

# Attachment D

**Declaration of Maureen A. Swift  
On Behalf of AT&T Corp.**

1. My name is Maureen A. Swift. My business address is 900 Route 202/206, Bedminster, New Jersey.
  
2. I am employed by AT&T as a Division Manager in the Local Services and Access Management group in AT&T's Network Services organization. In this position I am responsible for the oversight of both the special access services and unbundled network elements purchased by AT&T from incumbent local exchange carriers ("ILECs"). Additionally, I work closely with colleagues in the AT&T Business Services unit to identify the needs and expectations of our customers who purchase services that rely on inputs from other carriers. I am a 1977 graduate of Nazareth College of Rochester, with a B.S. in Mathematics and Management Sciences. In 1985, I received an MBA (with concentration in Accounting and Operations) from the University of Rochester Simon School of Management. From 1985 to 1992, I was employed by Rochester Telephone in Rochester, New York, in the area of separations and settlements. In September 1992, I accepted the position of Manager of Business Development with ACC Corporation, a competitive long distance provider. At ACC, I was also part of a team charged with developing a competitive local service product, and handled carrier relations with the incumbent local exchange carriers, including interconnection negotiations and performance issues. Through a series of acquisitions, ACC became part of AT&T in July 1998. I continued in a carrier relations capacity until February 1999, when I was promoted to Division Manager for National Negotiations policy, where I was responsible for coordinating AT&T's policies for interconnection negotiations. I assumed my present position in September 2000.

3. The purpose of my declaration is to describe AT&T's experience with ILEC suppliers of special access services, and to elaborate on specific service quality problems AT&T has faced over the last several years. In particular, I will discuss why neither market forces nor existing mechanisms have proven sufficient to address such problems.

4. In its capacity as an interexchange carrier ("IXC"), AT&T must purchase local access from ILECs for the provision of both voice services as well as other high-capacity services including ATM and frame relay. Although recent years have seen the growth of alternative access providers and the acquisition by AT&T of some of its own local facilities, the vast majority of local access is purchased from the incumbents.

5. AT&T also relies on ILEC special access facilities for the provision of a significant amount of the local service it provides. For the provision of high-capacity services, AT&T uses ILEC DS-1 and/or DS-3 facilities to reach its customers. While AT&T would prefer to serve its local customers using entirely its own network, a number of limitations necessitate the use of portions of the incumbents' networks to reach end-users. Among these limitations are the need to cost justify augments to the existing network, the availability of construction prerequisites (such as rights-of-way and collocation facilities), the feasibility of building within the time frame required by the customer, and prior volume and/or term commitments that make it uneconomic to convert to alternative facilities (whether self-provided or provided by a third-party) due to termination penalties.<sup>1/</sup> AT&T's ability to secure the ILEC facilities it needs in the form of unbundled network elements is constrained by numerous factors, including use

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<sup>1/</sup> See Declaration of Anthony Fea and William J. Taggart III on Behalf of AT&T Corp., *appended to* Comments of AT&T Corp. on Use of Unbundled Network Elements to Provide Exchange Access Services, CC Docket No. 96-98 (filed Apr. 30, 2001).

restrictions adopted by regulators and additional impediments imposed unilaterally by the ILECs.<sup>2/</sup>

6. Although, as large purchasers of local access, IXCs and CLECs (including AT&T) have been major customers of ILECs, the conditions under which these supplier-customer relationships were created produce a far different dynamic than is found in an efficiently functioning competitive market. Unlike those markets, carriers seeking to purchase local access in a given situation routinely have no alternatives to ILEC-provided special access service. Therefore, although large customers in most commercial settings have significant bargaining power to demand a specific level of service, competitive carriers seeking local access must typically rely on the good will of their suppliers for service improvement.

7. The critical fact for this proceeding is that ILECs' good will has been insufficient to meet the needs of both AT&T and other wholesale purchasers and those carriers' retail customers. Over the years, AT&T has developed specific quality measurements (often referred to as direct measurements of quality or "DMOQs") and spent literally years working on a business-to-business basis with ILECs to obtain service consistent with those standards. But despite the considerable time and resources AT&T has devoted to this effort, the ILECs' provisioning and maintenance of their special access services generally remain commercially unacceptable.

8. Requiring the ILECs to provide information needed to support an appropriate performance measurement and remedy regime would not be burdensome. AT&T provides its vendors with specific DMOQs, including category-specific expectations or benchmarks. AT&T

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<sup>2/</sup> See, e.g., Declaration of Alice Marie Carroll and Cynthia S. Rhodes on Behalf of AT&T Corp., at 5-6, *appended to* Comments of AT&T Corp. on Use of Unbundled Network Elements to Provide Exchange Access Services, CC Docket No. 96-98 (filed Apr. 30, 2001).

then requests that the vendor provide data that track its performance against those DMOQs. In general, vendors have been forthcoming in providing these data on a regular basis. However, such data are almost always subject to AT&T's explicit agreement not to disclose its company-specific data to others, even in the context of regulatory proceedings. However, based on my knowledge of current ILEC data gathering and reporting capabilities, it is my belief that ILECs would not be required to institute new capabilities or significantly modify existing capabilities in order to provide the reporting for the measures identified in the Joint Competitive Industry Group Proposal.<sup>3/</sup>

9. Critically, even though AT&T receives periodic data from its ILEC special access vendors on their performance, those data have not been sufficient to enable AT&T to obtain better quality service – the kind of services its customers demand. Although AT&T's agreements with individual ILECs preclude it from providing data on an individual basis, I can affirmatively report that the ILECs' data have consistently shown performance that does not meet AT&T's DMOQs. Moreover, even in those cases where AT&T has seen some improvements, those improvements often have not been sustained over time. And since AT&T's ability to obtain the self-reported data is conditioned on confidentiality agreements that limit its ability to use those data solely to its business-to-business dealings with the ILEC, they provide little leverage to motivate the ILECs to improve.

10. It is also important to recognize that the ILECs' motivation to meet AT&T's business needs will be further reduced as ILECs begin to enter the interexchange market and compete against IXCs on a head-to-head basis in the provision of long distance services. Thus, I

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<sup>3/</sup> Letter from Joint Competitive Industry Group, to Michael K. Powell, Chairman, FCC, CC Docket No. 01-321 (filed Jan. 22, 2002) ("JCIG Proposal").

cannot expect the situation to improve in the future; indeed, the ILECs' clear incentives would lead them in exactly the opposite direction.

11. Although I am not permitted to provide special access performance data on any specific ILEC, the aggregate data for all large ILECs<sup>4/</sup> between 1997 and 2001 show that AT&T has not been able to use its position as a large customer to obtain or consistently maintain adequate ILEC performance. These data, attached to my declaration as Attachment A, show nationally aggregated ILEC performance for three specific DMOQs: (1) DS1 On-time Performance, (2) DS1 Failure Frequency, and (3) Total Time to Repair greater than 3 hours.<sup>5/</sup> Although these measures are not precisely the same as those defined in the JCIG Proposal supported in this proceeding, they are similar enough to show that ILECs' special access service quality is generally poor and unpredictable.

12. Attachment A shows that, on a national basis, ILECs failed to provision AT&T's DS1s orders in a timely manner significantly more than 10% of the time. More disturbing, the data reflects a *downward* trend in on-time performance. Further, over the five-year period reflected in the analysis, DS1 failure frequency was as high as approximately 23%, and *always* well above 10%. Similarly, the ILECs' failure rate also seems to be growing at a modest rate.

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<sup>4/</sup> These companies include Ameritech, BellSouth, Pacific Bell, Qwest (formerly U S West), SWBT and Verizon (formerly Bell Atlantic and GTE.)

<sup>5/</sup> (1) DS1 On-Time Performance is measured by dividing the number of orders that were not provisioned on the Customer Desired Due Date ("CDDD") for exchange access reasons, by the number of orders completed in the reporting calendar month. (2) DS1 Failure Frequency is measured by dividing the monthly network failures by the total number of circuits purchased by AT&T on the last day of the reporting calendar month. (3) Total Time to Repair > 3 hours is measured by dividing the number of troubles restored in more than 3 hours in the report period by total number of troubles in the period.

Finally, the aggregate data shows that restoration intervals exceed three hours approximately 30% of the time.<sup>6/</sup>

13. While these results are disquieting, they are even more troubling when viewed in light of AT&T's aggressive efforts over the last several years to obtain better service. As noted by some of the ILEC commenters, AT&T representatives meet with their account managers on a frequent basis to review the ILECs' self-reported data, identify the root causes for poor performance, and design remedies. In fact, AT&T prefers this kind of business-to-business process as a means to resolve performance issues, and has committed significant resources to such efforts. Yet despite the thousands of hours expended on these efforts, improvement, if any, is generally short-lived, and overall service quality continues to be mediocre. Clearly, it appears that the ILECs have determined that the "hassle" factor related to dealing with unhappy customers is far outweighed by the benefit they obtain from supplying those customers -- who are also competitors -- with poor service.

14. More recently, some ILECs have introduced tariffs and contracts that include specific performance targets coupled with penalties for failure to reach those targets. AT&T was pleased see ILECs implement plans that directly link poor performance with monetary consequences, and has been quick to avail itself of those alternatives where available.<sup>7/</sup> While these plans have resulted in consequences for the vendors' failure to meet agreed-upon targets,

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<sup>6/</sup> Customer satisfaction is clearly linked to the ability of a carrier to avoid outages and, in the event an outage occurs, to restore service quickly. Therefore, the finding that more than 30% of outages last more than 3 hours is particularly troublesome since it tracks restoration time frames well in excess of AT&T's DMOQ of less than two hours (which is similar to the level proposed by the JCIG). Even when measured against this much lower standard of performance, ILEC services still fail almost one-third of the time.

<sup>7/</sup> SBC (at n.24) correctly points out that AT&T requested that the Texas PUC not take any action that would pre-empt the terms of its Managed Value Plan ("MVP") contract with SWBT.

they have not yet succeeded in providing service at the level required by AT&T (and agreed to by the ILEC).<sup>8/</sup> This experience suggests that even the most comprehensive mechanisms available to AT&T are currently insufficient to address the problem of poor ILEC special access performance.

15. Additionally, there is a growing gap between what AT&T's customers expect and AT&T's ability to obtain the ILEC special access services needed to meet those expectations. It is certainly true that end user purchasers of special access (and services that incorporate ILEC special access service) are generally knowledgeable about the complexities involved in providing that service. Nevertheless, their business needs still require (and customers demand) predictable and reliable installation, maintenance, and repair intervals. Current mechanisms available to AT&T have failed to produce consistent and sustainable improvement in the ILECs support for special access. Thus, those mechanisms do little to address customers' most urgent needs. Although customer feedback regarding special access service is addressed more fully in the Declaration of Deborah S. Waldbaum, my personal contact with AT&T end-user customers indicates that there is a remarkably high level of frustration among those seeking our services.

16. As a result of the above, AT&T finds itself in an untenable position. Although AT&T values the ability to negotiate with its ILEC suppliers to obtain critical inputs that are specifically designed to meet AT&T product needs, experience shows that ILECs remain the dominant suppliers of special access services and in most cases there are few (if any) alternatives available. Thus, relying on negotiation alone cannot -- and does not -- assure AT&T will be able

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This position is fully consistent, however, with AT&T's request that the Commission adopt *minimum* national standards that may be supplemented by specific carrier-to-carrier agreements.

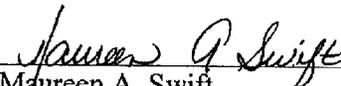
<sup>8/</sup> This is not to say that, under the right conditions, such mechanisms could not provide a satisfactory result. For example, in 2001, AT&T's non-ILEC providers of special access

to meet its customers' needs. Therefore, the most immediate and effective means to provide ILECs with the incentives they need to provide acceptable service quality for interstate special access services is for the Commission to adopt a federal performance measurement plan based on the JCIG Proposal, accompanied by efficient, prompt, and effective remedies.

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generally maintained a failure frequency rate of less than 5% (vs. 19.09% for ILECs), in compliance with contractual obligations that are linked to monetary penalties.

I declare under penalty of perjury that the foregoing is true and correct.

  
Maureen A. Swift

Dated: This 12<sup>th</sup> day of February, 2002.