N/A 217	N/A 331	N/A 485

Yellow = Did not meet benchmark

Order PM 5 – Percent Firm Order Confirmations (FOCs) Returned

- Definition: Percent of FOCs returned within a specified time frame from receipt of a complete and accurate service request to return of confirmation to CLEC
- All data through November 1999 is a five-state total; all data after November 1999 is state specific
- The columns below represent reported PM 5 results from September 1999 through September 2000. The top number is percentage of FOCs meeting standard and the bottom number is transactions

System	Benchmark	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept
LEX														
Residence and Simple Business (5-01)	95%	95.4% 5,985	93.9% 6,823	95.8% 8,326	99.2% 1,211	98.6% 1,476	98.7% 1,754	98.1% 2,211	97.5% 2,189	98.5% 2,304	97% 2,948	96.9% 2,423	95.8% 3,196	97.8% 3,084
Complex Business (1-200) (5-02)	94%	96.5% 1,271	88.8% 2,427	93.4% 2,261	99% 393	98.4% 430	98.2% 509	97.9% 807	98.2% 713	99.3% 731	96% 705	92.1% 581	93.8% 632	98.8% 603
UNE Loop (1-49) (5-04)	95%	94.1% 1,479	90.1% 1,723	94.1% 2,546	91.2% 57	90.5% 95	88.8% 80	97.8% 134	97.4% 77	98.3% 120	94.5% 237	87.7% 228	95.1% 284	94.7% 320
EDI														
Residence and Simple Business (5-07)	95%	99.5% 40,143	99.1% 18,233	99.8% 18,170	100% 177	100% 293	100% 137	99.4% 154	100% 229	99.5% 216	100% 220	100% 198	96.6% 176	100% 202
UNE Loop (1-49) (5-10)	95%	96.3% 27	88.1% 118	92.7% 179	N/A	N/A	N/A	N/A	100% 1	93.1% 29	90.5% 95	96.5% 57	92.5% 53	96.4% 55
Manual														
Residence and Simple Business (5-13)	95%	94.1% 87,570	96.4% 88,996	97.1% 84,580	97.3% 9,026	99.2% 10,466	98.6% 10,296	98.8% 9,721	98.6% 7,742	99% 9,321	95.4% 9,158	96.1% 7,338	96.8% 9,833	98% 8,353
Complex Business (1-200) (5-14)	94%	N/A	83.9% 1,490	87.9% 1,640	98.5% 259	100% 260	99.4% 178	98.9% 179	97.3% 184	99.5% 196	99.4% 160	100% 153	99.6% 234	96% 175
UNE Loop (1-49) (5-16)	95%	94.7% 1,637	88.7% 1,578	80.7% 1,028	98.3% 235	100% 144	98.3% 60	94.8% 96	97.1% 70	93.9% 49	100% 52	88.9% 36	89.7% 39	85.7% 14
Switch Ports (5-18)	95%	89% 218	87% 261	74.2% 310	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Yellow = Did not meet benchmark

Order PM 10 – Percent Mechanized Rejects Returned Within One Hour of Receipt of Reject in LASR

- Definition: Percent mechanized rejects returned within one hour of the receipt of the reject in LASR
- All data through April 2000 is a five-state total; all data after April 2000 is state specific
- The columns below represent reported PM 10 results from September 1999 through September 2000. The top number is percentage of mechanized rejects meeting standard and the bottom number is transactions

System	Benchmark	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept
LEX														
	97%	100%	100%	99.8%	100%	100%	99.9%	99.9%	99.9%	99.9%	99.9%	99.8%	100%	100%
		5,234	6,702	5,869	6,386	8,840	9,454	16,162	17,671	1,793	2,050	1,773	2,234	2,330
EDI														
	97%	99.7%	99.7%	100%	100%	100%	100%	99.3%	100%	100%	98%	99.8%	99.9%	99.1%
		9,039	4,562	5,486	6,092	5,544	7,566	12,620	10,561	444	1,203	534	755	846

Ernst + Young LLP

Appendix 4: MoPSC Scope and Approach Presentation

NOVEMBER 8, 2000

Southwestern Bell Telephone Company

Missouri 271 Performance Measurement
Examination and Capacity Testing

 ERNST & YOUNG

Agenda

- Introductions – Ernst & Young Team
- Background
- OSS Capacity Methodology
- Performance Measure (PM) Validation Methodology
- Deliverables
- Other Matters
- Appendix – Attestation Standards

Background

Previous Performance Measure Experience

- Performed performance measure (PM) validation at the SBC Communications operating companies, including Southwestern Bell Telephone Company (SWBT), for the FCC as part of the SBC/Ameritech merger conditions.
- The above PM validation covered 36 of SWBT's PMs for the period October 1, 1999 through December 31, 1999 (FCC PM Validation).
 - Approach and work plan for the FCC PM Validation review were reviewed and approved by the FCC. Engagement duration specific to SWBT PMs was three months and over 4,000 hours of effort by E&Y.
 - Attestation report related to the FCC PM Validation for SWBT was issued on August 31, 2000.
 - Workpapers supporting the FCC PM Validation have been reviewed and accepted by the FCC.
 - Work plan and knowledge gained from the FCC PM Validation were utilized and enhanced to perform the Missouri PM validation.
- Performed PM and other related work for other ILECs, CLECs, etc.

Engagement Requirements—MoPSC

- Performance measure attestation examination.
 - At the request of the Missouri Public Service Commission (MoPSC), Ernst & Young (E&Y) performed procedures necessary to evaluate and validate the data collection processes used by SWBT in reporting on its PMs for Missouri for the months of April, May, and June 2000.
 - The focus was on whether the underlying processes SWBT uses to collect data used in measuring its performance are fairly stated in all material respects in accordance with the business rule criteria (v1.6) associated with the respective PM.
- Capacity testing review—determine if Missouri preorder/order commercial volumes can be handled.
 - Leverage capacity/volume work previously performed by Telcordia in 1999. Telcordia performed extensive testing on capacity, functionality, scalability, and OSS readiness—level of effort was approximately one year of fieldwork.
 - Scope of procedures determined and agreed by MoPSC Staff.
- Total level of effort was over four months and approximately 8,000 hours to complete the testing.

Professional Standards

- We performed our attestation examinations and agreed-upon procedures in accordance with the attestation standards established by the American Institute of Certified Public Accountants (AICPA) (see Appendix).
- An attest engagement is one in which a practitioner is engaged to issue or does issue a written communication that expresses a conclusion about the reliability of a written assertion that is the responsibility of another party.
- Performance Measure Attestation Examination
 - Under the AICPA attestation standards, an examination is the highest level of assurance that can be provided on an assertion and results in an opinion on the part of E&Y that the assertions presented are fairly stated in all material respects (performance measure attestation examination).
- Capacity Test
 - An agreed-upon procedures engagement is designed to report our findings based upon applying specific agreed-upon procedures which were designed/selected by the MoPSC Staff (capacity test).

OSS Capacity Methodology

OSS Capacity Methodology

- E&Y performed agreed-upon procedures for the MoPSC Staff to determine whether the Telcordia capacity test is reasonably sufficient to handle anticipated Missouri commercial volumes. Specifically, E&Y:
 - Obtained Telcordia's OSS capacity report.
 - Telcordia performed extensive testing relative to SWBT's capacity—report issued in September 1999 after approximately one year of fieldwork.
 - Testing utilized five-state CLEC provided forecasted volumes—Telcordia increased the CLEC forecasted volumes by 25 percent.
 - Reviewed the Telcordia test methodology documented in the Telcordia report.
 - We noted the information in the report which addressed SWBT's OSS scalability, functionality, and OSS readiness testing.
 - Reviewed master test plan.
 - Reviewed specific attachments related to volume and CPU performance.

OSS Capacity Methodology

- Reviewed the design of SWBT's five-state regional OSS and determined the systems utilized to process CLEC orders and requests.
 - Reviewed the architectural design of SWBT's regional OSS.
 - Reviewed process flow of CLEC orders entering SWBT.
 - Determined systems and applications utilized for orders—identified physical systems via routing of electronic traffic/addresses.
 - Reviewed program listing and directories on systems to determine that only one system was utilized or that programs were similar for each system.
- Compared SWBT's five-state regional OSS commercial volumes as of September 30, 2000 to volumes forecasted within the Telcordia report.
 - Reviewed actual volumes through September 30, 2000 and compared them to forecasted volumes utilized in the Telcordia capacity test.

OSS Capacity Methodology

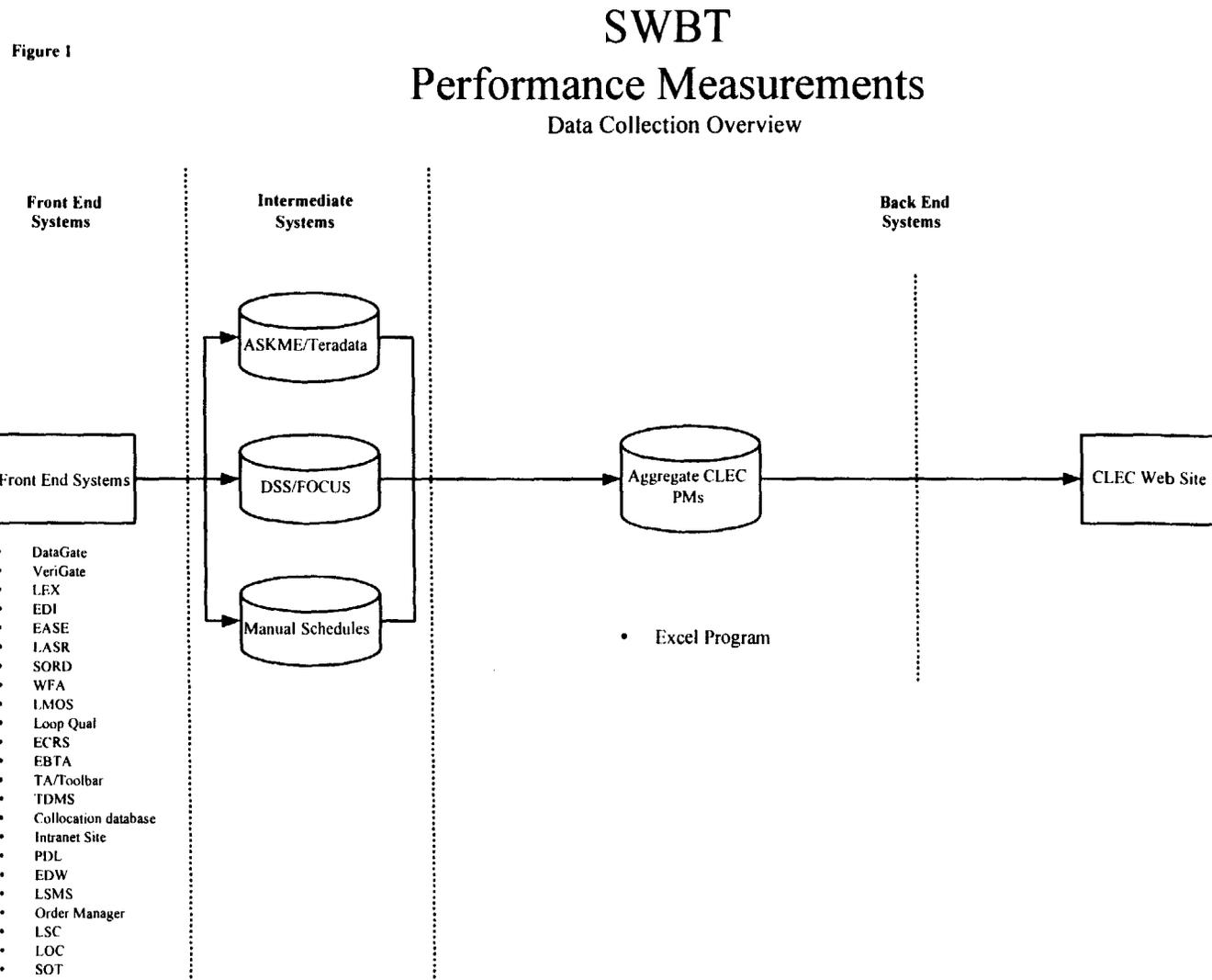
- Reviewed OSS system and application upgrades made by SWBT.
 - Reviewed capacity planning processes and procedures for capacity planning.
 - Reviewed changes to hardware and operating systems for capacity increases.
 - Reviewed SWBT monitoring and reporting processes for capacity.
- Compared PM results for Pre-Ordering (PM-1, PM-2), Firm Order Confirmation (FOC) (PM-5), and Rejects (PM-10) as of the date of the Telcordia report to monthly results through September 30, 2000.
 - Performed trend analysis of specific key measurements identified by Telcordia in its assessment.

PM Validation Methodology

PM Validation Methodology

- The scope of our attestation examination included validation of PM business rules Version 1.6 (Texas) or 130 PMs. Upon project initiation, Version 1.7 of the business rules was approved in Texas on July 12, 2000. MoPSC Staff agreed to remove PMs from testing that were eliminated in Version 1.7—this reduced the PM population to 102 PMs.
- E&Y and MoPSC Staff agreed to a sample of 55 PMs (54 percent coverage of the remaining 102 PMs) for detail testing.
- The 55 PMs selected for testing included the 36 PMs reported to the FCC as a condition of the FCC's approval of the merger between SBC Communications Inc. and Ameritech Corporation, 12 PMs selected by the MoPSC Staff, and 7 PMs randomly selected by E&Y.
 - Sample considered PMs most important to competition as determined by the FCC and MoPSC Staff.
 - Many PM measures are interdependent (i.e., percentage and average).
- Our sample covers all major PM processes for preorder, order, billing, provisioning, maintenance, interconnection, directory assistance, local number portability, 911, collocation, and coordinated conversions.

PM Validation Methodology



PM Validation Methodology

- Mapped process flows and documented activity dictionaries (narratives of process flows).
- Application testing:
 - Performed transaction testing to verify the integrity of data flows within and between the OSS and the PM reporting systems (front end to intermediate to back end systems).
 - Performed testing to validate application and data input processing controls and field-level controls within the applications.
 - Performed user access testing to tables/logs that have PM data including access to applications.
 - Performed on-site walk-throughs of critical processes and observed SWBT technician (ride alongs) data inputs specific to selected PMs.
 - Performed testing at the SWBT LSC/LOC to validate data input controls and processes.

PM Validation Example

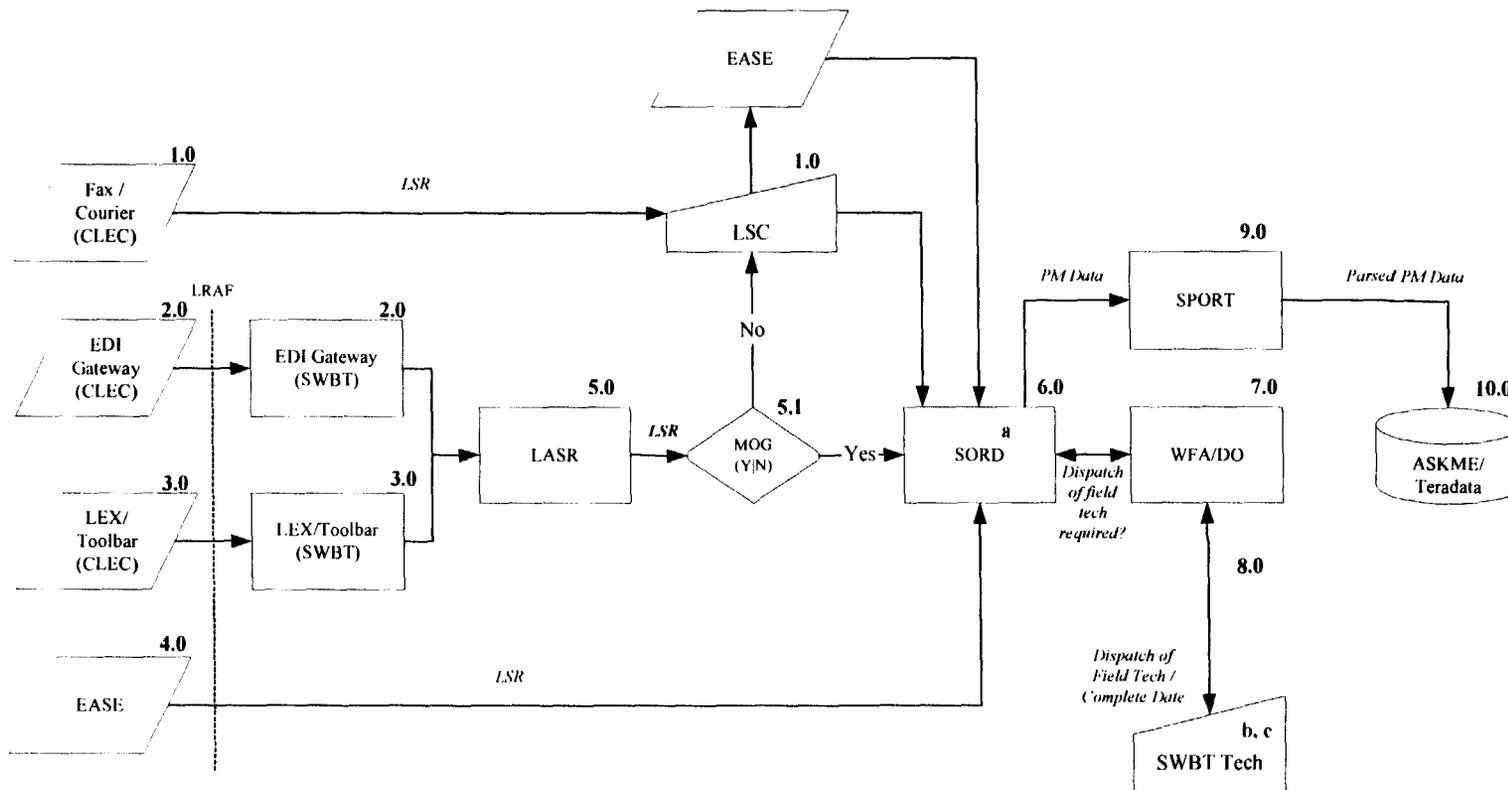
PM 32 (Process Flow)

MoPSC

271 Performance Measurement Review

Average Delay Days for SWBT Caused Missed Due Dates: POTS & UNE Combo's MoPSC PM 32

- **Definition:** Average calendar days from the due date to completion date on company missed orders
- **Calculation:** $\text{Sum} / (\text{Completion date} - \text{due date}) / (\text{total \# of completed orders with a SWBT-caused missed due date})$



PM Validation Example

PM 32 (Activity Dictionary)

LRAF - LRAF (Local Remote Access Facility) is a combination of hardware and software which grants authorized users (CLECs) access to the SWBT network.

Step	Input	Activity	Description	Output	Controls
1.0	<ul style="list-style-type: none"> LSR via Fax/Courier LSR from MOG – "N" 	LSC	<p>CLECs may fax or courier in LSRs (Local Service Requests) to SWBT. Representatives in the LSC (Local Service Center) process fax and courier orders as well as, mechanized orders received via MOG – "N".</p> <p>The LSC serves as the CLECs single point of contact for manual pre ordering, ordering/provisioning, and billing and collection.</p> <p>LSC personnel enter the LSR information received via courier or fax from CLECs for resale, residence, and simple business into SORD (Service Order Retrieval and Distribution) via EASE (Easy Access Sales Environment) for downstream processing. All other order types are entered directly into SORD by the LSC. Once SORD has successfully accepted the order, the LSC personnel send a FOC (Firm Order Confirmation) to the CLEC either via courier or fax or by posting the FOC information to an FOC/SOC (Service Order Confirmation) Web Site. Once service has been provisioned, SORD sends a SOC back to the CLEC by posting the SOC information to an FOC/SOC Web Site.</p>	<ul style="list-style-type: none"> LSR to SORD (directly or via EASE) 	<ul style="list-style-type: none"> The application date is generated by the CLEC's fax machine and verified upon receipt by SWBT personnel. The CLEC specifies the desired due date on the LSR.

PM Validation Methodology

- Code review (business rules)/interpretation:
 - Identified significant applications.
 - Performed code review of the PMs to determine appropriateness of inclusions, exclusions, and interpretations.
 - Conducted walk-throughs of code with SWBT programmers to ensure code was in agreement with business rules Version 1.6.
 - Reviewed code line by line with programmers.
 - Determined numerator and denominator data sources.

PM Validation Example

PM 32 (Code Review)

Business Rule	Line	(Pseudo) Code	Explanation/Comment
Exclusion:			
Excludes orders that are not N, T, or C.	95, 298, 308, 320	When (substr(OSO,1,1) IN ('N','T','C'))	Service Order = N, T, C only.
Excludes company -delayed orders as a result of lack of facilities.	305, 315	and CF = '0')	Indicates company miss due to lack of facility.
As per definition, includes only company missed orders.	92, 101	and CMI = '1')	Indicates missed due to company's actions.
Disaggregation:			
POTS <ul style="list-style-type: none"> • Field Work (FW) • No Field Work (NFW) • Business class of service • Residence class of service 		and FW = '1' and FW = '0'	Indicates Field Work. (As per benchmark) Indicates No Field Work. (As per benchmark) This field is extracted and is disaggregated during the actual calculations within Excel. B = Business POTS, R = Residence POTS, and U = UNE Combo.
UNE Combo <ul style="list-style-type: none"> • Field Work (FW) • No Field Work (NFW) 		and FW = '1' and FW = '0'	This field is extracted and is disaggregated during the actual calculations within Excel. B = Business POTS, R = Residence POTS, and U = UNE Combo. Indicates Field Work. (As per benchmark) Indicates No Field Work. (As per benchmark)
Calculations:			
Numerator: $\Sigma(\text{Completion date} - \text{due date})$	308-318 320-329	P2078 P3071	Extract for FW Disaggregation Numerator. Extract for NFW Disaggregation Numerator.

PM Validation Methodology

■ Recalculation:

- Performed recalculations of selected PMs and compared against results posted by SWBT on the CLEC Web Site.
 - Included both SWBT retail and CLEC data for recalculation.
 - Obtained data from intermediate systems (after exclusions).
 - Developed recalculation model to validate calculations.

PM Validation Example

PM 32 (Recalculation)

Missouri Public Service Commission 271 Performance Measurement Review Southwestern Bell Telephone Period April 1, 2000 Through June 30, 2000				MPSC PM 32 Recalculation Documentation E&Y Recalculations Compared to SWBT Calculations				
PM	MA	DISAGGREGATION		E&Y Calculation	SWBT Calculation	Difference	% Difference	Tickmarks
Provisioning - POTS (Resale)								
32_01	SL	Avg. Delay Days for SWBT Caused	Missed Due Dates - FW-Residence (CLEC)	4.00	4.00	0.00	0.00%	W/O/E
32_01	SL	Avg. Delay Days for SWBT Caused	Missed Due Dates - FW-Residence (SWBT)	4.39	4.39	0.00	0.00%	W/O/E
32_02	SL	Avg. Delay Days for SWBT Caused	Missed Due Dates - FW-Business (CLEC)	4.00	4.00	0.00	0.00%	W/O/E
32_02	SL	Avg. Delay Days for SWBT Caused	Missed Due Dates - FW-Business (SWBT)	6.13	6.13	0.00	0.00%	W/O/E
32_03	SL	Avg. Delay Days for SWBT Caused	Missed Due Dates - NFW-Residence (CLEC)	n/a	n/a	0.00	0.00%	W/O/E
32_03	SL	Avg. Delay Days for SWBT Caused	Missed Due Dates- NFW-Residence (SWBT)	4.35	4.35	0.00	0.00%	W/O/E
32_04	SL	Avg. Delay Days for SWBT Caused	Missed Due Dates - NFW-Business (CLEC)	1.00	1.00	0.00	0.00%	W/O/E
32_04	SL	Avg. Delay Days for SWBT Caused	Missed Due Dates - NFW-Business (SWBT)	9.13	9.13	0.00	0.00%	W/O/E
Provisioning - UNE Loop and Port Combinations								
32_05	SL	Avg. Delay Days for SWBT Caused	Missed Due Dates - FW- (CLEC)	n/a	n/a	0.00	0.00%	W/O/E
32_05	SL	Avg. Delay Days for SWBT Caused	Missed Due Dates - FW- (SWBT)	4.67	4.67	0.00	0.00%	W/O/E
32_06	SL	Avg. Delay Days for SWBT Caused	Missed Due Dates - NFW- (CLEC)	n/a	n/a	0.00	0.00%	W/O/E
32_06	SL	Avg. Delay Days for SWBT Caused	Missed Due Dates - NFW- (SWBT)	4.78	4.78	0.00	0.00%	W/O/E
Provisioning - POTS (Resale)								
32_01	KM	Avg. Delay Days for SWBT Caused	Missed Due Dates - FW-Residence (CLEC)	1.00	1.00	0.00	0.00%	W/O/E
32_01	KM	Avg. Delay Days for SWBT Caused	Missed Due Dates - FW-Residence (SWBT)	3.56	3.56	0.00	0.00%	W/O/E
32_02	KM	Avg. Delay Days for SWBT Caused	Missed Due Dates - FW-Business (CLEC)	2.00	2.00	0.00	0.00%	W/O/E
32_02	KM	Avg. Delay Days for SWBT Caused	Missed Due Dates - FW-Business (SWBT)	8.11	8.11	0.00	0.00%	W/O/E
32_03	KM	Avg. Delay Days for SWBT Caused	Missed Due Dates - NFW-Residence (CLEC)	1.50	1.50	0.00	0.00%	W/O/E
32_03	KM	Avg. Delay Days for SWBT Caused	Missed Due Dates- NFW-Residence (SWBT)	4.77	4.77	0.00	0.00%	W/O/E
32_04	KM	Avg. Delay Days for SWBT Caused	Missed Due Dates - NFW-Business (CLEC)	2.50	2.50	0.00	0.00%	W/O/E
32_04	KM	Avg. Delay Days for SWBT Caused	Missed Due Dates - NFW-Business (SWBT)	5.05	5.05	0.00	0.00%	W/O/E
Provisioning - UNE Loop and Port Combinations								
32_05	KM	Avg. Delay Days for SWBT Caused	Missed Due Dates - FW- (CLEC)	1.00	1.00	0.00	0.00%	W/O/E
32_05	KM	Avg. Delay Days for SWBT Caused	Missed Due Dates - FW- (SWBT)	4.43	4.43	0.00	0.00%	W/O/E
32_06	KM	Avg. Delay Days for SWBT Caused	Missed Due Dates - NFW- (CLEC)	n/a	n/a	0.00	0.00%	W/O/E
32_06	KM	Avg. Delay Days for SWBT Caused	Missed Due Dates - NFW- (SWBT)	4.79	4.79	0.00	0.00%	W/O/E

PM Validation Methodology

- Assessed the general and information technology control environment surrounding PMs and the OSS capturing transactions utilized in generating PMs.
- Analytical review—trend analysis.
 - Performed an analytical review for all 102 PMs for the period of April 1, 2000 to June 30, 2000.
- Reviewed results of PM restatements made by SWBT from April through October 2000.
- Determined changes made by SWBT, noted in Appendix A of the assertion, have been implemented.
- Follow-up review on FCC issues noted previously.