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August 17, 2001

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, SW – Portals
Washington, D.C. 20554

Re: *Application by Verizon Pennsylvania for Authorization to Provide In-Region InterLATA Services in Pennsylvania*, CC Docket No. 01-138

Dear Ms. Salas:

This letter responds to staff's request for additional information concerning Verizon's wholesale carrier bills and, in particular, for information concerning actual commercial experience with those bills. In addition, this letter responds to new claims raised by commenters in their reply comments or in ex partes to which Verizon has not previously had an opportunity to respond.

As we previously explained, the billing issue here is a narrow one. It does not involve the billing information that CLECs need to obtain from Verizon so that they can combine it with information from their own customer records in order to bill their customers. *See Connecticut Order* at D-39 (BOC must provide access to billing functions "necessary to enable competing carriers to provide accurate and timely bills to their customers"). That information, which consists of the usage information collected by Verizon's switches, is being provided electronically to CLECs in a timely manner separate and apart from the wholesale carrier bills at issue here. *See id* at D-40 ("a BOC must demonstrate that it is providing complete and accurate reports on the service usage of competing carriers' customers in substantially the same time and manner that a BOC provides such information to itself"). Indeed, in the first six months of this year alone Verizon has provided more than *half a billion* call records to CLECs, and has met or exceeded the on-time standard for providing this information in every month but one since February. *See* Verizon Reply Br. at 15.

Rather, the issue here relates to the separate wholesale bills that Verizon sends to CLECs for the products and services they purchase from Verizon – bills that Verizon has a strong incentive to get right so that it can get paid. As to these bills, the standard applied by the Commission is to determine whether the billing processes, systems and performance taken as a whole "gives competing carriers a meaningful opportunity to compete." *See Connecticut Order*

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at D-40. As we previously explained and as further elaborated below, under the circumstances here, they do.

First, Verizon provides CLECs with a choice of wholesale bills as their official bill of record: either an end user formatted bill that the majority of carriers have chosen to receive (and that KPMG tested in paper form), or an electronic bill in BOS BDT format that Verizon made available as an official bill of record earlier this year after working through a number issues with the CLECs and implementing systems changes to address those issues. The second of these two alternatives has been the focus of dispute here. But as we believe the record and commercial experience show, to the extent there are remaining issues with respect to this alternative, they now are small in amount and have declined substantially in the wake of the system changes previously implemented. And, while no billing system can ever be perfect, Verizon continues to work to address even the small amounts that remain at issue.

Second, Verizon has established procedures under which CLECs can dispute charges on their bills and do not have to pay the disputed amounts until the dispute is resolved. Of course, the CLECs themselves have alternative ways to evaluate the billed amounts and to lodge such disputes. Because CLECs obviously have their own records of what they purchase from Verizon, they can lodge disputes to the extent there is a difference between the amount they are billed and the amount they expect to owe based on their own records. Alternatively, CLECs can (and do) lodge disputes based on their own analysis of the wholesale bill provided by Verizon. In fact, while some carriers have claimed that their BOS BDT bill cannot be run or analyzed electronically, the simple fact is that PwC was able to run and analyze those same bills using off the shelf software available at office supply stores. *See* Bluvol/Kumar Reply Decl. ¶ 8. And at least one carrier has now begun to provide Verizon with a detailed electronic analysis of its BOS BDT bill, which not only shows that it can be done but also allows the two companies to more readily evaluate the basis for any disputes. As a result, while it may be that some carriers have issues with their own systems, claims that the BOS BDT is not usable for this purpose are simply misplaced.

Third, the record here is devoid of any tangible evidence that billing issues have denied CLECs lack a meaningful opportunity to compete and the facts on the ground are squarely to the contrary. The simple fact is that competitors have entered the local market in Pennsylvania in large and rapidly increasing numbers. Indeed, CLECs now serve some 1.1 million lines, are adding another 45,000 lines every month and nearly half of those monthly additions are now residence customers. In fact, in just the first six months of this year, the number of platform lines alone has doubled to approximately a quarter of a million lines. Significantly, this rapid growth occurred during the very period that Verizon and the CLECs were working through issues with the BOS BDT and implementing changes before making it available as the bill of record, and the growth continues today unabated.

In any event, as Verizon showed in its application and reply comments, and as the commercial experience outlined below further confirms, Verizon's electronic bill in the BOS BDT format is a commercially viable bill, is internally consistent, matches the wholesale paper bill which was thoroughly tested by KPMG (during which KPMG issued a number of

Observations and Exceptions that all have been closed), and any remaining occurrences of these issues are small and do not deny other carriers a meaningful opportunity to compete.

1. Commercial Experience Confirms That Verizon's Wholesale Bills Are Commercially Viable. On a business-to-business basis outside of the regulatory context, CLECs inform Verizon of issues with their bills in two ways. First, for electronic bills, CLECs report technical issues with systems, formatting, data, or delivery of information by submitting a trouble ticket to the Wholesale Customer Care Center (the same "help desk" where CLECs would report issues with respect to other interfaces provided by Verizon). Second, CLECs inform Verizon of errors on their bills (whether electronic or paper) by submitting claims that dispute charges on the bill in accordance with the process set out in the CLEC Handbook. Both of these "reporting mechanisms" confirm that Verizon's wholesale bills in Pennsylvania provide CLECs with a meaningful opportunity to compete.

a. Trouble Tickets: An analysis of the trouble tickets relating to the BOS BDT shows that the commercial experience in Pennsylvania has been comparable to the experience in New York and Massachusetts. This is significant both because the Commission found that the billing systems in these latter states meet its standard, and also because the CLECs themselves have made clear that the BOS BDT formatted bills provided in those two states are adequate and provide them with a meaningful opportunity to compete. *See, e.g.*, WorldCom Lichtenberg Reply Decl. ¶ 20; Z-Tel at 2; Z-Tel Reply Comments at 6; Z-Tel Rubino Decl. ¶¶ 4, 8.

Specifically, the chart below shows that, on a proportional basis, CLECs have opened approximately the same number of trouble tickets concerning the BOS BDT in New York and Massachusetts as they have in Pennsylvania from January 1, 2001 through the end of July. Moreover, in each case, approximately half of the trouble tickets were simply requests to resend the BOS BDT.

	BDT Trouble Tkts.	**Tkts. Requesting Resend**	**Lines Served By Competitors**
Massachusetts	69	29	850,000
New York	206	103	3 million
Pennsylvania	76	36	1.1 million

Thus, despite the numerous claims of problems with the BOS BDT in Pennsylvania, the evidence of the CLECs' own trouble reports demonstrates that the level of technical issues in Pennsylvania is comparable to that in New York and Massachusetts.

b. Dispute Claims: An analysis of the disputes submitted by CLECs in the ordinary course of their commercial interaction with Verizon also confirms both that the amount of disputes has declined and is comparable to New York.

Of course, the fact that CLECs submit disputes does not necessarily mean that they are disputing all of a particular charge or that their claim is correct. In some cases, the carrier may simply need more information about a particular charge, or a charge may be mislabeled, or in some cases could be mistaken. Moreover, while some carriers have endeavored to dispute specific amounts or specific charges, other carriers appear to be using the dispute process simply

to avoid paying their bills. Indeed, some carriers have gone so far as to simply refuse to pay any portion of their bill without making any effort to identify specific disputes, either by analyzing the bills or by comparing the billed amounts to what they expect based on their own records. Consequently, the dispute process is subject to significant gaming by other carriers for their own business or regulatory reasons.

Nonetheless, an analysis of the amount of charges for which CLECs have submitted disputes in Pennsylvania has shown a declining trend, both in dollar value and as a percentage of current charges billed from February through June of this year. And this is true both with respect to the specific issues that have been raised in the comments here and with respect to the disputed amounts overall. This is commercial confirmation of the improved accuracy Verizon demonstrated in its Reply Comments. *See* McLean/Wierzbicki/Webster Reply Decl. ¶¶ 31-44.

For example, two of the principal examples that were cited in the comments of incorrect charges that previously appeared on the wholesale bills were charges for taxes and for directory advertising. As Verizon demonstrated in its Reply Comments, McLean/Wierzbicki/Webster Reply Decl., ¶¶ 35, 40, the occurrence of incorrect charges for both of these categories has virtually disappeared in recent months following the fixes Verizon has implemented. This fact is further confirmed by the disputes submitted by CLECs.

The chart below shows the dollar amount of disputes for taxes and for directory advertising submitted by CLECs in Pennsylvania for each month from February through June 2001. (CLEC-specific detail is provided in Attachment 1.) These are disputes submitted by CLECs, irrespective of whether Verizon agrees with the claim. Disputes are included in the month to which the CLEC attributed them. For example, if a CLEC submitted a $2,500 dispute in May and said it was for the March and April bills without specifying the amount attributable to each month, it has been counted as a dispute for $1,250 in March and a dispute for $1,250 in April.

PENNSYLVANIA TAX & DIRECTORY ADVERTISING DISPUTES					
	Feb.	**March**	**April**	**May**	**June**
Current Billed Charges*	$10,959,456	$14,109,154	$15,411,769	$15,787,691	$13,967,006
Disputed Taxes	$115,699	$76,175	$4,205	$4,235	$5,016
% of Total Charges	1.06%	0.54%	0.03%	0.03%	0.04%
Disputed Dir. Adv.	$55,360	$153,673	$13,980	$27,126	$10,718
% of Total Charges	0.51%	1.09%	0.09%	0.17%	0.08%

* "Current Billed Charges" represents the net of total current charges less any credits issued by Verizon in that month.

The same declining trend is also reflected in the total amount of disputes that have been submitted. The following chart shows the dollar amount of all disputes submitted by CLECs in Pennsylvania for each month from January through June 2001. Again, these are disputes

submitted by CLECs, irrespective of whether Verizon agrees with the claim. Disputes are included in the month to which the CLEC attributed them. (CLEC-specific detail is provided in Attachment 1.)

ALL PENNSYLVANIA DISPUTES					
	Feb.	**March**	**April**	**May**	**June**
Current Billed Charges*	$11,129,158	$14,276,634	$15,630,775	$15,736,766	$13,967,006
All Disputes	$2,958,708	$1,867,805	$1,480,052	$370,957	$309,255
% of Total Charges	26.59%	13.08%	9.47%	2.36%	2.21%

* "Current Billed Charges" represents the net of total current charges less any credits issued by Verizon in that month. Z-Tel's recent ex parte (dated August 10, 2001) indicated that it was disputing its April, May, and June bills. To date, Verizon has only received information concerning the amount of and reasons for the dispute for June. Claims attributed to June charges are included in the chart above.

Moreover, the amount of disputed charges not only has been declining, but also is roughly comparable over the last several months to the dispute experience in New York, a state where the comments filed here agree that Verizon's bills are good. The chart below shows disputes in New York as a percentage of current billed charges in New York. (CLEC-specific detail is provided in Attachment 2.) Again, it is clear that actual business-to-business experience in Pennsylvania is comparable to that in New York, and that Verizon's wholesale bill in Pennsylvania provides CLECs a meaningful opportunity to compete.

ALL NEW YORK DISPUTES					
	Feb.	**March**	**April**	**May**	**June**
Current Billed Charges*	$68,541,389	$72,081,417	$75,206,278	$75,553,710	$74,401,191
All Disputes	$6,384,247	$3,268,031	$2,949,732	$3,075,892	$3,847,844
% of Total Charges	9.31%	4.53%	3.92%	4.07%	5.17%

* "Current Billed Charges" represents the net of total current charges less any credits issued by Verizon in that month.

2. KPMG Observations/ Exceptions that Required Correction of Embedded Base Accounts. The staff also requested further explanation of Verizon's process for correcting system and software issues, and the need then to correct existing accounts. In particular, the staff asked how issues identified during the KPMG test were corrected for all CLECs.

By way of background, during its test of Verizon's OSS in Pennsylvania, KPMG issued 67 Observations and Exceptions relating to billing. Of the 67 issues, 31 required changes to Verizon's systems which affected both KPMG and CLECs. The others were resolved by explanation or corrections/clarifications to documentation. After a documentation or system change was implemented by Verizon, KPMG validated that the fix had the desired result before closing the observation or exception.

The software changes that were made to address the issues raised by KPMG can be generally grouped into three categories: changes affecting input to the bill calculation, changes

affecting the bill calculation logic, and changes affecting bill output – the formatting of the bill itself. Software changes affecting the bill calculation logic and those affecting the output corrected identified errors for all CLECs as well as KPMG.

To the extent a software change affected the establishment of individual "accounts" in Verizon's systems for a given line or end user, however, that change would automatically correct identified errors for all accounts established after the change was implemented. The correct information from these accounts is then used as an input to the monthly billing process that produces Verizon's wholesale bills, both paper and electronic. In addition, once the software change is implemented, accounts that were established before then could still contain incorrect information that was not corrected by the software change. In three of the issues found by KPMG, Verizon not only had to change software, but also had to correct information contained in "embedded base accounts" – accounts established before the software change was implemented.

The first case involved inconsistent use of unbundler/reseller identification codes on a single service order. To correct this situation, Verizon implemented new logic in the service order processor to ensure that only one code identifying the CLEC as either an unbundler or reseller in the billing section of the service order was entered for an account and that it matched the code in the service and equipment section of the service order. Without this fix, the owner type (reseller or UNE purchaser) of an account could be unclear and appear differently in the provisioning/usage guiding records than in the customer service record in the billing system. The software correction was implemented in April 2000 to prevent this type of mismatch in the labeling of charges from occurring on a going forward basis. For accounts that had already been established, corrections were made between April and June 2000 to the embedded base accounts to ensure that the identifying codes matched and, as discussed below, are being reflected now on CLEC bills.

In the second case, KPMG observed some component accounts that were not associated with a master account. When this occurred, a CLEC would receive a "stand-alone" bill for the component account (which would reflect valid charges). Verizon implemented software corrections to prevent service orders from being issued without the information required to relate a component to a master. This was implemented in February of 2000 and prohibited "orphaned" component accounts from being created on a going forward basis. For accounts that had already been established, Verizon identified "orphaned" component accounts and made corrections to associate them with master accounts. In addition, until June 2001, two service orders were required to complete a migration. In some cases, the service orders would get out of sequence, causing one to process but the second to go into an error status. Until the second order was processed, there could be temporary "orphans" so Verizon has continued to run reports to identify and then correct these accounts. The implementation of the single service order migration process in June 2001 prevents the out-of-sequence condition from occurring. Consequently, as we have previously explained, these orphaned stand-alone accounts have virtually disappeared.

In the third case, KPMG observed that individual component accounts could be set up as taxable even though a CLEC was tax-exempt. The software fix implemented by Verizon in

December 1999 involved the creation of a "tax table" and new logic to override the tax status on component accounts when the bill was generated. Entries were made in the tax table based on tax certificates on file with Verizon in January through March 2000. Verizon continued its reconciliation of on-file tax status with CLECs through April 2001. As shown above and in Verizon's Reply Comments, the residual occurrence of tax issues is extremely small.

3. Response To Claims In Reply Comments And Ex Partes. In their reply comments and ex partes here, several parties have raised new claims that Verizon has not previously had an opportunity to address. As explained below, those latest claims are misplaced.

a. General BOS BDT Issues. In its Reply Comments, WorldCom not only acknowledged that it was able to load its large UNE-platform BOS BDT bill from Verizon but also, by raising issues with respect to specific individual charges on the bills, made clear that it has been able to analyze the bill. Lichtenberg Reply Decl. ¶ 21. Nonetheless, WorldCom raised a number of new claims that require a brief response.

i) WorldCom now says that a different BOS BDT file had a blank field for the Facility Charge Type indicator, which prevented that BOS BDT from loading properly. *Id.* In this instance, the field should have contained a zero, but was blank instead. This did not prohibit WorldCom from reading the file – they clearly were able to read the file and determine the value in this field in order to raise it in their reply comments. In any event, however, Verizon corrected the file and resent it to WorldCom on August 3. Verizon has also implemented a program change to correct the value for this field.

ii) WorldCom also complains that the BOS BDT file for its large UNE-P account contains too much data for the auditing program it uses. Lichtenberg Reply Decl. ¶ 23. *See also* Lichtenberg Decl. ¶ 25. Verizon will work with WorldCom to assess their billing account numbers (BANs) and component accounts, but Verizon does not understand the difficulty WorldCom is having. As PwC explained in its Reply Declaration, it was able to review and analyze WorldCom's large UNE-P bill using a readily available, off-the-shelf software package (Microsoft Access). *See* Bluvol/Kumar Reply Decl. ¶ 8. Further, Verizon's current practice is consistent with the billing account structure specified in the Plan of Record for Uniform OSS pursuant to Bell Atlantic/ GTE merger conditions. This was discussed with CLECs, including WorldCom, in collaborative sessions at the end of 2000. The Plan states that "Verizon will make common the level of billing (state/LATA) by providing one billing account number ("BAN") per product per entitity per state..." (p.62) And another carrier that is a major platform provider is now providing Verizon with the results of its electronic analysis of its own UNE-P bill.

iii) Finally, WorldCom claims that Verizon has failed to transmit some BOS BDT bills. Lichtenberg Reply Decl. ¶ 28. This appears to be an old issue. As Verizon explained in its Reply Comments, Verizon held a number of April and May BOS BDT files while it was implementing and ramping up the manual review and adjustment process, in order to perform the manual review before these files were released. McLean/Wierzbicki/Webster Reply Decl. ¶ 30. WorldCom's April 1 and May 22 bills were among those held and therefore were sent to them after the ten business day time frame established by the Carrier-to-Carrier Guidelines. Both files have since been provided, one on June 19 and one on July 17. WorldCom is simply wrong when

it claims that its July 1 bill was late. As shown in Verizon's Reply Comments, McLean/Wierzbicki/Webster Reply Decl., Att. 7, the July 1 file WorldCom mentions in its Reply Comments was sent on July 13. This was less than ten business days after July 1, and therefore the bill was timely.

iv) MetTel claims that it has challenged the full amount of all invoices through May 16, 2001, and the entire amount of certain sections of its June 16 bill, because it is unable to "parse and reconcile" the bill. According to MetTel, it has not been able to do so because Verizon's electronic bill in BOS BDT format "does not conform to industry standards." CompTel Ex Parte filed August 13, 2001. As Verizon explained in its Reply Comments, MetTel is simply wrong. Verizon produces the BOS BDT according to the industry guidelines published by Telcordia and the OBF which is sponsored by the Alliance for Telecommunications Industry Solutions ("ATIS"). Differences from the guideline are permitted if they are documented on the company's differences list. Verizon has issued such a differences list. McLean/Wierzbicki/Webster Reply Decl. ¶ 26. Moreover, as PwC explained in its Reply Declaration, it was able to review and analyze CLECs' BOS BDT bills using a readily available, off-the-shelf software package (Microsoft Access). *See* Bluvol/Kumar Reply Decl. ¶ 8. And at least one other carrier has done so as well.

b. Claims of Erroneous Bills. Some carriers also claim in their reply comments and ex partes that specific charges on their bills continue to be incorrect. But as we showed in our response to claims that were made in the comment round with respect to these same types of charges, the amounts of these charges have declined significantly since the systems changes were implemented by Verizon and the amounts at issue are now tiny.

i) In its Reply Comments, Z-Tel noted that its June bill included "incorrect charges for retail features and taxes." Rubino Supplemental Decl. ¶ 4. In an ex parte filed on August 10, 2001, Z-Tel also stated that it had disputed a portion of its June bill amounting to approximately 11 percent of the current charges for that month. And on August 14, Z-Tel provided Verizon with the detail underlying its dispute with the June bill. A preliminary analysis of those disputed amounts reveals that the bulk of the charges are correct. But regardless, rather than suggesting that there are large problems that remain, this experience actually serves to confirm that the BOS BDT is usable and that the systems and processes that are in place allow CLECs to analyze their bills and dispute what appear to them to be questionable charges.

First, Verizon has addressed the issue of incorrect taxes in its Reply Comments and above, and has demonstrated that this issue has no competitive impact. McLean/Wierzbicki/Webster Reply Decl. ¶ 35 (taxes amount to less than 0.05% of Z-Tel's May and June bills). Verizon also addressed Z-Tel's claim concerning port charges as described below. In any event, however, this claim represents just over one percent of Z-Tel's bill (10% of the 11.33% disputed by Z-Tel).

Second, upon investigating Z-Tel's claims for inappropriate "retail features" or "end user features" on its bill, Verizon discovered that, while charges associated with retail USOCs did appear on Z-Tel's bill, in the vast majority of cases (at least 13,000 of the approximately 15,000 it investigated) a credit for the same USOC appeared either on the same June bill or on Z-Tel's

July bill. These credits were issued as a result of Verizon's work to correct so-called embedded base accounts following the implementation of the single service order fix on June 16. Thus, over one-third of the amount of Z-Tel's June dispute had already been corrected and credited by Verizon before the dispute was submitted and this further confirms that the systems changes and embedded base corrections implemented by Verizon have worked.

Third, the largest single item in Z-Tel's June dispute is its claim for "double billing" of loop rates. This claim is related to Z-Tel's concern with missing telephone numbers. Verizon's investigation showed that Z-Tel was appropriately billed for the loop charges, but that in some instances the telephone number associated with the charge was missing. As a result, it appeared to Z-Tel as if the charge duplicated the loop charge above it when it was actually for another telephone number.

Finally, the remaining claim listed by Z-Tel is for "unclear charges." The fact that the description for a charge is not easily understood does not make the charge itself erroneous. In any event, however, the amount of Z-Tel's bill represented by these charges is only 1% (9% of the total dispute, which constituted 11.33% of Z-Tel's June charges).

ii) WorldCom continues to claim that its analysis of the bills reveals the BOS BDT bills contain "significant inaccuracies." Lichtenberg Reply Decl. ¶ 26. Of course, WorldCom's ability to identify specific disputed charges on its bills belies its claim that the bill is not usable and cannot be analyzed. And the specific issues that it raises based on its own analysis simple do not show any significant remaining issue with the BOS BDT bills.

First, WorldCom argues that its bills included improper charges for taxes and late fees. Tellingly, WorldCom lumps these two claims together ("[t]he June UNE-P bill included charges of more than $167,000 in taxes and late fees"). *Id.* As Verizon showed in its Reply Comments, the amount of taxes included on WorldCom's June bill was ****, less than one-tenth of one percent of the charges on WorldCom's bill. Moreover, the amount of taxes included on WorldCom's July bill has declined even further.

The remainder of the amount identified by WorldCom for June is for late fees and, contrary to WorldCom's claim, it does owe late fees. As the payment summary in Attachment 3 shows, WorldCom owes Verizon millions of dollars in past due charges. As a result, late fees are properly included on WorldCom's bill. Moreover, as Verizon has already explained, if Verizon is late in sending a CLEC's bill of record (later than the 10 business days provided for under the Carrier-to-Carrier Guidelines), Verizon will extend the time for payment by a similar amount. *See* McLean/Wierzbicki/Webster Reply Decl. ¶ 48. Moreover, if Verizon issues a credit to a CLEC for a disputed amount, Verizon will also issue a credit for the late fees associated with that amount that have accrued on the bill. Consequently, to the extent WorldCom does raise a legitimate dispute, for example with respect to the remaining amount of taxes that appear on its bill, it will receive a credit both for the disputed amount and the corresponding late fee.

Second, WorldCom also argues that Verizon is charging the incorrect amount for switch ports, and is not providing the appropriate credit for the difference between the higher priced,

"full-featured" port and the lower priced, lesser featured port. Lichtenberg Reply Decl. ¶ 27. At the time Verizon tariffed the lesser featured port, it agreed to issue retroactive credits for the difference in price to CLECs who wanted the lesser featured port. As Verizon went to issue credits, however, it discovered that some CLECs, such as Z-Tel, who had requested the lesser featured port actually had accounts that used one of the features only available with the full featured port. As a result, those CLECs had to make an account by account determination of which port type and features they wanted. Until that reconciliation was complete, Verizon could not change the port type. Verizon has now issued credits to Z-Tel for the difference between the full-featured port charge and the lower port charge plus the feature Z-Tel was using.

WorldCom nonetheless criticizes Verizon on the grounds that it has not yet agreed to WorldCom's claim for port charge credits. Verizon already has agreed to provide a credit for every port that has been billed to WorldCom. But WorldCom wants a credit for every port it ordered. There are a number of reasons why a port that was ordered in one month might not have been billed in the same month, such as cancellation of an order or completion of the order at the beginning of the next month. Clearly, WorldCom is only entitled to a credit on the port charge if it was actually billed for the port.

Third, while not a billing issue, WorldCom also claims that Verizon has not provided CLECs with the means to order the lower priced port charge electronically. Lichtenberg Reply Decl. ¶ 27. WorldCom is wrong. That capability is in place and is being used by CLECs.

iii) In its August 13 ex parte, MetTel raises four specific claims with respect to its June bill. First, it claims that Verizon inappropriately charged late payments fees. But, as the payment history in Attachment 3 shows, MetTel has paid nothing this year in Pennsylvania until its August partial payments. Because MetTel has past due charges, its bill appropriately includes late payment fees.

Second, MetTel claims that Verizon has applied incorrect rates on its accounts. While MetTel has provided a spreadsheet of the rates and USOCs that it claims are incorrect on its bills, it has provided no detail regarding the component accounts that would allow Verizon to investigate these claims and, if necessary, correct the account. Third, MetTel disputes charges for resale usage on its UNE accounts. As Verizon has previously explained, in many instances these charges are for alternately billed calls (such as operator-assisted calls) that were sent to Verizon by another service provider for billing to the end user. Although the charges appropriately apply to the platform account, and are correctly rated, they were incorrectly mapped to the BDT file, and therefore are mis-classified as resale usage. McLean/Wierzbicki/Webster Decl. ¶ 151; McLean/Wierzbicki/Webster Reply Decl. ¶ 42. Verizon has placed these charges under investigation, and has sent MetTel a letter informing it that it need not pay these charges until the investigation is complete.

Finally, MetTel has disputed the "OCC" (other charges and credits) section of its bill in its entirety, claiming that it is unable to validate its bill because it does not conform to industry standards. As discussed above, MetTel is wrong and, in any event, other parties have been able to validate the BOS BDT.

c. Miscellaneous Issues

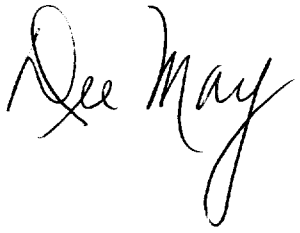
i) MetTel states that it erroneously received another CLEC's billing information. *See* Ex Partes dated August 13 and August 15. This was not a system problem, but instead resulted from human error – the tape was put in the wrong envelope. MetTel opened a trouble ticket with Verizon on August 7. Verizon has recreated MetTel's BDT and resent it to MetTel.

ii) MetTel also raises a claim concerning a billing completion notice (BCN) that it says was incorrect. *See* CompTel Ex Parte dated August 15, 2001. MetTel itself states that its claim concerns a New York customer – not Pennsylvania. It was MetTel's practice of raising New York issues that caused the ALJ in the Pennsylvania state proceedings to "dismiss[ ]" MetTel's claims. *See* MetTel Ex Parte dated August 15. As the ALJ indicated, the Pennsylvania PUC was "much more interested in what's happening in Pennsylvania." Tr. 183 (March 6, 2001) (App. B, Tab C-14). Verizon has not relied on its New York billing systems in the Pennsylvania proceeding and MetTel's New York claims, therefore, are not relevant here.

iii) Z-Tel argues that the credit Verizon issued in February was reported in the incorrect metric category, which has neither a standard nor a financial remedy associated with it. Z-Tel Ex Parte dated August 10, 2001. Attachment 4 to this letter is a copy of Verizon's letter to the Pennsylvania PUC providing the recalculation of the bill accuracy measure (BI-3) and the completeness of non-recurring charge measure (BI-8) to reflect the appropriate categorization of credits issued by Verizon as a result of billing errors. The results for April, May, and June reflect the fact that, as we have described, Verizon has done substantial work to correct errors in existing accounts.

If you have any questions, please do not hesitate to call me.

Sincerely,



Attachments

cc: D. Attwood
M. Carey
B. Olson
S. Pie
G. Reynolds
R. Tanner

ATTACHMENT 1

REDACTED

ATTACHMENT 2

REDACTED

ATTACHMENT 3

REDACTED

ATTACHMENT 4

Julia A. Conover
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Pennsylvania

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August 17, 2001

VIA UPS OVERNIGHT EXPRESS MAIL
James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Performance Metrics And Remedies, Docket No. P-00991643

Dear Secretary McNulty:

Per my letter dated August 6, 2001, attached please find a recalculation of metrics BI-3 and BI-8 for the months of February, March, April, May and June 2001.

Please contact me if you have any questions about this matter.

Very truly yours,

Julia A. Conover

JAC/slb

cc: **Via UPS Overnight Express Mail**
Robert Rosenthal
Maryanne Martin, Esq.
Attached Service List

Recalculated Metrics with Exclusions

BI-3-01 Billing Accuracy - As Filed

	Actual Performance		Number of Observations			
	VZ	CLEC	VZ	All CLECs	Sampling Error	Z-Score
February-01	0.20	0.02	315333368.80	12794446.39	0.00	141.28
March-01	0.34	0.00	313655771.38	13723909.46	0.00	211.80
April-01	0.26	0.01	313720260.55	16033615.34	0.00	191.74
May-01	0.53	0.01	302432459.99	16201277.00	0.00	280.84
June-01	0.26	0.00	309946060.31	17457134.62	0.00	207.56

BI-3-01 Billing Accuracy - Recalculated with Exclusions

	Actual Performance		Number of Observations			
	VZ	CLEC	VZ	All CLECs	Sampling Error	Z-Score
February-01	0.20	9.01	315333368.80	12,794,446.39	0.00	-6914.64
March-01	0.34	0.24	313655771.38	13,723,909.46	0.00	62.29
April-01	0.26	2.60	313720260.55	16,033,615.34	0.00	-1794.68
May-01	0.53	3.06	302432459.99	16,201,277.00	0.00	-1366.41
June-01	0.26	9.31	309946060.31	17,457,134.62	0.00	-7224.62

BI-8-01 Non-Recurring Charge Completeness - As Filed

	Actual Performance		Number of Observations			
	VZ	CLEC	VZ	All CLECs	Sampling Error	Z-Score
February-01	97.76	100.09	6471202.67	189845.86		
March-01	96.40	99.30	6270908.75	959717.16		
April-01	97.21	99.76	7562656.54	1684764.44		
May-01	99.38	99.60	14644002.40	1750134.58		
June-01	98.23	99.93	7443280.76	3336825.02		

BI-8-01 Non-Recurring Charge Completeness -Including PCD - Recalculated with Exclusions

	Actual Performance		Number of Observations			
	VZ	CLEC	VZ	All CLECs	Sampling Error	Z-Score
February-01	97.76	100.01	6471202.67	2,177,291.00		
March-01	96.40	99.32	6270908.75	993,579.16		
April-01	97.21	99.67	7562656.54	12099524.95		
May-01	99.38	99.42	14644002.40	1196425.58		
June-01	98.23	99.80	7443280.76	107061.80		

BI-8-02 Non-Recurring Charge Completeness - Excluding PCD- as filed

	Actual Performance		Number of Observations			
	VZ	CLEC	VZ	All CLECs	Sampling Error	Z-Score
February-01	UR	UR				
March-01	UR	UR				
April-01	99.04	99.96	6,302,804.00	1,514,210.00	0.01	104.25
May-01	99.73	99.89	13,715,489.97	1,607,006.10	0.00	36.98
June-01	99.47	99.97	6,191,093.36	3,220,003.80	0.00	100.23

BI-8-02 Non-Recurring Charge Completeness - Excluding PCD- Recalculated with Exclusions

	Actual Performance		Number of Observations			
	VZ	CLEC	VZ	All CLECs	Sampling Error	Z-Score
February-01	UR	UR				
March-01	UR	UR				
April-01	99.04	99.94	6,302,804.00	1,038,970.00	0.01	87.17
May-01	99.73	99.83	13,715,489.97	1,053,297.00	0.01	19.06
June-01	99.47	99.90	6,191,093.36	958,240.00	0.01	53.95