

COMMENTS OF BELLSOUTH

CC DOCKET NO. 01-318

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PART 3

(a) Trouble Report Rate

137. Incumbent LECs should measure the percentage of provisioned loops or circuits with troubles reported within a given period of time. BellSouth's SQM measurement, *Customer Trouble Report Rate*, measures initial and repeated customer direct or referred troubles reported within a calendar month for each 100 line/circuits in service. This measurement is calculated by accumulating the number of customer direct or referred maintenance initial and repeated trouble reports during the reporting period (the reporting period is a calendar month). The resulting number of trouble reports are divided by the total number of service lines, ports or combination that exist for the CLECs and BellSouth respectively at the end of the report month. This measurement is very similar to a report used by all LECs to measure the overall maintenance experience of its customers.

138. The *Notice* states that certain benchmarks (ranging from 1% to 10%) have been proposed for this measurement.³⁸ However, a benchmark is simply not appropriate. As discussed previously, a retail analog should be used to judge parity when an analogous retail service exists. BellSouth has utilized Report Rate as an internal measurement for years, and, therefore, clearly has a retail analog for this measurement. The appropriate product disaggregation and retail analogs are listed in Attachment 1. The appropriate penalties for this measurement are described in Attachment 2.

139. BellSouth believes that each of the possible exclusions listed in the *Notice*³⁹ are appropriate. Specifically:

- (1) Trouble tickets canceled at the CLEC request.
- (2) BellSouth trouble reports associated with internal or administrative service. These include administrative and routine maintenance and

³⁸ *Notice*, ¶ 68.

³⁹ *Notice*, ¶ 70.

informational tickets/troubles. The customer is not aware of this type of trouble and BellSouth should not be discouraged from producing these types of tickets by having them included in a penalty producing measure.

- (3) Customer Provided Equipment (CPE) troubles or CLEC Equipment Troubles.
- (4) Subsequent troubles reported with a report pending.
- (5) Trouble reports that are closed “test ok”, where no trouble is found, or where the trouble relates to customer premise equipment, because there is no problem attributable to the ILEC.

(b) Repeat Trouble Report Rate

140. Incumbent LECs should measure the percentage of trouble tickets that are repeat trouble tickets, generated within a 30-day period. BellSouth currently provides this measurement in its SQM as *Percent Repeat Troubles within 30 Days*.

141. The *Notice* queries whether this measurement should be calculated by dividing the number of repeat troubles generated in a 30-day period by the total number of trouble tickets received in this same period of time.⁴⁰ BellSouth proposes a slightly different rate calculation, i.e., dividing the count of closed Customer Troubles where more than one trouble report was logged for the same service line within a continuous 30 days by the total trouble reports in a reporting period. It is appropriate to count only closed troubles because it is not possible to determine the cause of the trouble before it is closed.

142. The use of a 30-day period is adequate for measurement purposes. All trouble reports within this timeframe would be counted. BellSouth as well as other ILECs have used this timeframe in a comparable internal measure for years. This measure addresses the quality of the

⁴⁰ *Notice*, ¶ 70.

repair services furnished the customer. In other words, a “repeat trouble” within a certain time frame would tend to indicate that the initial problem was not adequately addressed the first time and has, therefore, recurred. Capturing time periods in excess of 30 days would increase the instances in which subsequent unrelated trouble reports are improperly treated as if they are repeat troubles. The longer the timeframe, the greater the likelihood that unrelated subsequent troubles will be inappropriately captured by this measurement.⁴¹ Further, there should be a business rule to limit the reporting of this measurement to those instances in which there are more than 30 events for the reporting category, i.e., for a given level of disaggregation. The volume of repeat troubles should be extremely low. In other words, the better the service, the lower the number of repeat troubles. Having a reporting category that will, by design, have a very low volume of activity could lead to indications that disparate treatment exists when, in fact, there is none. Thus, it is appropriate to set a threshold for reporting purposes.

143. The appropriate performance standard for this measurement is parity, as determined by a retail analog. Again, BellSouth has utilized Percent Repeat Troubles in 30 days as an internal measurement for years, so it is clear that a retail analog exists for this measurement. Given this, the use of a benchmark is not appropriate. The appropriate product disaggregation and retail analogs are listed in Attachment 1. The appropriate penalties for this measurement should be calculated based on BellSouth’s SEEM attached as Attachment 2.

144. BellSouth believes that the appropriate exclusions for this measurement are those set forth in the *Notice*⁴²:

- (1) Order activities of BellSouth or the CLEC associated with internal or administrative use of local services (Record Orders, Listing Orders, Test Orders, etc.). These activities do not have any real impact on the

⁴¹ *Notice*, ¶ 70.

⁴² *Notice*, ¶ 70.

CLEC customers' experience in receiving service from the CLECs. For this reason, they would not provide a significant reflection of any discriminatory treatment.

- (2) Customer Provided Equipment (CPE) troubles or CLEC Equipment Troubles.
- (3) Subsequent troubles reported with a report pending.
- (4) Trouble tickets that are closed "test ok", where no trouble is found, or where the trouble relates to customer premise equipment because there is no problem attributable to the ILEC.

Although not specifically mentioned in the *Notice*, trouble tickets canceled at the CLEC request should also be excluded.

(c) Time to Restore

145. Bellsouth believes that ILECs should measure their promptness in restoring services after a CLEC reports a problem. BellSouth currently provides essentially the same measurement in its SQM as *Maintenance Average Duration*. For this measurement, the clock starts on the date and time of the receipt of a correct repair request. The clock stops on the date and time the service is restored and the customer is notified (when the technician completes the trouble ticket on his/her field terminal or work systems). The *Notice* inquires whether the time measured should end when trouble ticket resolution notification to the CLEC is made.⁴³ BellSouth technicians can not close out the trouble until they have notified the customer and verified that the trouble has been cleared. As stated previously, BellSouth's general approach is that performance measurements should focus on judging the effect of performance on customers. It is consistent with this approach to utilize the time at which the customer is notified and confirms that service has been restored, rather than using notification to the competitive LEC.

⁴³ *Notice*, ¶ 72.

Also, this method of calculation will allow for a direct comparison between the measurement for the competitive LEC and the long-standing method of measuring incumbent LEC performance.

146. The *Notice* states the prospect of calculating the measurement as a percentage.⁴⁴ However, this measure is intended to capture the trouble duration interval for the incumbent LEC and compare this to the trouble duration for the CLEC. The measurement, thus, entails a direct comparison of timeframes to perform analogous tasks. A percentage would not produce meaningful information.

147. BellSouth believes that the appropriate exclusions for this measurement are:

- (1) Trouble tickets canceled at the CLEC request.
- (2) Order activities of BellSouth or the CLEC associated with internal or administrative use of local services (Record Orders, Listing Orders, Test Orders, etc.). These activities do not have any real impact on the CLEC customers' experience in receiving service from the CLECs. For this reason, they would not provide a significant reflection of any discriminatory treatment.
- (3) Customer Provided Equipment (CPE) troubles or CLEC Equipment Troubles. Subsequent troubles occurring with a report pending. Only the original trouble ticket should be counted to prevent any artificially inflated repeat trouble report rates on which the incumbent would have to pay penalties.

⁴⁴ *Notice*, ¶ 72.

- (4) Trouble reports that are closed “test ok”, where no trouble is found, or where the trouble relates to customer premise equipment because there is no problem attributable to the ILEC.

148. Again, BellSouth has utilized Maintenance Average Duration as an internal measurement for years. Thus, a retail analog erects, and the use of a benchmark for this measurement would not be appropriate.

5. Other Measurements

149. BellSouth is also proposing a measurement of Service Order Accuracy (SOA), which is described fully in Attachment 1. This measurement was not addressed in the Notice. This measurement would compare key fields of the LSR to the service order that was produced. In proposing this measurement, BellSouth is responding to the comments of regulatory agencies and several CLECs who have expressed concern about errors caused by the installation of a service that was different than that ordered by the customer. Discriminatory performance in this area could affect a CLECs ability to compete, and the absence of billing measures would make detection of this situation more difficult. A measurement of service order accuracy should reduce this type of provisioning trouble report and improve the overall quality of the ordering and provisioning processes.

150. BellSouth is also proposing that Service Order Accuracy be part of the SEEM plan as a Tier II measurement. Tier II is appropriate because any errors in service orders that might occur would likely affect all CLECs.

IV. OTHER ISSUES

A. Data Validation

151. BellSouth agrees with the proposition stated in the *Notice* that meaningful measurements must be supported by valid, accurate and reproducible data.⁴⁵ BellSouth submits that the data validation processes developed as part of its performance plan achieve this goal, and should be adopted as part of the national plan.

152. BellSouth's SQM data are verified and validated in several ways to maintain the integrity of the data and ensure that no data is lost. First, BellSouth's systems have internal quality assurance controls. Second, BellSouth has implemented manual data validation processes within and between data processes. These checks take place for both BellSouth data and CLEC data. Third, BellSouth has undergone several stringent Third Party Audits of its performance data generation process conducted by KPMG at the direction of the Georgia PSC and is currently subjecting its systems and processes to yet another Third Party Audit of its performance data generation process by KPMG at the direction of the Florida PSC.

153. Moreover, the raw data underlying BellSouth's performance measurement are stored in a secure, stable, and auditable file. As stated previously, the development of BellSouth's SQM began several years ago with work done in Louisiana and Georgia. In connection with the development of the SQM, BellSouth began in early 1998 to design a system that could be used to collect, process, and report performance data to correspond to the performance measurements reflected in the SQMs. This system, BellSouth's Performance Measurement and Analysis Platform (PMAP), was fully deployed in March 1999, and it has since been continually enhanced. Importantly, PMAP is designed to work with BellSouth's SQM.

154. BellSouth has made a tremendous commitment to PMAP. Currently, there are in excess of 200 full-time personnel dedicated exclusively to the PMAP system, which includes

⁴⁵ *Notice*, ¶ 73

development, maintenance, and testing activities. BellSouth continues to augment this work group.

155. Moreover, BellSouth's systems execute a number of validation checks to ensure the integrity of data between databases from the legacy systems to PMAP staging of raw data. As an example, the process for transferring data between the legacy systems and the performance reporting system includes a number of records checking routines. In addition, raw data validation scripts are used by BellSouth to insure that the raw data made available to CLECs on the BellSouth PMAP Website can be used to produce the PMAP reports posted to the PMAP Website.

156. BellSouth also performs a number of manual validation processes on the data each month to assess its accuracy and completeness. These validation processes can be divided into two categories, code validation and business validation. In the first process, the data production team analyzes and validates the computer code. This team validates the computer programming to insure the data are produced in accordance with the code. A team of data analysts conducts the second data validation process. This team performs reasonableness checks on the data. For example, they may review data for the current month compared to the previous month to see if volumes or volume changes are reasonable from a business standpoint. Based on these safeguards, testing, and validation, BellSouth strongly believes that the data used in the generation of monthly performance reports is valid, accurate and reproducible.

157. Another function of the procedures listed above, is to ensure that SQM Definitions, Business Rules, and Exclusions are applied accurately to the data. Similarly, experts in the field (Network Operations, Local Carrier Service Center (LCSC)) review the performance results to validate that the results are reasonable.

158. Further, under the Administrative Plan adopted by several Commissions in BellSouth's region, and which BellSouth proposes for adoption as part of the national plan,

provision is made for an annual comprehensive audit of the aggregate level reports. This audit will be conducted by an independent third party and will be made available to all parties, subject to a confidentiality agreement. Finally, the Administrative Plan filed as part of Attachment 2 addresses the imposition of penalties for late, inaccurate and incomplete performance reports. If BellSouth's plan were adopted, the combination of these provisions would eliminate any need for the adoption of further safeguards by the Commission.

B. Audits

159. BellSouth believes that appropriate audit procedures that ensure that both regulators and interested parties can trust the accuracy and validity of the incumbent LEC-generated and reported data. Again BellSouth's Administrative Plan includes Audit provisions that will provide this assurance. BellSouth's Administrative Plan includes the provision that if requested by the Commission or a CLEC invoking its contractual audits rights, BellSouth will undergo a comprehensive annual audit of the aggregate level reports for BellSouth and the CLECs. The audit procedures proposed by BellSouth recognize the appropriateness of the independent review of performance reports and reporting in the early stages of process implementation. However, the audit process should be invoked only if requested by the Commission, or a CLEC or CLECs pursuant to the provisions of the Interconnection Agreement between BellSouth and the specific CLEC or CLECs.

160. An independent third party would conduct the audits and the results would be made available to all parties subject to a confidentiality agreement. The independent third party auditor should be selected by mutual agreement of the incumbent LEC and the Commission, with input from the CLEC or CLECs. The incumbent LEC, the Commission and the CLEC(s) should jointly determine the scope of the audit. The cost of the annual Audit should be shared equally by the incumbent LEC and any competitive LECs that request the Audit.

161. Audits aimed at validating the reliability of performance data are reasonable and justifiable, from a cost standpoint, if the frequency, duration and scope are not excessive. With respect to the appropriate frequency and duration of audits, BellSouth believes that an annual comprehensive audit should be available for no more than three years.⁴⁶ In considering how long audits should be available, it is important to remember that each time an audit is conducted, certain data collection and reporting procedures will be determined to be reliable and accurate. If the process is determined to be sound, there would be less need in subsequent audits for a lengthy and detailed examination of the procedures already found to be valid. Rather, the primary focus of subsequent audits should be areas in which problems were identified in prior audits. This approach would prevent the process from becoming overly burdensome and provide for cost containment.

162. The *Notice* mentions as an alternative to Audits, having incumbents post raw data on an accessible website to allow Competitive LECs to compare this data to their own.⁴⁷ BellSouth already provides raw data to CLECs and is willing to continue to do so. However, after reviewing the raw data CLECs will, in some instances, likely believe that a problem exists. If the perceived problem cannot be resolved between the ILEC and the CLEC, some form of dispute resolution will be needed, such as a complaint process, involvement by Staff or by a third-party auditor. BellSouth believes that rather than resolving disputes that may arise piecemeal, it would be more efficient to utilize a comprehensive, annual audit to resolve all such disputes.

C. Workshops

163. Based on BellSouth's experience in collaborating on performance measurements in workshops conducted under the guidance of State Commissions, BellSouth does not believe

⁴⁶ As will be discussed below, BellSouth believes that any national performance measurement plan should be in effect for no more than three years.

⁴⁷ *Notice*, ¶ 73.

that workshops conducted at the federal level can result in any agreement as to the appropriate performance measures plan. Some states have held literally years of workshops to attempt to come to a consensus as to the appropriate measurements and enforcement mechanisms. In each instance, the competitive LECs have made proposals that have been radically different than BellSouth's, and that are preposterously broad and burdensome. Although some issues have been resolved in workshops, the parties have been generally unable to structure a plan to which all can agree. Thus, every plan that has been ordered by a State commission in BellSouth's region has been the result of the respective State Commission's ruling upon largely disputed issues. Any attempt to set a federal standard will involve more ILECs and more competitive LECs, than those involved in any given state, and they will likely express an even greater variety of opinions as to how the plans should be structured. For this reason, it is almost unimaginable that all the ILECs, CLECs and other interested parties can reach closure on a finite set of measurements by discussing them in a workshop environment.

164. Therefore, BellSouth believes that workshops have the potential to be useful only in certain limited circumstances. BellSouth recommends that the Commission move as quickly as possible toward putting a national plan in place along the lines proposed in the *Notice*. Prior to entering an Order, it might be useful to have a limited number of workshops that would consist of presentations by the parties on specific areas of interest to the Commission Staff. Also, as stated previously, BellSouth believes that the Commission should invite representatives of the State Commissions to fully participate in the development of a national plan. Workshops could serve as at least one method to obtain this input from the states. However, in the interest of efficiency, these workshops should be run by the Commission, rather than by some combination of the Commission and state regulators.

165. After an Order on performance measures is issued, the Commission may deem it appropriate to have workshops to discuss implementation. If so, it is best to restrict these

workshops to a finite timeframe. BellSouth recommends that these workshops should conclude no later than one year after publication of the Commission's order.

D. Periodic Review of The Plan

166. A periodic review is appropriate to insure that the measurements and related standards continue to be appropriate for the processes being measured. However, any periodic review should be brief and focused only on problem areas, rather than serve as a forum for an open discussion of all areas of measurements, standards and enforcement. To be more specific, once a plan is implemented, problems invariably arise that need to be addressed. Periodic reviews are an appropriate mechanism to address these problems and to make needed changes. However, in the periodic reviews in which BellSouth has participated in the states, a disturbing trend has arisen: some participants have utilized these reviews to, in effect, reargue positions that they presented (and that were rejected) by the various State Commissions. BellSouth believes that this approach is both inappropriate and wasteful. A similar (and equally inappropriate) practice by CLECs has been to propose wholesale changes to the plan (e.g., shorter intervals, higher benchmarks, more stringent business rules) in the apparent hope that the Commission will "split the difference" between whatever standard it has previously found to be appropriate and the latest CLEC proposal. Reviews should be structured to discourage this type of behavior. Instead, periodic reviews should be limited to the consideration of changes that are based on a demonstrated need for change. Parties should not be allowed to advocate changes simply because they would prefer that the national plan be different in some respect from what the Commission deemed appropriate in its order.

167. As to the timing of periodic reviews, states that have ordered plans in BellSouth's region have uniformly adopted six to eight month review cycles. Although the idea of having relatively frequent reviews (at least initially) makes sense, the periodic review process is proving to be quite time consuming. In fact, it appears that the majority of six-month reviews will take

six-months or more to complete, which would have the undesirable result of making the review process continual. A better alternative would be to have an initial periodic review at the end of the first year, and to have subsequent reviews even less frequently. The *Notice* raises the prospect of either coupling the review of measurements with the Commissions' triennial review of UNEs, or having a biennial conference held by the Common Carrier Bureau.⁴⁸ Either of these approaches is also acceptable to BellSouth.

168. At the same time, there may well be problems in any plan ordered by the Commission that will only come to light upon attempted implementation. If this, in fact, occurs, it will not be to anyone's benefit to postpone a necessary remedial modification for an extended period of time. Thus, there is a need for a mechanism to make necessary changes of a very defined, limited type outside of the periodic review process, and this need will increase if the periodic reviews take place less frequently. The *Notice* mentions the possibility of the Common Carrier Bureau having the delegated authority to make certain changes to the plan.⁴⁹ BellSouth supports this proposal, and believes that the exercise by the Bureau of this authority would be the best way to address needed changes between scheduled reviews.

E. Sunset provisions

169. The sunset of the Commission-approved measurements, and of any penalties related to those measurements, should occur in two circumstances. One, when a service or facility becomes competitive, the measurements should no longer apply to that service or facility. Thus, resold services would be removed from the ambit of the plan when pricing flexibility is achieved. Likewise, any Unbundled Network Element should obviously be removed from the plan that the Commission determines ILECs are no longer required to offer that UNE. Two, all measurements and related penalties should sunset for all carriers on a date certain that should be

⁴⁸ *Notice*, ¶ 77.

⁴⁹ *Notice*, ¶ 77.

set between one and three years after the date the national plan is implemented. The sunset date should be the same for all carriers.

170. One of the primary goals of setting a national plan should be to do so in a way that makes the standard uniform for all carriers. For this reason, BellSouth supports having the plan apply to all carriers for exactly the same time frame. In setting this time frame, it is necessary to consider the value of encouraging facilities-based competition. BellSouth believes strongly that facilities-based competition is the most beneficial type in that it provides end users with true choice, that is, a choice between alternative networks rather than a mere choice as to who will sell them access to the incumbent's network. By definition, facilities-based competition requires that competitors build their own networks, an undertaking that has certain inherent financial risks. Competitive LECs will be less likely to take these risks if they have perpetual access to the incumbent's network at high levels of service, coupled with the automatic payment of penalties for anything less. For this reason, there should be a date certain upon which the performance measurement plan, and penalty payments due under the plan, will cease. BellSouth proposes a one to three year period before sunset. An alternative that is also supported by this rationale would be to keep the measurement plan in place for a longer time frame, but sunset the payment of automatic penalties after one to three years.

F. Reporting Procedures

171. The best way to balance the goal of eliminating discrimination with the goal of avoiding increases to the overall burdens imposed on incumbents is to establish a minimal set of measures that most closely focuses on the end-user experience, rather than attempting to measure each and every step in each and every process associated with obtaining wholesale services. BellSouth believes that this goal can be accomplished by utilizing the set of measurements proposed in the *Notice*. The measurements listed in the *Notice* are already being produced by most, if not all incumbent LECs, and are recognized throughout the industry as appropriate

standards. Meeting these standards should not be burdensome. Instead, the difficulty in obtaining and collecting information for measurements only becomes a burden on the ILECs if the measurement set increases in response to requests for multiple new measurements that seek to measure every aspect of the CLEC experience in minute detail. There may be other measurements that should be added over time, but they should only be added on the basis of a demonstrated need for monthly reporting.

172. As to the collection of data to which the measures apply, Incumbent LECs are the logical producers of the information needed to calculate performance measurements, and they should self-report on their performance. If competitive LECs collect their own data and apply consistent business rules, exclusions and calculations, they would arrive at the same measurement data on incumbent LEC performance. However, given the sheer quantity of measurements produced today, sharing that data with incumbent LECs and regulators, would serve little purpose other than to bog down the production cycle of performance measurement data with an inevitable series of data reconciliation sessions.

173. Regarding expenses: without question, maintaining a complex performance plan causes substantial expense to be incurred. Significant recurring expense is currently involved in the mechanization and processing attributable to the quantity of measurements produced today in BellSouth. As individual state regulatory entities have required increasingly divergent and modified measurements, the compliance costs have continued to grow. By being required to routinely modify measurement definitions, business rules, exclusions, and calculations, the ILECs must devote the resources required for compliance to meet regulatory ordered reporting dates. As stated above, BellSouth has developed a complex mechanized reporting tool in PMAP, one that requires significant programming efforts to incorporate the state mandated measurement changes in to production code.

174. Clearly, if the Commission were to set a reasonable uniform mandatory set of measurements, this would result (especially over time) in tremendous cost savings to ILECs. Having a single, streamlined federally-developed plan would represent a significant step in reducing the ILECs reporting requirements. The associated reduction in IT development and production resources would also represent a large cost savings to the ILEC. If, however, the Commission were to leave in place the various requirements that have been ordered by State Commissions, and to overlay this with federal requirements, the result would be to substantially increase the regulatory burdens on ILECs, without providing any real benefit. This approach would simply add additional reporting requirements and penalties to the measures already in place.

175. The *Notice* raises the concern that setting a benchmark or interval at a given level might incent incumbents that are performing at a higher level to degrade their performance, especially in order to redirect resources to areas in which performance is weaker.⁵⁰ BellSouth believes that this concern can be addressed in two ways. First, the concern can only exist if the measurement in question utilizes a set level of performance as a standard, i.e., a benchmark. As discussed previously, a benchmark is only appropriate if there is no retail analog to be utilized to determine parity of service. For most of the measurements proposed in the *Notice*, retail analogs do exist. The use of these analogs will allow a direct comparison of the ILEC to a CLEC in a way that avoids entirely the problem the *Notice* raises. If the incumbent must provide performance at parity, as defined by a retail analog, lowering the level of performance to CLECs is simply not an option.

176. In those few instances in which a benchmark must be used, the unavoidable reality is that incumbent's will almost certainly work to meet the standard that is set, not to meet some higher standard. However, BellSouth does not believe that this should be a major concern.

⁵⁰ *Notice*, ¶ 82.

Again, the criteria for setting benchmarks and corresponding intervals is, of course, that they must be set to allow competitive LECs a reasonable opportunity to compete. Thus, the concern should be ensuring that whenever a benchmark is used, it will be set at a minimum level that allows competitive LECs an opportunity to compete, not that applying this standard will “erode” performance in some areas so that it only meets this high standard. In fact, it could be argued that an ILEC that is weaker in some area of wholesale service should reallocate resources so that a reasonable opportunity to compete will be provided in all areas that are measured, and to which a benchmark applies.

177. The *Notice* also raises the concern that requiring performance reports for certain measurements may prompt an incumbent to discriminate in other performance areas.⁵¹ First, BellSouth believes that the proposed measurements capture the most critical areas of performance. Further, although BellSouth does not believe that the problem of discrimination in less critical, non-reported areas of performance will develop in any serious way, the Commission could address any legitimate concerns by having ILECs gather and report data in other areas. For example, the Commission could require incumbent LECs to collect data on performance for which there would be no associated self-effectuating penalty for a limited time if there were sufficient reason to believe that there was an issue of poor performance. However, the Commission would need to carefully weigh any proposal for a new measures, even diagnostic measures, in order to avoid recreating the current situation, in which there are far too many measures in state-ordered plans that cannot be justified on any practical basis.

178. As to the appropriate geographic level of performance, BellSouth believes that regional level reporting is appropriate for measurements of access to OSSs that do not distinguish by state, for example, OSS response times. State level reporting is appropriate performance that may vary from state to state, e.g. all provisioning and maintenance and repair

⁵¹ *Notice*, ¶ 82.

measurements. The only way to produce a single uniform geographic level of reporting would be to do so at the regional level. In BellSouth's view, it is better to establish different levels of geographic reporting so that data can be reported at the state level on those measurements for which this data exists.

179. BellSouth's geographic proposal would give not only the CLECs, but also the Commission, a birds-eye view of where potential discriminatory performance might occur at a statewide level on those measurements that have the most significant impact on CLECs and their customers, e.g. ordering, provisioning and maintenance and repair measures. Producing measurements at a greater level of disaggregation (i.e., at the sub-state level) would cause incumbents to be burdened each and every month with producing performance measurement reports in low-density areas in which there is little or no activity. Also, if a CLEC truly has the need for an analysis of the activity in a given area of a state, it would have the ability to view specific geographic areas, at its discretion, using the raw data posted to the BellSouth web site, which will be discussed later.

180. The *Notice* states that it would be beneficial for carriers to report performance in a way that allows a direct comparison between ILEC and its affiliates and the CLEC.⁵² BellSouth agrees, assuming there is comparable activity, i.e., a retail analog. In fact, BellSouth currently reports performance in all nine states in the BellSouth region in a way that permits a direct comparison between the performance provided to its retail operations, to CLECs in the aggregate and to CLECs individually.

181. BellSouth also believes that it is appropriate to require affiliate reporting. However, the term "affiliate" must be appropriately defined for purposes of performance measures. Wholesale service provided to a BellSouth affiliate is clearly irrelevant to the question of parity unless the affiliate buys the same wholesale services that CLECs buy for

⁵² *Notice*, ¶ 87.

providing local services. Obviously, the services that a wireless BellSouth affiliate purchases or that a long distance affiliate purchases to provide their services are not relevant to evaluating BellSouth's performance to a CLEC. The wholesale services these non-local affiliates would purchase really cannot be used as an analog to make parity judgments. Given this, there is no reason to require that this information about fundamentally different types of transactions be reported.

182. The Notice inquires whether it is more appropriate for ILECs to provide data analysis and the statistical score to CLECs or to provide the underlying data in sufficient detail to allow analysis by the CLEC.⁵³ BellSouth already provides raw data, which is defined as the actual records that underlie the measurement calculations. However, some CLECs have requested from BellSouth what is referred to as early stage data, which includes all information captured by the legacy systems, in unprocessed form. If the Notice is referring to this form of raw data, BellSouth believes that it is more appropriate to provide the results of data analysis to CLECs rather than the underlying early stage data. The early stage data will not be in a form useful to the CLECs.

183. For example, PMAP (BellSouth's Performance Measurement and Analysis Platform) data feeds come from many disparate information systems that use different operating platforms, data structures, and identifier codes. Moving the data from one database to another may not be a straightforward task. Also, the date structures for one database may use a "day-month-year" format while another uses a "month-day-year" format. If there are 5 million records that must be moved from one database to the other, every one of the records must have its date structure changed before it is read into the other database. Similarly, if a record in one system uses a time stamp that goes down to milliseconds, while another uses hundredths of a second, the time stamp must be converted to a common format before moving it into the new

⁵³ Notice, ¶ 65.

database. It would almost certainly be less burden for the incumbent LECs to submit the underlying data to the CLECs. However, given the above noted the complexity of the data and the manner in which it is maintained, it would be difficult for any CLEC to use the date to create its own analysis.

184. The *Notice* seeks comment as to whether it would be appropriate to require ILECs to collect data on a broader range of measures than those proposed in the *Notice*, which would allow reporting on other measures should the need arise.⁵⁴ As a result of the performance measurement plans ordered by various State Commissions, BellSouth already collects data on a much broader group of measures than those proposed in the *Notice*. Certainly, BellSouth could continue to do so, but this should only be required when there is some demonstrated need for monthly performance monitoring. As mentioned previously, many of the more than 2000 sub-metrics on which BellSouth reports every month have had little or no CLEC activity, which strongly demonstrates the need to reduce the number of measures to a more reasonable set of customer-impacting measures. To require the ILECs to continue to collect data on a much broader group of measures than those addressed in the *Notice* would contradict the goal stated in the *Notice* of reducing regulatory burdens and streamlining the process, particularly if this requirement were imposed in response to concerns about what hypothetically might occur, rather than in reaction to a problem that appears to actually exist. The better approach is to require a broader collection of performance data only if there is some basis to believe that a need for this information exists or is likely to exist in the future.

185. The *Notice* inquires whether data should be made available only in specific response to a CLEC request in order to minimize costs and burdens to the ILEC. BellSouth does not believe that access to data needs to be restricted to this extent.⁵⁵ BellSouth's current process

⁵⁴ *Notice*, ¶ 85.

⁵⁵ *Notice*, ¶ 86.

is to post reports on a web site each month that includes CLEC aggregate data as well as individual CLEC data, which can be accessed by each CLEC by means of an assigned password. The benefit to this approach is that it provides an interested party easy access to the data via an existing internet access arrangement while avoiding the cost associated with specialized network access. This approach is cost efficient to the ILEC in that the information only has to be posted in one place, the web site. Additionally this approach allows the ILEC to protect the proprietary nature of CLEC-specific data and reports by requiring the use of a password to access the data.

186. The monthly posting of data by website, as described above, provides CLECs with all the information they need, and is not unduly burdensome. However, BellSouth believes that there is no purpose to providing reports to CLECs that have no activity for which performance can be reported. Therefore, it would be useful to establish a mechanism by which the ILEC could eliminate reports for individual CLECs if no activity by that CLEC has occurred over a reasonable period of time.

187. As to providing data to carriers that do not purchase services, BellSouth believes that these carriers should not have access to the specific performance data relating to the wholesale services purchased by other competitive CLECs. To the contrary, only CLECs who purchase these services should be allowed password-controlled access to their own data. However, there is no reason that any interested entity should not be allowed access to aggregate level data of the sort posted every month on the BellSouth web site.

188. BellSouth agrees with the Commission that there is a benefit to making reports available to State regulators.⁵⁶ Currently, state officials throughout BellSouth's nine-state region have access to considerably more performance reports than the performance reports addressed in the *Notice*. BellSouth hopes that the development of national performance measures will have the desirable result of reducing the number of measures and the concomitant number of

⁵⁶ *Notice*, ¶ 88.

necessary reports. At any rate, BellSouth proposes to continue its current practice of posting appropriate reports to a web site, where they will be readily available to all interested parties, including State Commissions.

G. Performance Evaluation and Statistical Issues

189. The most direct and reliable method of arriving at a true comparison of ILECs across the country is to adopt a uniform statistical methodology. This approach significantly reduces the guesswork inherent in this comparative process. It also allows the ILECs to gauge their own performance based on the performance of other similarly situated ILECs. BellSouth believes that the appropriate methodology to adopt in order to evaluate an incumbent LEC's performance at the aggregate state level is the Modified-Z statistical methodology for those measures that are compared to a retail analogue. The modified-Z is a standard statistical hypothesis test that incorporates into the methodology the actual differences in performance between the ILEC's retail and wholesale functions/activities, and the amount of variation in the underlying data being assessed.

190. In the *Bell Atlantic-New York Order*, this Commission held that the modified Z-test used by Verizon for comparing performance measurements was an appropriate statistical methodology.⁵⁷ This conclusion was affirmed by the Commission's acceptance of the use of the modified Z-test by Southwestern Bell –Texas to offset the effect of random variation within individual measurements⁵⁸.

191. Consistent with these prior holdings of this Commission, BellSouth currently uses and proposes the modified Z-test to determine statistically significant variations between services

⁵⁷ *Bell Atlantic-New York Order*, 15 FCC Rcd, at 4182-91 (App. B).

⁵⁸ *In the Matter of Application by SBC Communications, Inc. Southwestern Bell Telephone Company, and Southwestern Bell Communications Services, Inc. d/b/a Southwestern Bell Long Distance; Pursuant to Section 271 of the Telecommunications Act of 1996 To Provide In-Region, InterLATA Services in Texas*, CC Docket No. 00-65, *Memorandum Opinion and Order*, 15 FCC Rcd 18354 (2000).

provided by ILECs to CLECs and services to its own retail units for performance reporting purposes. This statistical methodology is the Local Competition Users Group's ("LCUG") modified Z score. A Z score of below -1.645 provides a 95% confidence level that the variables are different, or that they come from different processes. This is the standard by which the retail analogue comparison is made.

192. While BellSouth advocates the Modified Z test for the evaluation of performance, BellSouth believes that a different statistical test is necessary for purposes of calculating penalties, if a penalty plan is adopted under the circumstances discussed previously. BellSouth believes that a distinction should be made between the statistical methodology used for performance monitoring and the methodology used for penalty assessment. The Modified Z-test is relatively simple to apply and is therefore well suited for performance monitoring and reporting, i.e., flagging possible problems at an aggregate level. However, the methodology used for calculating penalties should include additional safeguards designed to assure that performance results are not improperly identified as discriminatory, when, in fact, parity exists. These safeguards are especially needed when performance results are viewed on a disaggregated level for the individual CLEC.

193. As CLEC activity volumes grow, the discreet comparisons based on product and/or activity type become more analogous between ILECs and CLECs. While the modified-Z methodology works best in this environment, i.e., when the ILEC and CLEC activity universes are closer together in product and/or activity mix and volume, the modified Z-test is inadequate where activity volumes are low or where the product and/or activity mix are likely to differ significantly. Therefore, BellSouth views the modified-Z methodology as inappropriate for purposes of calculating penalties.

194. BellSouth believes that the appropriate methodology to adopt for purposes of calculating penalties is the Truncated Z method with error probability balancing. Dr. Colin

Mallows, a recently retired statistician from AT&T Research Labs, created the Truncated Z statistic. Dr. Mallows, together with Ernst & Young statisticians, developed the actual Truncated Z methodology by adding to the statistic such features as error probability balancing. This collaborative effort was the result of a request by the Louisiana Public Service Commission (LPSC) that lasted over nine months, and concluded in the filing of a “Statisticians’ Report” with the LPSC in September of 1999 (revised February 2000). This Statisticians’ Report is included in Attachment 2.

195. The Truncated-Z statistic is appropriate when assessing penalties because it assures that like-to-like comparisons are made. This feature is not always present in the modified-Z test. By using error probability balancing in the methodology, parameters are included that allow for the application of a materiality test to the statistical results. The materiality test addresses the question of whether a statistically significant difference is in fact a material difference. This additional consideration is necessary to prevent the erroneous identification of observed differences as discriminatory, when in fact there is no appreciable impact on local competition. Importantly, the Truncated-Z methodology follows four key principles:

1. Like-to-Like Comparisons – When possible, data should be compared at appropriate levels that facilitate apples to apples comparison; for example, CLEC transactions that are “new” provisioning orders should be compared with “new” BellSouth provisioning orders.
2. Aggregate Level Test Statistic – Each performance measure of interest should be summarized by one overall test statistic giving the decision maker a rule that determines whether a statistically significant difference exists.

3. Product Mode Process – The statistical processes must be developed so that it can be placed in production efficiently without the need for manual intervention.
4. Balancing – The testing methodology should balance Type I and Type II error probabilities. A Type I error adversely affects BellSouth; a Type II error adversely affects a CLEC. Balancing the error probabilities ensures that both sides assume the same level of uncertainty in the decision process.

196. For the reasons discussed, BellSouth believes that the Truncated Z statistic should be adopted for purposes of calculating penalties when comparing ILEC and CLEC performance levels.

197. As to the type of standard to apply, in situations there is no analogous retail process or product to compare ILECs service to CLECs, a benchmark standard is not only appropriate, it is the only alternative. The *Notice* raises the question of whether other analyses of the incumbent LEC's performance measurements, in addition to a comparison of averages, would be useful or necessary, such as a test to determine the percentage of time that a completion interval exceeds a specified threshold.⁵⁹ This question appears to contemplate using a set standard (i.e., a benchmark) in addition to a retail analog to a given measurement as a way to determine the degree of any discriminatory performance. BellSouth believes that applying multiple standards to a single measurement would be burdensome and, therefore, inconsistent with the goal of minimizing the burden imposed on Incumbent LECs.⁶⁰ Moreover, applying both a parity standard and a benchmark standard to a measurement of a single process could well

⁵⁹ *Notice*, ¶ 90.

⁶⁰ *Notice*, ¶ 7.

result in the payment of duplicate penalties. Bell strongly believes that this result would also be improper.

198. The question raised in the *Notice*⁶¹ of whether benchmarks should be adjusted when universes are small is an important one. It is possible that an ILEC is delivering compliant performance, but the compliant performance is not recognized when performance is based on small universes. As an example, if a metric has a benchmark of 90%, and a CLEC has 9 transactions, then each of the 9 transactions must meet the standard for the sub-metric. If there is just one failure, the performance level is 88.8% (8 divided by 9.)

199. To remedy this problem, BellSouth proposes a 95% Confidence Small Sample Size table as described in Appendix 2 of Attachment 2. The small sample size table simply identifies what the benchmark should be when the number of transactions is small. For example, assume a measurement normally has a 95% benchmark, but there were only five transactions in a given month. In this case, missing only one transaction would result in an 80% performance level. The small sample size table would adjust the benchmark from 95% to 80% for a universe of 5 transactions. This is a common statistical practice. BellSouth proposes the use of a small sample size adjustment table for fewer than thirty observations.

V. CONCLUSION

200. The Commission should develop a national plan that streamlines measurements and reduces the burden on ILECs. The Commission should not develop a mandatory national plan that would be added to the current labor necessitated by existing state plans. Instead, the best alternative is to set a national plan that would replace state plans, ensuring a much-needed uniformity of measures and standards that is otherwise not possible. State Commissions should be fully involved in this process, through the creation of a state-federal task force and otherwise.

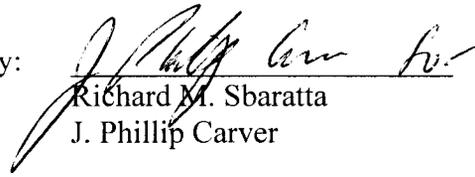
⁶¹ *Notice*, ¶ 91.

An acceptable alternative would be to create a national plan that would be advisory, i.e., which State Commissions would have the option of adopting rather than having a plan of their own design. Finally, the number of measurements proposed in the Notice is appropriate, although some of the measurements should be changed in substance.

Respectfully submitted,

BELLSOUTH CORPORATION

By:


Richard M. Sbaratta
J. Phillip Carver

Its Attorneys

Suite 4300
675 W. Peachtree Street, N.E.
Atlanta, Georgia 30375-0001
(404) 335-0738

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CERTIFICATE OF SERVICE

I do hereby certify that I have this 22nd day of January 2002 served the following parties to this action with a copy of the foregoing **COMMENTS OF BELLSOUTH** by electronic filing to the parties listed below.

Magalie Roman Salas
Office of the Secretary
Federal Communications Commission
The Portals, 445 12th Street, S.W.
Room 5-B540
Washington, D.C. 20554

Qualex International
The Portals, 445 12th Street, S.W.
Room CY-B402
Washington, D.C. 20554


Juanita H. Lee