



March 14, 2003

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

Re: Application of SBC Communications Inc., Michigan Bell Telephone Company,  
and Southwestern Bell Communications Services, Inc. for the Provision of In-  
Region, InterLATA Service in Michigan, WC Docket No. 30-16

Dear Ms. Dortch:

On March 4, 2003, SBC Communications Inc. filed reply comments in this proceeding in response to a number of issues raised by TDS Metrocom in its initial comments. In many places, especially with respect to change management procedures and billing accuracy, SBC's comments are inaccurate, inadequate or simply miss the point of the issue completely. This letter is intended to respond to SBC's claims, fill in the gaps left by SBC's comments, and further clarify the point of certain issues raised by TDS Metrocom.

#### **Wholesale Billing Accuracy**

First and foremost, SBC continues to deny that a widespread problem with wholesale billing accuracy exists. While SBC spends time explaining why certain billing inaccuracies occurred on TDS Metrocom invoices, SBC does not take the next step and provide compelling information about what efforts have been taken to ensure similar problems do not occur in the future. Instead, SBC tries to pass the buck by dismissing the problems as one-time occurrences, as problems with non-billing systems or processes, or as a lack of knowledge on the part of CLECs when reading their bills. Avoiding the problem by shifting responsibility should not be acceptable to the FCC. Put simply, SBC has not demonstrated that it provides readable, accurate, and auditable wholesale bills.

Most of the specific billing issues raised by TDS Metrocom were addressed in the Reply Affidavit of Justin W. Brown, Mark J. Contrell and Micheal E. Flynn.  
(Brown/Contrell/Flynn Reply Affidavit) The portions Brown/Contrell/Flynn Reply

Affidavit responding to TDS Metrocom's billing issues are nearly identical to those in an Affidavit filed by Mark J. Contrell and Denise Kagen in Illinois. TDS Metrocom has raised many of the same issues in Phase 2 of the Illinois Commerce Commission's investigation into SBC's 271 compliance in that state. Attached are copies of TDS Metrocom's Rebuttal Comments in that proceeding. (ICC Rebuttal Comments) The ICC Rebuttal Comments address SBC's responses to the TDS Metrocom billing issues raised before both the ICC and the FCC.

The ICC Rebuttal Comments highlight a number of points including:

- that SBC admits to the existence of the majority of the billing problems TDS Metrocom has identified;
- that the causes of these billing problems run the gamut of SBC's OSS, showing that a systemic problem exists in SBC's ability to accurately bill wholesale customers;
- that for at least two of the reported instances, TDS Metrocom only learned that a root cause of the problem had been identified by reading SBC's regulatory filings and not through the SBC account team; and,
- that real world examples of CLEC billing problems clearly show that the BearingPoint billing tests upon which SBC heavily relies were limited and unable to uncover deep-seated and pervasive wholesale billing problems.

In addition to the information contained in the ICC Rebuttal Comments, TDS Metrocom has identified a number of other areas where additional information would be valuable to this Commission.

- Paragraph 34 of the Brown/Contrell/Flynn Reply Affidavit discusses TDS Metrocom's concern that toll charges were being incorrectly billed on reciprocal compensation invoices. While the Affidavit implies that the issue was resolved and TDS agreed to that resolution, the truth is far different. At the February 18 meeting between TDS and SBC, it was suggested that intraLATA Toll traffic being transported over mixed local/Toll trunks **may** be the cause of this problem, but even members of the SBC Account Team were somewhat skeptical of this finding. What TDS understood and agreed to was that SBC would further investigate the matter and identify root call examples. As of March 13, 2003, the only update TDS Metrocom has received came on March 7 and stated that these calls appeared to be Directory Assistance call completions. This issue is far from resolved and it is unclear at this time whether or not the charges will be sustained.
- Footnote 31 of the Brown/Contrell/Flynn Reply Affidavit mentions TDS Metrocom's concern with the incorrect application of Late Payment Charges (LPCs) and notes that TDS Metrocom did not supply specific examples. What follows is a specific example. On December 19, 2002, TDS Metrocom received a credit of just under \$30,000 on a company Billing Account Number (BAN). While common sense would lead one to believe that future charges would simply reduce that credit amount until it was gone, that is not how SBC's billing systems

operate. Because SBC's system applies the credit on an invoice level instead of on a BAN level, each month TDS Metrocom must submit a credit transfer request to apply the remaining amount to the current month's billing. Without this extra step, TDS Metrocom would be subject to LPCs even though TDS Metrocom has a large outstanding credit amount for the same BAN.

- In its Reply Comments in this proceeding, TDS Metrocom raised a new issue related to a back billing of approximately \$966,000 on a Non Intercompany Settlement (NICS) bill. (See Cox Reply Affidavit ¶¶ 27-30) As usual, SBC did not provide enough detail with the invoice for TDS Metrocom to attempt to audit a bill that covered 20 months worth of charges. TDS Metrocom requested the source data and was informed by SBC that data was only available for 6 of the 20 months, or \$351,000 of the \$966,000 on the back bill. This development alone calls into question nearly 2/3 of the back bill and raises a host of additional questions. Was there ever source data for this billing? If so, where did it go and why wasn't TDS Metrocom billed earlier? If not, how were the amounts on the bill calculated? If averages or factors were used as a proxy, how were they chosen and why didn't SBC discuss these proxies with CLECs? These are questions that TDS Metrocom will ask SBC before agreeing to the validity of the charges.

The host of SBC billing problems that TDS Metrocom has encountered has led to the bizarre result of TDS Metrocom having to assume that every bill from SBC is incorrect until it can be proven correct. It is impossible to imagine that such poor service would be allowed for the billing of retail customers. Without diligent review of every bill, TDS Metrocom would have erroneously handed over tens of millions of dollars to SBC over the past few years. It is disturbing to think about how much money may have been lost where billing errors have been missed. TDS Metrocom is only the example that I personally know. However, the likelihood that other CLECs have had significant billing accuracy problems is high. With the capital markets the way they are now, to the extent any of these CLECs have overpaid SBC due to inflated wholesale bills, SBC's systemic billing errors have greatly impeded local competition.

### **OSS Change Management Process (CMP)**

SBC also responds to concerns voiced by TDS Metrocom and other CLECs regarding the change management process. As with the billing issues above, SBC simply explains how it fixed specific problems such as EBTA reliability, or has attempted to remedy ongoing problems such as Verigate addressing. Nowhere in SBC's comments does SBC come close to responding to problems at the heart of the issue identified in paragraph 12 of the Cox Affidavit:

- a) The test environment and production environment do not mirror each other, which causes serious problems when implementation occurs.

- b) SBC system problems have created additional work for CLECs and have been very costly.
- c) Ordering problems are resolved with workarounds and temporary fixes and should be resolved with long-term fixes instead.
- d) Data integrity is questionable with temporary fixes and workarounds in place. For example, address validation has resurfaced as a serious issue, causing rejects of orders.

It is critical that these issues be dealt with before the deployment of the next version of LSOG this summer when support for previous versions will be discontinued. SBC's track record in this area for the former Ameritech states is poor, to say the least. TDS Metrocom has little confidence that this process will go smoothly and without significant and lasting negative impacts on the ability of CLECs to place orders.

Additionally, SBC continues to downplay the impact of internal policy changes on CLEC ordering capabilities. For example, the Joint Reply Affidavit of Carol A. Chapman and Mark J. Contrell (Chapman/Contrell Reply Affidavit) spends several paragraphs (30-35) responding to TDS Metrocom's complaint about SBC's policy concerning the removal of non-excessive bridge taps. The Chapman/Contrell Reply Affidavit attempts to justify SBC's position on the issue. While TDS Metrocom disagrees with the validity of SBC's policy, it is also important to note here what SBC does not mention. The Affidavit does not even touch on the fact that after several years without incident, TDS Metrocom's ability to order loops that contained non-excessive bridge taps was suddenly curtailed by a change in SBC OSS. This change occurred without any prior notice to TDS Metrocom or analysis of the potential impact of the change. TDS Metrocom was not given any time to retrain staff or jump through the contractual hoops that SBC required for CLECs to order this "product offering." Any changes that affect the ability of CLECs to access SBC OSS should be discussed in some venue, be it the CMP or the CLEC User Forum. Either SBC is ignoring its responsibility in this area or, worse yet, it has no idea how a change in one of its systems will impact other systems or users. There is a serious problem to be addressed either way.

This additional information, along with TDS Metrocom's previous filings in this proceeding, shows that SBC's wholesale billing accuracy and change management practices continue to be unacceptable. History also shows a pattern of quick fixes and workarounds whereby SBC does just enough to hit a performance measure or move a 271 proceeding along instead of remedying the root causes of the problem - unstable billing and OSS systems and a lack of control over internal processes. The FCC should tell SBC in no uncertain terms that verifiable improvement in these areas must be made before 271 relief is granted by:

- passing the BearingPoint PMR test in its entirety;
- effectively managing the next LSOG release without major incident;
- implementing new, useful billing accuracy metrics; and,
- meeting these billing metric targets for at least 3 consecutive months.

If you have any questions or would like to discuss the issues brought up in this or previous TDS Metrocom filings, please contact me.

Sincerely,

A handwritten signature in black ink that reads "Mark Jenn / muf". The signature is written in a cursive style.

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Qualex International

**STATE OF ILLINOIS**

**ILLINOIS COMMERCE COMMISSION**

<b>Illinois Commerce Commission</b>	)	
<b>On its Own Motion</b>	)	
	)	
<b>Investigation concerning Illinois Bell</b>	)	<b>Docket No. 01-0662</b>
<b>Telephone Company's compliance</b>	)	
<b>with Section 271 of the</b>	)	
<b>Telecommunications Act of 1996</b>	)	

**PHASE 2 REBUTTAL COMMENTS OF**

**MCLEODUSA TELECOMMUNICATIONS SERVICES, INC.**

**AND TDS METROCOM, LLC**

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**March 12, 2003**

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**I. INTRODUCTION AND SUMMARY OF REBUTTAL COMMENTS**

McLeodUSA Telecommunications Services, Inc. ("McLeodUSA") and TDS Metrocom, LLC ("TDS Metrocom") submit these rebuttal comments in accordance with the procedural schedule for Phase 2 of this proceeding. Accompanying these rebuttal comments is the Rebuttal Affidavit of Rod Cox, Manager of Carrier Relations for TDS Metrocom.

McLeodUSA and TDS Metrocom's rebuttal comments are limited to addressing SBC Illinois' responses to the issues raised by McLeodUSA and TDS Metrocom (and other CLECs) concerning the accuracy of SBC's wholesale bills and the continuing problems that we and other CLECs have encountered with SBC's wholesale billing systems and processes. McLeodUSA and TDS Metrocom's Initial Phase 2 Comments also raised issues relating to SBC's failure, at this point, to pass the BearingPoint performance metrics testing and to establish the integrity of its performance measurement data and the reliability of its performance metrics reporting; the fact that the SBC-commissioned Ernst & Young review of SBC's performance metrics is not an acceptable substitute for successful completion of the BP performance metrics validation, and in fact confirms that problems remain with SBC's performance metrics reporting; and various other issues relating to SBC's Operations Support Systems ("OSS"), as manifested by open BearingPoint Exceptions relating to various portions of BearingPoint's testing of SBC's OSS. McLeodUSA and TDS Metrocom emphasized that SBC Illinois should not receive a positive Section 271 recommendation from this Commission to the Federal Communications Commission ("FCC") unless and until SBC successfully passes both the BearingPoint OSS testing and the BearingPoint

performance metrics validation. We note that Commission Staff, as well as other CLECs, agree with McLeodUSA's and TDS Metrocom's overall positions on these issues. Having reviewed SBC's responsive comments and affidavits on these issues (as well as the comments and affidavits of Staff and other parties), McLeodUSA and TDS Metrocom do not believe it is necessary, in light of the procedural structure for Phase 2, to submit additional comments on OSS testing and performance and performance metrics validation at this time. McLeodUSA and TDS Metrocom will address these topics again in their brief that will be filed in this docket.

SBC responded to billing issues raised by McLeodUSA, TDS Metrocom and other CLECs in SBC's Reply Comments (Phase 2), pages 51-54, and in the affidavits of Mark Cottrell and Denise Kagan ("Cottrell/Kagan Reb. Aff."), Scott Alexander ("Alexander Reb. Aff."), paragraphs 5-17, and Mark Cottrell ("Cottrell Reb. Aff.").<sup>1</sup> As shown in these Rebuttal Comments and in the Rebuttal Affidavit of Rod Cox, McLeodUSA and TDS Metrocom strongly dispute SBC's assertions that SBC produces wholesale bills that are timely, accurate and auditable. To the contrary, the facts demonstrate that there are serious, ongoing problems with SBC's wholesale billing systems and processes. To address these problems, SBC Illinois should be required to

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<sup>1</sup>The Cottrell Rebuttal Affidavit does not specifically address billing issues raised by McLeodUSA and TDS Metrocom; however, Schedule MJC-7 to the Cottrell Rebuttal Affidavit is the "Bill Auditability Improvement Plan" that SBC Michigan has submitted in Michigan Public Service Commission ("MPSC") Case No. U-12320, and on which SBC relies in this docket to show that it is addressing wholesale billing problems that CLECs have identified. In addition, Schedule MJC-3 to the Cottrell Rebuttal Affidavit is a "Draft Compliance Plan for Special Service and UNE Repair Coding Accuracy" that SBC Michigan has submitted in MPSC Case No. U-12320. McLeodUSA and TDS Metrocom believe SBC Illinois should also adopt the final version of the Repair Coding Accuracy Compliance Plan as a condition to receiving a positive Section 271 recommendation from this Commission. (See Cox Reb. Aff., par. 19)

implement, with CLEC participation, a comprehensive wholesale billing system rehabilitation plan. The wholesale billing system rehabilitation plan should include comprehensive “root cause” analysis (not the superficial “fix individual problems as they arise” approach manifested in SBC’s response to the billing problems identified by McLeodUSA, TDS Metrocom and other CLECs); specific action items and target completion dates; third party review and testing of successful completion and implementation of corrective actions; and ongoing visibility of program implementation for Commission Staff and CLECs. The Commission should consider conducting further evidentiary hearings, prior to issuing a Phase 2 order in this docket, in order to address the severity of SBC’s wholesale billing issues and to develop the specifics of the wholesale billing system rehabilitation plan.

**II. SBC ILLINOIS HAS NOT DEMONSTRATED THAT IT PROVIDES READABLE, ACCURATE AND AUDITABLE WHOLESAL BILLS; THEREFORE, SBC DOES NOT SATISFY CHECKLIST ITEM 2**

SBC asserts that “There is no dispute as to the timeliness of usage or billing information.” (SBC Reply Comments, p. 51) McLeodUSA and TDS Metrocom strongly disagree. As detailed in Mr. Cox’s initial and rebuttal affidavits, our real-world experience with SBC shows that SBC’s wholesale bills have a high frequency of inaccuracy. In fact, neither SBC, in its Reply Comments, nor any of the SBC rebuttal affiants who address billing issues, have disputed the statement in paragraph 6 of Mr. Cox’s initial affidavit that since TDS Metrocom began operations in 1998 (i.e., over four years ago), it has **never** received an entirely accurate wholesale bill from SBC. Further, as detailed in Mr. Cox’s initial and rebuttal affidavits, not only do SBC’s wholesale bills consistently contain errors that must be corrected, but SBC has issued a number of

significant back-billings to TDS Metrocom, covering lengthy prior periods of service. (See Cox Reb. Aff., pars. 4-7) It is of no value that SBC sends CLECs “timely” bills, *i.e.*, that SBC issues the bill for a billing period to the CLEC on or before the scheduled issuance date, if that bill is incomplete or inaccurate, *particularly* if months later SBC back bills the CLEC for charges that were omitted from, or inaccurately calculated on, the so-called “timely” bill. (Cox Reb. Aff., par. 4) Put simply, inaccurate bills are not “timely”, regardless of when they are issued.

As described in Mr. Cox’s initial and rebuttal affidavits, the persistent recurrence of large back bills from SBC is particularly problematic for TDS Metrocom and, we believe, for other CLECs. As described in paragraphs 12, 16 and 21 of Mr. Cox’s initial affidavit, SBC has issued a number of significant back-billings to TDS Metrocom, covering lengthy prior periods of service. SBC rebuttal affiants Cottrell and Kagan specifically admitted these incidents, as well as an additional back-billing incident covering some 13 months that was not described in Mr. Cox’s initial affidavit. (See Cottrell/Kagan Reb. Aff., pars. 29-32, and Cox Reb. Aff., par. 4)

Remarkably, in addition to these back-billing incidents, TDS Metrocom recently received **another** back bill of approximately **\$966,000** for adjustments to charges incurred between June 2001 and January 2003 – a 20-month period commencing over 2-1/2 years ago! (See Cox Aff., par. 5) The fact that SBC found it necessary (yet again) to back bill TDS Metrocom, this time for a 20-month period, is clear evidence of a continuing lack of accuracy in SBC’s bills and of continuing problems with the underlying systems and processes that generate those bills. If SBC’s billing systems were reliable and produced “accurate” wholesale bills in the first instance, there would

be no need for such back billings because the bills would be correct the first time out the door. Further, if SBC had a competent process for reviewing and auditing its wholesale bills, if any errors did occur, they would not go undetected for a year or more before SBC discovered them and issued a back bill, as has occurred on several occasions for TDS Metrocom.<sup>2</sup>

The issuance of large back bills covering extended periods of time, due to SBC's inability to issue accurate wholesale bills in the first instance and to promptly catch billing errors that do occur, is particularly problematic for CLECs. Where wholesale charges from SBC can be billed by the CLEC directly to its retail customers, the receipt of an inaccurate bill from SBC followed many months later by a back-bill for additional charges means any opportunity to recover the wholesale charges from the CLEC's retail customers is lost – either as a matter of customer relations in a competitive marketplace, or because some of the end users who were customers of the CLEC during the period in question are no longer its customers. Even where the back-billed charges are ones that would not have been billed directly to CLEC retail customers, the receipt of large back bills many months after the fact results in a mismatch of revenues and related costs for the CLEC across accounting and reporting periods, and wreaks havoc with financial plans and budgets. (Cox Reb. Aff., par. 7)

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<sup>2</sup>To add insult to injury, in issuing back bills, SBC typically provides no source data to justify the claimed additional charges. This in fact has happened again with the recent \$966,000 back bill to TDS Metrocom. Without such source information it is impossible for the CLEC to audit the charges on the invoice. Experience shows that attempting to acquire the necessary back-up so that the back-billed charges can be audited and verified, or disputed, is a cumbersome and time-consuming process. In fact, TDS Metrocom has requested the source data to support this latest back bill, and has been advised by SBC that the source data is only available for 6 of the 20 months! In effect, SBC places the burden on the CLEC to audit and dispute its back bills, rather than explaining and justifying them up front, as it should. (See Cox Reb. Aff., par. 8)

Part of SBC's response to the billing accuracy issues raised by McLeodUSA, TDS Metrocom and other CLECs is what might be called the "high volume defense", i.e., we issue a lot of wholesale bills, so you have to expect some errors. (See Cottrell/Kagan Reb. Aff., par. 4-6) However, the error rates experienced in SBC's wholesale bills are unacceptable – we reiterate that in over four years of operation, TDS Metrocom has never received an entirely accurate wholesale bill from SBC – and in any event McLeodUSA and TDS Metrocom are unaware of any basis on which a high volume of bills and transactions can justify billing errors. To the contrary, if SBC cannot consistently and reliably issue accurate bills to its wholesale customers, without the need for frequent error correction and issuance of large back bills covering extended periods of time, then SBC is not providing adequate, nondiscriminatory access to this component of its OSS in a manner that will support sustained competitive activity in its local service markets and meet its obligations (and the preconditions for Section 271 authorization) under checklist item 2.<sup>3</sup>

SBC's Reply Comments do not even discuss any of the numerous, specific billing accuracy problems identified in McLeodUSA and TDS Metrocom's Initial Phase 2 Comments and in Mr. Cox's initial affidavit. Rather, SBC's Reply Comments attempt to dismiss all this evidence with a single assertion in a footnote: "TDS raises separate billing issues, none of which have merit. Cottrell/Kagan Aff., par. 14-32." (SBC Reply

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<sup>3</sup>The Commission should consider how it would react were SBC's *retail* customers to experience billing accuracy problems of the frequency and extent – including the extent and amount of back-billings – that SBC's *wholesale* customers have experienced. Clearly, the Commission (if not the General Assembly) would find the situation completely unacceptable, and would demand strong, effective and prompt corrective action. The Commission's response to SBC's wholesale billing problems should be no different.

Comments, p. 53, note 13) As the Administrative Law Judge will readily recognize, this is a standard lawyer's rhetorical device to distract attention when one does not in fact have a good substantive response to the other party. More importantly, the quoted statement is not even an accurate characterization of the Cottrell/Kagan Rebuttal Affidavit. To the contrary, Mr. Cottrell and Ms. Kagan, testifying under oath, admit the existence of most of the billing problems identified in Mr. Cox's initial affidavit (and some that were not identified in Mr. Cox's initial affidavit – see Cox Reb. Aff. par. 4).<sup>4</sup> What is distressing is the litany of causes that Mr. Cottrell and Ms. Kagan report for the numerous billing errors, e.g.:

- "This claim arises from a special arrangement whereby TDS and SBC Midwest agreed not to charge TDS for DS3 lines running over the joint facilities. Under this arrangement, SBC Midwest agreed not to charge TDS for D3 lines running over the joint facilities. TDS was mistakenly charged for some DS3 lines because the Trunk Inventory Record System ("TIRKS") was not updated to reflect which circuits were joint circuits." (Cottrell/Kagan Reb. Aff., par. 23)
- "The system did not properly interpret the information on the request used to determine whether the loop should be categorized as residential versus business." (*Id.*, par. 24)
- "SBC Illinois' investigation has determined that this was a result of human error." (*Id.*, par. 25)
- "10 point codes were mistakenly assigned to TDS Metrocom by the LSC [Local Service Center]." (*Id.*, par. 26)

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<sup>4</sup>Mr. Cottrell and Mr. Kagan respond to certain billing problems that TDS Metrocom has experienced in SBC Midwest states other than Illinois, which for that reason were not included in Mr. Cox's initial affidavit in this Illinois proceeding. However, as pointed out in footnote 1 of the Cottrell/Kagan Rebuttal Affidavit, "All five SBC Midwest states [Michigan, Ohio, Indiana, Illinois and Wisconsin] utilize the same billing systems, which are managed, monitored and maintained on a region-wide basis." Therefore, an error that occurs in one month on a wholesale bill that TDS Metrocom receives from SBC for one SBC Midwest state could re-occur in a subsequent month on an SBC wholesale bill for another SBC Midwest state, including Illinois.

- "The back billing occurred because when DA [Directory Assistance] services were implemented for TDS in Wisconsin, processes for setting up the billing accounts for TDS's Wisconsin DA usage in the LEC Services Billing system (LSB) were not followed." (Id., par. 29)
- "Beginning with the February 2002 bills, SBC Midwest determined that CNAM billing had dropped across all accounts. Upon investigation, SBC Midwest determined that inbound CNAM queries were not being handled correctly, resulting in the associated drop in usage records." (Id., par. 30)
- "In 2001, SBC Midwest added capacity to the 800 database query network. As a component of the project, Billing system guides needed to be established. However, the added capacity was not communicated to all impacted parties and this step was missed. As a result, CLEC 800 database queries utilizing the new network components were not billed." (id., par. 31)
- "The category of orders targeted by this special work effort were very old and had not been resolved by the service representatives either due to lack of knowledge regarding the specific error type, or because reports displaying these errors were not available at the time the error occurred." (Id., par. 32)

As can be seen from the above listing, SBC Illinois identifies the sources of a number of the billing problems experienced by TDS Metrocom not as the "billing systems" (e.g., CABS) per se, but rather as other SBC OSS components. From the perspective of the impacted CLEC, of course, it matters not what problem in SBC's OSS (or what "human error") is the cause of a billing error or results in a back bill; the impact to the CLEC is the same regardless of the underlying root cause. Indeed, it is perhaps more distressing that the billing problems CLECs are experiencing have their genesis in numerous systems throughout the SBC organization, rather than in just the "billing systems."<sup>5</sup> SBC contends, incorrectly, that McLeodUSA, TDS Metrocom and other

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<sup>5</sup>As discussed below and in greater detail in Mr. Cox' Rebuttal Affidavit, the multiplicity of causes also helps to explain why BearingPoint's tests of billing accuracy, which focused on the billing systems themselves, failed to uncover many of the billing problems that CLECs have been experiencing.

CLECs have not identified any “systemic wholesale billing problems.” (Cottrell/Kagan Reb. Aff., par. 6) To the contrary, the frequency and variety of billing errors and problems, as well as the fact (as evidenced by SBC’s own investigations) that these problems emanate from problems throughout SBC’s OSS, demonstrate that SBC’s inability to consistently issuing accurate wholesale bills, without the need for frequent error corrections and back-billings, is indeed systemic.<sup>6</sup> (See Cox Reb. Aff., par. 3)

SBC has also been slow in responding to and addressing some of TDS Metrocom’s billing issues. For example, as Mr. Cox points out in his Rebuttal Affidavit, with respect to two of the billing issues identified in his initial affidavit that had been raised with SBC months ago, TDS Metrocom was first advised of the source of the problem by reading the Cottrell/Kagan Rebuttal Affidavit in this docket! (Cox Reb. Aff., pars. 10-11) These examples show that SBC Illinois has been concentrating its resources on winning a favorable recommendation from this Commission on its Section 271 application to the FCC, rather than on resolving ongoing problems that arise in its wholesale business on a day-to-day basis, or on finding and fixing the root causes of its wholesale billing problems. SBC did not advise TDS Metrocom of the cause of two problems it raised with SBC months ago until TDS Metrocom made them issues that might threaten SBC Illinois’ receipt of a favorable Section 271 recommendation from

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<sup>6</sup>SBC states that it is conducting a CLEC-by-CLEC review of wholesale bills to identify errors in applying the correct rates to the products and services purchased by each CLEC. (SBC Reply Comments, p. 53; Alexander Reb. Aff., par. 16) While this effort is commendable, it must stand as an acknowledgment that SBC’s wholesale billing accuracy problems are widespread. Moreover, even this effort will apparently address only the whether SBC has applied the correct, applicable prices to the products and services for which the CLEC is being charged, and will not address whether products and services have been correctly included on (or incorrectly omitted from) the CLEC’s bills.

this Commission. The Commission should be concerned that unless SBC's wholesale billing systems and processes are subject to a comprehensive review and improvement plan prior to SBC Illinois receiving a positive Section 271 recommendation from this Commission, then once SBC Illinois does receive its Illinois Section 271 authorization, deficiencies in its billing systems and processes will not be addressed, and future billing problems will not be addressed in a timely manner. (See Cox Reb. Aff. par. 12)

Finally, SBC places great reliance on the fact that it has passed BearingPoint tests relating to billing timeliness and accuracy. (SBC Reply Comments, pp. 51-52; Cottrell/Kagan Reb. Aff., pars. 5, 11, 15, 19) As a general matter, as stated in the Initial Phase 2 Comments of McLeodUSA and TDS Metrocom, McLeodUSA and TDS Metrocom also place great reliance on the results of BearingPoint's OSS and Performance Metrics ("PM") testing, and believe that SBC Illinois should not receive a positive Section 271 recommendation from this Commission until SBC has successfully passed all of the BearingPoint OSS and PM testing in accordance with the Illinois Master test Plan.

Unfortunately, as shown in Mr. Cox's initial and rebuttal affidavits, in the area of Billing, BearingPoint's test program (and the underlying performance measures) have not been sufficient to uncover the deep-seated deficiencies in SBC's wholesale billing systems and processes. One reason for this outcome may have been the heavy reliance by BearingPoint, in conducting its billing accuracy testing, on transactions by the "Test CLEC" under a template interconnection agreement – the transactions used by BearingPoint to test billing accuracy may have been a fairly limited universe of sample CLEC transactions. Further, there may have been issues with transparency of

the Test CLEC transactions being billed, i.e., that SBC personnel could have known that transactions being billed to the Test CLEC were in fact being billed to the Test CLEC, not to a real CLEC. (See Cox Reb. Aff., par. 15) As Mr. Cox details, many of the billing problems TDS Metrocom has encountered with SBC's billing accuracy would not have been included within the BearingPoint test cases. (See Cox Reb. Aff., par. 16, 19) Finally, despite SBC's reliance on BearingPoint's billing accuracy testing, BearingPoint Exception 119 ("SBC does not follow a systematic process for verifying the accuracy and assuring the proper formatting of bills produced by the Carrier Access Billing System") remains open. As BearingPoint explained, Exception 119 is a "process" exceptions, not a billing accuracy exception; it is possible to have process issues even if billing accuracy tests are passed; and the existence of a process deficiency means that bills may not be accurate in the future. (See Cox Reb. Aff. par. 17 and Tr. 2350-52)

In summary, wholesale billing is one area in which "actual performance", as detailed in this proceeding by McLeodUSA, TDS Metrocom and other CLECs, demonstrates that the BearingPoint test results do not accurately depict the unacceptable state of SBC's wholesale billing systems and processes. The results of BearingPoint's tests (and of SBC's subsequent review of its wholesale bills, see SBC Reply Comments, pp. 51-52) diverge considerably from the real-world experience of TDS Metrocom and other CLECs.

**III. SBC's "IMPROVEMENT PLAN FOR BILL AUDITABILITY" IS AN INADEQUATE RESPONSE TO THE MYRIAD BILLING PROBLEMS IDENTIFIED BY CLECs; SBC SHOULD BE REQUIRED TO ESTABLISH AND IMPLEMENT A COMPREHENSIVE AND TRANSPARENT WHOLESALE BILLING SYSTEM REHABILITATION PLAN**

Part of SBC's response to the billing issues identified by TDS Metrocom and other CLECs is to point to the "Draft Improvement Plan for Bill Auditability" ("DIPBA") that SBC has submitted in MPSC Case No. U-12320 in response to the direction of the MPSC.<sup>7</sup> (See SBC Reply Comments, pp. 52-53; Cottrell/Kagan Reb. Aff., pars. 12-13) However, the DIPBA is a wholly inadequate response to SBC's wholesale billing problems. In fact, SBC's DIPBA does not even address the accuracy of the bills themselves. The essence of SBC's DIPBA is to provide more training to CLECs on how to read and understand their bills and on what resources to consult at SBC once a billing error is identified. Thus, the SBC DIPBA proposes actions that apply only *after* SBC has sent an inaccurate bill. The DIPBA does not address the underlying problems that result in inaccurate wholesale bills in the first place. Further, the approach reflected in SBC's DIPBA continues to place the burden on CLECs to audit and verify SBC's wholesale bills and to identify errors in them, instead of focusing on fixing the root causes of erroneous billings in SBC's systems and processes. The DIPBA also does nothing to address the problem of back-billing that CLECs frequently experience. (Cox Reb. Aff., par. 20)

In addition, the SBC DIPBA does not address the billing performance measurements that TDS Metrocom has shown to be useless in terms of capturing the

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<sup>7</sup>The DIPBA has been submitted in this docket as Schedule MJC-7 to the Cottrell Rebuttal Affidavit.

problems with SBC's wholesale billing systems and processes. (See McLeodUSA and TDS Metrocom's Initial Phase 2 Comments, pp. 25-26; Cox initial affidavit, par. 8; Cox Reb. Aff., par. 21) In this regard, the United States Department of Justice's Evaluation filed in the FCC docket on SBC Michigan's request for Section 271 authority states:

The relevant Michigan performance metrics have limited utility in measuring the correctness of bills incorrectly generated for the reasons revealed by SBC's reconciliation. The most relevant metric, MI 14, is designed to determine whether bills are correctly being calculated according to SBC's billing tables . . . Such a metric cannot, of course, show whether the underlying information about the lines themselves, for which the rates are calculated, is accurate.<sup>8</sup>

This Commission should take heed from the Michigan experience in deciding whether to give SBC Illinois a positive Section 271 recommendation before the billing and other OSS problems identified by CLECs are fully rectified and before SBC Illinois successfully completes the BearingPoint OSS testing and performance metrics validation. The DIPBA is the sort of superficial, blame-the-customer approach the Commission can expect to see if it makes the mistake the MPSC did of giving SBC a positive Section 271 recommendation while leaving it to SBC to fix identified problems after the fact.

McLeodUSA and TDS Metrocom submit that instead, this Commission should require SBC Illinois to implement a comprehensive wholesale billing system rehabilitation plan. The comprehensive wholesale billing rehabilitation plan should include comprehensive "root cause" analysis for the problems that have been

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<sup>8</sup>Evaluation of the United States Department of Justice, p. 11, filed in *In the Matter of Application by SBC Communications Inc., Michigan Bell Telephone Company, and Southwestern Bell Communications Services, Inc. for Provision of In-Region, InterLATA Services in Michigan*, WC Docket No. 03-16 (Feb. 26, 2003).

manifested in SBC's wholesale billing systems and processes. This root cause analysis should not focus on just the actual billing systems themselves (e.g., CABS), but should extend into all the OSS components that can result (and have resulted) in erroneous or incomplete information being fed into SBC's wholesale billing systems, and thus in inaccurate wholesale bills. The wholesale billing rehabilitation plan should include specific corrective action items and target completion dates. It should also provide for third party review and testing of successful completion and implementation of the corrective actions. The wholesale billing rehabilitation plan should address, among other things, the adequacy of billing-related performance measures to realistically measure and depict SBC's billing performance, and should include a collaborative process to attempt to develop more meaningful billing-related performance measures. The entire wholesale billing rehabilitation plan should be structured to provide for Commission Staff oversight and ongoing participation by and visibility to CLECs.<sup>9</sup>

Based on the comments and affidavits files to date, there appears to be a wide gulf between CLECs' perception of the quality, accuracy and reliability of SBC's wholesale billing systems and processes, and SBC's perception of the state of its wholesale billing systems. Absent further developments in the remaining scheduled

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<sup>9</sup>In addition, SBC Illinois should be required to adopt, in Illinois, the final version of the "Compliance Plan for Special Service and UNE Repair Coding Accuracy" that is being developed through a collaborative process in MPSC Case No. U-12320. This compliance plan had its genesis in BearingPoint Exception 131, which documented that SBC was not meeting accuracy standards for trouble ticket closure coding in all five SBC Midwest states. The Repair Coding Accuracy Compliance Plan will help to address some of the problems that McLeodUSA and TDS Metrocom have encountered with inaccurate coding of trouble tickets by SBC field technicians who are dispatched in response to trouble reports from CLECs or their customers. (See Cox Reb. Aff. par. 19; see also MTSI and TDS Joint Ex. 1.0 (Phase 1), pp. 6-8)

filings, the Commission should seriously consider holding further evidentiary hearings, prior to issuing a Phase 2 order, in order to address the severity and specifics of SBC's wholesale billing issues. Such hearings would also be used to develop the details of the wholesale billing rehabilitation plan that SBC Illinois should be required to establish and implement as a condition of receiving a positive recommendation from this Commission on its Section 271 application to the FCC.

Respectfully submitted,

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STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission            )  
On its Own Motion                            )  
  )  
Investigation concerning Illinois Bell        )       Docket No. 01-0662  
Telephone Company's compliance            )  
with Section 271 of the                        )  
Telecommunications Act of 1996            )

**REBUTTAL AFFIDAVIT OF ROD COX**

1. My name is Rod Cox. I am Manager of Carrier Relations for TDS Metrocom, LLC ("TDS Metrocom"). My business address is 525 Junction Road, Suite 6000, Madison, Wisconsin 53717. My qualifications and experience and my responsibilities with TDS Metrocom were detailed in the affidavit I submitted in this docket on February 21, 2003 ("initial affidavit").

2. On February 21, 2003, I submitted an initial affidavit in this docket detailing the persistent and recurring problems that TDS Metrocom (and my previous employer, McLeodUSA Telecommunications Services, Inc. ("McLeodUSA")) have experienced and continue to experience with SBC Illinois' wholesale billing systems and processes. The purpose of my rebuttal affidavit is to respond to the portions of the rebuttal affidavits of Mark Cottrell and Denise Kagan ("Cottrell/Kagan Reb. Aff."), Scott Alexander ("Alexander Reb. Aff.") and Mark Cottrell ("Cottrell Reb. Aff.") that address wholesale billing issues, as well as to bring to the Commission's attention additional developments occurring since my initial affidavit was filed that further demonstrate the serious and persistent problems TDS Metrocom continues to encounter with SBC's wholesale billing systems and processes.

3. I strongly dispute Mr. Cottrell and Ms. Kagan's contention that no "systemic issues with SBC Illinois' billing OSS" have been demonstrated.<sup>1</sup> (Cottrell/Kagan Reb. Aff., par. 6) No SBC rebuttal affiant has denied or disputed the statement in paragraph 6 of my initial affidavit that since TDS Metrocom began operations in 1998 (i.e., over four years ago), it has *never* received an entirely accurate bill from SBC. Further, Mr. Cottrell and Ms. Kagan admitted the existence of at least nine of the specific billing problems I detailed in my initial affidavit. (See Cottrell/Kagan Reb. Aff. par. 22-26 and 29-31) In my judgment and experience in performing similar interface responsibilities with SBC on behalf of two competitive local exchange carriers (see paragraphs 3-4 and 29 of my initial affidavit), the frequency and persistence of SBC's wholesale billing problems show that there *are* "systemic issues" with SBC's wholesale billing systems and processes. The fact that TDS Metrocom (and other CLECs, as detailed in their affidavits) have encountered a wide *variety* of problems with SBC's wholesale billings does not mean that SBC's billing systems and procedures do not have "systemic issues". On the contrary, the facts show that there are so many different problems with SBC's wholesale billing systems and processes that they are not susceptible to a single, easy remedy. Further, given the volume of SBC billing problems experienced by TDS Metrocom and other CLECs, the fact that SBC's affiants purport to show that SBC has fixed each specific, individual billing problem that I and other CLEC

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<sup>1</sup>Some of the examples of wholesale billing problems cited in my initial affidavit occurred, in part, in SBC Midwest states other than Illinois (i.e., in Michigan, Wisconsin, Indiana or Ohio). However, as pointed out in footnote 1 of the Cottrell/Kagan Rebuttal Affidavit, "All five SBC Midwest states utilize the same billing systems, which are managed, monitored and maintained on a region-wide basis." Therefore, an error that occurs in one month on a wholesale bill that TDS Metrocom receives from SBC for Michigan could re-occur in a subsequent month on an SBC wholesale bill for another SBC Midwest state, including Illinois.

affiants have identified provides no confidence that problems with SBC's wholesale billing systems and processes will not continue to arise.

4. I also strongly dispute Mr. Cottrell and Ms. Kagan's assertion that "SBC Illinois provides CLECs with accurate, timely, and auditable billing and usage information" (Cottrell/Kagan Reb. Aff., par. 3). Certainly, SBC's wholesale bills to TDS Metrocom have never been "accurate." As I detailed in my initial affidavit, SBC's wholesale bills consistently contain errors that must be identified, disputed and corrected. Further, and even more problematic, SBC has issued a number of significant back-billings to TDS Metrocom, covering lengthy prior periods of service. I described several of these incidents in paragraphs 12, 16 and 21 of my initial affidavit, and will describe below another, particularly egregious incident that occurred subsequent to the preparation of my initial affidavit. Mr. Cottrell and Ms. Kagan specifically admitted the incidents detailed in paragraphs 12, 16 and 21 of my initial affidavit.<sup>2</sup> (See Cottrell/Kagan Reb. Aff. pars. 29, 30, 32) It is of no value that SBC sends CLECs "timely" bills, *i.e.*, that it issues the bill for a billing period to the CLEC on or before the scheduled issuance date, if that bill is incomplete or inaccurate, and *particularly* if

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<sup>2</sup>Mr. Cottrell and Ms. Kagan also admitted another specific incident, not detailed in my initial affidavit, in which SBC, in October 2002, back-billed TDS Metrocom for 800 database queries for activity back to September 2001. (See Cottrell/Kagan Reb. Aff., par. 31) I had included this incident in an affidavit I filed in the Federal Communications Commission docket pertaining to SBC Michigan's pending Section 271 application, but had not included it in my initial affidavit in this docket because this particular back-billing did not occur with respect to Illinois. However, as I noted earlier in this affidavit, since SBC Midwest uses the same wholesale billing system for all five states in the "Ameritech" region, the problem that led to this back-billing could just as readily manifest in Illinois.

months later SBC back bills the CLEC for charges that were omitted from, or inaccurately calculated on, the so-called "timely" bill.

5. In addition to the back-billing incidents I detailed previously, TDS Metrocom recently received a Non Intercompany Settlement ("NICS") bill from SBC in the amount of approximately \$966,000 for adjustments to charges incurred between June 2001 and January 2003. This bill also contained a Memorandum from SBC that stated, "Prior to this month's [LEC Services Billing], the reports being used for compensation were produced out of the SBC CABS system. *These reports did not capture most of the usage associated with NICS, however we used these reports in the interim until Telcordia reports could be established as stated in the Interconnection agreement*" (emphasis added). A copy of SBC's Memorandum is attached as Attachment A to this affidavit. No explanation was provided, however, as to why Telcordia's data had not been used for billings for this 20 month period. In fact, until receiving this back-bill and the enclosed SBC Memorandum, we were not aware that the billings for the period in question had not been based on Telcordia data.

6. The fact that SBC again found it necessary to back-bill TDS Metrocom (and, apparently, other CLECs), this time for a 20 month period, is clear evidence of a continuing lack of accuracy in SBC's bills and of continuing problems with the underlying systems and processes that generate those bills. If SBC's billing systems were reliable and produced "accurate" wholesale bills, as SBC's affiants contend, there would be no need for such back-billings because the wholesale bills would be correct the first time out the door. Further, if SBC had a competent process for reviewing and auditing its own bills, if any errors did occur, they would not go undetected for a year or

more before SBC discovered them and issued a back bill, as has occurred on several occasions with TDS Metrocom.<sup>3</sup>

7. As my comments to this point suggest, the issuance of large back bills covering extended periods of time, due to the inability of SBC to issue accurate wholesale bills in the first instance or to promptly catch billing errors that do occur, is particularly problematic for TDS Metrocom and other CLECs. The assertion of Mr. Cottrell and Ms. Kagan that "Illinois CLECs have received the necessary information from SBC Illinois to correctly bill their customers" (Cottrell/Kagan Reb. Aff., par. 7) is simply incorrect. Where wholesale charges from SBC can be billed by the CLEC directly to its retail customers, the receipt of an inaccurate bill from SBC followed many months later by a back-bill for additional charges means any opportunity to recover the wholesale charges directly from the CLEC's retail customers is lost – either as a matter of customer relations in a competitive marketplace, or because some of the end users who were customers of the CLEC during the period in question are no longer its customers. Even where the back-billed charges are ones that would not have been billed specifically to CLEC retail customers, the receipt of large back bills many months

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<sup>3</sup>As I stated in my initial affidavit (par. 9), SBC does not proactively audit its own bills. The need to repeatedly issue significant back bills covering extended historical period is compelling evidence that this is the case. SBC Illinois' rebuttal affidants do not directly dispute my statement that SBC does not proactively audit its wholesale bills, but rather attempt to minimize the significance of BearingPoint Exception 119 ("SBC does not follow a systematic process for verifying the accuracy and assuring the proper formatting of bills produced by the Carrier Access Billing System (CABS)."). (See Cottrell/Kagan Reb. Aff., par. 14) In any event, I note that according to the most recent (March 4, 2003) BearingPoint Open Exceptions status report posted at [www.osstesting.com](http://www.osstesting.com), BearingPoint Exception 119 remains open.

after the fact results in a mismatch of revenues and related costs for the CLEC across accounting and reporting periods, and wreaks havoc with financial plans and budgets.

8. Another recurring problem with SBC's billing practices is that when issuing a back-bill to CLECs, SBC provides no source data to the CLECs to justify the additional charges. This in fact has happened again with the recent \$966,000 back bill I described in paragraph 5 above. Without such source information it will be impossible for TDS Metrocom to audit the charges on this invoice. If history is any guide, the process necessary to acquire from SBC the data needed to audit the charges will be cumbersome and time consuming, if the data can be obtained at all. In fact, TDS Metrocom has requested the source data supporting this back bill, but has been advised by SBC that the source data is only available for 6 of the 20 months covered by the back bill! The systemic problem that this latest episode is again illustrating is that SBC makes mistakes on its bills, fails to uncover its own mistakes for many months, and then issues significant back bills to the affected CLECs without providing necessary supporting information – SBC places the burden on CLECs to audit and dispute these bills.

9. Moving to another aspect of SBC Illinois' rebuttal affidavits that I dispute, I note that SBC's rebuttal affiants attempt to minimize the significance of several of the billing problems identified in my initial affidavit or by other CLECs, by characterizing those problems as involving relatively small order volumes or sums of money. (See, e.g., Cottrell/Kagan Reb. Aff., par. 22; Alexander Reb. Aff. par. 15) First, I want to emphasize that for the CLECs by which I have been employed, and I believe for most CLECs in the current environment, *any* amount of erroneous wholesale billing is

significant, particularly if it results in a lost opportunity to recover the charges in question through billings to the CLEC's retail customers. Second, and more importantly, as I described in my initial affidavit (see paragraphs 10, 11 and 28), TDS Metrocom must expend significant resources to review and audit SBC's incorrect wholesale bills and dispute questionable or erroneous charges. Further, if we withhold payment on a disputed or questionable invoice while we await further information or response from SBC, we incur late payment charges. At this point, based on our prior experiences, we have so little confidence in the accuracy of SBC's wholesale bills that when we cannot complete a full reconciliation of the bill prior to the due date, we often feel compelled to delay payment, thereby incurring late payment charges, in order to have adequate time to fully audit the bills. In effect we are incurring a financing cost in order to audit and verify SBC bills that ought to be sufficiently reliable that we don't need to do this.

10. SBC has been slow in responding to questions about bills and in resolving disputed bills and billing claims. For example, in paragraph 24 of their Rebuttal Affidavit, Mr. Cottrell and Ms. Kagan state that the problem of erroneously billing residential loops as business loops that I described in paragraph 15 of my initial affidavit "resulted from an ordering system issue." Although TDS Metrocom raised this problem with SBC in October 2002, reading the Cottrell/Kagan Rebuttal Affidavit was the first time we were advised that the problem was due to an ordering system issue. (I want to point out that this problem was not self-identified by SBC, but had to be brought to SBC's attention by TDS Metrocom.) I also note that it does not matter to TDS Metrocom that this problem resulted from an ordering system issue rather than a problem in SBC's billing systems themselves; the end result was still that TDS

Metrocom received erroneous bills that we had to expend resources to investigate and dispute with SBC.

11. Similarly, the explanation that Mr. Cottrell and Ms. Kagan provide in paragraph 32 of their Rebuttal Affidavit for the cause of the back-billing of monthly recurring charges as non-recurring charges (see paragraph 16 of my initial affidavit), which we brought to SBC's attention in October 2002, had not previously been provided to us. The explanation provided in the Cottrell/Kagan Rebuttal Affidavit is the first explanation provided to TDS Metrocom of a problem we raised with SBC some four months ago.

12. The examples I cite in paragraphs 10 and 11 of this affidavit show that SBC Illinois has been concentrating its resources on winning a favorable recommendation from this Commission on its Section 271 application to the FCC, rather than on resolving ongoing problems that arise in its wholesale business on a day-to-day basis, or on finding and fixing the root causes of its wholesale billing problems. In these two examples, SBC did not advise TDS Metrocom of the cause of two problems TDS Metrocom raised with SBC months ago until we made them issues that might threaten SBC Illinois' receipt of a favorable Section 271 recommendation from this Commission. The concern I have, and that I believe the Commission should have, is that unless SBC's wholesale billing systems and processes are subject to a comprehensive review and improvement plan prior to SBC Illinois receiving a positive Section 271 recommendation from this Commission, then once SBC Illinois does receive its Illinois Section 271 authorization, deficiencies in the billing systems and processes will not be addressed, and future incidents will not be addressed in a timely manner.

13. On March 4, 2004, TDS Metrocom sent questions to SBC about the \$966,000 back billing I described in paragraph 5 of this affidavit. To date, we have not received responses to our questions from SBC. I am mentioning this in my affidavit in hopes that SBC will respond to our questions in its next round of affidavits in this proceeding.

14. SBC's affiants place great reliance on the fact that it has passed BearingPoint tests relating to billing timeliness and accuracy. (Cottrell/Kagan Reb. Aff., pars. 5, 11, 15, 19) As a general matter, as stated in McLeodUSA and TDS Metrocom's Initial Phase 2 Comments, McLeodUSA and TDS Metrocom also place great reliance on the results of BearingPoint's OSS and Performance Metrics ("PM") testing, and believe that SBC Illinois should not receive a positive Section 271 recommendation from the Illinois Commerce Commission until SBC has successfully passed all of the BearingPoint OSS and PM testing in accordance with the Illinois Master Test Plan. Unfortunately, however, as shown in my initial affidavit and our initial Phase 2 comments, and as I will further detail in this affidavit, in the area of Billing, BearingPoint's test program (and the underlying performance measures) have not been sufficient to uncover the deep-seated deficiencies in SBC's billing systems and processes.

15. It is my understanding that BearingPoint's testing of SBC's billing accuracy in the CABS system was based largely on testing the accuracy of "Test CLEC" transactions. In addition, it is my understanding that BearingPoint's Test CLEC "opted into" a CLEC interconnection agreement that was essentially the SBC 13-state template

interconnection agreement.<sup>4</sup> (See Transcript pp. 2372-73) As a result, I believe that BearingPoint's billing accuracy testing was based on a fairly limited universe of sample CLEC transactions. In addition, TDS Metrocom is concerned that it may have been fairly transparent to SBC personnel that billing transactions for the Test CLEC were in fact for the Test CLEC, not for a real CLEC. This could have resulted in SBC wholesale billings to the Test CLEC receiving special attention from SBC personnel to insure accuracy.

16. Many of the billing problems TDS Metrocom has encountered with SBC's billing accuracy would not have been included within the BearingPoint test cases. Below are specific categories of TDS Metrocom billing problems that I previously identified and a brief review of whether BearingPoint would have tested such situations.

- a. Construction charges and conditioning charges (Cox Initial affidavit, pars. 19, 22) – While BearingPoint did have DSL test scenarios, the problems that TDS Metrocom has experienced with DSL orders are related to orders that fall out of the usual order process flow and therefore would also have fallen out of the BearingPoint test.<sup>5</sup>
- b. Various late payment charges (Cox initial affidavit, par. 18) – The BearingPoint OSS Report specifically notes on TVV9-25 that because

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<sup>4</sup>BearingPoint also checked the accuracy of calculations on 54 carrier bills (see SBC Reply Comments, p. 52), but this check does not address the integrity of the bills themselves in terms of properly reflecting services and UNEs actually ordered by the CLEC and provisioned by SBC.

<sup>5</sup>TDS Metrocom has been billed for conditioning charges in loops that are less than 12,000 feet in length when the SBC documentation on SBC's CLEC Online website clearly states that these loops will be conditioned at no charge.

BearingPoint did not submit payments to SBC, no late payment charge activity appeared on carrier bills, or could be evaluated, as a result of transaction activity generated by the Test CLEC. (BearingPoint OSS Report, p. 785; see also Transcript pp. 2355-56) As I have indicated, erroneous late payment charges have been and continue to be a very significant and disruptive factor to TDS Metrocom.

- c. Accurate application of debits and credits (Cox initial affidavit, pars. 18, 20) – The BearingPoint OSS Report notes in TVV9-24 that BearingPoint did not submit claims or make payments to SBC, and therefore could not test the accuracy of SBC's application of payments. (BearingPoint OSS Report, p. 784; see also Transcript pp. 2355-56) Again, this is a continuing problem with SBC's wholesale bills.
- d. Application of residential discount (Cox initial affidavit, pars. 15, 17) – This does not appear to have been tested by BearingPoint.
- e. Joint SONET charges (Cox initial affidavit, par. 13) – These do not appear to have been covered by any BearingPoint test case.
- f. Double billing (Cox initial affidavit, par. 14) – The BearingPoint test would not have caught the problem of double billing discussed in my initial affidavit because BearingPoint only did snapshot tests instead of tracking the same circuit over time.

- g. CNAM, 800 Database (Cox initial affidavit, pars. 21, 22) – The BearingPoint test would not have caught back-billing and probably would not have caught incorrect rates.

17. Although SBC relies on the results of BearingPoint's tests of billing accuracy, I note again that BearingPoint Exception 119 ("SBC does not follow a systematic process for verifying the accuracy and assuring the proper formatting of bills produced by the Carrier Access Billing System") remains open. As Bearing Point explained, Exception 119 is a "process" exception, not a billing accuracy exception; it is possible to have process issues even if billing accuracy tests are passed; and the existence of a process deficiency means that bills may not be accurate in the future. (See Transcript pp. 2350-52)

18. In summary, wholesale billing is one area in which "actual performance" demonstrates that the BearingPoint test results do not accurately depict the unacceptable state of SBC's wholesale billing systems and processes. The results of both BearingPoint's tests and SBC's subsequent review of its wholesale bills diverge considerably from McLeodUSA's and TDS Metrocom's real-world experiences.

19. Another problem TDS Metrocom has encountered has been erroneous billing by SBC of trouble isolation charges ("TIC") and maintenance and repair charges due to erroneous coding of trouble tickets by SBC technicians who are dispatched in response to trouble reports emanating from TDS Metrocom customers. In Phase 1 of this docket I described problems my previous employer, McLeodUSA Telecommunications Services, Inc. ("McLeodUSA"), had encountered with erroneously coded trouble tickets resulting in excessive and inappropriate TICs being billed to

McLeodUSA.<sup>6</sup> (MTSI and TDS Joint Exhibit 1.0, pp. 6-8) Unfortunately, now that I have had almost a year of experience at TDS Metrocom, I find that TDS Metrocom is also encountering similar problems on a recurring basis, suggesting that there is a systemic problem in this portion of SBC's wholesale billing chain. Mr. Cottrell and Ms. Kagan acknowledge the existence of incorrect charges for trouble isolation and maintenance, stating that it has been the result of "human error." (Cottrell/Kagan Reb. Aff., par. 25) While, based on the description of BearingPoint's Functional Carrier Bill Evaluation (TVV9) at pages 201-207 of its OSS Report, it does not appear that BearingPoint tested specifically for the accuracy of charges for maintenance and repair, BearingPoint did test for accuracy of trouble ticket closure coding for resale, special and UNE circuits, and generated Exception 131 (relating to TVV7) indicating that SBC did not meet accuracy standards for trouble ticket closeout coding in all five states. Although Exception 131 has been closed for Illinois, as an ultimate result of this Exception, SBC submitted a "Draft Compliance Plan for Special Service and UNE Repair Coding Accuracy" in Michigan Public Service Commission ("MPSC") Case No. U-12320, and also submitted this draft compliance plan in this docket as Schedule MJC-3 to the Cottrell Rebuttal Affidavit. It is my understanding that modifications are being made to this compliance plan as a result of a collaborative process in Michigan, and will be filed in MPSC Case No. U-12320. The final SBC Compliance Plan for Special Service and

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<sup>6</sup>SBC assesses a TIC to the CLEC when SBC's field technician codes the trouble ticket to report that service trouble could not be found or that customer premise equipment was the source of the service problem. Not only can erroneous coding of the trouble ticket result in inappropriate billings to the CLEC, but it also affects the integrity of the entire SBC performance data reporting system. I pointed out in my Phase 1 testimony on this topic that there appeared to be no adequate means of independent verification of the trouble ticket coding.

UNE Repair Coding should also be filed in this docket, and SBC Illinois should be required to adopt it for Illinois as a condition of receiving a positive Section 271 recommendation from this Commission.

20. Part of SBC's response to the billing issues identified by TDS Metrocom and other CLECs is to point to the "Draft Improvement Plan for Bill Auditability" ("DIPBA") that SBC has submitted in MPSC Case No. U-12320 in response to the direction of the MPSC. (See Cottrell/Kagan Reb. Aff., pars. 12-13) The DIPBA has been submitted in this docket as Schedule MJC-7 to the Cottrell Rebuttal Affidavit. However, the DIPBA is a wholly inadequate response to SBC's wholesale billing problems. In fact, SBC's DIPBA does not even address the accuracy of the bills themselves. The essence of SBC's DIPBA is to provide more training to CLECs on how to read and understand their bills and on what resources to consult at SBC once a billing error is identified. Thus, the SBC DIPBA proposes actions that apply only *after* SBC has sent an inaccurate bill. The DIPBA does not address at all the underlying problems that result in inaccurate wholesale bills in the first place. Further, the approach reflected in SBC's DIPBA continues to place the burden on CLECs to audit and verify SBC's wholesale bills and to identify errors in them, instead of focusing on fixing the root causes of erroneous billings in SBC's systems and processes. The DIPBA also does nothing to address the problem of back-billing that TDS Metrocom frequently experiences.

21. In addition, the SBC DIPBA does not address the billing performance measurements that TDS Metrocom has shown to be useless in terms of capturing the problems with SBC's wholesale billing systems and processes. (See my initial affidavit,

par. 8.) In this regard, I note that the United States Department of Justice's Evaluation filed in the FCC docket on SBC Michigan's request for Section 271 authority states that "The relevant Michigan performance metrics have limited utility in measuring the correctness of bills incorrectly generated for the reasons revealed by SBC's reconciliation. The most relevant metric, MI 14, is designed to determine whether bills are correctly being calculated according to SBC's billing tables . . . Such a metric cannot, of course, show whether the underlying information about the lines themselves, for which the rates are calculated, is accurate."<sup>7</sup>

22. This concludes my Rebuttal Affidavit.

I declare under penalty of perjury that the foregoing is true and correct. Executed on this \_\_\_ day of March, 2003.

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Rod Cox  
TDS Metrocom, LLC  
525 Junction Road, Suite 6000  
Madison, WI 53717

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<sup>7</sup>Evaluation of the United States Department of Justice, p. 11, filed in *In the Matter of Application by SBC Communications Inc., Michigan Bell Telephone Company, and Southwestern Bell Communications Services, Inc. for Provision of In-Region, InterLATA Services in Michigan*, WC Docket No. 03-16 (Feb. 26, 2003).

February 13, 2003

**MEMORANDUM REGARDING NON INTERCOMPANY SETTLEMENTS  
(NICS)**

The Non Intercompany Settlement (NICS) System produces reports containing volumes and netted revenues of Exchange Carrier transported Intralata and local messages that are originated (earned) by one company and billed by another company. The associated revenues appear on your LEC Services Billing (LSB) statement under product codes (1168) - NICS revenue due SBC, (1225) - NICS revenue due CLEC, (1197) - Billing & Collection due SBC, and (5126) - Billing & Collection due CLEC.

Prior to this month's LSB billing, the reports being used for compensation were produced out of the SBC CABS system. These reports did not capture most of the usage associated with NICS, however we used these reports in the interim until Telcordia reports could be established as stated in the Interconnection agreement.

A retroactive settlement has been entered on your LSB statement to include the months of June 2001 through January 2003. Attached are copies of the supporting documentation. The Telcordia NICS reports will be used from now on for settlement of NICS revenues.

If you have any questions regarding this memo, you can direct them to Rene Rose Vautier on 248-443-9314 or rv1396@sbc.com.