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Verizon Communications  
1300 I Street NW, Suite 400W  
Washington, DC 20005

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December 31, 2001

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

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Ex Parte

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
445 12th St., S.W. – Portals  
Washington, DC 20554

RE: Application by Verizon-New England Inc. for Authorization To Provide In-Region,  
InterLATA Services in State of Rhode Island, Docket No. 01-324

Dear Ms. Salas:

At the request of the CCB staff, I am writing to clarify that, in determining the amount of remedy payments due to CLECs under the Performance Assurance Plans in New York, Massachusetts, Connecticut, and Rhode Island, Verizon uses a permutation test to calculate the statistical score for parity measurements with small sample sizes (as defined in Appendix D of those plans), when the Z or t test indicates a potential performance disparity. However, for the Carrier-to-Carrier performance reports it files in those states, Verizon calculates the "Z-Score" using the Z and t tests for all parity measurements, including those with small sample sizes.

Currently, Verizon must manually identify parity measurements with small sample sizes and designate them for permutation testing. Verizon prioritized the use of permutation testing for the Performance Assurance Plans because those calculations determine the amount of remedy payments Verizon must pay for performance that is out of parity. As the Commission has recognized, when sample sizes are small, permutation tests provide a more precise calculation of statistical significance because the Z and t tests are based on assumptions that are not appropriate for such sample sizes. See, e.g., *New York Order App. B*, ¶ 11.

Verizon's data warehouse is currently scheduled to complete the work needed to automate the identification of parity measurements with small sample sizes and the application of a permutation test to calculate the Z-Scores by the end of 2002. At that point, Verizon will use a permutation test in calculating the statistical scores for parity measurements with small sample sizes, when the Z or t test indicates a potential performance disparity, for both its Carrier-to-

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Carrier performance reports and its Performance Assurance Plans in New York, Massachusetts, Connecticut, and Rhode Island.

Please let me know if you have any questions. The twenty-page limit does not apply as set forth in DA 01-2476.

Sincerely,

A handwritten signature in black ink, appearing to read "Clint E. Odom". The signature is fluid and cursive, with a long horizontal stroke at the end.

Clint Odom

CC: J. Veach  
J. Stanley  
G. Remondino  
R. Lien  
C. Canteen