C. Excessive Delays in Processing Must Be Corrected

Both consumers and competitors are harmed by BellSouth's excessive delays and errors in processing transactions as a result of excessive levels of manual handling (where even common types of orders fall to manual); the absence of integratable pre-order and order systems; reject levels that are twice as high as other BOCs; and BellSouth's refusal to use the industry standard means of connecting with CLECs through an interactive agent.

1. BellSouth Relies on Unacceptable Levels of Manual Processing

BellSouth processes too many orders manually in Georgia and Louisiana. Manual processing of orders inevitably results in delays and errors. Indeed, BellSouth has attributed much of its deficient performance to manual mistakes. For example, BellSouth has attributed loss of dial tone to manual errors in placing the "RRSO code" on orders. And it has attributed unclear error messages on rejects, as well as erroneous rejects, to manual errors. Thus, in explaining erroneous rejection of three hundred of WorldCom's initial orders, BellSouth witness Ainsworth said that "this issue was a simple case of what happens when humans are involved. They make mistakes." Ainsworth Alabama Rebuttal Testimony at 23 (Att. 11 to Lichtenberg, Desrosiers, Kinard & Cabe Decl.) WorldCom's own analysis shows that 5% of the manually processed rejects it received in September were erroneous and another 11% required further research because the cause of the rejection was unclear. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 51.) Forcing CLECs to do unnecessary, manually intensive work is every bit as damaging to competition as providing erroneous information.

As BellSouth acknowledges, KPMG, in its Georgia test, found 10 not satisfied observations for manually processed (partially-mechanized) orders related to accuracy and

timeliness. Stacy Aff. ¶¶ 480, 573. For example, manual errors led to return of inaccurate and belated FOCs and rejects and also led to failure to return completion notices altogether. BellSouth's own analysis of the completion notices that KPMG failed to receive during the Georgia test further demonstrates the errors caused by manual processing. Stacy Aff. ¶¶ 490-94. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 52.)

The FCC has found a "direct correlation between the evidence of order flow-through and the BOC's ability to provide competing carriers with nondiscriminatory access to the BOC's OSS functions." Louisiana II Order ¶ 107. Although the Commission has approved section 271 applications in other states with less than perfect flow through, it has done so because significant commercial experience in those states (or in other states in the same region) showed that the BOC was capable of handling increasing order volumes with existing levels of manual processing. BellSouth cannot make such a showing in Georgia where manual processing is leading to significant problems. Nor can it make such a showing in Louisiana where it has almost no experience in provisioning UNE-P to residential customers – especially given the evidence from Georgia that BellSouth's manual processes continue to lead to significant errors. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 53.)

WorldCom notes that BellSouth manually processes far too many of the orders that it ultimately rejects. In June, BellSouth rejected 10,895 mechanized UNE-P orders (according to its own data) of which it processed 6,388 rejects manually. Ex. PM-3 (O-8). In July, BellSouth rejected 10,891 mechanized UNE-P orders, of which it processed 5,711 manually. Ex. PM-4 (O-8). Thus, far too many of BellSouth's edits are based on manual evaluation by service representatives. This is a significant problem. The performance benchmark for timeliness of

manually processed rejects is far more lenient than for automated rejects. BellSouth must return 97% of mechanized rejects in one hour or less but must return only 85% of manually processed rejects within 10 hours. Moreover, with manually processed rejects, unlike mechanized rejects, non-business hours – including weekends – do not count in the measurement. Even more important, manual processing of orders often leads to erroneous rejection of orders and to descriptions of reject causes that are difficult for the CLEC to interpret. All of the September rejects that WorldCom received that it knows to be erroneous – and all of the rejects that WorldCom has had difficulty discerning – were manually processed by BellSouth. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 54.)

In addition, BellSouth manually processes far too many of the UNE-P orders it ultimately accepts and provisions – all of which should flow through. KPMG has found significant issues related to flow through in its Florida test. Florida Exceptions 86, 99, 107. And in Florida, BellSouth acknowledges that in May through July 2001, only 47 to 56% of its UNE orders flowed through. Stacy Aff. ¶ 299. (It does not provide specific data for UNE-P.) (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 55.)

BellSouth's flow through numbers may be significantly overstated. KPMG found that it could not replicate BellSouth's values for ordering percent flow through requests. Florida Observation 68 (Att. 4 to Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 56.) BellSouth recently revised WorldCom's flow through percentages for June and July by re-categorizing many LSRs that it originally categorized as "designed" fall out as CLEC-caused error. Thus, these LSRs no longer are considered LSRs that did not flow through. There is no reason to trust

BellSouth's revisions or, indeed, to trust BellSouth's flow through data generally.[13] (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 57.)

WorldCom recently discovered what appears to be an even more important flaw in BellSouth's flow through numbers. As discussed below, BellSouth recently analyzed WorldCom orders that had been manually processed and provided an explanation of why those orders had been manually processed. WorldCom took three of those orders that clearly fell out as a result of BellSouth-caused errors and looked them up in PMAP.[14] Remarkably, what we found is that each of these orders was considered to flow through in BellSouth's metrics even though BellSouth acknowledged manually processing these orders. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 58.) Although unsure why BellSouth considered these orders to flow through, what we presume is that these orders fell out for manual processing after BellSouth had already issued a FOC on these orders. If orders that do not flow through for basic systems errors such as these are counted as flow through, BellSouth's flow-through numbers are meaningless. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 59.)

Another reason that we do not trust BellSouth's flow through data and believe far more orders actually fall out is that we know that important order types do not flow through. In

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13 Moreover, BellSouth's revisions (and its flow through data generally) rely on the following premise: if an order falls out because of a BellSouth system error but the BellSouth representative then finds what he or she believes is some other error on the order, such as an address error, then BellSouth categorizes the order as CLEC-caused fallout. Thus, for example, if an WorldCom order falls out because the BellSouth retail customer had call forwarding – a problem we will discuss below – but the representative then finds an address error on the order, the order is not counted against BellSouth's flow through performance. And this is so even if the address "error" would not in fact have caused the order to drop out of BellSouth's systems. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 57.)

14 Many of the orders that BellSouth analyzed were from the end of August or September and thus the data is not yet available for these orders in PMAP. Thus, we chose orders from August that were clearly BellSouth system errors.

September, BellSouth analyzed 89 randomly selected WorldCom UNE-P orders to determine why they fell out. Of these orders, there were 18 that fell out as a result of address errors. BellSouth would categorize these errors as WorldCom errors and thus would exclude them from its flow-through analysis – even though, as discussed below, it is BellSouth's systems requirements that force WorldCom to transmit addresses. Even setting aside the address issue, however, more than 50 of 89 orders fell out as a result of BellSouth issues. Fourteen orders fell out because BellSouth was unable to recognize requests for second lines and instead believed these requests might be duplicate orders, nine fell out because the customer had voice mail or call forwarding as part of the retail service, six fell out because the customer had installation on an installment plan, eight fell out as a result of various BellSouth systems issues, eight fell out because of "planned fallout – Sup on RRSO" (BellSouth is researching this issue to see where this is described in BellSouth's documents as planned fallout); six fell out because the service orders were not posting correctly, which BellSouth said is planned manual; one order fell out because the BellSouth representative copied an incorrect zip code from the CSR; one fell out because of a BellSouth promotion; one fell out because there was a pending winback order from BellSouth even though WorldCom has not received a loss notification on that line.[15] Thus, 54 of the 89 orders that fell out for manual processing did so as a result of BellSouth errors or planned fallout on simple orders. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 61.)

This list emphasizes that even very basic UNE-P orders often are considered "designed

15 In and of itself, this is a significant problem because BellSouth should not be winning back customers before it has even processed the CLEC's order. In late July 2001, the Georgia Commission, in a temporary order, prohibited BellSouth from contacting the customer for seven days following a change in service providers. Proceedings concerning this problem are continuing.

fall out" by BellSouth – whether or not they fall within the categories that BellSouth previously has indicated are considered designed fallout. The six orders that fell out because the service orders were not posting correctly appear to fall under the category of "pending order review required" which BellSouth considers planned fall out. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 62.) On the other hand, the nine orders that fell out because the retail customer had call forwarding or voice mail are not specified as planned fall out anywhere in BellSouth's documentation.[16] This suggests the potential existence of many types of orders that have been designed to fall out for manual processing but that BellSouth has not revealed to CLECs. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶¶ 63-64.) It is clear that all of these basic UNE-P orders should flow through. It is unacceptable for basic UNE-P migration orders to fall out for manual processing because the BellSouth retail customer had call forwarding or voice mail, for example – two very common types of features.

Finally, a letter BellSouth transmitted on October 1 that discussed two orders that fell out because they had voice mail and/or call forwarding demonstrates some of the problems manual processing can cause. (BellSouth later transmitted an e-mail discussing a third order that involved similar problems.) After both LSRs fell out for manual processing, the service representatives then checked the service orders to determine whether there were errors on the orders. In both cases, the service representatives incorrectly rejected the orders. In addition to rejecting the orders incorrectly, the representatives compounded their errors by making a second

16 Worse, in his recent deposition, Mr. Stacy indicated that if a BellSouth retail customer has enhanced voice mail, or has DSL, a CLEC cannot even order service for that customer – the order will drop out and be rejected and there is no way to fix the problem unless the customer first calls BellSouth and removes enhanced voice mail or DSL from his line. (Stacy Dep. at 199-201.)

mistake. Apparently, when an LSR falls out for manual processing, the representatives must cancel the original N and D orders if they reject the LSR. The representatives did not do so for the two LSRs in question. Thus, even though the representatives transmitted reject messages to WorldCom, the N and D orders completed. BellSouth did not then transmit completion notices, however, because some of BellSouth's systems still viewed the orders as having been rejected. WorldCom therefore continued to believe the orders had been rejected and that it needed to determine why the orders had been rejected and to clarify the orders. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶¶ 65-66.)

These orders are not atypical. BellSouth attributes almost every problem WorldCom experiences to manual errors, and yet it continues to manually process many basic UNE-P orders. BellSouth must ensure that almost all basic UNE-P orders flow through before it obtains section 271 authorization. Its current high level of manual processing is causing too many delays and errors.[17]

2. BellSouth Lacks Integratable Pre-order and Order Systems

In order for local competitors to allow consumers to change local carriers efficiently, fully integratable pre-ordering and ordering interfaces are needed, as this Commission has long recognized. Indeed, this was one of the primary reasons the Commission rejected each of BellSouth's prior section 271 applications. South Carolina Order ¶¶ 155-66; Louisiana I Order

17 BellSouth's performance plan will not induce BellSouth to improve its flow-through performance. While BellSouth's Percent Flow Through measure (0-4) receives Tier I treatment, the Percent Flow Through measure excludes from consideration orders which do not flow through because BellSouth has planned for these orders to be handled manually. BellSouth's Percent Achieved Flow Through measure comes closer to capturing the CLEC's immediate experience of BellSouth's ordering OSS; it calculates the percentage of accurately placed orders that can be expected to flow through – excluding CLEC errors but not excluding orders BellSouth plans to handle manually. But there are no penalties associated with this measure. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 68.)

¶¶ 49-55; Louisiana II Order ¶¶ 96-103. In each prior application WorldCom explained the importance of parsed CSRs in achieving integration and also enabling CLECs to import important information into their own systems. Each time, BellSouth responded that it provided alternative means for CLECs to integrate pre-ordering and ordering interfaces, but the Commission properly found these means to be wanting. As the Commission explained in approving Bell Atlantic's New York section 271 application, "the BOC must enable competing carriers to transfer pre-ordering information electronically to the BOC's ordering interface or to the carriers' own back office systems, which may require 'parsing' pre-ordering information into identifiable fields." New York Order ¶ 137. In the Texas Order, although the FCC concluded that parsed CSRs were not the only way that a BOC could enable CLECs to integrate pre-ordering and ordering, the Commission explained that a BOC could most readily show its interfaces were integratable by offering parsed CSRs. Texas Order ¶ 153.

Remarkably, BellSouth again applies for section 271 approval but still fails to offer parsed CSRs. It again claims that CLECs are able to integrate pre-order and order interfaces without parsed CSRs. But parsed CSRs are by far the most effective means of achieving pre-order/order integration. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 12.) If the information on a CSR is fully parsed, CLECs can take that information and import it directly into their own back-end systems and also place the information directly into the requisite fields on an order. (Id.)

Thus, in the Verizon region, for example, where WorldCom has access to parsed CSRs, WorldCom creates records for its own systems that include the customer's name, service address, billing address, directory listing address, existing features, and whether the customer is a

residential or business customer – without the need for any re-typing. By contrast, in Georgia, WorldCom types all of this information into its own systems (with the exception of the service address that is discussed below). Typing the information takes significant time and leads to keying errors. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 13.)

Although CLECs have emphasized the need for parsed CSRs since at least 1997, BellSouth has continually delayed implementation of parsed CSRs. The Georgia Commission has finally ordered BellSouth to provide parsed CSRs in January 2002, which is too late to analyze for this application. Even if that date is met, however, it is unlikely that BellSouth will provide parsed CSRs that meet the needs of CLECs. When BellSouth finally released draft user requirements on September 7, 2001, they were far different than those it had agreed to with CLECs in November 2000, much to our consternation. Prior to September 2001, BellSouth never indicated to CLECs its intention to deviate from the November 2000 requirements. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 14.)

In the absence of parsed CSRs, CLECs cannot take the information on the CSR and use it directly to prepopulate an order. One alternative is to attempt to parse the information on the CSR ourselves. This is quite difficult in general and is particularly difficult with respect to a customer's address, which contains many components that are not easily distinguished from each other. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 15.)

Verizon early on recognized this difficulty and, in addition to offering parsed CSRs to CLECs, also enabled CLECs to place migration orders without submitting a service address. CLECs can place the order based on the customer's telephone number. Similarly, when CLECs suggested during the Texas section 271 process that migration by telephone number would be of

significant assistance, SBC implemented this change relatively quickly. In approving SWBT's section 271 application in Texas, the FCC explained that this enhancement "provides assurances that carriers that have yet to attempt integration should be able to avoid the burden of receiving and processing a large number of address-related rejects." Texas Order ¶ 160. WorldCom has found this enhancement to be helpful in reducing its reject rate. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 16.)

But years after Verizon and SWBT implemented ordering by telephone number, BellSouth continued to refuse to do so. The Georgia Commission has now ordered BellSouth to implement migration by telephone number and BellSouth has now announced that it will do so, as ordered, on November 3, 2001. But BellSouth failed to provide reasonable notice of the change to CLECs and did not release documentation for this change until Friday, October 19, 2001, making it difficult for CLECs to revise the coding of their interface to take advantage of this important change. Indeed, on initial review of this documentation, it appears to be unclear whether BellSouth will simply ignore the address that CLECs send (as does SWBT) or whether CLECs will be required to rewrite their interface to stop sending this data.[18] In any case, it is unknown whether BellSouth will meet the November 3 date, whether BellSouth's enhancement will work properly as released, or whether this change will actually add to the manual handling of orders, given the unclear documentation. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶¶ 17-18.) Clearly, BellSouth should have implemented migration by telephone number prior to seeking section 271 authorization.

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18 For example, should WorldCom have to remove the address from its LSRs, it needs documented business rules to prepare that coding and to determine if the address field should be blank, or contain default characters, etc.

CLECs will need to be able to obtain parsed information from the CSR, however, even after BellSouth implements migration by telephone number. BellSouth asserts that it already "provides CLECs with all the specifications necessary for integrating BellSouth's interfaces" and that CLECs therefore do not need parsed CSRs. Stacy Aff. ¶ 36; see also id. ¶ 220. BellSouth suggests that a number of CLECs including WorldCom may have successfully integrated pre-ordering and ordering interfaces (Stacy Aff. ¶ 37), but fails to show that any CLECs have been able to integrate pre-ordering and ordering interfaces and achieve a reasonable reject percentage. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 19.)

As for WorldCom's ostensible ability to integrate pre-ordering and ordering, to date WorldCom is submitting a very high proportion of UNE-P migration orders, not new installations. On these orders, WorldCom is able to obtain the service address through BellSouth's address validation function that dips into the Regional Street Address Guide ("RSAG") database. This address is provided in parsed format. The customer's name, however, is not provided in parsed format. WorldCom representatives therefore look at the customer's name on the CSR and, because it is not parsed, type the name onto the orders. This forces WorldCom representatives to use two pre-order functions – address validation and CSR, when they should only have to use one. And if they make any errors in typing the name, the orders will be rejected. Our concerns are not merely theoretical – of the 1,316 manually processed rejects that WorldCom received in September 2001, 119 were for incorrect name and another 357 may have been for incorrect name.[19] (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 20.)

19 The information on these rejects either did not distinguish between incorrect name and address or indicated that both were incorrect.

Moreover, as noted above, WorldCom must type substantial additional information into its own systems such as the customer's directory listing and billing address because it does not have a parsed CSR. Much of this information is used on orders even if it is not always needed on initial UNE-P migration orders. The directory listing address, for example, is used on directory listing orders. It would be far easier for WorldCom to import this information into its systems and then make the changes the customer wants rather than starting fresh and risking typing errors. Other information, such as whether the customer is a residential or business customer, is required even on initial orders. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 20.)

Finally, although BellSouth ostensibly provides a parsed service address with use of the address validation process, WorldCom continues to receive far too many address rejects, as discussed below. Indeed, in Georgia, 21% of the rejects WorldCom has received on migration orders have been for incorrect name or address. (In September, for all order types WorldCom submitted, 16% of the automated rejects and 51% of the manually processed rejects WorldCom received were for invalid name or address. WorldCom should not be receiving address rejects if BellSouth is properly parsing the information in RSAG and then editing the orders WorldCom transmits against RSAG. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 22.)

BellSouth may not always be editing orders exclusively against RSAG, however. One hundred of the 421 manual address rejects WorldCom received the week ending September 21 stated that the "LSR address does not match the CSR address." (emphasis added). Similarly, WorldCom looked at the August rejects in PMAP and found that 140 of these rejects involved a mismatch between the address and the CSR. This suggests that to avoid rejects WorldCom

should be pulling the address from the CSR, not from RSAG, even though BellSouth had repeatedly told WorldCom that all address edits are made against RSAG, not the CSR. It also makes it difficult for WorldCom representatives correcting the reject to know whether to check the CSR or RSAG address. In any event, WorldCom would not have received any of these address rejects if BellSouth did not require addresses to be placed on migration orders. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 22.)

There is simply no excuse for BellSouth's failure to offer parsed CSRs and migration by TN years after other BOCs have done so – and three years after this Commission emphasized to BellSouth the importance of integratable interfaces. BellSouth should not be given section 271 authority until it provides parsed CSRs and migration by TN.

3. Reject Levels Are Excessive

As WorldCom gains experience in local markets in various regions, we are increasingly able to compare our experience in one region to the others. It is clear that BellSouth rejects[3] an excessive proportion of WorldCom orders, far more than are rejected by other BOCs. WorldCom's data show that BellSouth rejected 24.0% of WorldCom's transactions for simple UNE-P migrations in May 2001, 24.9% in June, 28.3% in July and 26.2% in August.[4] In contrast, the reject rate on migration orders in the other states WorldCom has entered is far lower. The reject rate on WorldCom's UNE-P migration orders in Michigan from January through August 2001 was 10.6%, 11.6% in Illinois, 11.9% in Pennsylvania, 14.6% in Texas, and

20 WorldCom uses the term reject to encompass all orders returned to CLECs – whether so-called fatal rejects that cannot be corrected or so-called "clarifications" that can be corrected and re-submitted to BellSouth.

17.9% in New York (where a systems problem temporarily increased the reject rate for three months significantly above normal levels). (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 24.)

The rejection of orders significantly delays completion of these orders. It also causes CLECs to expend significant effort working to correct and re-transmit rejected orders. Of course, if the order is rejected a second time, completion of the order is delayed even further. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 25.)

BellSouth contends that its reject rate is acceptable, and argues that the rate is lower than WorldCom indicates and is, in any event, the fault of CLECs. But whatever explains the discrepancy between BellSouth's data and WorldCom's data,[22] WorldCom's data comparing its reject rate in different states is based on a consistent methodology in those different states.[7] Thus, there is no doubt that WorldCom's reject rate on UNE-P migration orders in Georgia is almost twice that in the other states it has entered even though WorldCom is using the same processes to transmit orders in each of these states. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 26.) Thus, BellSouth's systems and representatives are surely the cause of the unacceptably high reject rate.[8]

Several aspects of BellSouth's OSS contribute to its high reject rate. As explained above,

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21 Because almost all of the orders WorldCom has submitted to date in Georgia have been migration orders, the overall reject rate WorldCom has experienced in Georgia is almost identical to that for migration orders: 24.0% in May, 24.9% in June, 27.2% in July, and 26.0% in August.

22 See Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 26.

23 KPMG's evaluation of BellSouth's data on percent rejects was incomplete as a result of discrepancies KPMG found in time stamps that it evaluated. Georgia MTP O&P 7-1-3.

24 BellSouth contends it will offer CLECs an action plan to reduce their rejects. Stacy Aff. ¶ 111. But WorldCom has been asking since it first launched for BellSouth to provide an explanation of the reasons its orders were being manually processed and/or rejected. It was only in September that BellSouth provided explanations based on a sample of 89 orders. As we discuss above, the explanation generally was BellSouth errors or system design.

other BOCs do not require addresses to be submitted on UNE-P migration orders and may also provide parsed CSRs. BellSouth does neither. As a result, WorldCom receives a high number of rejects for incorrect addresses on migration orders in Georgia but not in other states. As described above, 21% of the total rejects on migration orders have been for incorrect name or address and the rejection rate for addresses is even higher on new installations. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 27.)

In addition to rejects caused by BellSouth systems requirements with respect to addresses, BellSouth rejected many orders as a result of a policy it had with respect to rejected orders. Until it made an unannounced systems change on October 6 – after filing this application – BellSouth cancelled rejected orders in ten days if they were not corrected and re-transmitted in that time. This policy caused rejects because CLECs that attempted to correct and re-transmit a rejected order were often unaware exactly when the ten day clock would run out – or the re-transmitted order might have taken some period of time to reach BellSouth (as a result of BellSouth's use of a Value Added Network, which is discussed below). (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶¶ 27-28.) Hopefully, BellSouth's new 30-day policy – which was ordered by the Georgia Commission – will reduce WorldCom's reject rate. But BellSouth should have implemented this change before applying for section 271 authorization, and waited to see the effects of the change.

BellSouth continues to reject some orders for reasons that are simply erroneous. For example, BellSouth continues to reject a number of orders because the end user name on the order does not match the directory listing name in BellSouth's database, even though it is of course acceptable for the listed name to be different from the service name. In September as a

whole, 1.9% of the rejects WorldCom received (5% of the manually processed rejects) were invalid rejects for reasons such as these. Another 11% of the manually processed rejects needed further research because WorldCom could not determine the cause of the reject. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 29.) Like WorldCom, KPMG experienced problems with erroneous rejects during its Georgia test. Georgia MTP O&P 1-4-2, 2-4-2, Georgia STP PO&P 11-4-4, Stacy Aff. ¶¶ 497-505. Eighteen percent of the manually processed rejects it received during re-test activities were erroneous and others did not contain clear error descriptions. Georgia MTP O&P 1-4-2. KPMG did not perform an additional re-test to determine whether this problem had been fixed.

Thus, it remains true, as this Commission explained in rejecting BellSouth's application for section 271 authority in South Carolina in 1997, that

> BellSouth has not adequately explained or supported its contention that the errors of competing carriers are the cause of its EDI interface's high rejection rate. Instead, the record evidence supports a finding that the high error rates are due, to a significant degree, to BellSouth's failure to meet its obligation to provide competing carriers with information and support concerning the effective use of the EDI interface. We also find that deficiencies in BellSouth's OSS access, such as the lack of integration between the pre-ordering and ordering functions, are contributing to competing carriers' high error rates. We find that the high rejection rate of BellSouth's EDI interface precludes competing carriers from obtaining nondiscriminatory access to ordering and provisioning systems.

South Carolina Order ¶ 114.

As was true for CLECs in 1997 and 1998, BellSouth's high reject level causes significant problems for WorldCom and its customers and substantially increases our costs. BellSouth must adopt systems fixes that reduce this rate substantially before obtaining section 271 authorization.

4. BellSouth Fails to Provide "Interactive Agent"

BellSouth seems to insist on doing things the hard way for CLECs, even after the rest of the industry has found and adopted a better solution. BellSouth is the only BOC that processes WorldCom's platform EDI orders through a so-called Value Added Network ("VAN"), rather than having an "Interactive Agent" for better information flow directly between BellSouth and CLECs. A VAN creates a stopping point between the CLECs and BellSouth, where orders and notifiers are often delayed significantly and may even be lost altogether. Because BellSouth uses a VAN, WorldCom must use its own third-party VAN provider to link to BellSouth's VAN provider. Orders transmitted from CLECs to BellSouth and acknowledgments, firm order confirmations and other notifiers from BellSouth to the CLECs must pass through the VAN. One cause of the missing notifier problem discussed above is that notifiers are being lost in the VAN. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 33.)

Moreover, the very possibility that orders or notifiers can become lost in the VAN creates difficulties for CLECs. If WorldCom is missing a notifier and asks BellSouth to trace the notifier, BellSouth must look not only in its own systems but must also determine whether the notifier is stuck in the VAN.[25] (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 35.)

Delays caused by BellSouth's use of a VAN are not captured by BellSouth's performance measures. BellSouth measures the timeliness of its notifiers based on when they leave "EDI Central," before they reach the VAN. (Stacy Dep. at 227-28).[1/] If the notifier leaves BellSouth on time, it counts as on time in BellSouth's performance measures even if it sits in the VAN for

25 Because transactions are sent through the VAN in batches, entire batches must be searched rather than simply looking for individual notifiers. And the VAN does not have a log file; after seven days the record of transactions in the VAN disappears.

days before reaching the CLEC. BellSouth's measures based on completeness of notifications provided to CLECs also will be satisfied even if notifiers remain "stuck" in the VAN. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 34.)

BellSouth's OSS witness has acknowledged that "a VAN was set up primarily for occasional or intermittent or low-volume connection requirements." (Stacy Dep. at 163-64.) Because of the inherent difficulties with use of a VAN, it is not a desirable means of connection for CLECs such as WorldCom that are transmitting thousands of orders per week. In a September 28 deposition, BellSouth suggested that instead of using a VAN, larger CLECs should use BellSouth's "Connect Direct." (Stacy Dep. at 163-64). But BellSouth had never before suggested this to WorldCom and none of its documentation indicates that high volume CLECs should use Connect Direct. Moreover, Connect Direct is a proprietary interface, created by a third-party vendor, that is not the method chosen by the industry for transmission of high volumes of EDI transactions. Like transmission through a VAN, Connect Direct is a batch process, and there is no reason to believe it would work any better than the VAN. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶¶ 36-37.)

The industry has chosen EDI TCP/IP/SSL3 – Interactive Agent as the method for submitting high volumes of orders in a competitive production environment. With other BOCs, WorldCom submits its orders using Interactive Agent directly to the BOC and receives acknowledgments, firm order confirmations and other notices directly back from the BOC. Interactive Agent allows CLEC to send orders individually, rather than in batches, and has a log

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26 Indeed, BellSouth is currently time stamping some notifiers in its LEO system, before they even reach EDI Central.

file that allows parties rapidly to search for missing orders or notifiers. Indeed, because of the advantages of Interactive Agent, Verizon even sponsored seminars introducing it to CLECs and encouraging them to move to this ordering method. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 38.)

BellSouth acknowledges that WorldCom submitted a change request on September 26, 2000 requesting Interactive Agent but states that development is currently on hold because CLECs prioritized that request 21st out of 36 change requests at the April 25, 2001 meeting. However, BellSouth neglects to state that between September 2000 and April 2001 it failed even to put the change request before CLECs to prioritize at all. This is a flaw in the change management process that will be discussed further below. Moreover, the fact that CLECs ranked this change 21st on the priority list in April 2001 does not indicate that it is not important, only that those CLECs that do not use EDI for ordering – or place small volumes of orders – do not need Interactive Agent. For high volume CLECs such as WorldCom, Interactive Agent is extremely important. Moreover, if BellSouth implemented even six CLEC requests per quarter, a change request ranked 21st would already have been implemented by now. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 39.) In any event, BellSouth should not be able to avoid responsibility for implementing Interactive Agent simply by hiding behind change management – especially since BellSouth makes few changes and even delays implementation of change requests CLECs have ranked at the top of the priority lists.

D. <u>Systems Change Processes Are Inadequate</u>

With the ongoing evolution of telecommunications systems, the interfaces and processes

by which CLECs interact with BellSouth must change as well. Change management is the vital process by which CLECs and BellSouth determine which changes are needed, and then implement those changes in such a manner that they do not have significant negative impacts on customers or CLECs. An important part of ensuring that changes will not harm consumers is having an adequate environment that mirrors production but is entirely independent from production systems in which CLECs may freely test changes. Unfortunately, BellSouth does not follow proper change management processes, including its failure to permit adequate testing.

1. Change Management Must Be Improved

In order to prevent substantial harm to CLEC customers, BellSouth needs change management processes in place that ensure that CLECs are able to obtain necessary changes and have sufficient notification of BellSouth changes to allow adaptation and testing. BellSouth also needs to ensure that flaws in its systems are remedied promptly. Unfortunately, BellSouth fails on each of these core elements of change management.

The FCC has consistently emphasized the importance of change management. In its Order approving Bell Atlantic's New York Section 271 application, it explained that as part of a BOC's demonstration that it provides efficient competitors a meaningful opportunity to compete, "the Commission will give substantial consideration to the existence of an adequate change management process and evidence that the BOC has adhered to this process over time." New York Order ¶ 102; Texas Order ¶ 106. As the FCC explained, "[w]ithout a change management process in place, a BOC can impose substantial costs on competing carriers simply by making changes to its systems and interfaces without providing adequate testing opportunities and accurate and timely notice and documentation of changes." New York Order ¶ 204.

Importantly, BellSouth fails to consider important aspects of OSS subject to change control at all. In response to WorldCom requests for changes related to billing, BellSouth has informed WorldCom that billing falls outside the change control process altogether. However,

there is nothing in the change control plan that imposes such a limitation. And such a limitation precludes CLECs not only from obtaining important changes to an obviously critical OSS function, but also from being notified of such changes. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 147.) BellSouth's change management rules and its implementation of those rules must improve in a number of important ways before CLECs in the BellSouth region will have an adequate opportunity to compete.

BellSouth's performance metrics do not include any measures that would capture the defects with BellSouth's change management process discussed here. BellSouth's Change Control Metrics do measure the timeliness of change notifications and documentation, but even these measures have extremely lax standards. BellSouth's change management plan used to allow it to release documentation shortly before a release. While BellSouth recently has committed to longer intervals for various types of notices for business rules and technical documentation, it can meet its performance plan without meeting these new intervals, as the new intervals have not been imported into the plan. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 157 n.29.)

Nor does the Georgia OSS test demonstrate that BellSouth's change management process is adequate. KPMG did not specifically address some of the problems described below, such as the lengthy time frame for implementation of "Type 6" changes to correct problems in production versions of interfaces. KPMG appears to concur that other problems exist, despite its conclusion that BellSouth's performance was satisfactory.[27]

a. CLEC Requested Changes Must Be Made

27 For example, KPMG describes the "backlog of [CLEC] change requests that, at the time of this report, were prioritized but unscheduled for implementation into a release." Georgia MTP CM-1-1-3. KPMG also describes the balloting of proposals designed to help alleviate the backlog and noted that its "change management evaluation concluded prior to CLEC-BLS voting on these balloted items." Id. KPMG nonetheless found BellSouth's change control process satisfactory without explaining why.

The BellSouth change management process has a number of important flaws, the most fundamental of which is BellSouth's failure to implement enough CLEC-initiated change requests. Although BellSouth's change control plan in theory allows CLECs to prioritize change requests, in practice BellSouth often delays implementation of CLEC-initiated requests. In approving Bell Atlantic's New York section 271 application, the FCC emphasized that Bell Atlantic's process "prioritize[d] changes based on merit, rather than the sponsor of the change," id. ¶ 106, and noted "we would be concerned about the impact of a BOC disregarding input from competing carriers on change management issues." New York Order ¶ 124. BellSouth disregards just such input and vital CLEC requests, such as provision of fully parsed CSRs, which often take years to implement. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 124.)

BellSouth's change management plan includes processes for both BellSouth and CLECs to propose changes. But there is nothing in the change management plan that requires BellSouth to schedule and implement CLEC change requests. BellSouth can refuse to accept CLEC change requests, can accept them and not schedule them, or can schedule them and then change the schedule. This is so even if the CLEC's request is entirely reasonable and is a top priority of the CLECs. BellSouth has abused its control in order to deviate from the change management schedule or simply to delay implementation of CLEC-initiated change requests because nothing in the plan precludes it from doing so. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶¶ 125-26.) Analysis of CLEC-initiated change requests in the Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶¶ 127-132 shows that BellSouth delays implementation of these requests at each stage of the process.

As of September 5, BellSouth had scheduled only two CLEC change requests for implementation in upcoming releases – both for 2002. Of the 42 "candidate requests" that BellSouth has not scheduled for implementation, 23 were initiated more than one year ago, including five that were initiated in 1999. Nineteen of the 23 were CLEC-initiated requests,

including all five 1999 requests.[28] BellSouth's delay implementing CLEC-initiated change requests is further evident from the two requests that BellSouth has scheduled for implementation. Both of the CLEC-initiated change requests that BellSouth presently has scheduled to implement in upcoming releases are longstanding requests, which were requested in May 2000 and August 1999. Based on the order of the Georgia Commission, parsed CSRs will now ostensibly be implemented in January 2002. None of the other CLEC-initiated change requests are yet scheduled for implementation in upcoming releases. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶¶ 131, 134.)

It is instructive to compare the number of changes that have been prioritized in the BellSouth region since October 2000 with those that have been implemented in the Verizon region. In BellSouth, a total of 58 prioritized change requests were implemented over this period. In contrast, Verizon implemented 170 prioritized changes over the same time period. Moreover, in Verizon almost all of the requested changes were prioritized. As of October, 2001, only one requested change remained to be prioritized. In BellSouth, however, a multitude of change requests have not even been prioritized, much less implemented. BellSouth's delay in implementing prioritized changes often has significant negative impacts on CLECs. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶¶ 136-37.)

In Florida, KPMG has several open exceptions and observations regarding the same change management process BellSouth relies on here. On June 29, 2001, KPMG opened Observation 86 because the BellSouth change management team "does not provide all prioritized Change Requests to the BellSouth IT Team for development and implementation." (Florida Observation 86.) As a result of this observation, CLECs for the first time became aware that BellSouth's IT organization was not even given all prioritized changes to consider for

28 CR 364 (form of directory listing that drops from 411/DA), CR 365 (allow 1 LSR to change main account number on a listings only account), CR 366 (handling of remaining service on partial migrations), CR 367 (LEAN/LEATN fields) and CR 368 (provide CFA on pre-order).

implementation. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 154.)

On August 29, 2001, KPMG also opened Exception 106 because "[t]he BellSouth IT Team does not have criteria to develop the scope of a Release Package." Florida Exception 106. KPMG added that "[t]he lack of established and documented development criteria may result in the BellSouth IT team overlooking and/or ignoring important change requests. Important change requests that remain unimplemented prevent CLECs from receiving requested order and pre-order functionality that may allow CLECs to compete more effectively in the local exchange carrier market." Id. That is exactly what has happened in Georgia. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 156.)

b. Notice of BellSouth Changes Must Be Given

BellSouth must provide a more complete release schedule. Until recently, BellSouth, unlike other BOCs such as Verizon, has not had any fixed release schedule establishing which new interface versions will be released on specific days of the month or specific months of the year, so that CLECs can plan well in advance when to expect a release. BellSouth now provides such a schedule but does not include in that schedule the expected content of future releases. The schedule will provide the days on which releases will occur but not what functionality will be included in those releases. Thus, CLECs still cannot plan in advance as to when specific changes can be expected. Moreover, CLECs have no means to assess whether BellSouth is appropriately implementing CLEC change requests until the releases are almost upon them. By contrast, other BOCs provide such a schedule. Verizon and SWBT have long had schedules in which releases occur on particular days and provide well in advance a list of the planned functionality that will be incorporated in each release. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶¶ 151-52.) The FCC thus noted approvingly that SWBT provides "competing carriers with a '12-Month Development Plan,' which reflects SWBT's plans for future OSS modifications." Texas Order ¶ 111. BellSouth should do the same.

BellSouth's contention that billing falls outside the change management process allows it to avoid including CLECs in discussion of billing changes. BellSouth currently has plans to launch a new "Tapestry" billing system as early as November. Yet BellSouth never discussed this change during the change control process. Instead, after CLECs discovered BellSouth's plan, they demanded that BellSouth explain why this new billing system was not being discussed in change control meetings. BellSouth responded that billing falls outside change management and that, in any event, the change was not CLEC-impacting and thus did not have to go through change management. BellSouth did eventually hold a meeting to discuss the billing changes it had unilaterally decided to implement but did not announce the meeting to the CLEC community as a whole. At that meeting, it repeated its explanations as to why the changes had not gone through change management. BellSouth's unilateral determination that a significant change to its billing process is not CLEC-impacting is problematic to say the least. As the questions asked at the October 11 meeting indicate, there are numerous aspects of the billing change that directly affect CLECs. This is true of most systems changes that BellSouth unilaterally decides to exclude from the change management process because it determines they do not impact CLECs. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 148.)

BellSouth's policy change regarding cancellation of orders when a reject was not corrected in 10 days is instructive. On June 22, 2001, WorldCom submitted change request 436 requesting that BellSouth extend the window to 30 days, after seeing literally thousands of its orders "age off" and reject due to BellSouth's restrictive policy. BellSouth first told WorldCom that it was impossible for it to do this, later told WorldCom it was contrary to its policy to do this, and finally, told WorldCom that this change would exceed the capacity of its systems.[29] Yet after the Georgia Commission ordered BellSouth to implement this simple and extremely

29 BellSouth should not have resisted this simple change in the first place. Other BOCs, such as Verizon and SWBT, long have provided CLECs with 30 days to correct the order and implemented this 30 day policy immediately after CLECs requested it.

important change, BellSouth was able to do so within days, but did so without following the change management process. BellSouth made the change for a subset of LSRs (fully mechanized LSRs) on October 6. But BellSouth did not notify CLECs of the change until October 12. BellSouth should have recognized the importance of this change when WorldCom first requested it, agreed to implement the change, and provided proper notification to CLECs before implementing the change. Moreover, it should have made the change prior to applying for section 271 authorization. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶¶ 145-46.)

On July 25, 2001, KPMG opened Exception 88 because the "BellSouth Change Control Prioritization process does not allow CLECs to be involved in prioritization of all CLEC impacting change requests." (Florida Exception 88, Att. 4 to Lichtenberg, Desrosiers, Kinard & Cabe Decl.) KPMG explained that BellSouth uses an internal prioritization list based on changes that it believes are not CLEC-affecting. This means that CLECs have no warning of these changes – which may in fact turn out to be CLEC affecting. We have described a number of examples of such changes. This also means that requests CLECs have not prioritized crowd out those they have prioritized. As KPMG explained, "[t]his policy inhibits one of the primary objectives of the Change Control Plan (CCP) 'to allow for mutual impact assessment and resource planning to manage and schedule changes.'" BellSouth is assessing its response. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 155.)

c. System Errors Must Be Resolved More Quickly

An additional problem with BellSouth's change management process is that BellSouth fails to implement "Type 6" changes quickly enough. A Type 6 change corrects problems discovered in production versions of an application interface either because the interface is not working in accordance with published requirements or because agreed-upon requirements result in inoperable functionality. Stacy Aff. at OSS Ex. 39 at 42. BellSouth separates Type 6 changes into High Impact (impairs critical functions and no electronic workaround exists); medium

impact (impairs critical system functions, though a workaround solution does exist), and low impact (causes inconvenience or annoyance). Id. The change control process calls for BellSouth to internally determine solutions for high impact defects in 10 days with best effort used to achieve a shorter period, medium impact defects in 90 days with best effort used to achieve a shorter period and low impact defects using best effort. (Additional time is required for other steps in the resolution process.) BellSouth has rejected the CLECs' proposal in which it would be required to complete the internal resolution process for medium impact defects in 4-10 business days with best effort used to achieve the earlier number, and low impact defects within a 4-20 business day range with best effort used to achieve the earlier number. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 149.)

A medium impact defect affects critical functionality, even if a manual workaround exists. Given WorldCom's order volume, WorldCom cannot fall into a manual mode for up to 90 days. This would be extremely costly to WorldCom and would result in extensive delays. Further, low impact defects which cause inconvenience should also be resolved rapidly, not simply left to a "best efforts" standard. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 150.)

2. Independent Test Environment Is Critical

The FCC has emphasized the importance of a stable testing environment that mirrors the production environment and that enables CLECs to ensure interfaces are ready before they begin using those interfaces. New York Order ¶¶ 108-09, 111, 119-22; Texas Order ¶¶ 132-43. BellSouth has only recently implemented a CLEC Test Environment that ostensibly is separate from the production environment. Indeed, after WorldCom launched service in Georgia in April 2001, we could not do additional testing unless we were willing to do so in the production environment, at a risk to our customers, which we were not. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 158.)

BellSouth recently put in place its CLEC Application Verification Environment

("CAVE") testing environment. BellSouth claims that CAVE is a separate testing environment, but it is not. BellSouth, unlike Verizon or SBC in any of its regions, requires CLECs to use different codes when testing in CAVE than they do in production. For testing, BellSouth provides CLECs with fictitious customer codes, customer carrier name abbreviations, carrier identification codes, and billing account numbers.[30] Because WorldCom was suspicious that these fictitious codes were used to separate test orders from production orders in BellSouth's production systems, it asked BellSouth why it needed to use these fictitious numbers. BellSouth responded that CAVE is a front-end ordering process that interfaces BellSouth's back-end production systems and that, just as WorldCom suspected, the fictitious numbers are used to separate out test orders from production orders. Thus, CAVE is not actually a separate test environment as BellSouth has claimed.[31] (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶¶ 159, 162.)

This was confirmed several weeks later. On October 1, BellSouth re-flowed 1521 production notifiers into WorldCom's test environment in an effort to transmit to WorldCom notifiers that had previously been missing. These notifiers contained the correct Purchase Order Number ("PON") values that were missing but were sent to WorldCom with test Trading Partner IDs thus causing the responses to end up in WorldCom's test environment. Thus, BellSouth's production and testing systems appear to be the same. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 160.)

The absence of a separate test environment is a substantial problem. Without a separate test environment, test orders and changes made during testing can negatively impact the

30 Changing this coding would risk creating serious problems with WorldCom production orders and WorldCom is unwilling to take this risk. Thus, when WorldCom did submit test transactions to CAVE in September, it manually changed the codes on each test order. This causes unnecessary work. It also alters the nature of WorldCom's ordering process and thus makes the test results less reliable.

31 After this meeting, BellSouth sent WorldCom meeting minutes that did not include this explanation of CAVE. WorldCom corrected the minutes and returned them to BellSouth. (Att. 20). BellSouth never responded that WorldCom's understanding was incorrect.

production environment.[32] (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 161.)

In addition, CAVE is now unavailable for use until the January 2002 production release. (Att. 7, Stacy Dep. at 140-41.) In and of itself, this is a significant problem. BellSouth does not believe that a test environment need be operational for any period other than shortly before and after a significant release. But CLECs must always be able to test. For example, they may wish to update code at a time other than when BellSouth has scheduled a new release. Moreover, BellSouth's decision to make CAVE unavailable precludes CLECs from using CAVE to test BellSouth's planned implementation of migration by telephone number, for example. Other ILECs make their test environment available full time. A comparison of BellSouth's test environment with Verizon's test environment is provided in Att. 26 to Lichtenberg, Desrosiers, Kinard & Cabe Decl. (Id. ¶ 163.)

The limited experience that WorldCom does have with CAVE suggests the existence of additional problems with CAVE. WorldCom did not receive FOCs, rejects, or completion notices on some of its test orders for days and on some not at all. WorldCom received erroneous rejects that BellSouth explained by pointing to manual processing. The number and severity of problems suggest either that the test orders in CAVE are treated different from production – or that BellSouth's production environment itself is far worse even than we are aware. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 164.)

E. WorldCom Has Uncovered Other Serious Problems

In addition to all the BellSouth problems discussed above, WorldCom has discovered additional issues that must be resolved before BellSouth's section 271 application may appropriately be approved.

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32 BellSouth's own testing should also occur in a separate test environment. Yet on August 25, BellSouth tested a new internal release in production – without notifying the CLECs – and this caused problems that led to a