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February 19, 2003

**Ex Parte Presentation**

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

Re: *Application by SBC Communications Inc., et al. for Provision of In-Region,  
InterLATA Services in Nevada, WC Docket No. 03-10*

Dear Ms. Dortch:

On behalf of SBC Communications Inc. ("SBC"), attached is information requested by Commission staff regarding Nevada Bell's and Pacific Bell's wholesale performance. In accordance with the Commission's Public Notice, DA 03-92 (Jan. 14, 2003), SBC is filing this letter and its attachment electronically through the Commission's Electronic Comment Filing System.

Yours truly,



Colin S. Stretch

**Attachment**

cc: Pamela Arluk  
Tracey Wilson  
Charles Bolle  
Brienne Kucerik  
Qualex International

### **PM 5 – Percent Orders Given Jeopardy Notices**

- a. Nevada – Submeasure 5-51900 (Resale Residential POTS). Although performance missed the parity standard in November and December 2002, these were the only performance shortfalls in 2002. Performance in January 2003 met the parity standard. Moreover, the percentage of orders given jeopardy notices in November and December was extremely low. During these months, Nevada Bell completed 339 resale residential orders, with a jeopardy condition occurring on only seven orders. The principal reason for these jeopardies was a lack of good cable facilities, caused by extremely rainy weather during these two months.
- b. Nevada – Submeasure 5-52801 (Resale Specials). Performance did not achieve the parity standard in December, as five installation jeopardy notices were sent on 95 orders. Two misses were caused by administrative errors in coding the jeopardies; on the remaining three, the orders were given the wrong due date. Performance on this submeasure met the benchmark in November 2002 and in January 2003.

Prior to November 2002, data for this submeasure were tracked in several submeasures, disaggregated by type of Resale Special service. In September and October 2002, data existed for Resale Centrex (Submeasure 5-52200) and in October for Resale PBX (Submeasure 5-52400). Performance for both submeasures met the parity standard in both months.

- c. California – Submeasure 5-23300 (UNE Loop 2w Digital IDSL). When originally reported, performance for this submeasure failed to achieve the parity standard in the last four months (September through December 2002). This “miss” was due to a system problem. Specifically, the “DISC” provisioning system was sending informational notices to CLECs when an order required special handling (due to a facilities shortages), even though the due dates of the orders were not at risk of being missed, and therefore were not in “jeopardy” status.<sup>1</sup> Pacific’s performance measurement tracking system, however, recorded these informational notices as jeopardies, thus skewing the results.

A programming upgrade was installed on December 8, 2002 to address this issue. Pacific plans to restate the data for this submeasure for December, and it anticipates that the restated values will show that parity was achieved. Past data do not exist to allow for the restatement of results for September, October, or November.

### **PM 6 – Average Jeopardy Notice Interval**

- a. California – Submeasure 6-48200 (UNE Loop 4w Digital 1.554mbps). Performance for this submeasure achieved the benchmark in all but two months from April through December 2002 (November and December). Even in these two months, moreover, Pacific installed over 1000 DS1 loop orders, and only fifteen experienced installation jeopardies (six in

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<sup>1</sup> Pacific assigns a jeopardy condition to an order only where there is a strong likelihood that the order will be missed. This process is the same for both wholesale and retail orders.

November; nine in December). Of these few installation jeopardies, notices on only four were not returned within three hours of the due date/due time. Notwithstanding the likelihood of minimal (if any) negative impact upon CLECs resulting from this performance, Pacific will provide reinforcement training designed to improve jeopardy notice timeliness.

- b. California – Submeasure 6-52000 (UNE P). Pacific’s performance fell short of the benchmark in each of the last four months for this submeasure due to a system programming issue. Specifically, missed due dates noted in the “SORD” ordering system were being sent to the “LFACS” inventory system, and, in some cases, were being held there before being downloaded to the “DISC” provisioning system. This delay caused some missed commitment notices to be delayed before being sent to the CLEC. Pacific has developed a system upgrade to mitigate this problem that is currently being scheduled for implementation.

The number of UNE P orders affected by this issue was very limited. For example, in December 2002, Pacific completed over 190,000 UNE P orders, about 99.9% of which were installed on time. Of the 245 missed commitment notices that were sent, only 31 were late.<sup>2</sup>

**PM 11 – Percent Missed Due Dates and PM 12 – Percent Missed Due Dates Due to Lack of Facilities (Statewide)**

- a. California – (UNE Loop 4w Digital 1.544 mbps). The percentage of DS1 loop missed due dates for CLECs exceeded retail, on a statewide basis, in three of the last four months. Each shortfall was due to an independent event affecting discreet market areas. In October, missed due dates in the North region caused the performance shortfall. This was the only month among the last five months in which Pacific’s performance in the North region did not achieve parity. In November, heavy rains in the Bay region contributed to a higher than usual number of bad cable facilities, causing a slightly higher miss rate for DS1 loops. Pacific did not miss either PM 11 or PM 12 for DS 1 loops in the Bay region in any other month in 2002. Finally, in December, issues associated with late engineering designs in the LA region for DS1 loops caused a performance shortfall in that region. As in the Bay region, this was the first time in 2002 that Pacific’s LA region performance for PMs 11 and 12 fell short of parity. Even apart from the isolated nature of these performance shortfalls, in absolute terms Pacific’s performance provisioning DS1 loops has been strong. In the months of September through December, the percentage of due dates missed for DS1 loops was never greater than 3.6%. For each of the five months prior to October (May through September), SBC’s wholesale performance met or exceeded retail performance (measured at a statewide level).
- b. California – (UNE Loop 2w IDSL). The percentage of missed due dates for CLECs was higher than that for retail operations in October and December. In five of the last seven months (the months for which statewide results are available), Pacific’s wholesale

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<sup>2</sup> The Commission has previously viewed this precise issue “within the broader context of Pacific Bell’s high rate of on-time performance provisioning UNE-P orders,” and it accordingly has recognized that the performance disparity is not “competitively significant.” California Order ¶ 84.

performance was better than parity. The two “misses” were caused primarily by a lack of facilities, either due to defective cable facilities or facilities that required the removal of load coils. Administrative issues in managing escalations also caused delays in completing service orders on time. Pacific is currently reviewing these issues and developing process improvement plans to improve performance.

### **PM 15 – Provisioning Trouble Reports**

California – Submeasure 15-91110 (UNE Loop Out of Service). Performance for this submeasure is near perfect (less than 0.30% of CLEC orders resulted in trouble reports in each of the last twelve months), but just shy of parity. Paragraph 25 of the Richard Motta affidavit filed in the California 271 proceeding (“California Motta Affidavit”) describes further efforts to improve service relative to this area. However, Pacific may not be able to achieve statistical parity unless it can deliver perfect service. With such an excellent service level, it is unlikely any CLEC has suffered competitive harm due to this statistical shortfall.

### **PM 16 – Percentage of Troubles in 30 Days for Special Services Orders, PM 19 – Customer Trouble Report Rate, PM 21 – Average Time to Restore, and PM 23 – Frequency of Repeat Troubles in 30 Day Period – California (xDSL and Line Shared Loops)**

Performance for xDSL-capable and lineshared loops for maintenance and maintenance-like performance measures can be impacted by a CLEC’s ability to identify troubles on the DSL service before submitting a trouble report to Pacific.

Pacific itself has taken several steps to improve testing on these loops. Paragraphs 36 through 39 in the California Motta Affidavit describe Pacific’s efforts to improve testing and trouble resolution with DSL-capable loops. In September, Pacific began signal testing all DSL-capable loops for both CLECs and ASI. In addition to testing the continuity of the loop, Pacific tests whether a data signal can be passed on the circuit. And Pacific also will perform synchronization tests on the DSL service, if the CLEC provides cable modems to Pacific. To date, however, only ASI has provided cable modems for synchronization testing.

Although ASI has thus put in place equipment that permits more robust testing of DSL-capable loops, unaffiliated CLECs experience only slightly more troubles, and slightly slower repair, than ASI. For example, customer trouble report rates for lineshared loops provisioned for CLECs (for which parity is assessed) have been less than 1% in the past twelve months. Average time to restore for lineshared loops have been at parity for the last four months. For restoration interval performance for CLECs’ xDSL-capable loops, performance shortfalls still exist relative to performance for ASI, though most of the difference in the past two months was due to the effect of inclement weather extending the time to restore. Progress also has been made in reducing repeat reports for DSL-capable loops. Specifically, with improved focus and implementation of new testing procedures (such as signal testing), repeat reports have been reduced from 18-25% (from January through August) to 16-18% (in the last four months). Similar improvements are evident in repeat reports for lineshared loops, where performance ranged from 18-24% for CLECs from January through August, but has been reduced to 14.5-19% in the last four months.

**PM 19 – Customer Trouble Report Rate, PM 21 – Average Time to Restore, and PM 23 – Frequency of Repeat Troubles in 30 Day Period – California (Basic UNE Platforms)**

Paragraphs 19 through 26 of the Motta/Resnick Affidavit filed in this proceeding (App. A, Tab 13) describe the issues impacting performance on these submeasures. As noted in these paragraphs, the retail business POTS analog (against which Pacific's performance for the UNE P product is assessed) does not provide an accurate picture of Pacific's performance. Most of the UNE P services migrated by CLECs in the past several months have been residential services. Indeed, at this time, about 75-80% of all UNE Ps in service are residential lines. Business services and residential services generally have different characteristics with respect to the rate at which troubles occur and the amount of time required to resolve the service problem. Business POTS services typically have fewer troubles, and troubles on business lines usually are resolved more quickly than for residential services. As such, a parity comparison between primarily residential services (on the wholesale side) and business services (on the retail side) frequently will distort performance, both with respect to the number of troubles reported and how quickly those troubles are resolved.

For example, with regard to the timeliness of repairs (Submeasure 21-97401), troubles on business services typically are reported throughout the business day, whereas troubles on residential lines are more frequently reported at the end of the day when the customer is at home. Pacific analyzed the results for Submeasure 21-97401 and found, for UNE P services, troubles were reported after 5 p.m. about twice as often as reports submitted for retail business POTS services. The significance of this finding is that troubles reported near the end of the business day are less likely to be resolved the same day and more frequently carried over to the next day for resolution. As a result, on average, trouble restoral times will be slightly longer for residential services as compared to business services. And, because Pacific's wholesale performance on *residential* lines is presently measured against its retail performance on *business* lines, it may appear that its wholesale customers are receiving worse service when, in fact, they are not.

With respect to customer trouble report rate, the recent reduction in UNE P pricing also contributes to perceived performance shortfalls in this area. As a result of that reduction, Pacific has experienced a monthly increase of approximately 25% in the migration of retail POTS customers to CLEC UNE P customers. Indeed, between the end of September and the end of November, UNE P lines in service went from approximately 500,000 to almost 750,000. Meanwhile, the level of provisioning activity for retail POTS services remains at a constant churn rate of about 5-10% per month. Since provisioning activity will generally result in a certain number of installation troubles (which are included in the overall trouble report rate), the UNE P base of services is generating relatively more trouble reports due to the increased rate of provisioning activity. These additional installation troubles are contributing to the higher overall rate of trouble for this product.

In the review of the California performance measures completed on January 31, 2003, Pacific and the CLEC representatives agreed to disaggregate reporting of UNE P maintenance submeasures between residential UNE P services and business UNE P services. Assuming

this disaggregation is approved by the California PUC, residential UNE-P lines will be compared to retail residential services, and business UNE-P lines will be compared to retail business services.<sup>3</sup> These changes will allow the parity assessment to be informative of true wholesale performance. Nevada Bell has also recommended that the same change be made to its Nevada performance measures.<sup>4</sup>

### **PM 19 – Customer Trouble Report Rate**

California – Submeasure 19-93602 (UNE Platforms - Specials). Performance fell short of parity in two of the last four months (November and December 2002). Performance was impacted in both months by the same problem. One UNE P Specials order was installed in November. Four of the lines on the order experienced troubles, causing four installation trouble tickets to be submitted. In December, two more trouble tickets were submitted associated with this order (repeat troubles). The trouble tickets associated with this one order comprised all the trouble tickets submitted on this service category in the two-month period. Without these trouble tickets, the trouble report rate for UNE P – Specials would have been 0.0% in each of the last four months.

### **PM 21 – Average Time to Restore**

California – Submeasure 21-96001 (UNE Loop 4w Digital 1.544 mpbs). An explanation of the issues impacting performance for DS1 loops for this submeasure is included in paragraphs 50-51 of the California Motta Affidavit. As a result of Pacific's efforts, in the past four months, performance has improved month over month, with the difference in restoral intervals narrowing in each month. In fact, Pacific achieved parity in December 2002.

### **PM 23 – Frequency of Repeat Troubles in 30 Day Period**

California - 23-92601 (UNE Loops 8.0db and 5.5db). Repeat report rates on basic UNE loops are impacted by Pacific's ability to completely test the loop and identify the trouble on the original trouble report. As described in paragraphs 26-28 of the California Motta Affidavit, to provide more complete test results on the initial trouble report, Pacific developed and implemented the Fault Isolation Test ("FIT") process. The FIT process allows Pacific LOC technicians to interact directly with the CLEC when the CLEC reports a trouble condition. This process provides for the creation of a complete description of the trouble and, consequently, a better ability to define whether the trouble is inside the Pacific central office, in Pacific's outside plant facilities, or in the CLEC's network.

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<sup>3</sup> See, e.g., Ex Parte Letter from Colin S. Stretch on behalf of SBC to Marlene Dortch, FCC, Enclosure Attachment A at 90 (filed Feb. 12, 2003).

<sup>4</sup> See, e.g., Ex Parte Letter from Colin S. Stretch on behalf of SBC to Marlene Dortch, FCC, Enclosure Attachment A at 44 (filed Feb. 4, 2003) ("February 4 Ex Parte"). SBC has also filed a proxy study demonstrating what Pacific's performance would have been had a modified parity analog been in place. See Ex Parte Letter from Colin S. Stretch on behalf of SBC to Marlene Dortch, FCC (filed Feb. 10, 2003).

Since implementing the FIT process, Pacific has seen a reduction in repeat trouble reports on basic UNE loops of over 20%.<sup>5</sup> The difference in performance for CLECs, moreover, is only about 1.5 percentage points on average in the last four months. Pacific is also continuing to pursue ways to narrow the gap even further.

### **PM 24 - Percent Blocking on Common Trunks**

Nevada – 24-00100. Performance fell short of the benchmark standard in three of the last four months. The performance shortfalls in September and October were directly related to overflow traffic onto the Nevada Bell common transport network from one CLEC, which had delayed augmenting its interconnection trunk network in a timely manner. The common transport network in the Nevada Bell region includes only about 35-40 trunk groups. Consequently, significant overflow from even one CLEC can cause customer-affecting blocking levels on the network. In late October/early November, the CLEC finally ordered, and Nevada Bell installed, additional interconnection trunks, alleviating the overflow problem. Performance for this measure achieved the benchmark standard in November. As a result of this experience, in its January 31, 2003, filing of proposed changes to the Nevada Performance Measurement Plan, Nevada Bell requested an exclusion to PM 24 for instances of “[b]locking caused by unplanned load on a CLEC[] network that overflows or routes to the Common Transport Trunk Groups.”<sup>6</sup>

The performance shortfall in December was caused by a high volume of traffic from a telemarketer occurring for one hour on one day of the month. This was an isolated event, and subsequent traffic studies on the affected trunk groups do not indicate a need to augment these trunk groups or to take any other particular action.

### **PM 2 – Average FOC Notice Interval**

Submeasure 2-02201 (in Nevada) and submeasure 2-02200 (in California) both measure average intervals for fully electronic FOCs for UNE P service. Performance on this submeasure in California did not meet the benchmark standard in September, October, or November 2002. In September and October, Pacific’s performance was impacted by a series of system failures experienced by one major CLEC on its own EDI system. This CLEC’s system problems continued over a number of weeks in late September and early October. Though Pacific attempted to work with the CLEC to ensure a progressive flow of orders once its EDI system was again functional, on more than one occasion, the CLEC sent a large volume of backlogged service requests in a very short time frame, slowing processing on Pacific’s side of the EDI interface. After these events occurred, Pacific contacted the CLEC and engaged the CLEC in a root cause analysis study. After reviewing the data, the CLEC agreed that its actions were the primary cause of the performance shortfalls in September and

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<sup>5</sup> From January 2002 to March 2002, repeat trouble report rates for basic UNE loops averaged 12.25% for CLECs. Since April, when the FIT process was fully deployed and reinforcement training on test procedures was provided to Pacific’s technicians, repeat reports have averaged about 9.4%.

<sup>6</sup> February 4 Ex Parte, Enclosure Attachment A at 54.

October and that Pacific would be relieved of making remedy payments for performance on this submeasure in these two months.

In November, Pacific's own EDI system experienced a system problem. Though of short duration (one business day), the effect was sufficient to cause the benchmark standard to be missed for the month. This was an isolated event and, aside from the episode described immediately above, the only time during 2002 that Pacific's performance fell short of the established standard.

### **PM 34 – Bill Accuracy**

In California, submeasures were added to PM 34 (Billing Accuracy) to allow statistical assessment of the combination of billing data elements (usage, recurring charges, and non-recurring charges) for each major category of service (Resale, UNE POTS, UNE Other, and Facilities/Interconnection). In addition, Pacific tracks a combined assessment under PM 34-00610, a submeasure that was put in place as part of Pacific's incentives plan. No similar submeasure exists in Nevada. Instead, statistical assessment for PM 34 for Nevada Bell occurs for each billing data element within each major service type.