

Before the
Federal Communications Commission
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
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Application by Verizon Pennsylvania)
Inc., Verizon Long Distance, Verizon)
Enterprise Solutions, Verizon Global)
Networks Inc., and Verizon Select)
Services Inc., for Authorization To)
Provide In-Region, InterLATA Services)
in Pennsylvania)

CC Docket No. 01-138

**APPLICATION BY VERIZON PENNSYLVANIA
FOR AUTHORIZATION TO PROVIDE IN-REGION,
INTERLATA SERVICES IN PENNSYLVANIA**

REPLY APPENDIX A

Volume 2

Reply Declarations

**APPLICATION BY VERIZON PENNSYLVANIA
FOR AUTHORIZATION TO PROVIDE IN-REGION,
INTERLATA SERVICES IN PENNSYLVANIA**

CC DOCKET NO. 01-138

REPLY APPENDIX A

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Application by Verizon Pennsylvania Inc.,)
Verizon Long Distance, Verizon Enterprise)
Solutions, Verizon Global Networks Inc.,) CC Docket No. 01-138
and Verizon Select Services Inc., for)
Authorization To Provide In-Region,)
InterLATA Services in Pennsylvania)

**JOINT REPLY DECLARATION OF
ELAINE M. GUERARD, JULIE A. CANNY, AND MARILYN C. DEVITO**

I. Introduction

1. My name is Elaine M. Guerard. I am Vice President – Wholesale Performance Assurance for Verizon Services Group. I submitted a Declaration jointly with Julie A. Canny and Marilyn C. DeVito as part of Verizon’s above-captioned Application to provide in-region interLATA services in Pennsylvania. My qualifications are set forth in that Declaration.

2. My name is Julie A. Canny. Executive Director – Regulatory Support for Wholesale Performance Assurance for Verizon. I submitted a Declaration jointly with Elaine M. Guerard and Marilyn C. DeVito as part of Verizon’s above-captioned Application to provide in-region interLATA services in Pennsylvania. My qualifications are set forth in that Declaration.

3. My name is Marilyn C. DeVito. I am Director for Wholesale Performance Assurance. I submitted a Declaration jointly with Elaine M. Guerard and Julie A. Canny as part of Verizon’s above-captioned Application to provide in-region interLATA services in Pennsylvania. My qualifications are set forth in that Declaration.

II. Purpose

4. The purpose of our statement is to address certain inaccurate or misleading statements contained in the Comments and supporting Declarations filed in this proceeding by a few of the commenters concerning (a) the performance measurements that the Pennsylvania Public Utility Commission (“PUC”) established to monitor the performance Verizon provides to CLECs; (b) the manner in which Verizon reports its performance under those measurements; (c) the processes and procedures by which Verizon makes changes to its calculation of those measurements; (d) KPMG’s review of the integrity of Verizon’s data; and (e) the Performance Assurance Plan (“Plan”) that the Pennsylvania PUC has established.

5. As we demonstrated in our Declaration, Verizon is subject to a comprehensive system of service performance measurements for timeliness, reliability, and quality. The performance reports that Verizon provides enable both regulators and CLECs to monitor the service Verizon provides for CLECs and its own customers. We also demonstrated that Verizon’s reporting of those measurements and its metrics change control processes have been independently reviewed and validated. Finally, we demonstrated that, as discussed further below, Verizon is subject to self-executing enforcement mechanisms that are sufficient to ensure compliance with established performance standards.

6. We also present the performance measurements results collected for May and June 2001 for Pennsylvania. Copies of the Pennsylvania Carrier-to-Carrier performance reports showing Verizon retail and CLEC aggregate performance data for those months are Attachment 1 to our declaration. CLEC-specific reports for Pennsylvania for these months are included in Appendix B to this filing.

III. Performance Measurements

7. As we explained in our Declaration, the Pennsylvania PUC has established performance measurements for use in Pennsylvania through a multi-year, on-going series of proceedings. See Guerard/Canny/DeVito Decl. ¶¶ 15-21, 122. The PUC is currently holding a Performance Remedies Proceeding in which it is considering whether to update the Pennsylvania performance measurements by importing the measurements currently in use in New York. As we noted in our Declaration, all parties have now agreed to use the New York measurements in Pennsylvania. See Guerard/Canny/DeVito Decl. ¶ 21.

8. On July 16, 2001, Verizon submitted a proposal to the Pennsylvania PUC for how to import the New York measurements for use in Pennsylvania. See Ex Parte Letter from Clint E. Odom, Verizon, to Magalie Roman Salas, FCC, FCC 01-138 (filed July 20, 2001) (“July 20 Ex Parte Letter”). Verizon’s submission contains the complete New York Carrier-to-Carrier Guidelines, modified with Pennsylvania-specific schedules for holidays, OSS availability, system updates, Contact Center availability, and differences in geography. In addition, Verizon proposed adding three measurements to the New York Guidelines. Two of those measurements – Timeliness of Trouble Ticket Resolution (PO-9) and Timeliness of Completion Notification (OR-4-09) – are reported in New York pursuant to the New York Performance Assurance Plan, but are not included in the New York Guidelines. The third is a modification of the existing New York service order accuracy measurement (OR-6) to include a new measurement, Percent Accuracy – Directory Listing (OR-6-04), that will measure Verizon’s performance in providing accurate directory listings.

Pennsylvania Performance Measurements

9. AT&T and WorldCom raise a handful of arguments concerning the measurements contained in Verizon's current performance reports. Many are simply disagreements with the decisions the Pennsylvania PUC made in establishing those measurements; none has merit.

Complaints About "Missing" Measurements

10. For example, AT&T and WorldCom argue that Verizon should be reporting "achieved" flow through, which measures the percentage of orders eligible to flow through that do flow through. See AT&T at 57; AT&T's Bloss/Nurse Decl. ¶ 25; WorldCom at 10; WorldCom's Kinard Decl. ¶ 9. Verizon reports two flow through measures – total flow through (OR-5-01) and "simple" flow through (OR-5-02) – as required by the Pennsylvania PUC. Total flow through measures the percentage of all electronically submitted local service requests ("LSRs") that flow through, meaning that they process directly to Verizon's Service Order Processor ("SOP") without manual intervention. See McLean/Wierzbicki/Webster Decl. ¶¶ 73-81. Simple flow through measures the percentage of all electronically submitted LSRs for so-called simple orders – which include POTS services, but exclude CENTREX orders and specials – that flow through. Thus, simple flow through is a subset of total flow through.

11. Achieved flow through is also a subset of total flow through, specifically measuring flow through only for LSRs for products that are designed to flow through. See id. Att. 16 (listing order types that are designed to flow through). Because an achieved flow through measurement excludes orders that, by design, do not flow through, an ILEC's achieved flow through performance will necessarily be higher than its total flow through performance. In addition, as is explained in the declaration of Ms. McLean, Mr. Wierzbicki, and Ms. Webster, because an achieved flow through measurement is limited to orders that can flow through, it

includes only orders that CLECs correctly submit and do not supplement. Therefore, such a measurement is a better indicator of CLECs' facility with order submission than of the capabilities of Verizon's systems. See also id. ¶ 77; McLean/Wierzbicki/Webster Reply Decl.

12. Verizon's proposal for importing the New York Guidelines into Pennsylvania includes total, simple, and achieved flow through measurements, as do the New York Guidelines. The Carrier Working Group in New York, however, has reached consensus to eliminate the simple flow through measurement. (In providing the Pennsylvania PUC with its proposal for importing the New York Guidelines into Pennsylvania, Verizon also provided the PUC with a summary of the recent consensus decisions that the Carrier Working Group in New York has reached with respect to performance measurements in the New York Guidelines. Verizon proposes that the Pennsylvania PUC automatically adopt consensus changes in the future.)

13. AT&T and WorldCom also complain that there are no performance measurements in Pennsylvania that capture Verizon's performance in returning billing completion notifiers. See WorldCom at 10-11; WorldCom's Kinard Decl. ¶ 11; AT&T's Bloss/Nurse Decl. ¶ 24. Yet Verizon had proposed to the Pennsylvania PUC that such a measure be adopted and it was CLECs, including AT&T and WorldCom, that argued to the Pennsylvania PUC that Verizon's performance in reporting provisioning completion notifiers should be measured instead. See Opinion and Order, Joint Petition of NEXTLINK Pennsylvania, Inc., et al., for an Order Establishing a Formal Investigation of Performance Standards, Remedies, and Operations Support Systems Testing for Bell Atlantic-Pennsylvania, Inc., Docket No. P-00991643, at 60-61 (Pa. Pub. Util. Comm'n rel. Dec. 31, 1999) ("December 31, 1999 Order") (App. B, Tab R-8). The Pennsylvania PUC accepted the CLECs' arguments and adopted a provisioning completion notifier measurement, rather than the billing completion notifier measurement that Verizon had

proposed. See id. at 61-62. Verizon has offered to report a billing completion notifier timeliness performance measurement tailored to Pennsylvania and, in its Application, demonstrated that it timely returned 92 percent of billing completion notifiers during January through April 2001 and over 98 percent on time for May and June 2001. See McLean/Wierzbicki/Webster Decl. ¶¶ 103-106 & Att. 24; McLean/Wierzbicki/Webster Reply Decl. Verizon's proposal for importing the New York Guidelines into Pennsylvania includes the New York billing completion notifier measurements.

14. WorldCom complains about the lack of measurements in Pennsylvania reporting on the timeliness of electronic bills. See WorldCom at 11; WorldCom's Kinard Decl. ¶ 15. Verizon, pursuant to an order of the Pennsylvania PUC and after consultation with the Pennsylvania PUC staff, has developed two new electronic billing submeasurements. See July 20 Ex Parte Letter; see also Guerard/Canny/DeVito Decl. ¶ 122. These new submeasurements – Timeliness of Carrier Bill – Electronic Bills – BOS Format (BI-2-02) and Percent Billing Adjustments – Electronic Bills – BOS Format (BI-3-03) – measure the timeliness and accuracy of Verizon's electronic carrier bills under the same business rules and same performance standards that apply to its paper carrier bills. Verizon will begin reporting its performance under these submeasurements, which use the same business rules used in New York, Massachusetts, and Connecticut for paper and electronic carrier bills (although those states do not have separate measurements for each type of bill), beginning with July 2001 data. Both of the new submeasurements are subject to augmented performance remedies, as described in our Declaration. See id. ¶ 161. For each submeasurement that Verizon misses for one month, it must pay \$50,000 to each affected CLEC; that amount increases to \$75,000 per submeasurement per CLEC in the second consecutive month of misses and to \$100,000 per submeasurement per

CLEC if Verizon misses for three or more consecutive months. See id. Verizon's proposal for importing the New York Guidelines into Pennsylvania includes the New York carrier bill measurements, which measure performance for both paper and electronic bills.

15. WorldCom criticizes the provisioning completion notifier measurement (OR-4-01) as "plainly inadequate" because it "measures only the time it takes for the PCN to travel from [the] Service Order Processor to when Verizon sends it back to WorldCom." WorldCom's Kinard Decl. ¶ 13; see WorldCom at 11. Yet this same business rule is in use in New York, Massachusetts, and Connecticut (as OR-4-04). See Guerard/Canny/DeVito Decl. ¶ 57.

16. Indeed, all of these complaints – as well as others WorldCom raises with respect to other performance measurements that exist in New York but not in Pennsylvania, see WorldCom at 10-11, 14 n.1; WorldCom's Kinard Decl. ¶¶ 11-12, 17, 19-20 – would be resolved through adoption of Verizon's proposal to import the New York measurements into Pennsylvania. The same is true of the directory listing accuracy measurement urged by CTSI, XO, and the Pennsylvania Office of Consumer Advocate ("OCA"). See Broadslate/CTSI/XO at 20; OCA at 25. As we explained earlier, Verizon's proposal includes a measurement for directory listing accuracy.

17. Besides complaining that the Pennsylvania PUC did not establish certain measurements in Pennsylvania that exist in New York, AT&T also complains that there are no line splitting measurements in Pennsylvania. See AT&T at 57; AT&T's Bloss/Nurse Decl. ¶¶ 18-19. Line splitting is a relatively new product and there are currently no measurements unique to line splitting in New York, Massachusetts, Connecticut, or Pennsylvania. If Verizon received any line splitting orders today, Verizon's performance on those orders would be included in its line sharing performance measurements. The Carrier Working Group in New

York reached consensus on line splitting measurements at its most recent meeting. Under those new consensus measurements, line splitting will be a further disaggregation of the existing line sharing measurements.

18. Under Verizon's proposal in Pennsylvania, these measurements would then be automatically adopted in Pennsylvania. This is similar to the process that was used to develop line sharing measures. During 2000, line sharing orders in New York were included with the other DSL orders while the Carrier Working Group reached consensus about which measurements should be disaggregated to report both DSL and line sharing orders. Beginning in January 2001, after the Carrier Working Group reached consensus on the line sharing measures, Verizon began reporting disaggregated line sharing results in New York.

Complaints About Verizon's Reporting of Measurements

19. AT&T and WorldCom also raise complaints about the manner in which Verizon reports various performance measurements. As with the claims discussed above, these too are without merit.

20. AT&T and WorldCom argue that Verizon arbitrarily lists measurements as Under Development ("UD") or Under Review ("UR"). See AT&T's Bloss/Nurse Decl. ¶¶ 28-30; WorldCom at 14; WorldCom's Kinard Decl. ¶ 24. Yet, as we explained in our Declaration, Verizon currently reports only one measurement as Under Development – Average Response Time – Manual Loop Qualification (PO-8-01). This measurement, which appeared for the first time in Pennsylvania in April 2001, remains under development because Verizon will not have a pre-order transaction for manual loop qualification until October. Therefore, there is no pre-order transaction to measure. In addition, Verizon currently reports no measurements as Under Review. See Guerard/Canny/DeVito Decl. ¶¶ 30-31. We also explained the circumstances in

which these designations are used: Under Development is used only when Verizon cannot capture and report the data required by the measurement and Under Review is used only when the data generated for a particular measurements is objectively inaccurate. See id. In addition, if Verizon designated a measurement as Under Development or Under Review in the future, it would be included in the metrics change notification log that Verizon is currently providing in Pennsylvania, just as those measurements have, in the past, been indicated on the cover letters Verizon provided to the PUC with its performance reports. We provide additional details about this log, which we provide to both the PUC and CLECs, below. Therefore, both the PUC and the CLECs can monitor Verizon's designation of measures as Under Development or Under Review.

21. AT&T complains that Verizon is using sampling to report Percent Accurate LSRCs (OR-6-03) when the business rules require reporting based on every LSRC. See AT&T at 58; AT&T's Bloss/Nurse Decl. ¶¶ 33-35. As we explained in our Declaration, Verizon's systems currently are unable to measure OR-6-03 for every order. See Guerard/Canny/DeVito Decl. ¶ 62. In the interim, Verizon is reporting OR-6-03 using the sampling method approved by the Pennsylvania PUC for use with OR-6-01 and OR-6-02. See id. Verizon has consistently notified the Pennsylvania PUC that it is doing so and, during a meeting with the PUC staff to discuss this issue, the staff did not object to Verizon using sampling as a surrogate for actual performance. In addition, the identical sampling method is currently used in New York, Massachusetts, Connecticut, and was used in those states at the time the Commission approved those applications.

22. Although random sampling does not necessarily yield the exact same results as would counting every order, it offers an efficient and effective way to report data on a large volume of orders – which is why this methodology is used in calculating OR-6-01 and OR-6-02

in Pennsylvania, New York, Massachusetts, and Connecticut, and why the latter three states use sampling to calculate OR-6-03. Moreover, random sampling is neither biased in favor of Verizon or against it – it is equally likely to understate Verizon’s performance (and thus require Verizon to make payments) as it is to overstate it. However, because Verizon includes only manually handled local service request confirmations (“LSRC”) in its sample – and excludes automated orders that flow through and that, therefore, have no errors – and because Verizon identifies all errors, not merely those that lead a CLEC to request a re-send of a an LSRC, the results are likely to make Verizon’s performance appear worse than if Verizon were able to implement the business rules precisely.

23. AT&T and WorldCom argue that the business rules for various measurements that capture the performance of Verizon’s Web GUI interface and its performance in provisioning interconnection trunks should be modified. See AT&T’s Bloss/Nurse Decl. ¶¶ 20-23; WorldCom’s Kinard Decl. ¶¶ 17-18. This application is not the proper place to decide such issues. Verizon reports its performance under the business rules that the Pennsylvania PUC has approved for these measurements. Verizon’s proposal for importing the New York Guidelines into Pennsylvania includes the same Web GUI interface measurements that are in the New York Guidelines. Moreover, a number of the specific modifications AT&T and WorldCom suggest for Pennsylvania do not appear in the New York Guidelines; these parties are free to present these change requests to the Carrier Working Group in New York.

24. WorldCom and ASCENT complain that the measurement of billing accuracy “reports only those errors that CLECs report to Verizon within thirty days of when they were supposed to receive the bills” and complain that a carrier could not audit Verizon’s paper bills within the thirty day period. WorldCom’s Kinard Decl. ¶¶ 14-15; see also WorldCom at 7, 12;

¶ AT&T's Lichtenberg Decl. ¶¶ 51-54; ASCENT at 17-18. This claim, however, is based on a misreading of the business rules. Verizon's Billing Accuracy measurement (BI-3) contains no such time limit. A CLEC may raise a billing accuracy dispute at any time after receiving the bill. If that dispute is resolved in the CLEC's favor, then it will be recorded in the billing accuracy performance measurement in the month that Verizon issues the adjustment. See McLean/Wierzbicki/Webster Reply Decl.

25. To the extent that WorldCom and ASCENT complain that the billing accuracy performance measurements are based only on issues reported by the CLECs, their complaints are misplaced. Indeed, many performance measurements – for example, those that involve troubles that CLECs experience on their lines – rely on CLEC reporting. Nor have CLECs proposed any viable alternative for calculating Verizon's performance under these measurements. The business rules for BI-3 that apply in Pennsylvania also apply in New York and are included in Verizon's proposal to adopt the New York measurements in Pennsylvania. CLECs have made no proposals in either Pennsylvania or New York to measure the accuracy of carrier bills based on something other than CLEC reports of errors.

26. Z-Tel, however, claims that it received a credit based on its dispute of Verizon's carrier bills, but that this credit was never reflected in the billing accuracy measurement. When this credit was issued, in February 2001, it was recorded on an input screen that would enable an explanation of the adjustment to appear on Z-Tel's bill. As a result, however, Verizon's systems recorded the data as a non-recurring charge for performance measurement reporting purposes. Non-recurring charges are included in the Non-Recurring Charge Completeness measurement (BI-8), and Z-Tel's credit was included here. Verizon has issued a metrics change control to ensure that credits with explanations on carrier bills will be recorded in the appropriate

measurement (BI-3) and will provide the Pennsylvania PUC with corrected performance measurement results for the billing measurements. See McLean/Wierzbicki/Webster Reply Decl.

27. AT&T contends that Verizon is reporting billing measurements based on data generated in the reporting month even though it “is supposed to report its results for the bills it issued two months prior to the reporting month.” AT&T’s Bloss/Nurse Decl. ¶ 42; see AT&T’s Fawzi/Kirchberger Decl. ¶¶ 100-101. As with WorldCom’s and ASCENT’s complaint regarding the alleged thirty day time limitation, this complaint is also based on a misreading of the business rules. First, for the Billing Accuracy measurement (BI-3), which measures the accuracy of Verizon’s carrier bills (the bills AT&T is complaining about), Verizon is supposed to report its performance based on data from the reporting month. Thus, data on adjustments made to Verizon’s June carrier bills, which as explained above could reflect credits issued for bills during any prior time period, appeared on the report issued in July. Second, the Pennsylvania PUC determined that the DUF Accuracy (BI-4) and Accuracy of Mechanized Bill Feed (BI-5) measurements should be reported on a delayed basis, but on a one month delay, not two months as AT&T claims. See also McLean/Wierzbicki/Webster Reply Decl. Verizon systems, however, were able to report BI-4 and BI-5 on a one month delay basis for the first time beginning with June 2001 data. Overcoming these system limitations proved more difficult than Verizon and the PUC originally anticipated and took longer than the extra six months the PUC initially provided Verizon. See December 31, 1999 Order at 111, 113.

28. AT&T also argues that Verizon has improperly changed the retail analog for the Product and Service Availability Response Time measurement (PO-1-04). See AT&T’s Bloss/Nurse ¶¶ 36-37. As explained in our opening declaration, this transaction was enhanced in August 2000 at the CLECs’ request to provide CLECs with a single transaction that returns

information that it would take Verizon's retail representatives six separate transactions to obtain; Verizon altered the retail analog to conform to the greater information provided to CLECs. See Guerard/Canny/DeVito Decl. ¶ 40. Verizon also contemporaneously informed the PUC of this change in the cover letter accompanying its December 2000 performance results. See Attachment 2. AT&T does not argue that comparing the time it takes CLECs to obtain six pieces of information to the time it takes Verizon to obtain one of those pieces of information is a meaningful comparison; nor does it dispute that this change has yielded a better retail analog. Indeed, the same retail analog is used in New York.

29. Covad complains that it could not analyze Verizon's applications of the exclusions in the business rules for various measurements because it did not receive raw data from Verizon until July 9. See Covad at 4 n.2. As part of the Commercial Availability Review in Pennsylvania, Covad, along with every other CLEC, received the raw data underlying Verizon's January through March 2001 performance reports. However, the Pennsylvania PUC has not required Verizon to make raw data available to CLECs on a continuing basis. Nonetheless, Verizon provides raw data to those CLECs that request it. Four CLECs, including Covad, currently request that they receive raw data on a regular basis. Covad received the raw data underlying Verizon's June 2001 performance report on July 25, as did the other three CLECs. Covad's request to receive the raw data underlying Verizon's April and May 2001 performance reports, however, was not sent until Friday, June 29. Verizon expedited Covad's request, and sent that data back to Covad only four business days later, on July 6, 2001. Covad received the data the following business day, Monday, July 9, 2001. Thus, any "delay" in Covad's receipt of this data was due to the date of its request. Indeed, Covad did not request raw data for April 2001 until over a month after Verizon released that performance report.

Performance Measurement Refinement

30. AT&T notes that, with each month's performance reports, Verizon notifies the Pennsylvania PUC and the CLECs if it has determined that its performance measurement calculations are not in strict compliance with the terms of the business rules. AT&T complains that Verizon does not "seek advance PUC permission or a waiver from the C2C guidelines" for these divergences. AT&T's Bloss/Nurse Decl. ¶¶ 38-41. A copy of the notification that was provided to the Pennsylvania PUC with the May and June 2001 performance measurement reports is in Attachment 1 to our Reply Declaration; Attachment 3 to our Reply Declaration contains the notifications filed with the February through April 2001 performance measurement reports. This notification, as well as those attached to AT&T's Bloss/Nurse Declaration, provides more information regarding refinements to Verizon's calculation of its performance measurements than Verizon provides in New York, Massachusetts, or Connecticut. Indeed, Verizon currently provides no similar notification in those states, although it has been providing the Pennsylvania PUC and the CLECs with these notifications for some time. As we explain below, when CLECs in Pennsylvania insisted on receiving more details, an agreement was reached that Verizon would, in May 2001, begin using in Pennsylvania the notification format in use in New Jersey.

31. Contrary to AT&T's implication, Verizon does not purposefully deviate from the business rules in calculating its performance data. Verizon's goal is to report performance measurements in strict conformance with the business rules. In order to ensure that it is doing so, Verizon proactively evaluates its performance measurements each month. When Verizon learns that its systems are not capturing performance data or calculating performance results in strict compliance with the business rules, Verizon begins the process of reprogramming its systems to

rectify the matter. Verizon issues metrics change control requests for many reasons, including to ensure that a new product is appropriately captured in existing measurements, to address new service order codes for existing products, to improve the process by which Verizon collects and reports measurement data, to respond to changes ordered by state commissions, and to correct errors found through Verizon's continuing extensive review of performance measurements and its internal replication process.

32. AT&T further claims that "Verizon's misreporting resulted in its reporting of more favorable results." AT&T's Bloss/Nurse Decl. ¶ 41. This is simply untrue. In fact, in many cases, the "misreporting" understates the quality of Verizon's performance; in others, the "misreporting" does not meaningfully affect the ultimate performance results. Indeed, the evidence to which AT&T points reveals no case in which the "misreporting" made Verizon appear to satisfy a measurement that it, in fact, missed. See id. Exh. B. For example, for Timeliness of Completion Notification (OR-4-01), although the business rules state that scheduled SOP downtime should be excluded, Verizon did not do so prior to its June 2001 performance report. Nonetheless, as noted on the exhibit AT&T provides, excluding SOP downtime "would only improve [Verizon's] performance." Id. Exh. B at 3.

33. AT&T also complains that, after updating its systems to rectify any failure to comply strictly with the business rules, Verizon does not "go back and re-issue any of the monthly performance reports and remedies calculations." Id. ¶ 39; accord id. ¶ 31. Verizon has restated its reports at the direction of the Pennsylvania PUC and will do so again, if so directed. However, the Pennsylvania PUC has not established a general requirement that Verizon must restate its performance reports any time it identifies any errors, nor should it. Instead, Verizon informs the PUC and the CLECs of these issues, and the PUC may, after receiving this

notification from Verizon, require Verizon to restate its reports. Restating performance reports on a routine basis would be administratively burdensome, particularly when many – if not nearly all – of the errors are immaterial to the ultimate performance results. Moreover, Verizon is just as likely to be harmed as helped by not reissuing its performance results and remedies calculations. For example, Verizon at one point had mistakenly included AT&T test orders in its performance data for one measurement. Inclusion of those orders caused Verizon to miss that performance measurement and make payments to AT&T. Verizon never sought reimbursement from AT&T for those remedy payments.

IV. Metrics Change Control

34. AT&T and WorldCom also take issue with Verizon’s metrics change control process and argue that it is not complying with its new process put in place in September 2000. See AT&T at 60-61; AT&T’s Bloss/Nurse Decl. ¶¶ 64-71; WorldCom at 13; WorldCom’s Kinard Decl. ¶ 22. These claims are in error.

35. As we explained in our Declaration, KPMG in Pennsylvania was able to verify that Verizon had adhered to the September 2000 mechanized procedures for evaluating metrics change proposals. See Guerard/Canny/DeVito Decl. ¶ 139. Although KPMG stated that, by the time it submitted its final report in Pennsylvania, it was not able to review fully the changes Verizon implemented in September 2000, KPMG has continued to review Verizon’s metrics change control process, which also operates in New Jersey, under the auspices of the New Jersey Board of Public Utilities (“BPU”). See id. As we explained in our Declaration, KPMG raised no issues with Verizon’s implementation of changes. See id.; see also KPMG, Inactive Exceptions Status Summary as of 7/16/01 (#20), http://www.bpu.state.nj.us/wwwroot/telco/kpmgrpt_ei.pdf. This is the same metrics change control implementation process that is in place in New York,

Massachusetts, and Connecticut, which is a more mechanized version of the process in place at the time of Verizon's New York application.

36. During the en banc hearings before the Pennsylvania PUC, AT&T raised issues with Verizon's metrics change notification process. AT&T agreed during that proceeding that "parity with New Jersey" would satisfy its concerns. Transcript at 401, Consultative Report on Application of Verizon Pennsylvania Inc. for FCC Authorization To Provide In-Region, InterLATA Service in Pennsylvania, Docket No. M-0000-1435 (Pa. Pub. Util. Comm'n Apr. 26, 2001) (App. B, Tab C-27). Verizon and AT&T then entered into a stipulation, filed with the Pennsylvania PUC, under which Verizon agreed to use the New Jersey metrics change process in Pennsylvania. See Guerard/Canny/DeVito Decl. ¶ 140. Pursuant to that stipulation, Verizon began using the New Jersey notification "issues log" with its May 2001 performance reports. See Attachment 1.

37. The June 2001 version of the issues log, as well Verizon's proposed metrics change control notification process, was developed in response to issues raised by KPMG and the New Jersey BPU staff. KPMG and the BPU are now reviewing Verizon's metrics new change control process, which is fully responsive to the concerns raised. First, in response to KMPG's concern that Verizon's prior notification mechanism did not provide for clear identification or tracking of metrics changes, Verizon has altered the format of its issues log and provided each metrics change control with an unique identifier that serves as a tracking number. Second, Verizon has agreed to send CLECs Metric Change Control notifications within one business day after a firm commitment date for implementation has been established and within one business day after any subsequent changes to that metrics change control, including upon final completion. CLECs have the option to discuss any issues or concerns with those changes either in the Carrier

Working Group in New York or using the Verizon 800 Metrics Help Line, described below.

Once Verizon fully implements the Metrics Change Control process and closes all issues on the existing log, it will cease to use the issues log and instead use only the Metrics Change Control notification process.

38. In April 2001, Verizon also began providing CLECs with a metrics hotline number – 800-959-9995 – which CLECs can use to obtain answers to their questions about how to replicate Verizon’s measurement data. Attachment 4 to our Reply Declaration contains the notification to CLECs about this hotline.

V. KPMG’s Review

39. As we noted in our Declaration, KPMG conducted a comprehensive investigation of the procedures and systems used by Verizon to capture retail and wholesale measurements for pre-ordering, ordering, provisioning, maintenance and repair, and billing. In evaluating Verizon’s policies and processes for collecting and storing “raw” data, converting that raw data into reportable results, and developing and documenting the measurement standards and definitions in the Guidelines, KPMG twice found that Verizon satisfied 100 percent of its test points. See Guerard/Canny/DeVito Decl. ¶¶ 135-137, 144. KPMG also replicated Verizon’s January performance reports and was able to replicate over 99 percent of the 2,898 values on that report. See id. ¶ 143. The only piece of Pennsylvania data that KPMG could not replicate was Verizon’s result for OR-6-03, and even there the difference between Verizon’s result and KPMG’s replication was less than 0.01 percent. See id.

40. Finally, the Pennsylvania PUC directed KPMG to conduct a three-month “Commercial Availability Review,” during which KPMG would compare performance data submitted by CLECs with Verizon’s data. See id. ¶ 145. AT&T takes issue with this review,

arguing that KPMG did not do enough to assess the validity of the data Verizon used to calculate the performance measurements. See AT&T at 59; AT&T's Bloss/Nurse Decl. ¶¶ 46-53. As we noted above, KPMG had previously successfully replicated over 99 percent of Verizon's January performance measurements. In its Commercial Availability Review, KPMG "found no instances where CLEC identified discrepancies with the Verizon Pennsylvania reported values could be fully substantiated." KPMG, Pennsylvania Commercial Availability Review – Final Report – Metrics at 25 ("Pennsylvania Commercial Availability Review") (App. B, Tab F-5).

41. Contrary to AT&T's claims, the KPMG review demonstrated that CLECs could not substantiate their claims with respect to Verizon's data integrity. First, even though all CLECs were offered the chance to compare their data with Verizon's, only four CLECs took up that opportunity: AT&T, WorldCom, Covad, and XO Communications, with the latter two submitting complaints in only one of the three months of the review. KPMG could not "substantiate any of the CLEC allegations of improper reporting." PUC Consultative Report at 268. In addition, KPMG found that, for just over 45 percent of the complaints CLECs raised, they provided no data to support those claims. See Pennsylvania Commercial Availability Review at 5, 25. When CLECs did provide data, KPMG found that disputes turned on the CLECs' interpretation of a business rule or the systems CLECs' used for capturing data, rather than on the integrity of Verizon's data. See id. at 25.

42. In sum, the integrity of Verizon's performance data has been subjected to numerous tests and has passed them all with flying colors.

VI. Performance Assurance Plan

43. As we explained in our Declaration, the Performance Assurance Plan currently in place in Pennsylvania was devised, and refined, by the Pennsylvania PUC through nearly three