

ATTACHMENT 4

**BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION**

In Re: BellSouth Telecommunications, Inc.,) Docket No. U-22252C
Service Quality Performance Measurements)

**AT&T COMMUNICATIONS OF THE SOUTH CENTRAL STATES, INC.'s
MOTION FOR RECONSIDERATION AND CLARIFICATION**

COMES NOW AT&T Communications of the South Central States, Inc. ("AT&T"), pursuant to Rule 43 of the Louisiana Public Service Commission (LPSC) and moves this Commission to reconsider and clarify its May 14, 2001 Order adopting the Staff Recommendation in the above referenced docket.

INTRODUCTION

On May 14, 2001, the Commission issued an Order adopting the LPSC Staff's recommendation establishing service quality performance measurements for BellSouth Telecommunications, Inc. (BellSouth) and putting in place an enforcement mechanism to ensure BellSouth's compliance with designated performance standards. For the reasons outlined below, the performance measurements and remedy plan recommended by Staff and adopted by the Commission, will not provide adequate incentive for BellSouth to comply with its obligations under the Telecommunications Act of 1996 (Act) to provide CLEC's with parity service and to open its markets to competition. The Commission therefore should reconsider its decision. AT&T's program on the Staff Recommendation is documented in comments previously filed with the Commission. This Motion focuses on the most critical short comings of the Commission's Order.

I. The Commission's Adoption of the Staff's Recommendation of Parameter Delta Values of 1.0 and .50 Allows A Large Number Of CLEC Customers To Receive An Unacceptable Quality Of Service Without BellSouth Being Classified As Out Of Compliance Or Being Required To Pay A Remedy

In its Order, the LPSC adopted the Staff's recommendation to set the parameter Delta value at 1.0 for Tier 1 measures and .50 for Tier 2 measures as proposed by BellSouth in its VSEEM III enforcement plan. (Order p. 2.) AT&T specifically requests reconsideration of the Commission's adoption of parameter Delta values of 1.0 and .50 because these Delta values will allow too many CLEC customers to receive poor service before BellSouth's performance would be found to be out of compliance with performance standards. In its Reply Comments filed in this docket on August 7, 2000, AT&T presented evidence that was not refuted by BellSouth that clearly demonstrates the impact of the various values of Delta proposed by AT&T and BellSouth. (AT&T Reply Comments p. 3.) The chart that AT&T provided in its Reply Comments, demonstrating the effect upon CLEC customers if the parameter Delta value is set at .25, .50 and 1.0, is reproduced below. It is readily apparent that setting the Delta parameter at 1.0 and .50 does not come close to requiring BellSouth to provide CLECs with parity service, but rather allows BellSouth to unreasonably discriminate against CLECs and their customers without any consequences.

	DELTA		
p(BellSouth)	.25	.50	1.00
1%	5.0%	11.8%	31.9%
5%	11.8%	21.0%	44.0%

For example, consider a measure where 1% of BellSouth's customers are receiving an unacceptable quality of service. Using a Delta parameter of 1.0 implies that the disparity in service being provided to CLEC customers would not be material until 31.9% of the CLEC customers are receiving an unacceptable quality of service. Accordingly, it is not until 31.9% of CLEC customers are receiving inferior service that BellSouth is even determined not to be in

compliance with applicable performance standards. Likewise, a Delta value of 1.0 implies that if BellSouth is missing 5% of its own customers' appointments, BellSouth can miss 44% of CLEC customers' appointments before it is determined to have committed a material violation.

By contrast, setting the Delta value at .25, as proposed by AT&T, is clearly more appropriate. While a Delta value of .25 still allows BellSouth to miss twice as many appointments for CLEC customers than for BellSouth's customers before a determination of non-compliance is made, it better protects the interests of CLECs and their customers, the Louisiana consumers. Setting the parameter Delta value at a level that allows BellSouth to provide 31.9% of CLEC customers with inferior service, when it provides only 1% of its customers with inferior service, even for seven and one-half months, would cripple the development of competition in Louisiana and could drive some CLECs out of business.

Moreover, setting the parameter Delta values at 1.0 and .50 is clearly inconsistent with enforcing BellSouth's obligation to provide CLECs with parity service under Sections 251 and 252 of the Telecommunications Act of 1996. Setting a parameter Delta value which allows BellSouth to escape any consequences until its providing nearly nine times the number of CLEC customers with as poor a level of performance as its own customers does nothing to incent BellSouth to open its market to local competition or to ensure that CLEC's have a fair and equal opportunity to compete for and serve customers.

While BellSouth has arbitrarily proposed a Delta parameter of 1.0 and .50, AT&T has produced compelling evidence of the negative impact those values will have on CLECs and their customers. Consequently, AT&T urges the Commission to adopt a Delta parameter no greater than .25. While the adoption of .25 does not result in a situation where BellSouth is providing CLEC customers with absolute parity service, the result yielded is far more reasonable than if the

parameter Delta value is set at 1.0 and .50 as proposed in the Staff Recommendation and adopted by this Commission.

Additionally, Staff's acknowledges in its recommendation that neither BellSouth nor the CLECs endorsed parameter values to be used with rate and proportion metrics. (Staff Rec. p. 14) Nevertheless, the Staff recommended that the value for psi be set at 3 (Tier-1) and 2 (Tier-2), and epsilon be set at 2.5 (Tier 1&Tier 2). Given that all parties did not participate in a collaborative discussion of the values of "psi" or "epsilon", and that the value of "psi" and "epsilon" were not issues discussed during the collaborative meetings, there is no basis for the values proposed by in the Staff Recommendation and adopted by the Commission, and they should be rejected or further comments should be taken from all parties.

II. Even When BellSouth Is Determined To Be In Violation Of Performance Standards For A Transaction, The Remedy Calculation Adopted By The Commission Allows BellSouth To Avoid Paying Remedies On A Majority Of Transactions

In its Order, the Commission adopts the Staff's recommendation of VSEEM III with some modifications. In its recommendation Staff states, "[s]taff finds merit in the BellSouth per transaction remedy plan. In particular, Staff believes that tying the level of the remedy payment to the number of transactions missed can be more meaningful than a plan which assumes a constant payment regardless of the number of transactions missed." (Staff Rec. p. 54.) Contrary to Staff's belief, however, under the remedy calculation proposed in VSEEM III, BellSouth will not pay remedies for a majority of transactions where it has failed to meet the required performance standard.

First, accruing remedies on a per transaction basis as set forth in VSEEM III minimizes BellSouth's liability because a significant number of CLECs are currently at an embryonic level of

activity. As BellSouth has acknowledged in other proceedings, CLEC transaction volumes may likely be very small. Consequently, a transaction based plan will not generate sufficient remedies to motivate compliant behavior by BellSouth. Therefore, as proposed by the CLECs, remedies should accrue on a per measure basis.¹ In a measures-based plan, remedies accrue at the level in which the comparisons are made (i.e. at the measure/sub-measure level). Thus, the remedy amount is a direct function of the departure of BellSouth's performance from parity.

Moreover, a measure-based plan generates more remedies as the severity of the discriminatory performance increases. Consequently, at a time when CLECs are struggling to get into the market, a measure based plan, rather than the transaction based plan in VSEEM III, would be more effective in motivating compliant performance on the part of BellSouth. If the consequences are inadequate, then discriminatory support from BellSouth could suppress a CLEC's market entry.

Second, under the remedy calculation methodology used in VSEEM III, even though BellSouth's plan is transaction based, BellSouth does not pay remedies on all transactions where a violation of the performance standard occurs. Through the remedy calculation contained in VSEEM III, BellSouth systematically limits its potential liability by reducing the number of transactions for which BellSouth will be subject to remedies.

The final remedy payout in BellSouth's VSEEM III is based on a subset of failed transactions, called the "affected volume." The affected volume computed in VSEEM III equals the product of two factors: a fraction referred to as the "volume proportion" and the number of transactions, representing violations, from cells having negative z-scores.

As a component of the VSEEM III, the remedy calculation uses a factor, a slope of $\frac{1}{4}$, that inappropriately reduces BellSouth's liability. Use of this factor, which is used for even gross

¹ The New York plan that was approved by the FCC accrues remedies on a per measure basis.

violations of parity, results in BellSouth paying only a fraction of the maximum penalty amount. In other words, the volume of transactions to which remedies would be applied is reduced. There exists no substantiated reason for BellSouth to use a slope of $\frac{1}{4}$ to determine the “volume proportion.”

The “affected volume” is further reduced given that the remedy calculation methodology used in VSEEM III determines violations at the aggregate level and applies remedies at the disaggregated level, the result of which is a bias toward BellSouth. Therefore, the VSEEM III calculation methodology improperly excludes failed transactions from the cells with positive z scores, even though these cells have already contributed to the aggregate z. In other words, BellSouth will use some failed transactions in making the compliance determination, but neglect to use these same failed transactions in determining the remedy amount. The result is that BellSouth will make smaller payments than if the volume proportion, which is calculated from the state aggregate-z, is applied to all cells. Therefore, BellSouth will only pay remedies on a small fraction of the transactions where it has violated the designated performance standards.

The very example offered on page 19 of the Staff’s recommendation to illustrate BellSouth’s remedies calculation methodology clearly shows that under VSEEM III, BellSouth is allowed to escape paying remedies for a large number of CLEC transactions where BellSouth is in violation of the performance standard. In the example, which is reproduced below, there are a total of 96 CLEC transactions where BellSouth missed the required performance standard. BellSouth, however, would only be required to pay remedies on 15 of the 96 transactions. In the example, approximately 85% of the CLEC transactions would be excluded from the payment of remedies.

CLEC

Cell	CLEC	Missed	Truncated	Balancing	Parity	Volume	Affected
	Volume	Volume	Z	Critical	Gap	Propor-	Volume
				Value		tion	Payment
1	150	17	-1.994				4
2	75	8	0.734				
3	10	4	-2.619				1
4	50	17	-2.878				4
5	15	2	1.345				
6	200	26	0.021				
7	30	7	-0.600				2
8	20	3	-0.065				1
9	40	9	-0.918				2
10	10	3	-0.660				1
Total	600	96					15
State			-1.92	-0.92	1.00	0.25	\$1,500

The example above shows that the use of the VSEEM III remedy calculation methodology could result in BellSouth not paying remedies on a significant number of transactions where BellSouth violated the performance standard. A remedy calculation that produces such a result will not incent BellSouth to provide CLECs with parity service, or to open its market to local competition as envisioned and required by the Telecommunications Act of 1996 (“Act”).

AT&T, and other CLECs, have consistently taken the position that BellSouth’s VSEEM III enforcement plan is not the appropriate plan for this Commission to adopt in order to ensure that BellSouth complies with its obligation to provide CLECs with parity

service as required by the Act. AT&T continues to believe that its Performance Incentive Plan (PIP), which is measure based and contains an appropriate remedy calculation methodology, is the appropriate plan for this Commission to adopt in order to incent Bellsouth to meet its obligations under the Act. AT&T urges this Commission to reconsider its decision and adopt PIP. Should the Commission decline to reconsider its Order and adopt AT&T's PIP, at the very least it should modify its Order and adopt the remedy calculation methodology proposed in AT&T's PIP.

III. The Performance Measures Adopted By the Commission Do Not Encompass a Comprehensive Range Of Carrier-to-Carrier Performance

In its Order, the Commission states: “[a]n effective enforcement plan should have clearly articulated, pre-determined measures and standards, which encompass a comprehensive range of carrier-to-carrier performance.” (Order p. 3.) However, the measures contained in VSEEM III do not encompass a comprehensive range of carrier-to-carrier performance. The measures in VSEEM III are merely a subset of the measures in BellSouth's SQM. Those performance measures were decided upon unilaterally by BellSouth. CLECs had no input into which measures would be included in VSEEM III. Moreover, the CLECs' ability to offer measures was severely limited. And, even when the CLECs' were allowed to propose additional measures, their proposed measures were only rarely adopted. For example, in response to Issue 24, AT&T proposed nine “hot cut” measures. While the Staff Recommendation adopted by the Commission acknowledged that “hot cuts” is an area of great concern to CLECs, only two of the “hot cut” measures proposed by AT&T were adopted in the Staff's Recommendation only as diagnostic measures. More importantly, none were included at all in VSEEM III.

Furthermore, VSEEM III inappropriately excludes many measures. The use of the narrow scope of measures provided in VSEEM III will result in critical, customer-impacting areas not being monitored, or subject to remedies. As an example, the Speed of Answer In Ordering Center measure is not an enforcement measure in VSEEM III. When CLEC LSRs are rejected in error, the CLEC is forced to make contact with LCSC representatives before resubmitting the LSR. Abnormally long hold times hinder the CLEC in being able to expeditiously resubmit the LSR such that the CLEC customer can receive the desired service. Consequently, customers have to experience an extended provisioning interval due to a CLEC's inability to obtain clarification from BellSouth on LSRs rejected in error.

It is beyond dispute that any enforcement plan must be based upon an underlying set of performance measurements that cover the full panoply of ILEC activities upon which CLECs must rely to deliver their own retail service offerings. Thus, all measures adopted by the Commission should be included in the remedy plan. Otherwise, BellSouth has no reason to comply with designated performance standards.

In its recommendation, Staff found that BellSouth should not be required to attach remedies to measures that are highly correlated or duplicative, with the exception of two provisioning measures and two maintenance measures that are included in BellSouth's VSEEM III plan. (Staff Rec. p.42.) The Staff further concluded that measures shown to be "parity by design" through an independent third party audit should also be excluded from the remedy plan. (Staff Rec. p. 42.)

AT&T does not disagree with Staff's position that BellSouth should not be required to attach remedies to measures that are highly correlated or duplicative. Whether measures

are highly correlated or duplicative, however, is determined based upon the degree of correlation disclosed in the data. If a thorough and appropriate data investigation discloses that two sub-measures are highly correlated, then they are in effect measuring the same thing. In that case, remedies are not appropriate for both sub-measures because applying remedies to each could double the consequences. If, however, the correlation is small to moderate, the sub-measures are not measuring the same thing and remedies should apply to both sub-measures. Without data, there cannot be any correlation determination.

There has been no third party audit, as suggested in the Staff's recommendation, to access the level of correlation between the measures excluded from the remedy plan and those included in the plan by Staff. Likewise, there has been no third party audit conducted to validate BellSouth's claims that certain excluded measures provide "parity by design." Consequently, there is no sound basis supporting Staff's recommendation to exclude those measures from the remedy plan.

AT&T requests that the Commission modify its Order to include in the remedy plan, the nine additional measures, business rules and disaggregation proposed by AT&T. AT&T further requests that the Commission modify its Order so as to include all adopted measures as part of the remedy plan until such time as the independent third party audit of BellSouth systems required by Staff's recommendation shows that the measures are highly correlated and duplicative, or provide "parity by design." AT&T further requests that the Commission order the third party audit to begin as soon as practicable.

IV. The Staff 's Recommendation Should Be Modified To Require A Six-Month Review Of The Service Quality Measures and Remedy Plan

In its Order, the Commission states "six months following the effective date of this Order, Staff shall review the measures adopted pursuant to its recommendation. CLECs shall have the option of participating in the review." (Order p. 5).

Given Staff and AT&T's concerns with respect to BellSouth's VSEEM III, in particular the remedy calculation methodology, the value of the parameter Delta and the absolutely critical impact that the effectiveness of the enforcement plan (will or will not) have on the success of competition in Louisiana, it is important that the enforcement plan proposed in the Staff's recommendation be subject to timely review and modification to ensure it is meeting its intended purposes. Consequently, the AT&T requests that the Commission clarify that its Order providing for a formal six-month review of the measures adopted pursuant to the Staff's also includes a review of the remedy plan by Staff and the Commission, with the participation of the CLECs and BellSouth.

CONCLUSION

The Commission is, no doubt, keenly aware that missteps, flawed implementation, or unevenness in the playing field can drastically affect the transitioning of an industry to effective competition, with resulting impacts on all participants. Therefore, for the reasons discussed above, however, AT&T requests that the Commission reconsider its order adopting the Staff's recommendation. Alternatively, AT&T requests that Commission modify its Order adopting the Staff's recommendation to address those concerns addressed by AT&T in its motion for reconsideration.

Respectfully submitted this 24th day of May, 2001.

**AT&T COMMUNICATIONS OF THE
SOUTH CENTRAL STATES, INC.**

By: _____

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CERTIFICATE

I hereby certify that a copy of the foregoing pleading has been mailed,
electronically and U.S. Postage, to all persons listed on the official service list of this
matter.

Baton Rouge, Louisiana this 24th day of May, 2001.

David L. Guerry

ATTACHMENT 5



Louisiana Public Service Commission

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Docket No. U-22252, Subdocket C. LPSC, ex parte In re:
BellSouth Performance Measurements

Dear Ms. Constantino:

Please find attached an original and two copies of Staff's Reply to AT&T's Motion for Reconsideration.

Please return me a date stamped copy.

Very truly yours,

Handwritten signature of Brandon M. Frey

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**BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION**

**LOUISIANA PUBLIC SERVICE
COMMISSION**

DOCKET U-22252, Subdocket C

EX PARTE

Docket No. U-22252, Subdocket C - In re: BellSouth Telecommunications, Inc. Service Quality Performance Measurements.

STAFF'S REPLY TO AT&T'S MOTION FOR RECONSIDERATION

Louisiana Public Service Commission Staff ("Staff") files the following in response to AT&T Communications of the South Central States', Inc. ("AT&T") Motion for Reconsideration and Clarification ("Motion") of the Louisiana Public Service Commission's ("LPSC", "Commission") May 14, 2001 General Order adopting the Staff Recommendation in the above referenced docket.

BACKGROUND

On May 14, 2001, the Commission issued an Order adopting the LPSC Staff's recommendation establishing service quality performance measurements for BellSouth Telecommunications, Inc. (BellSouth) and putting in place an enforcement mechanism to ensure BellSouth's compliance with performance standards. On May 24, 2001, AT&T filed its Motion. For the reasons outlined below, the Commission should reject AT&T's Motion and reaffirm its

decision to adopt the Staff Recommendation. In its AT&T's Motion, three arguments are advanced, all of which should be rejected. Staff will respond to each issue raised by AT&T.

I. Delta Values

AT&T requests reconsideration of the Commission's adoption of parameter Delta values of 1.0 and .50 because it alleges that these Delta values will allow too many CLEC customers to receive poor service before BellSouth's performance would be found to be out of compliance with performance standards. In its motion AT&T presents a table replicated below which it suggests demonstrates that the Delta parameter values of 1.0 and .50 do not require BellSouth to provide CLECs with parity service, but instead would allow BellSouth to discriminate against CLECs and their customers without any consequences.

	DELTA		
p(BellSouth)	.25	.50	1.00
1%	5.0%	11.8%	31.9%
5%	11.8%	21.0%	44.0%

According to AT&T the above table indicates that using a Delta parameter of 1.0 implies that the disparity in service being provided to CLEC customers would not be material until 31.9% of the CLEC customers are receiving an unacceptable quality of service compared to 1% for BellSouth's customers. There are several problems with the above table that require that the Commission reject AT&T's conclusions. First, AT&T has never produced the calculations used to derive the above table. Thus, there is no evidence supporting the validity, if any, to the above table. Second, and more troubling, the data submitted in the above table was never produced during the technical workshops held in Louisiana. Thus, it was not evaluated by the Staff or any

other party to the proceeding. Third, the data submitted in the above table are different than analogous information submitted by AT&T during the workshops. As noted in the Staff recommendation, “[a]ccording to AT&T, one implication of the BellSouth choice is that, if bad service is defined to mean the level of service that BellSouth provides to the worst treated 1% of its own customers, then with delta set equal to 1.0, 9.2% of CLEC customers will receive service this bad.” (Staff Recommendation, p. 11.) As can be seen by comparing the above AT&T quote to the table, AT&T has presented conflicting information, without any explanation. This leads Staff to question the validity the table presented above, as well as the information submitted at the workshops.

In addition to the problems addressed above, Staff addressed, at length, AT&T’s position (as well as the other CLEC positions) compared to BellSouth’s position in its final recommendation. Staff explained that the evidence submitted by BellSouth indicated that with the sample sizes in Louisiana, a delta value of 1.0 approximated a fixed critical value of -1.65, which has been endorsed by the Federal Communications Commission in the New York Bell Atlantic 271 proceeding. In short, the Commission should reject AT&T’s motion for reconsideration, reaffirm the Staff’s recommendation and adopt for an interim six-month review period parameter delta values of 1.0(Tier-1) and .50 (Tier-2). AT&T has not raised any error of law or omission fact that would warrant reconsideration.

Additionally, AT&T argues that the Commission should reject the value for psi and epsilon. AT&T contends that because the parties did not participate in the collaborative discussion of the psi and epsilon values, the Commission should reject the Staff recommendation that supported a value for psi of 3 (Tier-1) and 2 (Tier-2), and epsilon be set at 2.5 (Tier 1&Tier 2).

The Commission should reject AT&T's argument. All parties had an opportunity to participate and file comments on the appropriate values for psi and epsilon. If AT&T chose not to submit its recommendations in this area, that is no fault of the Staff and should not now be used by AT&T to advocate rejection of the Staff's recommendation. As is evident from the Staff's recommendation, the setting the value of psi and epsilon is interim for a six-month period. The six-month interim period will be used to evaluate the impact of the psi and epsilon values recommended by Staff. If they do not provide sufficient remedies given the performance levels, Staff will recommend that they be adjusted accordingly. It is far better to set the psi and epsilon values now so that they can be evaluated rather the rejecting them as proposed by AT&T where no evaluation would take place over the next six months. Clearly, the Staff's recommendation is superior to AT&T's suggestion of rejection. Accordingly, the Commission should reject AT&T motion to reject the Staff's recommended values for psi and epsilon.

II. Remedy Calculation

AT&T next argues that the Commission should reject the Staff recommendation which endorsed a "per transaction" based remedy plan. AT&T suggests that its "per measure" plan is superior. Again, the issue of a per transaction or per measure based plan was addressed in great detail in the Staff recommendation. (As are all the issues raised by AT&T in its Motion.) Nevertheless, Staff will address this issue again. First AT&T suggests that a per transaction plan minimizes BellSouth's liability because "a significant number of CLECs are currently at an embryonic level of activity." AT&T fails to recognize that this issue was addressed in the Staff

final recommendation. In particular, the Staff final recommendation endorsed a market penetration adjustment, which when triggered would triple the amount of remedies BellSouth would pay. That provision is restated below:

In order to ensure parity and benchmark performance where CLECs order low volumes of advanced and nascent services, BellSouth will make additional payments to the Louisiana Public Service Commission. These additional payments will only apply when there are more than 5 and less than 100 observations for those measures listed below on average statewide for a three-month period. (Staff Final Recommendation, p. 58.)

Next, AT&T complains about the “affected volume” calculations in the VSEEM III plan. The affected volume computed in VSEEM III equals the product of two factors: a fraction referred to as the “volume proportion” and the number of transactions, representing violations, from cells having negative z-scores. Staff addressed these issues and considered the arguments of AT&T in great deal in its final recommendation. (See pages 16 through 25.) Furthermore, as discussed in the Staff final recommendation, BellSouth presented evidence substantiating its proposal. As stated:

With respect to the appropriateness of the $\frac{1}{4}$ slope used to calculate the volume proportion, BellSouth provided Staff with additional information showing that its proposal was reasonable. Specifically, BellSouth’s statistical experts used linear programming to determine precisely how many missed transactions BellSouth should pay on when it was out of parity for the missed installation metric for some data for the month of November 1999. The analysis performed showed that BellSouth’s method of determining the number of transactions to remedy, produced significantly more transactions than the linear programming method which solved for the exact number of transactions that should be remedied. Under the BellSouth method of calculating volumes to be remedied, 814 transactions would be used to calculate the remedy payout. However, using linear programming, only 352 transactions should have been remedied, creating excess remedy payments on 462 transactions. The additional information supplied by BellSouth supports its recommendation to use $\frac{1}{4}$

linear slope to calculate the proportion of affected volumes. (Staff Final Recommendation, p. 25.)

The Commission should reject AT&T motion for reconsideration on these subjects. All issues and arguments raised by AT&T were considered in the Staff final recommendation which was adopted by the Commission. AT&T has raised no errors of law or omissions of fact that were overlooked by the Staff or the Commission.

III. Performance Measures

AT&T next asserts that the Commission should include all performance metrics in the remedy plan as opposed to the subset recommended by the Staff. Again, this issue was addressed at length in the Staff's recommendation. (See Staff Final Recommendation, pages 38 through 42.) Moreover, Staff is unaware of any ILEC where all performance metrics are included in the remedy plan. There is no requirement that every performance metric be associated with a remedy payment. As discussed in the Staff recommendation, some metrics are parity by design and others are either duplicative or correlated with each other. The Staff final recommendation generally associates remedies with uncorrelated measures and with measures that the "customer impacting."

In its Motion, AT&T states: "There has been no third party audit, as suggested in the Staff's recommendation, to assess the level of correlation between the measures excluded from the remedy plan and those included in the plan by Staff. Likewise, there has been no third party audit conducted to validate BellSouth's claims that certain excluded measures provide "parity by design." Consequently, there is no sound basis supporting Staff's recommendation to exclude those measures from the remedy plan."

Staff never recommended nor indicated that there would be a third-party audit of measures to determine if they were correlated. Therefore, AT&T's statement is in error. Staff based its recommendation on the evidence submitted in the proceeding. In particular as noted on pages 40-42 of the Staff final recommendation, BellSouth submitted a correlation analysis. Staff evaluated this information along with the information submitted by AT&T, MCIWorldcom and Sprint to develop the metrics to which remedies would apply.

Concerning the issue of measures that are parity by design, all parties to the proceeding agreed that the third-party audit by KPMG of BellSouth's performance metrics would determine if the parity by design metrics suggested by BellSouth were in fact parity by design. That audit, although not yet conducted, has as part of the Master Test Plan an examination of the metrics where BellSouth has indicated that the metrics are parity by design. Staff sees no reasons to attach remedies to metrics that are likely to be found to be parity by design.

The Commission should reject AT&T's motion to reconsider the metrics to which remedies apply. The Staff final recommendation considered the arguments raised by AT&T and accepted some of AT&T's arguments and rejected others. AT&T has failed to include any facts which were not previously considered in the Staff final recommendation that was ultimately adopted by the Commission.

IV. Six-Month Review Of The Service Quality Measures and Remedy Plan

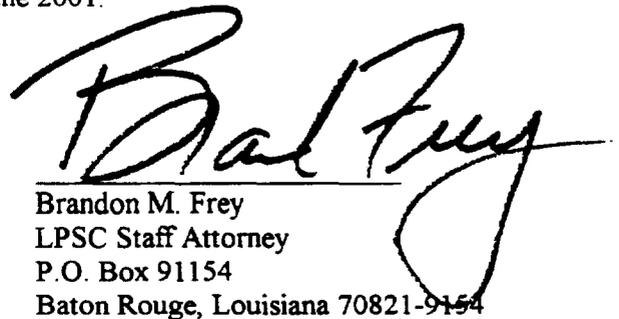
The final request of AT&T is to clarify the Commission's Order concerning the six-month review period. In its Order, the Commission stated "six months following the effective date of this Order, Staff shall review the measures adopted pursuant to its recommendation. CLECs shall

have the option of participating in the review.” (Order p. 5). Staff agrees with AT&T that the final order should be clarified such that the performance measures, the delta, psi, and epsilon values and the remedy plan should be reevaluated during the six-month review period. As noted in the Staff final recommendation, BellSouth was given 45 days to file its updated SQM and VSEEM plans consistent with the Commission’s General Order adopting the Staff final recommendation. After these compliance filings are made, there should be a six-month period where the performance metrics, the delta, psi and epsilon values, and remedy plan should be reevaluated.

CONCLUSION

For the reasons discussed above, the Commission should reject AT&T’s request for reconsideration. AT&T has raised no errors of law or omissions of facts contained in the Staff final recommendation adopted by the Commission. Staff recommends that the Commission clarify its order such that performance metrics, the delta, psi and epsilon values, and remedy plan should be reevaluated for a six-month period after BellSouth files its compliance SQM and VSEEM plans.

Respectfully submitted this 15th day of June 2001.

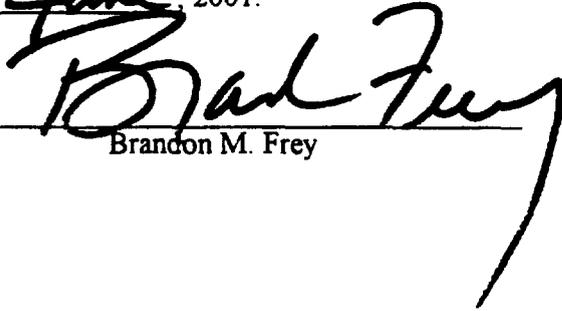


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Certificate of Service

I hereby certify that a copy of the above and foregoing has been served upon all parties of record on this 15 day of June, 2001.



Brandon M. Frey

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Docket No. U-22252 Subdocket C

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