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March 14, 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 Michigan, WC Docket No. 03-16*

Dear Ms. Dortch:

On behalf of SBC Communications Inc. ("SBC"), and at the request of FCC staff, I am providing four responses to questions raised in a meeting with FCC staff on March 11, 2003. Specifically, Attachment A responds to questions regarding SBC Midwest's provision of line loss notifications. Attachment B responds to questions relating to billing from the Carrier Access Billing System ("CABS"). Attachment C responds to questions relating to the reliability of Michigan Bell's performance measurements. And Attachment D responds to questions relating to SBC's change management process.

In addition, FCC staff has asked SBC for its position on whether and how the Commission may rely either on the improvement plans that have recently been submitted to the Michigan Public Service Commission ("Michigan PSC") or on the recent results from Ernst & Young's audit filed with the Michigan PSC. SBC's position is quite simple on both issues – there is no reason to rely on this evidence.

Improvement Plans

In each of the relevant areas addressed by an improvement plan – *i.e.*, line loss notification, billing auditability, and change management – SBC relies in this Application on the evidence of compliance with the statutory standards based on the record in place on January 16, 2003. Accordingly, as the Michigan PSC recognized, this Commission need not rely on any of

the improvement plans that have now been formally submitted to the state commission in order to conclude that Michigan Bell has satisfied the requirements of section 271.*

As Michigan Bell explained in both its opening brief (at 16) and its reply comments (at 19, 27, 35), these improvement plans are intended simply to enhance certain processes that are already sufficient to satisfy the requirements of section 271. Indeed, that is precisely the position of the Michigan PSC. As it explained in its January 2003 Compliance Order, the improvement plans are designed to improve “aspects of SBC’s current performance,” notwithstanding the fact that Michigan Bell had already “demonstrated compliance with Section 271.” January 2003 Compliance Order at 1. As the Michigan PSC elaborated recently in its Reply Comments in this proceeding, it “considered the resolution of these matters as desirable enhancements to the competitive landscape in Michigan, not as impediments to Section 271 approval. [The Michigan PSC] found that the legal requirements had been met, that competition in Michigan would be enhanced by SBC’s entry into long distance competition, and that the protections against any backsliding were solidly in place.” Michigan PSC Reply Comments at 2. The purpose of these plans is “to prevent any backsliding from the competitive market which has been achieved” and to give the Michigan PSC the “necessary tools” to ensure that the market remains “irreversibly open.” Id. at 3.

Of course, this Commission has never closed its eyes to the fact that enhancements to systems and procedures are taking place all the time and that this process of dynamic improvement does not stop merely because a section 271 application has been filed. So, for example, this Commission recognized that, although Verizon’s interim loop-qualification process did not currently offer all of the necessary functionality, this Commission’s “finding of checklist compliance [did] not rely on Verizon’s interim processes alone. Rather, . . . [its] conclusion rest[ed] on the nature of Verizon’s interim processes for access to LFACS coupled with its work in change management enhancing this process” that was scheduled to be implemented approximately six months after the application was granted. Massachusetts Order ¶ 64. To penalize Verizon by making it wait until the improvements to its loop-qualification process had been fully implemented would “perversely incent competing carriers to delay implementation of improved OSS and BOCs to circumvent the change management process. . . . Verizon has an interim process for LFACS access in place, and is actively using the change management process in implementing a proposal that is detailed, well-developed, subject to a prioritized time frame and firm completion date, and carries substantial implications for competitors’ OSS.” Id. ¶ 63.

The same reasoning applies here. While this Commission need not consider these improvement plans in order to find compliance with section 271 in Michigan, there is

* Yesterday, pursuant to the schedule that the Michigan PSC established in its January 2003 Compliance Order (App. C, Tab 134), SBC submitted seven revised plans reflecting modifications that had been made to the earlier drafts through collaborative meetings with the Michigan PSC staff and interested CLECs. SBC filed those plans in this docket yesterday. See Ex Parte Letter from Geoffrey M. Klineberg, Kellogg, Huber, Hansen, Todd & Evans, P.L.L.C., to Marlene H. Dortch (Mar. 13, 2003), Attach.

accordingly clear precedent for taking into account similar commitments to enhance existing processes. What distinguishes Verizon's commitment in the Massachusetts proceeding and Michigan Bell's commitment here from mere "promises of future performance" is the fact that, in both cases, the proposed improvements were already detailed and well-developed, and they provided for "substantial competing carrier input and participation and for oversight by the [state commission]." *Id.* ¶ 62. Indeed, the reliability of the information provided here is even clearer, because Verizon's enhancements were still six months away, whereas the revised improvement plans in this proceeding have already been submitted to the Michigan PSC. (Interested parties have until March 20, 2003, to comment to the Michigan PSC on these revised proposals, and we expect that the Michigan PSC will adopt the improvement plans before this Application is granted). Thus, this is not a situation where a BOC is presenting a "paper promise" in order to "satisfy [its] burden of proof." Michigan Order ¶ 55. On the contrary, it is the Michigan PSC that has "required the [submission] by SBC of improvement plans to address those issues where it is believed further improvements can be achieved (but which do not rise to the level of Section 271 non-compliance)." Michigan PSC Reply Comments at 4. Indeed, the Commission should take additional comfort in the vigilance of the Michigan PSC in ensuring that local markets remain open.

Finally, if this Commission were to consider the improvement plans in evaluating Michigan Bell's compliance with the requirements of section 271, no party would be prejudiced. The proposed compliance and improvement plans submitted yesterday have been the subject of intense collaborations over the past several weeks – involving representatives from Michigan Bell, the Michigan PSC staff, and interested CLECs – and the revised plans that were submitted yesterday built upon the original plans that Michigan Bell first proposed in October 2002. *See* App. C, Tab 118. The CLECs have been actively involved in shaping these plans, and Michigan Bell has modified the plans substantially to accommodate their concerns.

Ernst & Young's Ongoing Audit

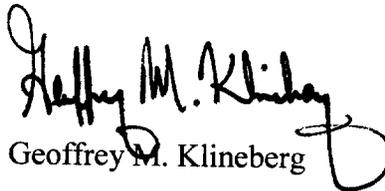
FCC Staff has asked whether the Commission may take into account the various corrective actions that SBC has made since the filing of the Application to respond to the issues identified by Ernst & Young. As Michigan Bell explained in its opening brief, none of the unresolved issues remaining at the time the Application was filed called into question the reliability of a significant performance measurement or raised a serious doubt about the overall accuracy of the performance measurement system. *See* Br. at 10-11; *see also* Ehr Aff. ¶¶ 212-220 & Attach. O (App. A, Tab 9); *see also* Dolan/Horst Joint Aff. ¶ 24 & Attach. H (App. A, Tab 8). There is, therefore, no need whatsoever to rely on the corrective actions that Michigan Bell has subsequently taken, pursuant to an Order of the Michigan PSC, to satisfy the remaining issues identified by the Ernst & Young auditors. In the Georgia/Louisiana Order, this Commission recognized that, "[w]hile the current audit has generated exceptions, the record demonstrates, through [the BOC's] analysis, the interim status report from KPMG, and the comments by the state commissions, that the problems identified have had, for the most part, only a small impact on the data presented to us." Georgia/Louisiana Order ¶ 19; *see also id.* ¶ 19 n.68 ("We note that the existence of exceptions does not necessarily mean the performance data in general should be considered unreliable, if the magnitude of the discrepancies are small, or the

metrics affected are not critical to our analysis.”). There is ample evidence in this record for the Commission to reach the same conclusion here.

For example, as noted in Attachment C to this letter, Michigan Bell has demonstrated, and the Michigan PSC has concluded that, “sufficient support exists in the completed portions of the BearingPoint test, in the completed portions of the E&Y audit, in the actual market experience and in the responses provided by SBC to BearingPoint’s ongoing investigations to support a Section 271 approval at this time.” Michigan PSC Consultative Report at 22 (App. C, Tab 133) (emphasis added). However, to ensure the continued reliability of the performance data, the Michigan PSC ordered Michigan Bell to complete all corrective actions on the few remaining open items resulting from the Ernst & Young audit. In that regard, the Michigan PSC ordered Ernst & Young to file a progress report on February 28, 2003, and a final audit report after all correction actions have been completed and verified. January 2003 Compliance Order at 3-4; see also Dolan/Horst Second Joint Aff. ¶ 8 & Attach. A (Reply App., Tab 7). Just as the Michigan PSC is overseeing the adoption of the improvement plans, it has ordered both the audits to continue and Michigan Bell to make any necessary improvements to its performance measurement system. But Michigan Bell has demonstrated that its performance data were reasonably accurate and sufficient to satisfy the requirements of section 271 on the date the Application was filed.

In accordance with this Commission’s Public Notice, DA 03-156 (Jan. 16, 2003), SBC is filing this letter and attachments electronically through the Commission’s Electronic Comment Filing System. Thank you for your kind assistance in this matter.

Sincerely,


Geoffrey M. Klineberg

Attachments

cc: Jeffrey Carlisle
Michelle Carey
John P. Stanley
Gina Spade
Russ Hanser
Michael Engel
Marcus Maher
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Susan Pié
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Ann R. Schneidewind
Qualex International

Attachment A

LINE LOSS NOTIFICATIONS

1. As explained in detail in its Application and Reply comments, SBC Midwest provides CLEC with line loss notifications (“LLNs”) in a timely and accurate manner. Specifically, there are four reasons why this Commission should be satisfied that SBC Midwest’s systems provide CLECs with nondiscriminatory access to line loss information.
2. First, SBC Midwest’s current performance represents the culmination of extensive efforts – carried out under the close supervision of the Michigan Public Service Commission (“MPSC”) – to address concerns about SBC Midwest’s line loss processes. Based on an extensive factual record, the MPSC concluded that “SBC has met its line loss obligations in regard to Section 271 checklist requirements.”
3. Second, the MPSC’s conclusion is confirmed by BearingPoint, which rigorously tested SBC Midwest’s LLN processes – in all five states – and found that CLECs receive both accurate and timely LLNs.
4. Third, SBC Midwest’s performance in providing timely and accurate LLNs has been steadily improving in the past five months. Overall, the issues identified by CLECs have affected relatively few CLEC LLNs. Moreover, SBC Midwest has worked effectively with the CLECs to ensure that any problems that are discovered are investigated and resolved without delay.
5. Fourth, the evidence in the record shows that the issues raised by CLECs do not demonstrate any systemic problems with SBC Midwest’s LLN processes. While a small number of problems have occurred, they have not even come close to depriving any CLEC of a meaningful opportunity to compete.
6. Each of these reasons is discussed in more detail below.

I. The MPSC Found SBC Midwest’s LLN Processes Checklist-Compliant Based On An Extensive Factual Record

7. The MPSC was deeply involved in monitoring and facilitating resolution of the LLN issues that were raised by CLECs as part of the 271 collaborative process. In response to various CLEC comments, the MPSC issued an order on December 20, 2001 requiring Michigan Bell to report on its effort to fully resolve LLN issues for both CLEC-to-CLEC migrations as well as winback. The report was required to be comprehensive and to address the actions taken to resolve the issues, the anticipated timeframe of resolution, and the number of customers affected. CLECs were given 15 days to comment on Michigan Bell’s filing. (See, App. C, Tab 55.) Michigan Bell filed its first responsive report on the identification and resolution of

LLN issues on January 9, 2002. Update reports were filed approximately monthly, in addition to filings made by Michigan Bell to respond to comments filed by various CLECs.¹

8. As part of this same effort, SBC Midwest conducted a workshop on LLNs on March 13-14 2002 that was attended by MPSC staff and various CLECs. Follow-up conference calls were held on April 30, May 17, May 30, and June 28, 2002 to discuss perceived problems and solutions. Accessible letters were published announcing each meeting, and numerous follow-up accessible letters also were provided. See Cottrell Aff. ¶¶ 179, 182 (App. A, Tab 6). Thus, the numerous process enhancements implemented by SBC Midwest to care for and prevent missing or incorrect loss notifications also were presented to the MPSC for its review and consideration.
9. Based on this evidence, as well as the results of BearingPoint's third-party test, the MPSC concluded that 'SBC has met its line loss obligations in regard to Section 271 checklist requirements.'² The MPSC specifically noted that:

SBC has satisfied the BearingPoint test criteria on line loss notifications...SBC has become extremely proactive in trying to immediately address line loss issues. A number of system changes have been implemented to address problems that were identified. A cross-functional team was established nearly a year ago to "analyze the line loss notification process on a continuous basis to ensure loss notifications are correct, complete, and that any defects noted in the process are corrected." Billing reconciliation and training have occurred. . . . Id. (footnotes omitted).

10. While recognizing CLEC concerns, the MPSC went on to state it "did not believe. . .that critical issues remain unaddressed at this time," but that the provisions of its order directing SBC Midwest to file an improvement plan covering various issues "will incent SBC to continue to provide stable and improved line loss processes." Id.
11. And SBC has continued to provide stable and improved LLN procedures since that time. SBC's improvements are detailed in the most recent filing made by SBC on March 13, 2003 in further compliance with the MPSC orders. This plan is the result of significant collaboration between SBC Midwest and CLECs.³ Among other things, the LLN plan filed March 13th provides:

¹ In total, Michigan Bell made eleven filings with the MPSC specifically on LLN issues, providing details on the issues identified and the actions taken to resolve; the filings included copies of accessible letters related to the resolution of the LLN Issues. See Exhibit 1.

² Report of the Michigan Public Service Commission, In the Matter, on the Commission's Own Motion, to Consider SBC's, f/k/a Ameritech Michigan, Compliance with the Competitive Checklist in Section 271 of the Federal Telecommunications Act of 1996, Case No. U-12320, at 69 (MPSC Jan. 13, 2003) (emphasis added) ("Michigan PSC Consultative Report") (App. C, Tab 133).

³ SBC Midwest's original draft LLN improvement plan was filed with the MPSC on October 30, 2002. CLEC comments on that plan were filed on November 15, 2002, and were considered by the MPSC at the time it

- Comprehensive definition as to what constitutes a “line loss notification interruption” that would require issuance of an accessible letter notifying CLECs or contact with the individual CLEC if only one CLEC affected, and requires inclusion in the monthly report filed with the MPSC;
- Specific time frames for the issuance and content of any such accessible letters as well as contact with affected CLECs;
- Provisions for notification to CLECs of any changes in SBC Midwest’s line loss notification procedures; and
- A commitment by SBC Midwest to continue its cross-functional team for support of the “safety net” process during the MPSC reporting period, and to provide 30-day notice of any discontinuance of the process at the end of that period.

Pursuant to the terms of the plan, SBC will file line loss issue reports with the MPSC on a monthly basis for a minimum of six months after final approval of the plan. The plan contains specific details for the contents of those reports. The MPSC also has directed CLECs to file information supporting any allegation that SBC Midwest has failed to follow the procedures outlined in the LLN Improvement Plan.⁴

II. BearingPoint’s Third-party Test Confirmed that SBC Midwest Provides CLECs with Timely and Accurate LLNs

12. The MPSC also supervised the BearingPoint OSS test on LLN issues. BearingPoint continued to retest SBC Midwest’s LLN performance as the meetings referenced above were held and as the specified process improvements were made. SBC Midwest’s results showed continued improvement, until both test points were passed. Specifically, for TVV 4-28, BearingPoint found that 7,717 accurate LLNs were provided on a review of 8,073 commercial CLEC service orders from June 2002, for an accuracy rate of 95.6% – surpassing the 95% benchmark and satisfying the test requirements. On TVV4-29 BearingPoint

issued its January 13, 2003 order approving SBC Midwest’s 271 application, and directing SBC to file enhancements to the LLN communications improvement plan on February 13, 2002. Collaborative meetings regarding these plans were held on March 4-5 2003. In follow-up to those collaborative sessions, on March 10th SBC Midwest provided redlines incorporating changes to the draft plan to all participating CLECs and to MPSC staff. Another collaborative session was conducted by conference call held on March 12, for the purpose of providing further clarification and to solicit additional CLEC input on the plans. Additional changes were then made to the draft plans, which were filed with the MPSC on March 13, 2003. See Ex Parte Letter from Geoffrey M. Klineberg, Kellogg, Huber, Hansen, Todd & Evans, P.L.L.C., to Marlene H. Dortch, FCC (Mar. 13, 2003). CLECs have an opportunity to comment on Michigan Bell’s final plans on March 20, 2003; shortly thereafter, the MPSC is expected to issue an order resolving any remaining disputes and approving the plans.

⁴ Opinion and Order, In the Matter, on the Commission's Own Motion, to Consider SBC's, f/k/a Ameritech Michigan, Compliance with the Competitive Checklist in Section 271 of the Federal Telecommunications Act of 1996, Case No. U-12320, at 6 (MPSC Jan. 13, 2003) (“January 2003 Compliance Order”) (App. C, Tab 134).

reviewed LLNs sent on Test CLEC transactions for timeliness. During the third retest, conducted from September 13 through October 14, 2002, BearingPoint reviewed 186 lines for which the Test CLEC should have received timely LLNs and found a success rate of 96.2% – above the 95% benchmark.⁵

III. SBC Midwest's Performance in Providing Timely and Accurate LLNs Has Steadily Improved In Recent Months, And The Issues Raised by CLECs Have Impacted Only A Small Fraction Of The Total Number Of LLNs Generated

13. SBC Midwest's systems generate substantial volumes of LLNs every month. Indeed, as demonstrated in Table 1, below, between September 2002 and January 2003, SBC Midwest transmitted more than 638,000 LLNs to CLECs in the SBC Midwest region, for an average of over 127,000 LLNs per month. Despite these substantial volumes, SBC Midwest's performance in delivering timely and accurate LLNs is strong.

⁵ In addition to testing in Michigan, BearingPoint over several months conducted line loss transaction testing for accuracy (TVV4-28) and timeliness (TVV4-29) in the states of Illinois, Indiana, Ohio, and Wisconsin. SBC Midwest has satisfied all testing criteria. For all five states BearingPoint reviewed a total 17,834 commercial CLEC transactions, and determined that accurate LLNS were provided on 95.9%. Similarly, BearingPoint reviewed 816 Test CLEC transactions for which the CLEC should have received an LLN, and found that 97.7% were provided on a timely basis. *See* Exhibit 2 (providing excerpts from the BearingPoint Test Reports for Michigan (pp. 936-937), Illinois (pp. 709-710), Wisconsin (pp. 960-961), Ohio (pp. 947-948) and Indiana (pp. 947-948)). These results are in line with the OSS LLN test results for BellSouth Florida of 93.2% on accuracy and 97% on timeliness. *See* KPMG, BellSouth Telecommunications, Inc. OSS Evaluation Project, Final Report at 472-474, Version 2.0 (July 30, 2002). It does not appear that LLN accuracy and timeliness were included in OSS transaction testing conducted by BearingPoint (f/k/a KPMG Consulting) for either the BellSouth Georgia/Louisiana or Verizon Pennsylvania 271 applications. *See* KPMG, BellSouth Telecommunications Inc., OSS Evaluation – Georgia, Master Test Plan, Final Report, Version 1.0 (Mar. 20, 2001); KPMG, BellSouth Telecommunications Inc., OSS Evaluation – Georgia, Supplemental Test Plan, Final Report, Version 1.0 (Mar. 20, 2001); KPMG, Verizon Pennsylvania, Inc. OSS Evaluation Project, Final Report, Version 2.0 (Dec. 22, 2000).

TABLE 1

All CLECs	Total CLEC LLNs Provided	Inaccurate or Incomplete ⁶	% Successful
September 02	109,456	8,876	91.89%
October 02	155,424	1,998	98.71%
November 02	117,355 ⁷	5,363	95.43%
December 02	115,937	5,165	95.54%
January 03	140,783	4,338	96.92%
5 Month Total	638,955	25,740	95.97%

14. Between September 2002 and January 2003, SBC Midwest’s performance in providing timely and accurate LLNs has improved from 91.89% to 96.92%. Overall, SBC Midwest has provided CLECs with timely and accurate LLNs over 95.97 % of the time. These results well exceed the 95% standard established by BearingPoint for the third-party test, and relied upon by the MPSC in finding that SBC Midwest met its line loss obligations under section 271 of the Act.

⁶ The “missed” column above includes all CLEC LLNs that were inaccurate, incomplete, or untimely for identifiable issues during the months depicted. This number includes “misses” that were impacted by the four specific LLN-related issues discussed in the Cottrell/Lawson Reply Affidavit, ¶¶ 103-113 (Reply App., Tab 5). This number also includes inaccurate or incomplete LLNs attributable to the two incidents described below at paragraphs 18 through 21, *infra*. These are examples of “missed” LLNs resulting from specific system or process failures during this time frame. SBC has also included above approximately 6,800 LLNs that were “missed” only in the sense that they were sent late or that they required manual handling due to general service order processing that occurred in the normal course of business. *See, e.g.*, Accessible Letters CLECAM02-123 (March 29, 2002) and CLECAM02-105 (September 20, 2002) and Cottrell/Lawson Reply Affidavit, ¶ 118. These LLNs either were reported in PM MI 13 or would be reported in the new PM MI 13. It is important to recognize that the LLN process is a complex one that must be managed on a daily basis. Accordingly, SBC believes that these LLNs that are “missed” in the normal course of business for reasons unrelated to specific system or process failures should not be taken into account as evidence of a systemic problem. In our effort to be as conservative as possible, however, we have nevertheless included these misses in Table 1.

⁷ This number corrects the November CLEC LLN volume numbers provided at ¶ 95 of the Cottrell/Lawson reply affidavit, which, due to a math error, were understated by 40,000.

15. Moreover, the CLEC data provided above does not include the substantial number of LLNs provided to SBC Midwest's retail units including ASI, which receive the same LLNs generated by the same systems used to provide LLNs to CLECs. Between September 2002 and January 2003, SBC Midwest provided over 1 million LLNs to its retail units, with 96.70% of those LLNs successfully delivered.
16. Neither AT&T nor WorldCom nor any other CLEC has credibly argued that an overall success rate of (only) 95.97% has had a commercially significant impact on its ability to compete in the Michigan market. In fact, the retail numbers above demonstrate that CLECs and SBC Midwest retail operations receive timely and accurate LLNs on an equivalent basis.

IV. The Remaining Issues Do Not Reflect Any Systemic Problems with SBC Midwest's LLN Processes

17. As already explained in detail in the Cottrell/Lawson Joint Reply Affidavit, the specific problems raised by CLECs in their comments were not systemic in nature, but rather resulted from human error or one-time system changes. And, in each instance SBC Midwest responded quickly to correct the problem and offered to provide corrected LLNs within a very short time. Thus, despite AT&T's attempts to characterize the few remaining LLN issues as significant, none of the LLN issues raised indicate any systemic problems with SBC Midwest's LLN processes, nor do they rebut SBC Midwest's showing that its LLN processes are checklist compliant. See Georgia/Louisiana Order ¶ 163 ("We conclude that the discrepancy in BellSouth's line loss reports does not appear to be indicative of a systemic problem with BellSouth's OSS and thus, does not warrant a finding of checklist noncompliance. In reaching this conclusion, we find that the discrepancies appear to be relatively limited in duration and scope and, based on this record, do not appear to be competitively significant.").
18. In its Reply Comments, AT&T complains that SBC Midwest erroneously delivered certain LLNs to its AT&T Business Services (ABS) unit by sending those LLNs to the ABS fax number rather than to WebLEX, as requested by ABS (DeYoung/Willard ¶ 78-82, March 4, 2003).⁸ In fact, SBC Midwest identified and reported this delivery issue to AT&T, not the

⁸ In October 2002, ABS requested that its LLNs be delivered to WebLEX, rather than to its fax number. Although ABS' production set-up was modified accordingly, due to a very complex set of circumstances related to AT&T's set-up in the MOR application as a test CLEC, whenever the a "winning" CLEC utilized version 4.02, MOR would read the pseudo-CLEC set-up rather than the production set-up, and send the LLN to ABS' fax number. If the "winning" CLEC utilized LEX or version 5 or higher (which utilize LASR rather than MOR), the LLN would be correctly sent to WebLEX. AT&T implies that SBC Midwest's explanation does not "withstand scrutiny" because it is based on the "erroneous premise" that the faxed LLNs were sent via the "Issue 7 translator," which was retired one month prior to October 2002. SBC's explanation is accurate. Although EDI ordering via Issue 7 was retired effective October 12, 2002, the ability to order UNE loops via ASRs sent through EXACT continued through March 9, 2003. See, CLECAM02-076, dated June 19, 2002; CLECALLS 02-022 (February 21, 2002) and CLECAM02-033 (February 27, 2002). So, although Issue 7 was no longer available for EDI ordering after October 2002, the Issue 7 outbound translator used for fax notifications remained operational for ASR orders (including

reverse. This issue impacted a total of 1,819 LLNs over an approximately 4-month period.⁹ SBC has included the number of ABS LLNs sent to the fax between October and January in its analysis, although AT&T has acknowledged that it did, in fact, receive these notifications.

19. On March 6, 2003, SBC notified CLECs that on March 5 it had identified a situation where LLNs were sent on lines that the CLEC did not lose.¹⁰ SBC further advised that it was conducting analysis of the issue, and that it would provide more information at the earliest possible date. This LLN interruption letter was provided by SBC in accordance with its draft LLN improvement plan, and the requirements of the MPSC's January 13, 2003 order.¹¹
20. Upon investigation, SBC has determined that this LLN error occurred only in the Midwest region, and only in the rare instance where the "winning" CLEC was using LSOG version 5, and was converting only part of a multi-line account including the main telephone number (TN) for that account. In these circumstances, a new main TN is created for the lines on the account that remain with the original carrier. SBC Midwest correctly provided an LLN to the losing carrier for the original main TN. However, due to a programming error, SBC also created an LLN on the new main TN, which was incorrectly provided to the original carrier.
21. A programming correction for this scenario was implemented on March 7th, and has been validated as working correctly. Although the March 6th accessible letter estimated that this issue affected "less than 3000 transactions," in fact it affected approximately 900 total LLNs, which were incorrectly provided to 38 CLECs. The effects of the problem date to May 2002; it was not detected earlier due to the rare ordering scenario and the small number of erroneous LLNs. All impacted CLECs will be contacted directly by their OSS manager, and a follow-up accessible letter will be sent to all CLECs on March 14, 2003. All LLNs provided in error as a result of this scenario in the September 2002 – January 2003 time frame are reflected as misses in Table 1 above.

UNE loop) and for FAX LLNs through March 9, 2003. The Issue 7 outbound translator has now been retired for all notifications. SBC believes AT&T is the only CLEC impacted by this issue.

⁹ Although SBC Midwest believes that AT&T is the only CLEC to be impacted by this particular fact scenario, in December 2002 another CLEC filed comments in the Michigan 271 process, complaining that SBC Midwest was not providing it with LLNs. On review, SBC determined that it had failed to update its tables when the CLEC requested to switch from receiving faxed LLNs to receiving its LLNs via LEX. SBC updated its tables, and re-flowed approximately 1,150 LLNs to the CLEC in question. Those LLNs are included in the "inaccurate or incomplete" column of Table 1 above.

¹⁰ See, Ex Parte Letter from Geoffrey M. Klineberg, Kellogg, Huber, Hansen, Todd & Evans, P.L.L.C., to Marlene H. Dortch, FCC (Mar. 7, 2003), attaching Accessible Letter CLECAM03-019 (Mar. 6, 2003).

¹¹ See, January 2003 Compliance Order at 6: "An improvement plan regarding this issue shall include, at a minimum, a requirement to issue an accessible letter to the affected CLECs within 24 hours of determining that an interruption of line loss notification issuance has occurred that could affect more than one CLEC."

V. Measurement of LLN Performance

22. Michigan Bell's performance results for line loss notification timeliness are reported under PM MI 13 (Percent Loss Notifications Within One Hour of Service Order Completion). The reported results for PM MI 13 were provided within Attachments C and D to the January 16, 2003 Ehr Affidavit (App. A, Tab 9), and have been subsequently updated in ex parte filings dated January 24, 2003 and February 25, 2003. The March 4, 2003 Ehr Reply Affidavit provided specific discussion of CLEC comments on PM MI 13.¹² The key points of this record evidence are as follows:

- Performance results provided to this Commission show that Michigan Bell's delivery of line loss notifications included in the PM MI 13 results has generally been good, with greater than 90% of line loss notices included in the PM results being sent within 1 hour of the SOC being sent to the "winning" carrier.
- In response to concerns raised by AT&T, in the most recent six-month PM collaborative, Michigan Bell and the participating CLECs agreed to make changes to the current PM MI 13. PM MI 13 will now measure from the completion of the last service order required to provision the LSR submitted by the "winning" carrier to the sending of the line loss notification. The benchmark was also appropriately changed from 95% within one hour to 97% within one system processing day. In addition, new PM MI 13.1 (Average Delay Days For Mechanized Line Loss Notifications) was added. This new measure assesses the average delay days for those line loss that are not sent within one business/system processing day of work completion on the "winning" carrier's service order. These changes were approved by the MPSC on February 20, 2003.
- Line loss notifications sent to CLECs where the "winning" carrier is Michigan Bell Retail (a "winback" situation) are not captured within the results before the Commission. This is because the implemented measure defines the interval as "the elapsed time from the time that the completion notice (EDI 865 message) is transmitted to the new carrier to the time that the loss notification (EDI 836 message) is transmitted to the new carrier." As Michigan Bell Retail does not receive EDI 865 service order completion messages, the interval for those line loss notifications resulting from a "winback" cannot be calculated.¹³ This issue has been cared for in the implementation of the new PMs MI 13 and MI 13.1. An additional language clarification is also being made to those approved measures, so as to ensure a clear understanding of the appropriate means of calculating results, and will be presented to the CLECs and the MPSC for approval shortly.

23. To approximate what line loss notification timeliness performance would have been for the period under review if PM MI 13 had been defined such that line loss notifications resulting

¹² Ehr Reply Affidavit ¶¶ 141-145 (Reply App., Tab 8).

¹³ Consequently, SBC Midwest is unsure how AT&T could have recalculated a percentage of missed LLNs that includes "winbacks" in a manner consistent with business rule.

from “winback” activity could be included, SBC has calculated the elapsed system processing days between the completion of the last service order associated with a CLEC LSR or a retail (winback) service order and the date the mechanized line loss notification was sent to the CLEC. This calculation approximates the performance under the revised MI 13 business rules scheduled for implementation with March 2003 results. However, because of time constraints, SBC’s approximation of performance:

- Does not take the allowed exclusion for CLEC caused misses and delays. The implementation of this exclusion would only improve SBC performance results.
- Does not include line losses that were intended to be sent electronically but were sent manually. In the production implementation of new MI13, these will be reported. This is expected to be a small number and expected to have a minimal impact on overall results.
- Does not include any special logic on handling situations where the CLECs reported errors with line losses they received. However, reflowed mechanized line losses to AT&T in November and LDMI in January are included in the results below.
- Did not involve a complete restoration of all databases and tables for each prior processing month (i.e. current referential tables for things like active CLECs and current data available on the platform were used to reprocess the results. Typically, only minor changes occur in this data from month to month.)
- Does not include all line sharing line losses. SBC experienced some difficulty in matching some line sharing line losses to the completion of the service orders. This issue will be resolved before the production implementation of the new MI 13 PM.
- Has been validated to the extent possible in the limited timeframe. Further validation will continue as SBC progresses toward the production implementation of the new MI 13 PM.

24. The results of that process demonstrate that performance on line loss notification has been good, as depicted in Table 2, below. These results are for the 5-state SBC Midwest region and do not include results for the SBC data affiliate (ASI) or SBC Midwest retail.

TABLE 2

Month	Mechanized Line Losses Sent Within 1 Day of Work Completion	Total Mechanized Line Losses	Percent Met	Original MI 13 Aggregate Result
Nov 2002	96,473	106,277	90.78%	96.82%
Dec 2002	97,821	102,060	95.85%	97.10%
Jan 2003	123,040	126,280	97.43%	92.79%

As this table clearly illustrates, SBC Midwest's performance does not deteriorate when retail Winback activity is included in LLN performance measures. Further, between November 2002 and January 2003, SBC Midwest's performance improved from 90.78% to 97.43% – surpassing the newly established benchmark of 97% in January.

VI. Conclusion

SBC Midwest has never denied that its systems have experienced issues with its LLN processes in the past. But as a result of extensive efforts overseen by the MPSC, SBC Midwest has successfully resolved those systemic problems. The evidence in the record confirms that SBC Midwest has provided CLECs with timely and accurate LLNs at least 97% of the time over the past five months, in full compliance with checklist requirements. That conclusion was reached by the MPSC based on an extensive factual record, and BearingPoint's rigorous third-party test of SBC Midwest's LLN systems confirms it. Moreover, SBC Midwest's performance in providing LLNs has improved over recent months. In sum, SBC Midwest's provision of line loss notifications satisfies the requirements that this Commission has established in prior applications for satisfying the competitive checklist.

Attachment A
Exhibit 1

Line Loss Notification Issues – Exhibit 1
MPSC Case No U-12320 Case Cites
Application Appendix C

Volume	Tab	Date	Description
8	46	07/30/01	Ameritech Michigan's Reply Comments re. Checklist Informational Filing
9	54	12/14/01	Ameritech Michigan's Response to WorldCom's Update on Line Loss Notification Issue
9	55	12/20/01	MPSC's Opinion and Order re. Problem Related to Line Loss Notification
9	57	01/09/02	Ameritech Michigan's Interim Report on Line Loss Notification Issue
9	61	01/29/02	Ameritech Michigan's Supplemental Report on Line Loss Notification Issue
9	62	02/08/02	Ameritech Michigan's Reply to WorldCom's and Z-Tel's 01/24/02 Comments on Line Loss Notification
9	64	02/28/02	Ameritech Michigan's Supplemental Report on Line Loss Notification Issue
9	66	03/08/02	Ameritech Michigan's Reply to Z-Tel's 03/04/02 Filing re. Line Loss Notification
9	69	04/01/02	Ameritech Michigan's Supplemental Report on Line Loss Notification Issue
10	76	05/01/02	Ameritech Michigan's Supplemental Report for Line Loss Notification Issue
11	84	06/03/02	Ameritech Michigan's Supplemental Report on Line Loss Notification Issue
11	87	07/02/02	Ameritech Michigan's Final Report on Line Loss Notification Issue
12	94	08/01/02	Ameritech Michigan's Reply to Z-Tel's Response to Final Report on Line Loss Notification Issue
18	112	10/24/02	Ameritech Michigan's Response to WorldCom's Update re. Line Loss Notification Issue
23	118	10/30/02	Ameritech Michigan's Compliance Plan Proposal
23	122	11/15/02	Ameritech Michigan's Comments on BearingPoint's 10/30/02 OSS Evaluation Report
25	133	01/13/03	MPSC's Consultative Report re. SBC's Checklist Compliance
25	134	01/13/03	MPSC's Opinion and Order Approving Report on SBC's Compliance with Section 271

Attachment A
Exhibit 2

MICHIGAN

LOSS OF LINE REPORT VERIFICATION

TVV4-28 CLEC Loss of Line activity was reported accurately.
Results: Satisfied. **BearingPoint Report at 936.**

SBC Ameritech reported CLEC Loss of Line activity accurately.

For this test, BearingPoint used the benchmark of 95 percent of orders with line loss notifications prepared accurately.

BearingPoint reviewed 8,073 orders from June 2002 in order to determine if SBC Ameritech accurately prepared line loss notifications. Of these, SBC Ameritech prepared notifications for 7,717 orders (95.6 percent) accurately.

TVV4-29 CLEC Loss of Line activity was reported in a timely manner.
Results: Satisfied. **BearingPoint Report at 936-937.**

SBC Ameritech reported CLEC Loss of Line activity in a timely manner.

For this test, BearingPoint used the benchmark of 95 percent for the percentage of loss notifications within 1 hour of service completion. An analogous performance measure and standard are defined in SBC Ameritech's PM MI 13 (Percent Loss Notification w/in 1 Hour of Service Order Completion).

BearingPoint reviewed 22 orders during March 2002 to determine the percentage loss notifications within 1 hour of service order completion. Of these, 7 (31.8 percent) had loss notifications within 1 hour of service order completion.

BearingPoint issued Exception 74 on April 3, 2002. This Exception cites issues where SBC Ameritech failed to provide Loss of Line notices for Test CLEC accounts in a timely manner. SBC Ameritech indicated that the issues in Exception 74 were resolved on April 8, 2002, and BearingPoint conducted a retest.

During retesting, BearingPoint reviewed 163 service orders from May - July 2002 to determine the percentage of loss notifications within 1 hour of service order completion. Of these, 136 (83.4 percent) had loss notifications within 1 hour of service order completion.

BearingPoint issued Exception 74, Version 2 on August 12, 2002 to detail additional issues. SBC Ameritech indicated that the issues in Exception 74 were resolved on August 20, 2002.

During retesting, BearingPoint reviewed 49 service orders from September 2002 to determine the percentage of loss notifications within 1 hour of service order completion. Of these, 21 (42.9 percent) had loss notifications within 1 hour of service order completion.

BearingPoint issued an Exception 74, Version 2 Additional Information document on September 11, 2002 to detail these additional issues. SBC Ameritech indicated that the issues in the Exception 74, Version 2 Additional Information document were resolved on September 13, 2002.

During retesting, BearingPoint reviewed 186 service orders from September through October 2002 to determine the percentage of loss notification within 1 hour of service order completion. Of these, 179 (96.2) percent had loss notifications within 1 hour of service order completion.

Exception 74 was closed on October 22, 2002.

ILLINOIS

LOSS OF LINE REPORT VERIFICATION

TVV4-28 CLEC Loss of Line activity was reported accurately.
Results: Satisfied. **BearingPoint Report at 709.**

SBC Ameritech reported CLEC Loss of Line activity accurately.

For this test, BearingPoint used the benchmark of 95 percent accuracy when determining whether SBC Ameritech accurately prepared line loss notifications.

BearingPoint reviewed 5,316 lines from June 2002 that were expected to generate line loss notifications in order to determine if SBC Ameritech accurately prepared the notifications. Of these, SBC Ameritech accurately prepared notifications for 5,122 lines (96.4 percent).

TVV4-29 CLEC Loss of Line activity was reported in a timely manner.
Results: Satisfied. **BearingPoint Report at 710.**

SBC Ameritech reported CLEC Loss of Line activity in a timely manner.

For this test, BearingPoint used the benchmark of 95 percent for the percentage of line loss notifications received within 1 hour of service completion. An analogous performance measure and standard are defined in SBC Ameritech's PM MI 13 (Percent Loss Notification w/in 1 Hour of Service Order Completion).

BearingPoint reviewed 39 lines from March through April 2002 to determine the percentage of loss notifications within 1 hour of service order completion. Of these, 19 (48.7 percent) had loss notifications within 1 hour of service order completion.

BearingPoint issued Exception 86 on April 18, 2002. This Exception cites issues where SBC Ameritech failed to provide Loss of Line notices for Test CLEC accounts in a timely manner. SBC Ameritech indicated that the issues in Exception 86 were resolved on May 10, 2002, and BearingPoint conducted a retest.

During retesting, BearingPoint reviewed 64 lines from May through July 2002 to determine the percentage of loss notifications within 1 hour of service order completion. Of these, 47 (73.4 percent) had loss notifications within 1 hour of service order completion.

BearingPoint issued Exception 86, Version 2 on July 3, 2002 to detail additional issues. SBC Ameritech indicated that the issues in Exception 86, Version 2 were resolved on September 20, 2002.

During the second retest, BearingPoint reviewed 185 lines from September through November 2002 to determine the percentage of line loss notifications received within 1 hour of service order completion. Of these, 181 (97.8 percent) had line loss notifications within 1 hour of service order completion.

BearingPoint issued a Disposition Report for Exception 86 on October 22, 2002.

WISCONSIN

LOSS OF LINE REPORT VERIFICATION

TVV4-28 CLEC Loss of Line activity was reported accurately.
Results: Satisfied. **BearingPoint Report at 960.**

SBC Ameritech reported CLEC Loss of Line activity accurately.

For this test, BearingPoint used the benchmark of 95 percent accuracy when determining whether SBC Ameritech accurately prepared line loss notifications.

BearingPoint reviewed 748 commercial CLEC lines from June 2002 that were expected to generate line loss notifications in order to determine if SBC Ameritech accurately prepared the notifications. Of these, SBC Ameritech accurately prepared notifications for 726 lines (97.1 percent).

TVV4-29 CLEC Loss of Line activity was reported in a timely manner.
Results: Satisfied. **BearingPoint Report at 960-961.**

SBC Ameritech reported CLEC Loss of Line activity in a timely manner.

For this test, BearingPoint used the benchmark of 95 percent for the percentage of line loss notifications received within 1 hour of service completion. An analogous performance measurement and standard are defined in SBC Ameritech's PM MI 13 (Percent Loss Notification within 1 Hour of Service Order Completion).

BearingPoint reviewed 35 lines during March 2002 to determine the percentage of line loss notifications received within 1 hour of service order completion. Of these, 15 (42.9 percent) had line loss notifications received within 1 hour of service order completion.

BearingPoint issued Exception 84 on April 18, 2002. This Exception cites issues where SBC Ameritech failed to provide line loss notifications for Test CLEC accounts in a timely manner. SBC Ameritech indicated that the issues identified in Exception 84 were resolved on May 10, 2002, and BearingPoint conducted a retest.

During the retest, BearingPoint reviewed 68 lines from May through June 2002 to determine the percentage of line loss notifications received within 1 hour of service order completion. Of these, 60 (88.2 percent) had line loss notifications received within 1 hour of service order completion.

BearingPoint issued Exception 84, Version 2 on July 3, 2002 to detail additional issues. SBC Ameritech indicated that the issues in Exception 84, Version 2 were resolved on July 18, 2002, and BearingPoint conducted a second retest.

During the second retest, BearingPoint reviewed 79 lines from July through August 2002 to determine the percentage of line loss notifications received within 1 hour of service

order completion. Of these, 66 (83.5 percent) had line loss notifications received within 1 hour of service order completion.

BearingPoint sent additional information for Exception 84, Version 2 on August 20, August 23, and August 26, 2002 to detail additional issues. SBC Ameritech indicated that the issues identified in the Exception 84, Version 2 additional information documents were resolved on September 13, 2002, and BearingPoint conducted a third retest.

During the third retest, BearingPoint reviewed 145 lines from September through November 2002 to determine the percentage of line loss notifications received within 1 hour of service order completion. Of these, 144 (99.3 percent) had line loss notifications received within 1 hour of service order completion. BearingPoint closed Exception 84 on November 18, 2002.

OHIO

LOSS OF LINE REPORT VERIFICATION

TVV4-28 CLEC Loss of Line activity was reported accurately.
Results: Satisfied. **BearingPoint Report at 947.**

SBC Ameritech reported CLEC Loss of Line activity accurately.

For this test, BearingPoint used a benchmark of 95 percent accuracy when determining whether SBC Ameritech accurately prepared line loss notifications.

BearingPoint reviewed 2,911 lines from June 2002 that were expected to generate line loss notifications in order to determine if SBC Ameritech accurately prepared the notifications. Of these, SBC Ameritech accurately prepared notifications for 2,778 lines (95.4 percent).

TVV4-29 CLEC Loss of Line activity was reported in a timely manner.
Results: Satisfied. **BearingPoint Report at 947-948.**

SBC Ameritech reported CLEC Loss of Line activity in a timely manner.
For this test, BearingPoint used a benchmark of 95 percent for the percentage of loss notifications received within 1 hour of service completion. An analogous performance measurement and standard are defined in SBC Ameritech's PM MI 13 (Percent Loss Notifications within 1 Hour of Service Order Completion).

BearingPoint reviewed 40 lines from March 2002 to determine the percentage of loss notifications received within 1 hour of service order completion. Of these, 18 (45.0 percent) had line loss notifications received within 1 hour of service order completion.

BearingPoint issued Exception 85 on April 18, 2002. This Exception cites issues where SBC Ameritech failed to provide line loss notifications for Test CLEC accounts in a timely manner. SBC Ameritech indicated that the issues in Exception 85 were resolved on May 10, 2002, and BearingPoint conducted a retest.

During the retest, BearingPoint reviewed 95 lines from May through June 2002 to determine the percentage of line loss notifications received within 1 hour of service order completion. Of these 84 (88.4 percent) had line loss notifications received within 1 hour of service order completion.

BearingPoint issued Exception 85 additional information on July 3, 2002 to detail additional issues. SBC Ameritech indicated that the identified issues were resolved on September 13, 2002, and BearingPoint conducted a second retest.

During the second retest, BearingPoint reviewed 150 lines from September through October 2002 to determine the percentage line loss notifications received within 1 hour of

service order completion. Of these, 148 (98.7 percent) had line loss notifications within 1 hour of service order completion. Exception 85 was closed on November 19, 2002.

INDIANA

LOSS OF LINE REPORT VERIFICATION

TVV4-28 CLEC Loss of Line activity was reported accurately.
Results: Satisfied. **BearingPoint Report at 947.**

SBC Ameritech reported CLEC Loss of Line activity accurately.

For this test, BearingPoint used the benchmark of 95 percent accuracy when determining whether SBC Ameritech accurately prepared line loss notifications.

BearingPoint reviewed 786 commercial CLEC lines from June 2002 that were expected to generate line loss notifications in order to determine if SBC Ameritech accurately prepared the notifications. Of these, SBC Ameritech accurately prepared notifications for 755 lines (96.1 percent).

TVV4-29 CLEC Loss of Line activity was reported in a timely manner.
Results: Satisfied. **BearingPoint Report at 948.**

SBC Ameritech reported CLEC Loss of Line activity in a timely manner.

For this test, BearingPoint used the benchmark of 95 percent for the percentage of loss notifications received within 1 hour of service order completion. An analogous performance measurement and standard are defined in SBC Ameritech's PM MI 13 (Percent Loss Notifications within 1 Hour of Service Order Completion).

BearingPoint reviewed 54 Test CLEC lines from March through July 2002 to determine the percentage of loss notifications received within 1 hour of Service Order Completion. Of these, 37 (68.5 percent) received loss notifications within 1 hour of service order completion.

BearingPoint issued Exception 138 on July 3, 2002. This Exception cites issues where SBC Ameritech failed to provide line loss notifications for Test CLEC accounts in a timely manner. SBC Ameritech indicated that the issues in Exception 138 were resolved on September 13, 2002, and BearingPoint conducted a retest.

During the retest, BearingPoint reviewed 150 Test CLEC lines from September through November 2002 to determine the percentage of loss notifications received within 1 hour of service order completion. Of these, 145 (96.7 percent) had line loss notifications received within 1 hour of service order completion. Bearing Point closed Exception 138 on November 12, 2002.

Attachment B

BILLING

As explained in detail in its Application and Reply comments, SBC Midwest provides Michigan CLECs non-discriminatory access to billing functionality in accordance with the Act, and with FCC and MPSC requirements.¹ As part of providing billing functionality, SBC Midwest processes large volumes of CLEC billing data, and renders thousands of CLEC bills each month. SBC Midwest's wholesale billing system was extensively tested within the third-party OSS test administered by BearingPoint, with direction and input from the MPSC and the CLECs. Moreover, SBC Midwest's billing performance measurements, established collaboratively with the CLECs and the MPSC, confirm that SBC Midwest provides accurate and timely wholesale bills to CLECs. SBC Midwest's CLEC bills also follow industry guidelines, and as a result, the bills are clearly auditable. The MPSC confirmed that SBC Midwest provides nondiscriminatory access to its billing functionality when it approved SBC's state 271 application.

BILLING PROCESS OVERVIEW

The processes and procedures of SBC Midwest's billing OSS are exceedingly complex and handle extremely large commercial billing volumes. For example, as shown in the Affidavit of Michael E. Flynn, every year, SBC Midwest's Carrier Access Billing System ("CABS") bills more than \$3 billion a year and generates more than 6,000 CLEC bills for a variety of UNE and interconnection products.² In addition, every month, CABS processes more than 4 billion usage records, including more than 1 billion UNE-P CLEC usage records.³ Additionally, since the conversion of UNE-P to the CABS billing system began in August of 2001, SBC Midwest has received and processed over 5.5 million UNE-P service orders through to the CABS billing database.

¹ When used in this filing, the term "SBC Midwest" refers to the five state local exchange carrier operations of Illinois Bell Telephone Company; Indiana Bell Telephone Company, Incorporated; Michigan Bell Telephone Company; The Ohio Bell Telephone Company; and Wisconsin Bell, Inc. All five SBC Midwest states utilize the same billing systems, which are managed, monitored and maintained on a region-wide basis.

² See Affidavit of Michael E. Flynn ("Flynn Aff.")(App. A, Tab 12).

³ *Id.*

CABS UNE-P RECONCILIATION

Some commenters have criticized SBC Midwest's CABS UNE-P reconciliation.⁴ However, this process was a highly effective, final quality assurance measure, which should give the FCC additional confidence that SBC Midwest's billing systems have not only provided CLECs with a meaningful opportunity to compete, but will continue to do so.⁵ Although not part of its initial comments, AT&T now leads the criticism of SBC Midwest's efforts, indicating that 138,000 circuits, totaling more than \$16.9 million in corrected billing, proves that SBC Midwest is not generating accurate wholesale bills.⁶ But the fact that SBC Midwest determined that it was advisable to undertake the CABS UNE-P reconciliation does not change the fact that SBC Midwest's bills have been substantially accurate and auditable both before and after the conversion and remain so today.

First, putting the figures into perspective, the \$16.9 million in total financial adjustments as a result of the CABS reconciliation effort represents roughly 4.3% of the total amount of CLEC wholesale billing since the conversion began⁷. Or, put differently, over 95% of the total amount billed to CLECs in the period between the CABS conversion and the CABS reconciliation was unaffected by the errors in the CABS database. Although the CABS

⁴ Of course, as indicated previously, this project was undertaken as a result of the conversion of UNE-P billing to CABS, which was done at the request of CLECs. Additionally, CLECs commented that bills rendered subsequent to the UNE-P Reconciliation were not auditable. This not the case. Several reports were produced and shared with CLECs to help them understand the overall impact. Further, a detailed "Other Charges and Credits" statement was produced for each circuit added or deleted that had retroactive charges. The dates those charges or credits encompass is clearly identified. An illustrative example of the "Other Charges and Credits" statement is attached as Exhibit 1.

⁵ For a full discussion regarding the reconciliation process, *see* Flynn Aff. ¶ 9, fn. 6; Joint Reply Affidavit of Justin Brown, Mark Cottrell, and Michael Flynn ¶¶ 17-23 ("Joint Reply Aff.")(Reply App., Tab 3).

⁶ *See* AT&T Reply Comments at 24-25.

⁷ SBC Midwest applied credits and/or debits consistent with the applicable interconnection agreement for each affected CLEC. Credits and/or debits falling outside the time frames permitted by the terms and conditions of those agreements are not included in the \$16.9 million total. The local wholesale revenues used in this comparison include all local wholesale products beginning with the earliest date to which a customer's account was either debited or credited (8/2001) through the reconciliation (1/2003) timeframe.

reconciliation was an issue that SBC Midwest needed to undertake, the results of the reconciliation do not call into question SBC Midwest's overall billing performance.⁸

Second, any circuit that was not impacted by the CABS conversion process posted to CABS in the normal course throughout 2002. In fact, BearingPoint conducted tests during 2002 that verified that service orders posted in a timely manner and that SBC's UNE-P billing was accurate.⁹ In addition, while SBC continues to work with the Account Teams and LSC on validation, the CABS UNE-P reconciliation project is now complete.¹⁰

Third, the relevant performance measurements accurately reflect SBC Midwest's billing operations during this time period and substantiate that, overall, bills were timely and accurately delivered. The only performance measurement that was affected by the inaccuracies in the CABS database was PM 17 – which measures the percent of service orders that post to CABS within the current bill period -- and Michigan Bell missed PM 17 in 10 of the past 12 months.¹¹ However, this dip in performance was anticipated as a result of the manual efforts to post service orders after the completion of the UNE-P conversion. Notably, SBC Midwest paid approximately \$3 million in liquidated damages throughout the Midwest region (\$1.1 million in Michigan) as a result of its having missed this measurement during this period. Results from September 2002 through January 2003 have improved appreciably, with Michigan Bell having achieved a success rate between 90% and 96 %. No restatement of PM 17 is planned as a result of the reconciliation effort because the impact of the conversion effort has already

⁸ In addition, the ordering and provisioning of UNE-P circuits was not impacted by either the billing conversion or the reconciliation effort. Contrary to AT&T's assertion, Line Loss Notifications, FOCs and SOC's were not impacted by these efforts either.

⁹ See *BearingPoint Report, PPR13-14*, at page 708 (App. C, Tab 114).

¹⁰ The CABS UNE-P reconciliation did delay some of the post to bill notifications during the reconciliation process, since billing service orders were held for up to 9 days during reconciliation. In addition, a programming error which was not associated with the reconciliation also prevented some post to bill notifications from being created during that time (see Accessible Letter CLECAM03-008 dated January 29, 2003). However, processing of those post to bill notifications associated with the reconciliation is now complete. Delaying the post to bill notifications should have minimal, if any, impact on CLECs, as post to bill notifications only apply to CLECs using SBC's LSOR version 5.0 and higher, have no impact on the provisioning process and the absence of one does not impede SBC's receipt of subsequent change activity on an account.

¹¹ See Ex Parte Letter from Geoffrey M. Klineberg, Kellogg, Huber, Hansen, Todd & Evans, P.L.L.C., to Marlene H. Dortch, FCC (Feb. 25, 2003), "Performance_Measurement_Tracking_Report" folder,

been captured by this measurement. Likewise, since the Billing Accuracy Performance Measurement (PM 14) measures whether the rates are correctly applied, rather than whether the service orders are posting in sequence or on time, this measurement was not impacted by the reconciliation, and no restatement is planned.

Finally, the billing performance measurements have been developed cooperatively with the CLECs and state commission staffs. CLECs have had the opportunity to negotiate the addition, deletion or modification of these measurements through the six-month review process. The MPSC thoroughly scrutinized SBC Midwest's performance, as reflected in the performance measurements, and confirmed that ". . . overall. . . the results of the billing measures are not indicative of discriminatory behavior."¹² Therefore, even though there were some residual inaccuracies in the CABS UNE-P database up to the point when the reconciliation took place, overall billing to CLECs has been accurate, as affirmed by the MPSC and reviewed by BearingPoint.

BILLING ACCURACY

Although commenters have presented various allegations with respect to SBC Midwest's ability to provide accurate bills, these allegations are either generally lacking in sufficient detail to determine whether or not an alleged billing inaccuracy in fact occurred, or they are simply incorrect.¹³ Furthermore, to the extent minor billing inaccuracies have been shown, those issues are isolated and do not reflect systemic problems with the billing systems.¹⁴ Indeed, the FCC has consistently recognized, "...as a practical matter, that high-volume carrier-to-carrier commercial billing cannot always be perfectly accurate."¹⁵ The MPSC thoroughly considered these issues and determined that Michigan Bell satisfied the checklist with respect to billing.¹⁶

PM_Tracking_Report_(January_2003)_PMs_05-25 file.

¹² Report of the Michigan Public Service Commission ("MPSC Report"), January 13, 2003 at 74. (App. C, Tab 133)

¹³ See Joint Reply Aff. ¶ 7.

¹⁴ *Id.*

¹⁵ *New Jersey 271 Order* ¶ 126; *California 271 Order* ¶ 92.

¹⁶ MPSC Report at 73-74.

Performance Substantiates Billing Accuracy

SBC Midwest's performance provides evidence that SBC Midwest's bills are accurate. PM 14 measures the accuracy of the wholesale bills as compared to retail bills. For the three disaggregations associated with this measure, SBC Midwest's performance has been excellent, averaging over 99% accuracy for the past twelve months.

The first disaggregation measures the resale bills by checking for the accuracy of the recurring and non-recurring charges, measured against the retail parity measurement. SBC Midwest has met this measurement in 12 of the past 12 months.

The second disaggregation measures resale and UNE-P usage accuracy by comparing the wholesale results to retail. Although SBC Midwest made only 7 of the past 12 months on this sub-measure, each miss was less than 0.9%, and the actual wholesale results were accurate over 99% of the time. The retail parity for this measurement has remained at 100% over the entire 12-month period.

The third disaggregation measures UNE monthly recurring and non-recurring charge accuracy by comparing the rates applied in the CABS BOS/BDT transmission against a rate control table to determine rate accuracy. SBC Midwest has recently updated the sampling process for this measure, which is being validated by BearingPoint. SBC Midwest has met this measurement in 12 of the past 12 months. Again, the actual performance results have achieved an accuracy rate of over 99%.

BearingPoint Testing Confirms Billing Accuracy

In addition to providing excellent performance, SBC Midwest's billing systems have been thoroughly reviewed by BearingPoint. Its testing has confirmed the accuracy of SBC Midwest's bills and has provided further evidence that SBC Midwest provides nondiscriminatory access to its billing functionality. As part of the OSS test, BearingPoint made numerous findings with respect to the accuracy of SBC Midwest's billing.¹⁷ Perhaps most

¹⁷ The Functional Carrier Bill Evaluation section of the BearingPoint report found that both recurring and non-recurring rates "were consistent with the applicable tariffs and/or contract rates." See *BearingPoint Report, TVV9-4 through TVV9-9*, at pages 999-1002; BearingPoint validated the calculations on UNE-Loop and UNE-P bills "corresponded with tariff and/or published definitions." See *BearingPoint Report, TVV9-17 and TVV9-18*, at page 1005; For test reports produced by

important, BearingPoint concluded, *after* SBC Midwest completed the UNE-P conversion to CABS, that for the states of Illinois, Indiana and Wisconsin, SBC Midwest posts UNE-P service orders to CABS in a timely manner, and that UNE-P billing produced by CABS is accurate.

BILLING AUDITABILITY

As SBC Midwest has already explained in detail, the bills that SBC Midwest provides to CLECs are fully auditable. *See* Flynn Aff. ¶ 17; Joint Reply Aff. ¶¶ 9-16. SBC Midwest produces bills in several formats, each of which follows industry guidelines.¹⁸ Telcordia has developed and maintains thousands of pages of technical documentation on the CABS BOS/BDT guideline and offers a wide range of technical training on BOS/BDT, and SBC Midwest offers CLEC billing training. CLECs clearly are able to audit their respective bills.¹⁹ Finally, both SBC Midwest's performance measurement results and Bearing Point's third-party testing confirms the fact that SBC Midwest's bills are auditable.

Performance Substantiates Billing Auditability

PM 15, Bill Format Accuracy, measures the syntax, format, totaling and content of the mechanized CABS and Resale bills to CLECs. Michigan Bell has consistently met both disaggregations for this measure for the past 12 months. Thus, SBC Midwest consistently provides bills in formats that are easily auditable by CLECs.

BearingPoint Confirms Billing Auditability

BearingPoint found the SBC Midwest CABS bills to be auditable within the scope of its OSS Test. BearingPoint further found that SBC Midwest provides CABS bill output in accordance with the industry standard guidelines. Indeed, BearingPoint concluded that CLEC

BearingPoint for the states of Illinois, Indiana and Wisconsin, subsequent to the migration of UNE-P billing to CABS, BearingPoint determined that SBC Midwest posts UNE-P service orders to CABS in a timely manner, and that UNE-P billing produced by CABS is accurate; BearingPoint's third-party test confirmed that SBC Midwest makes accurate and timely updates to its rate tables and finally, BearingPoint found that "the bill production process includes procedures to accurately apply recurring and non-recurring rates." *See BearingPoint Report, PPR13-14*, at page 708.

¹⁸ *See* Flynn Aff. ¶¶ 14-18.

¹⁹ *See* Joint Reply Aff., Att. B.

bills are clear and auditable; CABS bill output conform to the BOS/BDT guidelines; resale bills followed the appropriate EDI 811 standards.²⁰

Billing Auditability and Dispute Resolution Plan

Based on concerns raised in the state proceeding regarding the ability to audit bills, the MPSC directed Michigan Bell to file a Billing Auditability and Dispute Resolution Plan. A final plan was filed on March 13, 2003, which incorporated input gathered from the CLECs during collaborative sessions.²¹ The MPSC recently recognized that this improvement plan should be considered a “desirable enhancement[] to the competitive landscape in Michigan”; the improvement plan is not a requirement for section 271 approval.²²

CONCLUSION

The MPSC found Michigan Bell’s performance on billing measures to be acceptable.²³ While some intervenors in this proceeding have tried to call the billing accuracy, auditability and performance measurements into question, it is clear that SBC Midwest’s billing systems and performance measurements were carefully scrutinized and subjected to substantial review by the Michigan staff and CLECs. This section 271 proceeding is not the place to relitigate all these issues. SBC Midwest is willing to work with carriers to develop new measurements or to address specific operational issues whenever they may arise. And the MPSC has shown itself to be ready to ensure that SBC Midwest’s billing performance will continue to be acceptable after section 271 relief has been granted.

²⁰ *Id.* at ¶ 12 (citing *BearingPoint Report* at 56; TVV 9-26 at page 1009; *BearingPoint Illinois Report* at 839).

²¹ *See* Ex Parte Letter from Geoffrey M. Klineberg, Kellogg, Huber, Hansen, Todd & Evans, P.L.L.C., to Marlene H. Dortch, FCC (Mar. 13, 2003), Attach. CLECs have an opportunity to comment on Michigan Bell’s final plans on March 20, 2003; shortly thereafter, the MPSC is expected to issue an order resolving any remaining disputes and approving the plans.

²² MPSC’s Reply Comments at 2.

²³ MPSC Report at 74.

Attachment B

Exhibit 1

CABS BILL Example

JAN 24 2003 SO RECONCILE PON
 CIRCUIT NUMBER .CPOP.313.555.0644
 CHARGE FOR ACCESS SERVICE ADDED
 FROM JUL 12 2002 THRU FEB 15 2003

CXC9X	1 CROSS CONNEC SVC	
	INTRASTATE/INTRALATA - MI	.92
NSR	1 LOCAL NUMBER PORTABILITY	
	INTRASTATE/INTRALATA - MI	1.99
UJR	1 BASIC LINE PORT-RESIDENCE	
	INTRASTATE/INTRALATA - MI	17.96
U2HAA	1 ANALOG 2 WIRE BASIC	
	INTRASTATE/INTRALATA - MI	66.95

UNE-P End Customer TN
 (NPA.NXX.LINE); Tel
 number is fictitious

Date range of debit
 OC&C

Equipment
 USOC

Equipment
 description

Calculated total charge
 based on equipment rate
 (tariff or contract) and the
 date range of the debit as
 seen above

CIRCUIT NUMBER .CPOP.313.555.2997
 CREDIT FOR ACCESS SERVICE REMOVED
 FROM SEP 21 2001 THRU FEB 15 2003

CXC9X	1 CROSS CONNEC SVC	
	INTRASTATE/INTRALATA - MI	2.18CR
NSR	1 LOCAL NUMBER PORTABILITY	
	INTRASTATE/INTRALATA - MI	4.70CR
Q2HCM	1 2 WIRE ANALOG LOOP START	
	INTRASTATE/INTRALATA - MI	249.65CR
UJR	1 BASIC LINE PORT-RESIDENCE	

UNE-P End Customer TN
 (NPA.NXX.LINE)

Date range of credi
 OC&C

Calculated total charge
 based on equipment rate
 (tariff or contract) and the
 date range of the credit as
 seen above

(Additional detailed OC&Cs for SO RECONCILE would follow.)

This section summarizes the Net effect of all OC&Cs for a single Service Order. Reconciliation OC&Cs were treated as a single Service Order. Therefore, this section would summarize the total effect of the Reconciliation on the CLECs bill.

NET EFFECT OF SO RECONCILE PON

PER MONTH XX,XXX.XXCR	FRACTIONAL YY,YYY.YYCR	ONE-TIME .00	BILLED AMOUNT YY,YYY.YYCR
--------------------------	---------------------------	-----------------	------------------------------

Impact of SO's Recurring
 charges on a going forward
 basis

SO's total OC&Cs

SO's total Non-
 recurring charges

SO's total Fractional
 and One-Time charges

Attachment C

RELIABILITY OF MICHIGAN BELL'S PERFORMANCE DATA

As explained in detail in its Application and Reply comments, Michigan Bell provides performance measurement data that is both accurate and reliable. Michigan Bell's performance measure data is calculated and reported in a manner consistent with well defined performance measurement business rules and standards that were established collaboratively with the CLECs, the Michigan Public Service Commission ("MPSC") Staff and the Michigan Attorney General. The business rules were approved by the MPSC. On a monthly basis, Michigan Bell provides to approximately 131 Michigan CLECs performance reports, each of which includes an average of 3,193 submeasures. In total, each and every month, Michigan Bell reports on approximately 418,283 submeasures.

To accomplish such a large undertaking, Michigan Bell has implemented extensive systems and procedures, that are subject to detailed internal and external controls, all designed to ensure accurate and reliable reported results. These reported results are then subject to an MPSC-approved performance remedy plan, which includes provisions for access to CLEC-specific raw data, "mini-audits," and data reconciliations.

In addition, as part of the MPSC's section 271 review, Ernst & Young ("E&Y") audited Michigan Bell's implementation of the MPSC-approved business rules, as well as the controls associated with its performance measurement systems and procedures. Moreover, the MPSC has required Michigan Bell to complete an additional ongoing third-party performance metric review administered by BearingPoint.

Based on its three year Section 271 investigation, the MPSC concluded that: "sufficient support exists in the completed portions of the BearingPoint test, in the completed portions of the E&Y audit, in the actual market experience and in the responses provided by SBC to BearingPoint's ongoing investigations to support a Section 271 approval at this time."¹ More recently, in its Reply Comments filed in this proceeding, the MPSC found, in very clear and deliberate terms, that Michigan Bell's performance data are reasonably accurate and reliable:

In particular regard to SBC's performance measures, the [MPSC] reiterates its conclusion that the data reported for the vast majority of the disaggregations on which SBC relied may either be considered accurate on the face of it or to have under-stated the results of those measures.

....

This issue, while extremely important, is under control and should not be the basis for denying the SBC Michigan application.

....

[T]he [MPSC] offers the assurance that it is committed to competition and that it has the tools in place, including confidence in the performance measurement data and accompanying remedy and compliance plans, to keep the market open.

¹ Report of the Michigan Public Service Commission, In the Matter, on the Commission's Own Motion, to Consider SBC's, f/k/a Ameritech Michigan, Compliance with the Competitive Checklist in Section 271 of the Federal Telecommunications Act of 1996, Case No. U-12320, at 22 (MPSC Jan. 13, 2003) ("Michigan PSC Consultative Report") (App. C, Tab 133)

MPSC Reply Comments at 5, 6, & 7.

The discussion below responds to this Commission's questions regarding the overall integrity of Michigan Bell's performance measurement data and the significance and status of the two third-party tests.

The Indicia of Michigan Bell's Performance Data Reliability

In its Evaluation, the Department of Justice ("DOJ") points out that, while CLECs have generally challenged the reliability of Michigan Bell's performance measurement data, their complaints are largely based on the fact that "the third-party audit . . . being conducted by BearingPoint is yet incomplete." DOJ Evaluation at 14. The DOJ notes that this Commission "has not required a completed audit as a condition of undertaking Section 271 review," and correctly observes that the "FCC's aim is to assure that the performance data can be relied upon," and that "an audit, completed or uncompleted, is one piece of evidence, albeit a highly regarded type of evidence, that is considered in making the determination of reliability." *Id.* at 15. Importantly, the DOJ recognizes that the "fact the BearingPoint audit is ongoing does not itself necessitate a finding that the performance measure data is generally unreliable," and suggests that the Commission should "satisfy itself that there are sufficient other indicia of reliability to support the Michigan performance data." *Id.* Finally, the DOJ recommends that the Commission "satisfy itself that a stable and reliable performance measure system will be in place to assure that the Michigan market remains open after the application is approved." *Id.* at 16.

This Commission's task is to determine whether Michigan Bell's performance measurements data are "sufficiently reliable" for purposes of conducting a section 271 analysis, and where "specific credible challenges" to the data are made, to "exercise [its] discretion to give that data lesser weight" and to "look to other evidence" to conclude that the company has met its obligations under section 271. Georgia/Louisiana Order ¶ 20. Hence, the Commission has determined that it will consider evidence related to a number of factors in deciding whether a section 271 applicant's performance data are sufficiently reliable. See id. ¶ 19; BellSouth Five State Order ¶ 16. Michigan Bell has submitted extensive evidence in support of each of these factors, including the results of third-party audits,² internal and external data controls,³ the open and collaborative nature of metrics workshops,⁴ the oversight of the state commission,⁵ the availability of raw data,⁶ and its readiness to engage in data reconciliations.⁷

² See Ehr Aff., ¶¶ 197-264 (App. A, Tab 9); Ehr Reply Aff., ¶¶ 21-120 (Reply App., Tab 8); Dolan/Horst Joint Aff. ¶¶ 18-24, Attachs, B-H (App. A, Tab 8); Dolan/Horst Second Joint Aff., Attach. A (Reply App., Tab 7).

³ Ehr Aff. ¶¶ 271-272, 276; Ehr Reply Aff. ¶ 51.

⁴ Ehr Aff. ¶ 275; Ehr Reply Aff. ¶¶ 133-134, 139-140, 142, 145, 147-148-155.

⁵ Ehr Aff. ¶ 266; Ehr Reply Aff. ¶ 19; Michigan PSC Consultative Report at 14-23; see also January 2003 Compliance Order at 3-5 (App. C, Tab 134).

⁶ Ehr Aff. ¶¶ 268-269; Ehr Reply Aff. ¶¶ 121-132.

⁷ Ehr Aff. ¶ 270; Ehr Reply Aff. ¶¶ 123, 141.

As in prior section 271 proceedings, the totality of Michigan Bell's evidence directed to each of the factors identified above unequivocally demonstrates that the company's performance measurement results, while not perfect, are sufficiently reliable to conclude that Michigan Bell provides the CLECs parity and/or a meaningful opportunity to compete.

There are two, simple answers to any threshold concerns about whether the Commission can review the validity of the performance data submitted by Michigan Bell notwithstanding the fact that the BearingPoint metrics review is not yet complete: First, this Commission has never held that a performance measurement review or audit must be 100% completed before section 271 relief can be granted. In fact, the Commission has held precisely the opposite. Second, for all intents and purposes, the E&Y audit of Michigan Bell's performance measurement system and reported results is complete, and it demonstrates that almost all of the data is accurate and reliable. There are only a few issues that need to be resolved, and these are likely to have an immaterial impact on the data provided; in any event, these do not affect the CLECs' ability to compete.

The MPSC Found Michigan Bell's Performance Data Accurate And Reliable

On January 13, 2003, the MPSC issued a Report finding that SBC had met Track A and the "competitive checklist." The MPSC noted that "reliance will be made with caution" on those 21 performance measurements representing approximately 14% of the performance disaggregations upon which the company relied for checklist compliance and about which E&Y and BearingPoint raised issues and exceptions. Nonetheless, the MPSC concluded that "[f]or purposes of checklist support, however, the Commission believes that Section 271 consideration may proceed and that the results of more than 85% of SBC's reported performance for June, July, and August 2002 may be utilized for checklist support purposes." MPSC Consultative Report at 22.

In its reply comments, the MPSC reiterated its conclusion that the data reported for the vast majority of the disaggregations on which SBC relied may either be considered accurate on the fact of it or to have under-stated the results of those measures." MPSC Reply Comments at 5.

In respect to the BearingPoint performance review, the MPSC noted that the test of Michigan Bell's practices for developing, documenting and publishing metric definitions, standards, and reports (PMR-2) has been "satisfied," and that the test of change management (PMR-3), although not completely finished, "support[s] a conclusion that the processes are adequate and function appropriately." MPSC Consultative Report at 15. In regard to the unsatisfied portions of the data collection and storage test (PMR-1), the MPSC observed that SBC had responded to the unsatisfied items and that they were in retest and indeterminate. Finally, with regard to the data integrity (PMR-4) and metrics-calculations (PMR-5) tests, the MPSC noted that there was little evidence upon which to rely. Id. at 18. The MPSC found, however, that E&Y's audit, albeit through a different methodology, had made findings on the PMR-4 and PMR-5 tests, and that much of E&Y's audit is complete. Id. at 21.

In respect to E&Y, the MPSC determined "it is reasonable to review the results of the E&Y performance measure audit." Id. Responding to CLEC criticisms that E&Y was not

independent or that its audit was less rigorous, the MPSC found no indication that “E&Y’s determinations have been compromised in any way due to the fact that it is also SBC’s financial auditor,” and although E&Y’s test methodology is different than BearingPoint’s, it “has nevertheless been rigorous in the matters that it has addressed.” Id. at 18.

Because the MPSC could not “[a]t this time . . . conclude that SBC’s performance metric reporting process has fully achieved a level of stability and dependability which will be required in the post-Section 271 relief environment,” it ordered Michigan Bell, BearingPoint and E&Y to complete their respective PM reviews and audits. Id. at 22-23. In response to criticism that the BearingPoint test is not completed, the MPSC stated that it would “vigorously pursue” completion of all the remaining portions of the BearingPoint and E&Y testing in regard to SBC’s performance measure reporting. See id. at 22; MPSC Reply Comments at 5. At the same time, the MPSC emphasized that “Section 271 approval need not be held hostage to completion of these activities.” Id. at 6. This commitment of the MPSC to complete the BearingPoint and E&Y tests should most assuredly offer this Commission additional comfort that the local market in Michigan will remain irreversibly open and that the MPSC will be vigilant in preventing any backsliding.

The E&Y Audit Demonstrates That Michigan Bell’s Data Can Be Relied Upon

The results of E&Y’s audit constitute ample evidence of the reliability of Michigan Bell’s performance data. The audit was conducted in essentially the same manner, and with the same scope, as E&Y’s prior audits of SBC performance measurement data pursuant to the Commission’s merger approval requirements and of SBC Southwest’s measurements data offered in support of its Missouri section 271 application. As of March 4, 2003:

- Of the 133 issues originally identified by E&Y, only 8 are pending corrective action;
- Of those 8 issues, one has been resolved in the recently concluded “six-month review.”
- The remaining 7 issues (involving only 13 performance measurements)⁸ will be resolved with February 2003 results.

As SBC has already demonstrated, see Ehr Reply Aff. ¶ 97 & Table 9; Reply Comments at 7-8, none of the remaining issues is likely to have any material impact on the performance measurements associated with them.⁹

⁸ The affected PMs are: PM 104.1 (Average Time to Unlock the 911 record), PM 91 (Percentage of LNP Only Due Dates within Industry Guidelines), PM 28 (Percent POTS/UNE-P Installations Completed Within the Customer requested Due Date), PM 29 (Percent Ameritech Caused Missed Due Dates), PM 30 (Percent Ameritech Missed Due Dates Due To Lack Of Facilities), PM 31 (Average Delay Days For Missed Due Dates Due To Lack Of Facilities), PM 32 (Average Delay Days For Ameritech Caused Missed Due Dates), PM 33 (Percent Ameritech Caused Missed Due Dates > 30 Days), PM 96 (Percentage Pre -Mature Disconnects for LNP Orders), PM 97 (Percentage of Time Ameritech Applies the 10-digit Trigger Prior to the LNP Order Due Date), PM MI 14 (Percent Completion Notifications Returned Within “X” Hours of Completion of Maintenance trouble Ticket), PM WI 1 (Percent No Access – UNE Loops Provisioning), and PM CLEC WI 5 (Percentage of Protectors Not Moved After Technician visit).

⁹ For example, during the most recent study period (November 2002 - January 2003), these additional 1.05% of orders would have lowered the results for PM 91 (Percent of LNP Only Due Dates Within Industry

The BearingPoint Review Has Made Substantial Progress

Since its report of October 30, 2002, BearingPoint has made substantial progress in its Performance Metric Review (“PMR”) test. BearingPoint and SBC Midwest have forged a collaborative working relationship that continues to yield positive results. See Ehr Reply Aff. ¶ 25. Michigan Bell’s robust performance metric system architecture has been further enhanced over the course of the PMR “military-style” test. Id. ¶ 24.

- BearingPoint has issued 29 Exceptions in its PMR testing.
- Of the 29 Exceptions that BearingPoint has issued, 14 have been closed as “Satisfied” and 13 are currently being retested by BearingPoint.
- Of the two remaining Exceptions, only one is still open in the sense that BearingPoint is awaiting a response from SBC. The other exception has been resolved through the “six month review” collaborative.

None of the open Exceptions or Observations would require any major changes to the performance measurement system architecture. Rather, Michigan Bell believes that any changes that BearingPoint will require would be limited to specific metrics or small groups of metrics, similar to those that E&Y has already identified. Michigan Bell has responded to such issues by targeting specific process enhancements or making limited computer program code modifications. See Ehr Reply Aff. ¶ 24.

It is critical to understand that Michigan Bell’s Application does not depend solely on the BearingPoint PMR test. That was the whole purpose of subjecting the performance measurement process to the E&Y audit. To be sure, BearingPoint’s testing under PMR-1, PMR-2, and PMR-3 confirms that these aspects of the performance measurement process are accurate and reliable. With respect to PMR-4 and PMR-5, however, it is the E&Y audit that constitutes the relevant third-party test. When comparing SBC’s experience with the third-party test in Michigan with BellSouth’s experience in Georgia, it is essential to understand that, whereas BellSouth had only BearingPoint’s testing on which to rely, Michigan Bell has both the BearingPoint testing and the E&Y audit. As the chart below demonstrates, when the two

Guidelines) to only 97.6% from 98.6% if every project had been missed in these three months. This result would exceed the 96.5% benchmark. The issues identified by E&Y for PM 96 (Percentage Pre-mature Disconnects for LNP Orders) and PM 97 (Percent of Time Ameritech Applies the 10-Digit Trigger Prior to the LNP Order Due Date) potentially could have impacted the results within the specific disaggregations, but had no impact upon results reported for the PM 96 as a whole. In the last three months concluding with January 2003 performance results, there were no pre-mature disconnects for either LNP-only or LNP with loop. Furthermore, for September and October, combined data for LNP-only and LNP with loop would yields overall performance of 0.60% for September and 1.72% for October, both well within the 2% benchmark. (These results were calculated by combining the results for PM 96-01 and PM 96-02). Likewise, when the LNP-only and LNP-with-loop disaggregations are combined for PM 97, Michigan Bell’s performance was once again well within the 96% benchmark standard in each month. Combined results for September 2002 through January 2003 were 98.29%, 99.57%, 99.70%, 99.60% and 99.57%, respectively. (These results were calculated by combining the results for PM 97-01 and PM 97-02). Performance for PM MI 14-02 (% Completion Notifications Returned within “x” Hours of Completion of Maintenance Trouble Ticket - Resale - Electronic) has exceeded the 95% benchmark during each of the last three months. The completion notification rate has been 99.8% over the three-month period as a whole.

applications are compared, the status of the third-party testing in Michigan is very similar to BellSouth's experience in Georgia:¹⁰

Bearing Point Test Activities	Status of the KPMG Audit III Prior to 271 Authorization in Georgia & Louisiana ¹¹	Status of Ernst & Young Audit as of January 16, 2003	Status of BearingPoint's Michigan PMR as of October 30, 2002
PMR-1 (Data Collection and Storage)	90% Complete	100% (Data Collection) ¹²	0% Satisfied ¹³
PMR-2 (Standards and Definitions)	100% Complete For Month I, 100% Complete For Month II, and 95% Complete (4 Measures In Progress) For Month III	N/A	100% Satisfied ¹⁴
PMR-3 (Change Management)	85% Complete	100% ¹⁵	77% Satisfied ¹⁶
PMR-4 (Data Integrity)	27% Complete	86% Satisfied ¹⁷	0% Satisfied ¹⁸
PMR-5 (Data Replication)	84% Complete For SQM Reports & 67% Complete For 271	86% Satisfied ¹⁹	4% Satisfied ²⁰

¹⁰ The third-party review of BellSouth's performance data was not complete at the time of the Commission's issuance of the Georgia/Louisiana Order. In fact, based on the BellSouth Georgia OSS Testing Evaluation Interim Status Report dated January 15, 2003, portions of this test are still continuing in Georgia. The BellSouth Georgia OSS Testing Evaluation Interim Status Report dated January 15, 2003 can be found at <http://www.psc.state.ga.us/telecom/isr/bp011503.pdf>.

¹¹ All data is from May 3, 2002 ex-parte filed by BellSouth in Docket 02-35.

¹² The E&Y audit only addressed data collection, not data storage. See Dolan/Horst Joint Aff., Attachs. D & E.

¹³ As of October 30, 2002, none of the 126 applicable PMR-1 test criteria had been satisfied. As of March 7, 2003, however, 31 of 126 applicable PMR-1 test criteria have been satisfied.

¹⁴ As of October 30, 2002, all 3 applicable PMR-2 test criteria had been satisfied.

¹⁵ The E&Y audit addressed portions of change management. See Dolan/Horst Second Joint Aff. ¶ 17.

¹⁶ As of October 30, 2002, 23 of the 30 applicable PMR-3 test criteria had been satisfied. As of March 7, 2003, 27 of 29 applicable PMR-3 test criteria had been satisfied.

¹⁷ As of January 16, 2003, 115 of 133 issues had been verified as corrected. See Dolan/Horst Joint Aff., Attachs. E, F & H. As of February 28, 2003, 126 of 133 of the issues (or 95%) have been verified as corrected. See Dolan/Horst Second Joint Aff. ¶ 19.

¹⁸ As of October 30, 2002, none of the 72 applicable PMR-4 test criteria had been satisfied. By March 7, 2003, 2 of the 40 applicable PMR-4 test criteria had been satisfied.

¹⁹ As of January 16, 2003, 115 of 133 issues had been verified as corrected. See Dolan/Horst Joint Aff., Attachs. D, F & H. As of February 28, 2003, 126 of 133 issues (or 95%) have been verified as corrected. See Dolan/Horst Second Joint Aff. ¶¶ 20-25.

²⁰ As of October 30, 2002, 4 of the 72 applicable PMR-5 test criteria had been satisfied. As of March 7, 2003, 20 of the 72 applicable PMR-5 test criteria had been satisfied.

Notwithstanding the CLECs' objections, the decision to supplement the ongoing BearingPoint test with an E&Y audit is entirely consistent with this Commission's prior practice. This Commission has accepted E&Y for three years now as the "independent auditor" to perform annual compliance audits of the SBC/Ameritech Merger Conditions, which included an audit of SBC's compliance with the Carrier-to-Carrier Performance Plan (including performance measurements). In addition, this Commission has approved section 271 relief in Missouri, where E&Y performed a performance measurement audit of Southwestern Bell's performance measurement system and reported results. There, in the face of similar AT&T criticisms of E&Y's procedures and reports, the Commission held "we find nothing sufficient to place in doubt either the correctness of the methodologies employed, or the conclusions reached in Ernst & Young's reports." Arkansas/Missouri Order ¶ 17. This Commission has never indicated a preference for one type of performance measurement review over another. On the contrary, the Commission has approved section 271 applications using a variety of different methodologies, including the replication methodology employed by BearingPoint and the audit methodology used by E&Y.

Conclusion

Although the status of the third-party testing of Michigan Bell's performance measurements is entirely consistent with prior applications, the third-party test itself is only one indicator of the reliability of Michigan Bell's performance data. In its Evaluation, the DOJ charged this Commission with "satisfy[ing] itself that a stable and reliable performance measure system will be in place to assure that the Michigan market remains open after the application is approved." DOJ Evaluation at 16. Michigan Bell has provided ample evidence in this record to support just such a conclusion. Just as this Commission found in prior applications, the overwhelming evidence in this record supports the conclusion that the data are stable, accurate, and reliable based on "extensive third party auditing, the internal and external data controls, [the BOC's] making available the raw performance data to competing carriers and regulators, [the BOC's] readiness to engage in data reconciliations, and the oversight and review of the data, and of proposed changes to the metrics, provided by state commissions." BellSouth Five-State Order ¶ 16 (footnotes omitted). For all of these reasons, this Commission can readily conclude that Michigan Bell's performance data are stable, reliable, and accurate.

Attachment D

CHANGE MANAGEMENT PROCESS

1. As explained in detail in the opening affidavit of Mark Cottrell (“Cottrell Aff.”)(App. A, Tab 6), SBC’s change management plan (“CMP”) is a dynamic and robust tool that provides Competitive Local Exchange Carriers (“CLECs”) with all the documentation and support necessary to provide competing carriers nondiscriminatory access to SBC’s Operations Support Systems (“OSS”). Indeed, this Commission in previous section 271 applications has already twice found SBC’s current CMP to be checklist-compliant. For the reasons discussed below, the Commission should similarly find that SBC Midwest’s CMP – and its adherence to that CMP – provides CLECs with a meaningful opportunity to compete.
2. First, both the CMP itself (which is the product of years of close collaboration with the CLECs), and SBC’s compliance with that process, have been found to satisfy the requirements of the Act by the Commission, by the Michigan Public Service Commission (“MPSC”) and by the BearingPoint OSS test. Indeed, based on a comprehensive test of SBC Midwest’s CMP, which found that SBC Midwest had satisfied 131 out of 133 (98%) test criteria, the MPSC concluded that “SBC’s change management process complies with Section 271 requirements and SBC complies with the terms of that process.”¹
3. Second, the CLEC comments in this proceeding do not establish any systemic failure on the part of SBC to comply with CMP requirements in its Midwest region. Rather, CLECs have improperly attempted to impose new CMP requirements in the context of a section 271 proceeding, when in fact, the issues are precisely the type the CMP itself is designed to solve.
4. Third, although not necessary to establish that SBC Midwest’s CMP is checklist-compliant, SBC Midwest recently adopted an improvement plan that responds to even these latest CLEC issues. This is yet another example that SBC Midwest’s CMP is working effectively in direct response to CLEC concerns, and provides CLECs with a meaningful opportunity to compete.
5. Each of the above reasons is discussed in more detail below.

I. SBC Midwest Has Demonstrated a Pattern of Compliance with Its CMP

6. As discussed in the initial Cottrell affidavit, SBC’s 13-state CMP was implemented in SBC Midwest in March 2001. The Commission reviewed this CMP – and found that SBC complied with that process – in connection with its approval of the Arkansas/Missouri and California 271 applications.² In addition,

¹ Report of the Michigan Public Service Commission, In the Matter, on the Commission’s Own Motion, To Consider SBC’s, f/k/a Ameritech Michigan, Compliance with the Competitive Checklist in Section 271 of the Federal Telecommunications Act of 1996, Case No. U-12320, at 76 (MPSC Jan. 13, 2003) (“Michigan PSC Consultative Report”) (App. C, Tab 133).

² Arkansas/Missouri Order ¶ 15; California Order ¶ 96.

- much of the 13-state CMP was taken directly from its predecessor, SBC's 8-state CMP, which was reviewed and approved by the Commission in the Texas and Kansas/Oklahoma 271 Applications – where the Commission specifically found that SBC's eight-state change management process provides an efficient competitor a meaningful opportunity to compete. Texas Order ¶ 110; Kansas/Oklahoma Order ¶ 166. The current process is commonly managed for all regions. Thus, the CMP is the same CMP that was found to be compliant in Texas, Oklahoma, Kansas, Arkansas, Missouri, and California.
7. It is clear that the CMP provides CLECs with all the documentation and support necessary to provide them nondiscriminatory access to SBC's OSS. First, the CMP is very broad in scope – covering changes to existing interfaces, introduction of new interfaces and the retirement of existing interfaces. The CMP also addresses application-to-application interfaces, Graphical User Interfaces and Proprietary interfaces. Also addressed by the CMP are release notification requirements, content and timeliness of release requirements, walk-throughs of release requirements, versioning requirements, release planning, an exception process, CLEC testing, dispute resolution, submission and prioritization of change requests, legacy systems, meetings and points of contact. SBC uses its Change Management web site to provide documents related to CMP.
 8. The CMP also provides SBC and CLECs with numerous opportunities to collaborate and improve SBC Midwest's OSS. For example, since January 2000, SBC has hosted more than 100 CMP meetings. SBC continues to host monthly CMP meetings. SBC has also held numerous "side-bar" meetings where specific subjects (such as interface retirements, Plan of Record implementation, CLEC testing, and versioning) were discussed with SBC Subject Matter Experts. In addition, in support of SBC's quarterly releases, SBC has hosted numerous walk-throughs of business requirements.³
 9. Other evidence in the record also confirms that SBC's CMP has remained checklist-compliant since this Commission last approved SBC's CMP in the California 271 application. As an initial matter, BearingPoint performed a comprehensive review of SBC's CMP functions. Specifically, BearingPoint reviewed the systems, processes, personnel and technical support that SBC Midwest offers to assist CLECs in understanding and implementing the OSS functions SBC Midwest makes available, and in establishing and maintaining a business relationship with SBC Midwest. Based on extensive document reviews, observations and interviews, Bearing Point found that SBC Midwest satisfied 98% (131 out of 133) of the applicable test criteria, with no "not satisfied"

³ SBC has also provided itself and CLECs with a forum and a process to deal with issues that are outside of the OSS change management process. The CLEC User Forum ("CUF") was created jointly by CLECs and SBC to handle all issues that were not applicable to the OSS CMP. The CUF deals with operational issues, including business processes in the Local Service Centers and the Local Operations Centers, Network Operations and Billing. A change process was created to govern changes to business processes and the introduction of new processes.

criteria. See BearingPoint Final Report, at 13 (App. C, Tab 114); see also Cottrell Aff. ¶¶ 38-39.

10. Overall, BearingPoint's test results demonstrate that: (a) SBC Midwest has implemented and adhered to a change management process that affords an efficient competitor a meaningful opportunity to compete by providing sufficient access to SBC Midwest's OSS; (b) SBC Midwest has implemented clear documentation, methods and procedures to develop, provide, and maintain OSS interfaces; and (c) SBC Midwest provides responsive technical assistance, help desk support, account management and training so that CLECs can use SBC Midwest's OSS interfaces effectively. Indeed, the MPSC stated that "particularly with regard to change management processes, [it] believes that BearingPoint's tests were extensive and positive determinations were reached in regard to all evaluation criteria on which the [MPSC] may rely." Michigan PSC Consultative Report, at 76. Based on BearingPoint's results, the MPSC found that "SBC's change management process complies with Section 271 requirements and SBC complies with the terms of that process." Id.

II. CLEC Comments In This Proceeding Do Not Establish Any Systemic Issues With SBC Midwest's CMP

11. At the outset, it is important to recognize that SBC Midwest's change management plan meets all of the requirements set forth by the Commission in determining whether a BOC provides CLECs with a meaningful opportunity to compete.⁴ Indeed, while CLECs raise several purported CMP issues in their comments, almost all of their comments are focused on one discrete aspect of SBC's CMP performance – SBC Midwest's change management of programming changes on its side of the interface between quarterly releases.
12. As explained in detail in the Joint Reply Affidavit of Mark Cottrell and Beth Lawson ("Cottrell/Lawson Reply Aff.")(Reply App., Tab 5, ¶¶ 18-57), however, with the exception of a single instance, the examples cited by CLECs did not reflect any failures on the part of SBC to comply with its CMP obligations. Moreover, the existence of a single, isolated instance of noncompliance with CMP is not sufficient to undercut SBC Midwest's strong overall pattern of compliance with the CMP. See id. ¶¶ 23-28. See also Qwest Nine-State Order ¶ 148 ("We reject claims that Qwest's actions over the course of the past few months demonstrate that Qwest does not adhere to its CMP. Qwest, in fact,

⁴ "In evaluating whether a BOC's change management plan affords an efficient competitor a meaningful opportunity to compete, the Commission first assess whether the plan is adequate [by determining] whether the evidence demonstrates: (1) that information relating to the change management process is clearly organized and readily accessible to competing carriers; (2) that competing carriers had substantial input in the design and continued operation of the change management process; (3) that the change management plan defines a procedure for the timely resolution of change management disputes; (4) the availability of a stable testing environment that mirrors production; and (5) the efficacy of the documentation the BOC makes available for the purpose of building an electronic gateway." BellSouth Five-State Order ¶42 (footnotes omitted).

agrees that one of the instances cited . . . was a violation of its CMP, but persuasively argues that isolated instances of noncompliance with CMP are not sufficient to undercut the overall strong performance Qwest has demonstrated.” (footnotes omitted)).

13. More importantly, the complaints made in this proceeding that SBC has made “CLEC-impacting” changes to its side of the interface without providing proper notification to the CLECs are relatively new, and have not been handled by the CLECs in accordance with the CMP provisions. The CLECs’ attempt to impose additional CMP requirements on SBC Midwest in this context – in a section 271 proceeding – should be rejected. Indeed, although “CMP Effectiveness” has been a standing agenda item at every CMP meeting for several years, no CLEC raised a complaint that the CMP was not effective until the February 2003 meeting (when the same comments already made to the Commission and MPSC were, for the first time, raised as part of the CMP). As the Commission has repeatedly stated, it will “evaluate [the applicant’s] compliance with . . . rules and orders in effect at the time the application was filed.” Texas Order ¶ 22. See also id. ¶ 26 (noting that “a BOC’s opponents could effectively doom any section 271 application by freightening their comments with novel interpretive disputes and demand that authorization be denied unless each one of those disputes is resolved in the BOC’s favor”).
14. Rather than raising this issue in a section 271 context, CLECs should have properly raised this issue in the CMP, where process gaps are routinely and appropriately addressed. When areas for CMP process improvement have been identified, SBC has demonstrated its willingness to improve and enhance the process to cover these situations. SBC frequently engages in discussions with CLECs on suggested improvements during the CMP meetings. As a result of these discussions, SBC has modified and enhanced its Release Requirements documentation and its CLEC testing process. Other areas of improvement include improvements to the Jeopardy/Reject Process (incorporated in the LSOR 5.0 release), a re-design of the Broadcast Notification Process for OSS outages, Improvements to the Flow-Through and Exceptions Matrix, a checklist to be used when moving from test to production, a checklist to be used by both SBC and CLECs when moving from one version to another, adding a Defect Report to the web site, and e-mail submission of trouble tickets to the Mechanized Customer Production Service Center. All of these enhancements underscore SBC’s commitment to improving its OSS in direct response to CLEC needs and concerns.

III. Improvement Plans

15. Finally, SBC has worked collaboratively with the CLECs under the auspices of the MPSC, to address how, when, and under what conditions SBC should provide notice of CLEC-impacting programming changes made outside of normal

quarterly release schedules.⁵ The results of that collaboration are contained in the Change Management Communications Plan filed with the MPSC on March 13, 2003.⁶

16. To address CLEC concerns, the plan filed on March 13 includes the following processes and safeguards:
- a. For purposes of correcting defects, the definition of a “CLEC-impacting” defect has been expanded to include any change made by SBC to the interface that would cause a CLEC’s previously accepted LSR to be rejected or a previously accepted pre-order transaction to fail;
 - b. Effective April 21, 2003, SBC will use the Exception process from the 13-state CMP when adding a new edit (whether for the purpose of correcting an open defect or in support of an existing business rule). The Exception Process requires that the agreement to implement the change be unanimous, and thus provides a single CLEC the ability to veto the proposed change or the date the change will be implemented;
 - c. Effective April 18, 2003, SBC will use the Defect Report posted on CLEC Online to provide CLECs with notification of any activity in support of correcting open defects that will involve the modification of an existing edit and/or table update. SBC also will issue weekly accessible letters beginning on April 18 through the end of May 2003, reminding CLECs to refer to the Defect Report for possible maintenance defects;
 - d. Beginning in April 2003, at each CMP meeting, SBC will update the CLECs on any recent activity and the progress of any defect requests impacting pre-order and ordering interfaces;
 - e. Effective immediately, SBC will send an Exception Request Accessible Letter for any EDI mapping or CORBA IDL structure changes that are identified as part of a defect;
 - f. SBC will continue to work with CLECs in the CLEC User Forum on additional improvements to the CLEC Profile process;

⁵ See BellSouth Five-State Order ¶ 182 (“The change management process is designed, by nature, as an evolving one, and we are confident that it is continuing to improve, as evidenced by the changes agreed to by BellSouth, CCP participants, and state commissions.” (footnote omitted)).

⁶ See SBC’s Modified Compliance and Improvement Plan Proposals, Attachment F, attached to Ex Parte Letter from Geoffrey M. Klineberg, Kellogg, Huber, Hansen, Todd & Evans, P.L.L.C., to Marlene H. Dortch, FCC, WC Docket No. 03-16 (Mar. 13, 2003). CLECs have an opportunity to comment on Michigan Bell’s final plans on March 20, 2003; shortly thereafter, the MPSC is expected to issue an order resolving any remaining disputes and approving the plans.

- g. Accountability will be mandated for all SBC staff and management that participate in the testing of maintenance releases. Audit mechanisms will be implemented no later than April 18, 2003;
 - h. Effective April 21, 2003, the following additional rigors will be implemented in SBC's internal testing process:
 - i. Test plans, scenarios, and expected outcomes will be reviewed and approved by IT management;
 - ii. Testing results (including re-testing) as documented by the IT testing team will be reviewed by Industry Markets prior to implementation to production;
 - iii. SBC will reinforce the criticality of rigorous testing and also educate the OSS Application Support teams and Industry Markets on these accountability/audit requirements.
17. All of these safeguards were developed to respond directly to CLEC complaints concerning unannounced programming changes to SBC's side of the interface, while at the same time enabling SBC to reasonably and efficiently manage that interface. SBC will file quarterly reports regarding its progress on this improvement plan to the MPSC for its review starting on April 30, 2003 for one year, and copies will be served on the parties of record for MPSC Case No. U-12320. The specific information SBC must provide in those reports also is detailed in the plan.

Conclusion

18. As previously confirmed by the Commission in prior 271 proceedings, and by the MPSC and BearingPoint in this proceeding, it is clear that SBC's CMP is working effectively and provides CLECs a meaningful opportunity to compete. None of the CMP issues raised by CLECs succeeds in rebutting SBC Midwest's showing of checklist compliance. Moreover, although not necessary to establish checklist compliance, the improvement plan filed by SBC Midwest on March 13, 2003, incorporates numerous changes that respond directly to CLEC concerns, and should provide this Commission with added comfort that the issues raised by CLECs have been resolved.⁷

⁷ See, e.g., Qwest Nine-State Order ¶ 126; BellSouth Five-State Order ¶ 182.