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May 21, 2001

Ex Parte

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th St., S.W. – Portals
Washington, DC 20554

RE: Bell Atlantic Corp. and GTE Corp., CC Docket No. 98-184

Dear Ms. Salas:

WorldCom is the only party that commented on Verizon's proposed changes to the Carrier-to-Carrier business rules (the "red-line"), and WorldCom's comments were limited to Verizon's flow through proposal. Accordingly, Verizon's red-line should be approved for performance reporting effective with the May data month. Moreover, WorldCom's comments on the flow through proposal do not provide any reason for altering Verizon's proposal, and WorldCom's arguments should be rejected.

First, WorldCom opposes Verizon's attempt to link payments for Flow Through to Missing FOC/Reject intervals. In Verizon's January 5, 2001 letter to Dorothy Attwood, Verizon explained that the reasons for the linkage between the Flow Through and Order Confirmation Timeliness metrics were based largely on the Commission's earlier determination in the New York 271 proceeding, that "[f]low-through rates . . . are not so much an end in themselves, but rather are a tool used to indicate a wide range of possible deficiencies in a BOC's OSS that may deny an efficient competitor a meaningful opportunity to compete in the local market." *New York 271 Order*, ¶ 162. The Commission reiterated this determination in its order approving the Massachusetts 271 application: "[W]e use flow-through here not as a 'conclusive measure of nondiscriminatory access to ordering functions,' but as one indicium among many of the performance of Verizon's OSS." *Massachusetts 271 Order*, ¶ 77 (footnote omitted). Therefore, Verizon proposed that any payments for failure to achieve the relevant flow through standard would apply only if Verizon also failed to meet the 95% on time standard for returning confirmations or reject notices for manually handled local service requests (LSRs). If Verizon demonstrated that it is returning order confirmation and reject notices to CLECs on manually handled orders (i.e., non-flow through orders) in a timely manner, then any short fall of flow through performance is not denying competitors a meaningful opportunity to compete, and no payment should apply.

WorldCom states that it knows of no state remedy plans that include a link between flow through and timely confirmations and reject notices. That is because only three Verizon states – Connecticut, Massachusetts, and New York – currently have *any* approved remedy standard associated with a flow through measure.[1] In establishing a standard for flow through, it is important that the standard be one that provides a "stretch goal" designed to be an incentive to improve flow through, but not be so unrealistic as to simply be punitive from the outset. The Commission should also note that Verizon already has significant incentives for achieving increasingly higher flow through performance, as this would translate into savings in our operations. As discussed in more detail below, Verizon's proposal achieves these goals.

For example, Verizon proposed different measures and different standards for Verizon East (the former Bell Atlantic service areas) and Verizon West (the former GTE service areas). In Verizon East, CLECs are purchasing more residential and mass market services. As a result, there tends to be a greater volume of orders and more similarities among the orders. Verizon's approach to implementing and increasing flow through is to look for patterns – order types and combinations of features, for example, that appear in many orders so that automating the handling makes sense. Verizon's proposal for the East, therefore, is to measure Total Flow Through, which focuses on the overall market. In Verizon West, Verizon's service areas tend to be more rural. CLEC entry has been more geared to business customers, using UNE Loop services. These orders tend to be more complex and variable – in other words, instead of the patterns seen with mass market entry, the order types and combinations tend to be "onesies and twosies." This makes automation more difficult and a measure of the overall market less meaningful. As a result, Verizon's proposal for the West is to measure Achieved Flow through.

WorldCom argues that Verizon should report two Flow Through metrics, Total Flow Through and Achieved Flow Through, throughout the Verizon footprint. This is inconsistent with the Merger Order. Footnote 10 of Attachment A-2a and footnote 21 of Attachment A-2b clearly state that one metric is to be incorporated for performance remedies.[2]

WorldCom also questions both the product disaggregation recommended by Verizon and the performance standards for each. Verizon proposed that flow through be measured separately for resale, unbundled loops, and UNE platform, and recommended different standards for each product based on the level of complexity and difficulty of providing flow through. These

[1] In Ohio, the state commission recently approved with modifications Verizon's proposal to implement the Bell Atlantic/GTE Carrier-to-Carrier Performance Assurance Plan. The proposal there was made prior to the red-line, and therefore includes a provision requiring the establishment of a flow through measure and standard. A few other Verizon states are currently considering remedy plans. In Nevada and the former GTE service areas of Virginia, Verizon has proposed the Bell Atlantic/GTE Carrier-to-Carrier Performance Assurance Plan, as modified by the red-line, including the same flow through proposal presented to the Commission. In Rhode Island and Vermont, Verizon had proposed Performance Assurance Plans modeled on the New York PAP. In New Jersey, there is consensus on performance measures and standards for reporting purposes, but the issues of which measures will be subject to remedies and what the remedy plan will be are under consideration by the state commission.

[2] While the footnote could be read as also requiring one standard, Verizon's proposal to develop a standard based on the characteristics of the specific states is more consistent with the goal of providing an incentive for improving the flow through level in all of the markets Verizon serves. If the Commission believes that a single standard is required, Verizon recommends that the standard be established to require a specific increment of improved flow through in each year of the Performance Assurance Plan.

products tend to be used by CLECs to provide different types of services with very different levels of complexity. For example, UNE platform typically is used to serve residential customers whose orders are often less complex and therefore more likely to flow through. On the other hand, unbundled loops are often used to provide more complex services, which can make the development of flow through capability very difficult. Targeting the flow through standard more specifically to the product type is consistent with designing the measure as an incentive to Verizon to increase flow through for each product type.

Finally, within Verizon East and Verizon West, respectively, Verizon proposed to categorize the states based on the number of access lines served by Verizon in each state and to apply different standards to the separate categories (since a small number of lines means that a small number of orders can have a disproportionate impact on the measurement result). Verizon's states with fewer access lines are typically rural in nature. In this environment, UNE and Resale activity have tended to concentrate on more complex services, and there has been little demand for simple residential POTS services which have a higher flow through capability. The proposed standards were developed for each group of states and each product to reflect the level of development and experience for that category. The standards proposed were above Verizon's flow through levels at the time of development and therefore, will provide an incentive for Verizon to increase the level of flow through throughout its territory.

For the foregoing reasons, WorldCom's arguments should be rejected, and Verizon's proposed flow through metric and standard should be approved, along with the remainder of the red-line.

Please feel free to contact me with any questions.

Sincerely,

Dee May

cc: A. Dale
C. Mattey
M. Stone