

EXHIBIT B

Exhibit B

**Verizon PA's Identification of Impacts and
Target Correction Month
For Metrics Reporting Problems Set Forth
In Attachment A
To Verizon's Transmittal Letter
For April 2001 Carrier-to-Carrier
Performance Reports**

Metric	Months Impacted	Correction Target Month	Products Impacted	Impact
PR	Jan - March	May	Trunks	Minor Impact. Verizon Wireless accounts for less than 10% of total trunks.
BI-2	Jan - March	June	All	The observations are expected to increase, the percentage is expected to remain within standard.
OR	Jan - March	May	Complex, EELs, POTS, Specials	Impact cannot be assessed in one business day.
BI	Can not determine	May	All	Do not expect any change in performance as a result of this issue.
OR-1	Feb, March	May	All	No impact as currently all resent confirmations are included.

Metric	Months Impacted	Correction Target Month	Products Impacted	Impact
NP-1-01 NP-1-02 NP-1-03	Jan - March	May	Trunks	April data month reflects correct data.
OR-1, 2	Jan - March	May	Trunks	No impact. OR-1 and 2 do not have a Retail compare.
MR-2-01 MR4 MR-5-01	Jan - March	May	Trunks	Minor Impact. Verizon Wireless accounts for less than 10% of total trunks.
OR-4-01 OR-4-02	Jan - March	May	All	No impact on PAP since to exclude SOP downtime would only improve performance.
BI-4-01 BI-4-02 BI-5-01	Jan - March	May	All	No impact. Measuring all closed claims in the present month as opposed to all closed claims delayed by one month.
BI-4-01	Jan - March	Completed	All	No change in data.
PR-4-02	Feb - April	May	EEL, IOF, Specials	Specials, EEL and IOF delay days expected to increase to 4 to 7 days with no change to Retail data. Verizon expected to continue to meet the standard.

Metric	Months Impacted	Correction Target Month	Products Impacted	Impact
PR-4-04	Jan - March	May	XDSL Loops	April data month reflects correct data.
PR-5-01 PR-5-02 PR-5-03	April only (Test for Dispatch included in DSL blackline effective April 2001)	May	2 Wire Digital, POTS, POTS Platform, POTS Loop	No impact. Test for dispatch is applied to Retail, Resale and UNE.
PR-6-01	Jan - March	May	Specials	Impact cannot be assessed in one business day.
OR-6-03	Jan - March	May	All UNE / Resale	Reporting on an interim basis until a mechanized solution can be developed.
PR-1, 2,3,4,5,8	Jan - March	June	All UNE / Resale / Retail	Impact cannot be assessed in one business day.

EXHIBIT C

Excerpts of Transcript of

April 10, 2001

Technical Conference

PaPUC Docket No. M-00001435

*In re Consultative Report on Application of
Verizon Pennsylvania Inc. for FCC Authorization to
Provide In-Region InterLATA Service in Pennsylvania*

Tr. 15

JUDGE WEISMANDEL: And if there are more than one, if
16 they can be illuminated in some way as to a description of
17 what they are, if there are more than one, or a description
18 of the one, if there is only one.

19 Now, I'm also intrigued by the next parenthetical
20 comment, "while this data is a selective extract." What
21 does that mean?

22 MR. TITTLE: I believe what they mean by a selective
23 extract --

24 JUDGE WEISMANDEL: Now, wait a minute. Who is they?

25 MR. TITTLE: Verizon.

Tr. 16

1 JUDGE WEISMANDEL: Go ahead.

2 MR. TITTLE: The phrase "selective extract" I believe
3 applies to the fact that it is one month's worth of data at
4 a time. So, in other words, they're not giving us an entire
5 database dump of all of their data. It's the data that
6 pertains to that one month that we're performing a
7 replication on, and it applies strictly to the metrics that
8 we are replicating.

9 JUDGE WEISMANDEL: So selective in that phrase has
10 two meanings?

11 MR. TITTLE: Yes.

12 JUDGE WEISMANDEL: One that it's one month, and, two,
13 that it's not all the metrics for that month; am I correct?

14 MR. TITTLE: It's just the data that is used for the

15 metrics.

16 JUDGE WEISMANDEL: And who did the selection?

17 MR. LUKSHIN: Verizon.

18 MR. TITTLE: Verizon.

19 JUDGE WEISMANDEL: Not KPMG?

20 MR. TITTLE: No.

Tr. 17

10 JUDGE WEISMANDEL: Of the four categories,
11 algorithms, business rules, other filters or programming
12 queries, how many of those four categories did KPMG use to
13 prepare this report?

14 (Panel conferring.)

15 MR. TITTLE: That last part of the statement really
16 applies to the extract of the data that we received from
17 Verizon. In my earlier comment, I was referring to the
18 actual metric calculations when I said that we do not use
19 Verizon's algorithms or business rules or any of that.
20 Well, we actually do use their business rules in the
21 algorithms themselves when we perform the metric
22 calculations.

23 So this particular statement goes to the selection of
24 the process data, and I would say that as it pertains to the
25 selective process, then there would be, in essence, some

Tr. 18

1 algorithms or business rules that are applied, because,
2 after all, the business rule is that we're going to pull
3 data from this particular month and for these metrics.

3 JUDGE WEISMANDEL: Okay. With that understanding,
4 would I be on firm ground then in saying that what I
5 replication tests is whether the original party and the
6 replicating party queries pretty much match as opposed to
7 the data that is being queried? You're starting off with,
8 supposedly, the exact same pool of data, so what the test is
9 is how closely the two sets of queries match. Is that a
10 fair statement?

11 (Panel conferring.)

12 MR. TITTLE: Yes.

13 JUDGE WEISMANDEL: And if what you have labeled a
14 replication report, then would I be on firm ground still in
15 saying that's what we're doing here; we're measuring or
16 comparing, if you will, the queries that KPMG formed to the
17 queries that Verizon used in the January aggregate report;
18 correct?

19 (Panel conferring.)

20 MR. TITTLE: Assuming by query you're also including
21 the calculation that takes place as a result of the query,
22 then the answer is yes.

Tr. 21

20 MS. SMITH: What is the difference between processed
21 data, raw data and flat files?

22 MR. TITTLE: Raw data is data that is at its initial
23 point of capture. So however it initially gets into the
24 system, at that point we call that raw data or unprocessed
25 data.

25

12 MS. SMITH: Did Verizon provide you its business
13 rules that it applied to get the data from capture to
14 calculation?

15 MR. TITTLE: Not as part of this exercise, no.

16 JUDGE WEISMANDEL: As part of any exercise?

17 MR. TITTLE: In the original test, there is a portion
18 of the test called the data integrity test, and it would be
19 addressed in that test.

20 MS. SMITH: Even recognizing that the January test
25 was basically -- in the January test, did you look at

26

1 commercial operations data or just the test data?

2 MR. LUKSHIN: When you say test, do you mean --

3 MS. SMITH: I'm presuming you're referring to the OSS
4 test.

5 MR. LUKSHIN: For the OSS test, we used the hybrid
6 metrics. For this exercise, we used the adopted metrics.

2 MS. SMITH: From the point of calculation forward.
3 So you can say nothing about the business rules. We cannot
4 even presume anything relative to the business rules based
5 on the OSS test, because the OSS test was based on hybrid
6 metrics?

7 MR. KING: We can't make any presumption about the
8 business rules that may have been associated with the
9 processing of the data from the raw capture to the form in
10 which we got the data, no, we cannot.

Tr. 33

4 JUDGE WEISMANDEL: I just have one final question.
5 With respect to the January metrics replication report, am I
6 correct that it was not a part of KPMG's function in
7 preparing this report to independently verify the process
8 data that was presented to you as the data pool?

9 MR. TITTLE: That's correct.

10 JUDGE WEISMANDEL: That's correct, it was not your
11 function?

12 MR. TITTLE: No.

19 MS. KRIETE: Now, your report references that there
20 were a number of metrics that were reported as under review
21 for which you did not perform a replication effort, as well
22 UD metrics that were reported as under development.

23 MR. TITTLE: There were no UD metrics reported in
24 January 2001.

25 MS. KRIETE: So there were no UD metrics reported for

1 the CLEC aggregate report?

2 MR. TITTLE: Right.

3 MS. KRIETE: Now, your effort focused only on the
4 CLEC aggregate report.

5 MR. TITTLE: That's correct.

6 MS. KRIETE: Have you looked at any CLEC specific
7 reports?

8 MR. TITTLE: Not as a part of this test, no.

9 MS. KRIETE: So you wouldn't have done a comparison
10 of UD/UR metrics on CLEC specific versus the CLEC aggregate?

11 MR. TITTLE: No.

12 MS. KRIETE: Your report also focuses on OR-6-03 as
13 an illustration of how sometimes different queries produce
14 slightly different results but nonetheless confirms the
15 overall accuracy of the reported metric. Is that a fair
16 summary of that point that you were using as an example?

17 MR. TITTLE: Yes.

18 MS. KRIETE: Now, OR-6-03 is the percent of LSRCs, or

19 local service request confirmations, that were re-sent due
20 to Verizon error; right?

21 MR. TITTLE: I believe so, yes.

22 MS. KRIETE: Would you like me to show you the
23 OR-6-03 carrier-to-carrier guideline for this discussion?

24 MR. TITTLE: Yes.

25 (Document handed to Mr. Tittle.)

44

1 MS. KRIETE: You mentioned I think in the report that
2 your calculation was based on a review of the data that
3 Verizon itself had sampled for calculating that metric?

4 MR. TITTLE: That's correct.

5 MS. KRIETE: But the metric guideline, or the
6 business rule, if you will, for calculating that particular
7 metric doesn't say anything about a sampling methodology,
8 does it, for OR-6-03, as opposed to OR-6-01, which does
9 contemplate a sampling methodology?

10 MR. TITTLE: No, it doesn't.

11 MS. KRIETE: So what I'm trying to figure out is if
12 you were attempting to do a replication using the Verizon
13 business rules as defined under the carrier-to-carrier
14 guidelines, wouldn't you have noted this as a discrepancy in
15 their methodology since they were not complying with the
16 C-to-C guideline and business rule?

17 MR. TITTLE: As part of the replication test, we
18 replicate with the C-to-C and with the data that Verizon
19 provides us. I believe what you're getting to would be more
20 of a definitions and standards test.

21 MR. KING: Which is not part of the replication

22 activity.

23

Tr. 46

3 MR. TITTLE: I understand your confusion, but as part
4 of a replication test, we really don't judge whether or not
5 Verizon has delivered the appropriate data to us. That's
6 part of a different test. So on the replication test we
7 take the data that was delivered to us, in this particular
8 case it was a sample, and we apply the technical
9 specifications we have to that data, and then we try to
10 replicate what they've reported on the C-to-C.

Tr. 57

4 MS. PAINTER: I guess this is along the same lines.
5 OR-4 is timeliness of completion notification, and that's
6 provisioning completion notifications. Are you familiar
7 with that one?

8 MR. TITTLE: Not that particular metric, no.

9 MS. PAINTER: Are you familiar that it exists?

10 MR. TITTLE: Yes.

11 MS. PAINTER: In this metric for, really, ever since
12 it's been reported, Verizon has reported that 100 percent of
13 the time they return PCNs within two hours. Now, KPMG would
14 not -- for instance, if trouble tickets were opened on
15 missing PCNs, KPMG as part of this test would not try and
16 synch up the fact that there may be a discrepancy in what
17 CLECs are reporting versus what Verizon is reporting;
18 correct?

19 MR. TITTLE: That's correct, not as part of this
20 test.

21 MS. PAINTER: As part of this test, I believe that
22 KPMG stated in the replication report that they looked at
23 reports that were reported with no activity or N/A; is that
24 correct?

25 MR. TITTLE: That's correct.

EXHIBIT D

EXCEPTION REPORT #23

Verizon – New Jersey’s (Verizon-NJ) Metrics Change Control (MCC) notification process as documented in the Method & Procedure Release document is inadequate.

Issue

As part of PMR5 (Metrics Change Management Verification and Validation Review) testing, KPMG Consulting reviewed Verizon-NJ’s Method & Procedure Release document issued on April 18, 2001. This document describes Verizon-NJ’s metric change process, including the process for notifying the New Jersey Board of Public Utilities (NJ BPU) and the CLEC community of changes made to individual metrics. Based on KPMG Consulting’s analysis, Verizon-NJ’s documented change notification process is deficient.

The notification process does not provide detailed information regarding the baseline metrics or changes to the metrics which are used by Verizon to calculate the metric results contained in the Carrier-to-Carrier reports. CLECs need the detailed baseline business rules as well as clear and timely notification of any metrics changes affecting the business rules, in order to independently validate the accuracy of the metric results contained in their CLEC-specific reports.

In addition, the notification mechanism does not provide for clear identification or tracking of the changes. Without a unique identifier it is difficult to track the status of the changes as they move through the different phases of the change process.

Assessment

Findings from this analysis indicate that the Verizon-NJ’s notification process is deficient. Without an adequate and transparent metrics change notification process, the CLECs will not have the information needed to validate proper calculation of metrics values.

EXHIBIT E

Exhibit E

Pennsylvania Metrics Change Understanding Agreement

May 5, 2001

PA Metrics Change Notification Understanding

1. Verizon-PA commits to provide to the PA PUC and CLECs requesting Carrier-to-Carrier (C2C) reports, an "issues log" identical to that provided by Verizon-NJ to the NJ Board of Public Utilities Staff. For any changes in the scale or scope of the New Jersey issues log, including but not limited to its elimination, the adoption of an alternative, and the elimination, modification and/or enhancement of certain reporting requirements contained therein, the PA issues log will also be modified, eliminated or replaced to automatically conform to the then-current NJ requirement.
2. Verizon-PA will begin providing the PA issues log with the next issuance of the C2C report as provided to the PA PUC and CLECs requesting reports, assuming concurrence of the process by AT&T with acknowledgement by Commission Staff.
3. The issues log will contain those significant changes that are reported on the NJ issues log; for example, issues that affect compliance with the guidelines or the calculated results. As currently structured, the issues log contains five sections.
 - Metrics Under Development
 - New issues
This section documents new issues since the issuance of the last issues log. These issues have had approved change controls issued but generally implementation has not occurred. This section serves as notification of new change controls. This section will document UR metrics.
 - Open issues
A new item will move from the "new issues" section to the "open issues" section and remain there until completion. This section will document the UR metrics that are carried over from prior months' log "new issues" section.
 - Completed issues
Upon completion, open issues will move to the "closed issues" section and remain there for one month.
 - Clarifications
This section documents business rule clarifications.

In addition, Verizon-PA recently implemented an 800 help line that provides a venue for any CLEC to notify Verizon-PA of any metrics or remedy related issues. This process, in addition to contacts with account managers, can be used by CLECs to notify Verizon-PA of concerns within the issues log.

EXHIBIT F

**Comparison of PA Remedies Plan as a Percentage of Verizon Pennsylvania, Inc.'s "Net Return"
(000's omitted)**

	A	B	C	D	E
1		Projected Remedy per Year	Amount	Total Co.	Source
2	Operating Revenues-Intrastate		\$2,371,073		2000 ARMIS Report 43-01, Row 1090
3	Other Operating Income/Losses- Intrastate		\$29		2000 ARMIS Report 43-01, Row 1290
4	Total Operating Expenses-Intrastate		\$1,814,177		2000 ARMIS Report 43-01, Row 1190
5	Total Non-Operating Items-Intrastate		\$86,460		2000 ARMIS Report, 43-01, Row 1390
6	Total Other Taxes-Intrastate		\$152,644		2000 ARMIS Report 43-01, Row 1490
7	FIT-Intrastate		\$68,737		2000 ARMIS Report 43-01, Row 1590
8	Intrastate Annual Net Return		\$249,084		Lines 2+3-4-5-6-7
9	Interstate Annual Net Return		\$256,667		2000 ARMIS Report, 43-01, Row 1915
10	Total Company Annual Net Return			\$505,751	Line 8 + Line 10 (See also NY 271 Order, FCC 99-404 at para. 436 n.1332.
11	ARMIS Revenue Cap @ 39%			\$197,243	Line 10 * 39% (% Net Return used in MA 271)
12	NY 2000 Remedies Payment	\$36,701			2000 NY PAP Payments (Total, industry wide amount) from NY PAP Reports
13	NY 2000 Annualized Remedies Payment Compared to 2000 Total Co. Net Return for Verizon-NY			6.21%	Line 15 / Verizon NY 2000 ARMIS Total Company Return (\$591.5 million)
14	PA 2000 Annualized Remedies Payment	\$9,192			AT&T Exhibit 5 (12 month annualized amount based on highest monthly remedy payment)
15	PA 2000 Annualized Remedies Payment as a % of PA Net Return			1.82%	Line 14/Line 10
16	PA 2000 Annualized Remedies Payments Reflecting PUC-Ordered Remedy Increases	\$12,639			Line 14 * 1.375 (PUC-ordered increases on each Tier II miss by 37.5% on average).*
17	PA 2000 Annualized Remedies Payment Compared to Total Co. Net Return for Verizon-PA			2.50%	Line 16/D10
18	Ratio of NY-to-PA Remedies			2.48	Relationship of Actual Remedies as a % Net Return in NY compared to PA (line 13/line 17)
19	% of PA remedies compared to NY remedies			40.27%	Relationship of Actual Remedies as a % Net Return in PA compared to NY (Line 17/Line 13)
20					
21	*A 37.5% increase in remedies reflects a generous allowance for the increase in the applicable remedies payments pursuant to PUC-ordered increases. Tier II, 2-consecutive month misses increased 50% from \$2000 to \$3000. Tier II 3-consecutive month misses increased 25% from \$4000 to \$5000. 50% + 25% divided by 2 = 37.5%.				

