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March 28, 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 responses to some follow-up questions raised by the FCC Staff. Specifically, Attachment A responds to questions regarding the relationship between the ongoing BearingPoint PM test and the Ernst & Young PM audit. Attachment B responds to additional questions relating to SBC's change management process. Attachment C addresses additional questions relating to SBC Midwest's provision of line loss notifications. And Attachment D addresses additional issues relating to billing.

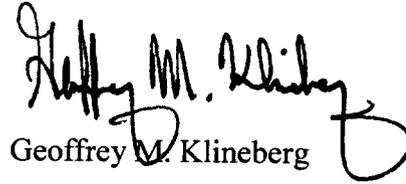
I am also writing to inform you that James C. Smith, Rebecca L. Sparks, and John T. Lenahan of SBC spoke yesterday on the telephone with John P. Stanley, Gina Spade, and Russ Hanser to address the issues discussed in Attachment A and, in particular, Exhibits 2 and 3 to this Attachment.

Finally, James C. Smith, John T. Lenahan, and Rebecca L. Sparks spoke on the telephone today to discuss those same issues with Jeffrey Carlisle, John P. Stanley, Gina Spade, Ben Childers, and Russ Hanser. 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.

Marlene H. Dortch  
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**Ex Parte Presentation**

Sincerely,



Geoffrey M. Klineberg

**Attachments**

cc: Jeffrey Carlisle  
John P. Stanley  
Gina Spade  
Russ Hanser  
Ben Childers  
Susan Pié  
Layla Seirafi-Najar  
Dorothy Wideman  
Ann R. Schneidewind  
Qualex International

# **Attachment A**

## **THE RELIABILITY OF MICHIGAN BELL'S PERFORMANCE RESULTS**

Throughout this proceeding, certain parties challenged the integrity of Michigan Bell's performance data on the basis that BearingPoint's metrics testing (PMR-4 and PMR-5) is not yet complete. They also complain that Ernst & Young's ("E&Y's") performance measurement ("PM") audit, upon which Michigan Bell relies (together with the completed portions of the BearingPoint test) as proof that its PMs are stable, accurate, and reliable, was somehow insufficiently rigorous or complete. Moreover, these parties point to the exceptions and observations that BearingPoint has identified in the course of its ongoing metric test and claim that, because E&Y did not address the same issues in its audit, these exceptions and observations constitute un rebutted evidence that Michigan Bell's data are unreliable. None of these arguments has merit.

### **Michigan Bell Has Reliable and Accurate Performance Measurements**

Michigan Bell has submitted extensive evidence to demonstrate the reliability of its PM system.<sup>1</sup> This evidence consists of:

- A third-party audit by E&Y, which confirms that Michigan Bell's performance results are stable, reliable, and accurate,
- Demonstrated and continuing oversight of the Michigan Public Service Commission ("MPSC"),
- Performance metrics developed through open and collaborative workshops with the CLECs and approved by the MPSC,
- Internal and external data controls,
- Availability of raw data, and
- Michigan Bell's obligation to engage in data reconciliation with the CLECs.

Parties opposing this Application do not complain that Michigan Bell's actual performance is worse than the reported PMs indicate.<sup>2</sup> Nor do they argue that they have been somehow unable to enter or compete in the local market, something which they are clearly doing very successfully. Rather, their sole claim with respect to the PMs is that section 271 approval in Michigan should be delayed until BearingPoint completes its metrics testing.

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<sup>1</sup> For a full discussion regarding the reliability and accuracy of Michigan Bell's performance results, see Ehr Aff. ¶¶ 195-276 (App. A, Tab 9); Ehr Reply ¶¶ 14-132 (Reply App., Tab 8); see also Ex Parte Letter from Geoffrey M. Klineberg, Kellogg, Huber, Hansen, Todd & Evans, P.L.L.C., to Marlene H. Dortch, FCC, Attach. C (Mar. 14, 2003) ("March 14 Ex Parte"); Ex Parte Letter from Geoffrey M. Klineberg, Kellogg, Huber, Hansen, Todd & Evans, P.L.L.C., to Marlene H. Dortch, FCC, at 1-2 (Mar. 17, 2003) ("March 17 Ex Parte").

<sup>2</sup> Indeed, the performance measurements indicate that Michigan Bell's actual performance has been consistently excellent, even throughout the period in which corrections and modifications to Michigan Bell's systems were required to satisfy the BearingPoint test criteria and the E&Y audit. See Ehr Aff., Attach. D.; Ex Parte Letter from Geoffrey M. Klineberg, Kellogg, Huber, Hansen, Todd & Evans, P.L.L.C., to Marlene H. Dortch, FCC (Mar. 25, 2003) (enclosing Performance Measurement Tracking Report from March 2002 through February 2003).

After careful review of the totality of the evidence – including the CLECs’ actual market experience in Michigan, the completed portions of the E&Y audit, the completed portions of the BearingPoint test, and the responses provided by Michigan Bell to BearingPoint’s ongoing investigations – the Michigan PSC rejected that precise argument. See 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 22-23 (MPSC Jan. 13, 2003) (“Michigan PSC Consultative Report”) (App. C, Tab 133); see also Michigan PSC Reply Comments at 5-7.<sup>3</sup> This Commission should reach the same conclusion.

### **The Ernst & Young Audit**

E&Y conducted an independent attestation examination in accordance with the attestation standards established by the American Institute of Certified Public Accountants.<sup>4</sup> The scope of E&Y’s audit included all 150 performance measures approved by the Michigan PSC. E&Y’s audit in Michigan was, therefore, substantially more comprehensive than the audit it performed in Missouri, which this Commission accepted as methodologically sound. See Arkansas/Missouri Order ¶ 17.

E&Y examined both Michigan Bell’s compliance with the PM Business Rules and the effectiveness of Michigan Bell’s internal controls over the accuracy and completeness of reported performance results. E&Y’s audit included portions of BearingPoint’s on-going metrics review, PMR-1 (data collection) and PMR-3 (review of program code changes and restatement testing), and all of PMR-4 (data integrity) and all of PMR-5 (metrics calculations).

E&Y’s audit was different from BearingPoint’s test. BearingPoint uses a “pseudo-CLEC” to generate test transactions and create its own environment in order to replicate each of the PMs, whereas E&Y audits the actual processes, procedures, and computer-programming code by which Michigan Bell produces its PM results. E&Y’s audit is a rigorous, “end-to-end” examination.<sup>5</sup> E&Y used the same methodology that it used not only in the FCC-approved

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<sup>3</sup> See Michigan PSC Reply Comments at 5 (“[T]he Commission 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. The [Michigan] Commission also indicated in its January 13th report, as well as in the accompanying order issued on that day, that the [Michigan] Commission would vigorously pursue all portions of the BearingPoint and Ernst & Young testing of SBC’s performance measure reporting in order to assure that reported results for all measures are reliable and accurate on an ongoing basis.” (emphasis in original, footnotes omitted)).

<sup>4</sup> The scope and approach of E&Y’s attestation examinations filed in this proceeding are described in Dolan/Horst Joint Aff. (App. A, Tab 8) and Dolan/Horst Second Joint Aff. (Reply App., Tab 7). The Michigan PSC and Staff met with E&Y on a number of occasions during its engagement. See Dolan/Horst Joint Aff. ¶¶ 8-17. In response to CLEC claims, the MPSC found that “E&Y is functioning as an auditor on this matter and the Commission has seen 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.” Michigan PSC Consultative Report at 18.

<sup>5</sup> See Michigan Consultative Report at 18-19 (“[A]lthough E&Y’s test methodology differs from BearingPoint’s, E&Y’s methodology has nevertheless been rigorous in the matters that it has addressed. E&Y has disclosed in detail the matters it was retained to address and the methodology it has utilized to address these issues.”).

Missouri 271 application but also in numerous merger compliance PM audits that it has performed on behalf of the FCC. Indeed, E&Y's merger-compliance audits examined these same PM systems.

The FCC has never favored one metric review methodology over another, and has consistently relied on both. There is no justification, therefore, to reject E&Y's approach simply because it is different from BearingPoint's. Indeed, the audit methodology E&Y used in Michigan is similar to that used by PriceWaterhouseCoopers in California, and by Telcordia in Texas, both of which this Commission found acceptable.

In its audit, E&Y used statistical sampling of transactions related to all 150 performance measures to verify that raw data from the source systems was appropriately captured, processed and reported by Michigan Bell's performance measure reporting files and systems.<sup>6</sup> E&Y's testing approach also included (1) site visits and testing of processes used to capture raw data, (2) documentation of processes and controls to capture, calculate and report each metric, (3) computer program code review, (4) recalculation of the numerator, denominator and result for all disaggregations for each reported metric, (5) analytical review of monthly fluctuations in reported results, and (6) review of computer program code changes proposed/pending subsequent to its evaluation to determine if the metric was incorrectly calculated during the audit.

E&Y examined the integrity of Michigan Bell's data.<sup>7</sup> E&Y started its examination with raw data at the point the data enters Michigan Bell's system, whether through a manual process or an electronic interface, and completed its examination with Michigan Bell's reported PMs. E&Y's data-integrity examination addressed four key areas:

First, E&Y did a process review to validate the integrity of data used throughout the PM generation process. E&Y did this by reviewing each of the significant applications where data originates, is stored, or is reported on PMs. For each application, E&Y identified the various transaction types and systems utilized that directly impact the reported measurements. E&Y then determined how each transaction type was initiated, captured by the OSS, and processed through the OSS and PM reporting systems.

Second, for PMs that involve manual data entry, E&Y conducted site visits to observe and validate inputs occurring at the manual source. During these visits, E&Y observed various transactions including the service order entry process, issuance of trouble tickets to the field forces, and the manner in which technicians complete their assigned work and code transactions within the system.

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<sup>6</sup> For a detailed discussion of E&Y's audit methodology, including a detailed description of E&Y's methodology regarding data integrity, see Dolan/Horst Joint Aff., Attachs. D (describing audit scope and approach and transactions testing results) & E (addressing four different approaches E&Y used in its data integrity examination); Dolan/Horst Second Joint Aff. ¶¶ 15-25 (addressing questions raised in connection with its initial compliance and controls examinations) & ¶¶ 26-36 (addressing questions raised in connection with its subsequent corrective actions examination).

<sup>7</sup> See E&Y's "Supplemental Report Related to Data Integrity," included as Attachment E to the Dolan/Horst Joint Affidavit.

Third, for PMs that involve mechanized data input, E&Y evaluated the mechanized controls existing between the CLECs and Michigan Bell, as well as the mechanized controls that exist once the data is received by Michigan Bell's systems.

Fourth, for all PMs, E&Y conducted transaction testing from the point of entry, whether manual or electronic, through to the reporting of the PM.

E&Y's transaction testing started with raw data from the systems that receive underlying transaction data.<sup>8</sup> For each system and transaction type, E&Y then either selected a statistical sample of transactions from the raw data for the period under examination (*i.e.*, March through May 2002) or, where volumes were low, performed a 100 percent validation of the PM results for the period under examination. For all samples of transactions tested, E&Y obtained the raw data directly from SBC's systems and databases. At no time did E&Y test data that Michigan Bell had selected.

For each sample transaction chosen, E&Y determined if the Business Rules were applied properly to either include or exclude the transaction from the PM results. E&Y also performed testing to determine whether all data files were appropriately transferred between systems and that no data was lost during the process of generating and reporting PMs.

Certain parties opposing this Application have raised a number of questions regarding E&Y's methodology, which Daniel Dolan and Brian Horst have addressed in their Second Joint Affidavit. In its March 26, 2003, *ex parte* submission, AT&T alleges that E&Y's audit was flawed for a variety of new reasons, none of which is correct. For example, contrary to AT&T's assertion, E&Y's examination did include a review of data controls at the point of entry into Michigan Bell's systems, including EDI pre-ordering and ordering. AT&T is simply wrong when it alleges that E&Y only examined Michigan Bell's data controls after the data passed through the EDI translator.<sup>9</sup>

AT&T also claims that E&Y's audit should be ignored because it did not conduct "regression" testing.<sup>10</sup> For the reasons we have repeatedly explained, this assumption simply misses the point and in no way undermines the rigor of E&Y's test.<sup>11</sup>

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<sup>8</sup> See Appendix B to E&Y's "Supplemental Report," included as Attachment D to the Dolan/Horst Joint Affidavit.

<sup>9</sup> See Joint Supplemental Declaration of Karen W. Moore and Timothy M. Connolly ("AT&T's Moore/Connolly Supp. Decl.") ¶¶ 115-118, attached to the Ex Parte Letter from R. Merinda Wilson, Sidley Austin Brown & Wood, LLP, to Marlene H. Dortch (Mar. 26, 2003) ("AT&T's March 26 Ex Parte"). In support of this claim, they refer to a technical workshop in an Illinois proceeding. A complete copy of this particular exchange of questions and answers is attached as Exhibit 1. It shows that, while E&Y's transaction testing looked only at EDI transactions after they emerge from the EDI translator, E&Y's overall audit controls examination included the EDI translator. See attached Exhibit 1 at 3430-3435.

<sup>10</sup> AT&T's Moore/Connolly Supp. Decl. ¶ 121.

<sup>11</sup> Although it is true that E&Y did not perform "regression" testing in order to analyze whether the corrective action had unintended consequences with respect to other data that was not affected by the original problem, E&Y did perform analytical reviews of the restated results to determine the reasonableness of the revised results after implementation of the corrective actions; it found that there were no instances where modifications

Finally, AT&T argues that the E&Y audit was deficient and had “fatal flaws” because E&Y did not uncover defects that had been identified by BearingPoint. AT&T provided only one example: “E&Y’s finding . . . does not address unsolicited FOCs for . . . class codes that are identified in Observation 778.”<sup>12</sup> AT&T is wrong. E&Y addresses the issue of improper exclusions for PM 5.2 in its First Corrective Action Report as E&Y Issue III, 2(i).<sup>13</sup> BearingPoint issued Observation 778 on December 31, 2002, after E&Y had identified certain exclusion issues with this PM. E&Y reviewed the additional class codes in Observation 778 during its examination. E&Y did not, however, identify them as material noncompliance issues, so it did not include them in its reports. On March 17, 2003, in response to BearingPoint’s Observation, SBC Midwest advised BearingPoint that the exclusion of the status codes identified in this observation fall into five categories: (1) order class codes that have been identified as appropriate to include in the measure; (2) order class codes that have been identified as appropriate to include, however, there was no activity to report in 2002; (3) order class codes that are no longer in use and therefore do not affect reported results; (4) order class codes that are not used in the ordering of products through Mechanized Order Receipt (“MOR”); or (5) order class codes that do not represent wholesale activity.<sup>14</sup>

The E&Y audit was substantially complete by the time this Application was filed.<sup>15</sup> This Commission has never required that a third-party audit of PM data be completed by the time an application under section 271 is filed.<sup>16</sup> In fact, the Commission noted in the Georgia/Louisiana Order that it “cannot as a general matter insist that all audits must be completed at the time a section 271 application is filed at the Commission.”<sup>17</sup> According to the FCC, “doing so would impose a considerable burden on applicants, particularly where the applicants’ data is otherwise reliable.”<sup>18</sup>

On January 16, 2003, there were 18 open E&Y issues, representing 49 PMs. With the exception of a few disaggregations, the open issues associated with these performance measures had no material impact on reported results. In addition, it is critical to note that not one CLEC has raised a single complaint regarding Michigan Bell’s performance results for any checklist item measured by one of these 49 PMs.

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made by Michigan Bell had a negative impact on any other PM. See March 17 Ex Parte, Attach. A at 2 (citing Dolan/Horst Second Joint Aff. ¶ 36). In any case, E&Y has not performed “regression” testing in any of the prior audits on which this Commission has relied. Id. at 2 n.4.

<sup>12</sup> AT&T’s Moore/Connolly Supp. Decl. ¶ 123.

<sup>13</sup> See Dolan/Horst Joint Aff., Attach. F; see also infra pp. 9-12 & Exhibits 2 & 3 for a complete discussion of the ways in which E&Y’s audit and BearingPoint’s test are consistent with one another.

<sup>14</sup> See <<http://www.osstesting.com/Documents/Observations/Observation%20778vf%20Response.doc>>.

<sup>15</sup> See Ehr Aff. ¶¶ 197-230 & Attach. P; Ehr Reply Aff. ¶¶ 96-120.

<sup>16</sup> See Georgia/Louisiana Order ¶ 19.

<sup>17</sup> Id.

<sup>18</sup> Id. ¶ 19 n.68.

Throughout the course of this proceeding, Michigan Bell has continued to respond to the issues identified by E&Y, and E&Y has continued to issue corrective action reports verifying not only that the improvements have been made but that they work. As of March 24, 2003, of the 133 issues originally identified by E&Y in October 2002, only 2 are pending corrective action. These 2 issues (involving PMs 96, 97 and C WI 5) are expected to be resolved with the March 2003 PM results. Michigan Bell has demonstrated that the open E&Y issues at the time the Application was filed, including the few issues that remain, are unlikely to have any material impact on the performance measurements associated with them.<sup>19</sup>

Although Michigan Bell has consistently argued that the FCC does not need to consider any of these post-filing improvements in order to conclude that its performance measurement data are stable, accurate, and reliable, the FCC has, on occasion, considered such mid-filing improvements and third-party verifications, notwithstanding the fact that three-months worth of data under the improved process would not be available. For example, in the Pennsylvania section 271 proceeding, Verizon engaged PriceWaterhouseCoopers (“PWC”) to confirm that Verizon’s BOS BDT bills conformed to the industry standard and could be loaded, read and audited electronically. The CLECs contended that Verizon’s recent improvements “have not been sufficiently commercially tested” and that the FCC “should insist on reviewing several months of commercial performance evidence to determine whether Verizon’s latest modifications have sufficiently improved the manner in which Verizon bills its wholesale customers.” Pennsylvania Order ¶ 37 (footnote omitted).

The Commission expressly rejected any such requirement. Agreeing with the views of the Pennsylvania Public Utility Commission, the Commission concluded that, based on the PWC verification and on the fact that Verizon’s underlying performance had been improving, “delaying our decision on Verizon’s application for several additional months to obtain new wholesale billing data is unnecessary.” Id. ¶ 39 (footnote omitted).

The FCC should reach the same conclusion here. In contrast to Verizon’s situation in Pennsylvania, there is no question here about SBC’s underlying performance. Rather, the only verifications that E&Y is continuing to perform have to do with the accuracy and quality of performance reporting for a handful of measurements.

The Michigan PSC has concluded that Michigan Bell’s PMs are accurate and reliable.<sup>20</sup> In its Reply Comments, the MPSC reaffirmed this conclusion:

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<sup>19</sup> See Ehr Reply Aff. ¶¶ 96-120; March 14 Ex Parte, Attach. C at 4; see also Georgia/Louisiana Order ¶ 19 n.68 (“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”).

<sup>20</sup> AT&T suggests that this Commission should ignore this clear conclusion of the Michigan PSC and rely instead on the testimony of the staff to the Illinois Commerce Commission (“ICC”) regarding the reliability of Illinois Bell’s performance data. See AT&T’s March 26 Ex Parte at 6; AT&T’s Moore/Connolly Supp. Decl. ¶¶ 129-137. Clearly, the views of the Michigan PSC itself are far more relevant to this Application than those of a member of the ICC staff. The ICC, itself, has not reached any conclusion yet with respect to the PMs in Illinois, and this Commission has no obligation to give the views of the ICC staff any weight at all.

In particular regard to SBC's performance measures, the [Michigan PSC] 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.

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This issue, while extremely important, is under control and should not be the basis for denying the SBC Michigan application. The benefits to Michigan consumers of true competition in local, long distance and bundle services far outweigh any benefit of several more months of waiting for incremental test results.

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[T]he [Michigan PSC] 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.<sup>21</sup>

Although the Michigan PSC has committed to "vigorously pursue" completion of all the remaining portions of the BearingPoint and E&Y metrics testing, see MPSC Reply Comments at 5, it has also emphasized that "Section 271 approval need not be held hostage to completion of these activities." Id. at 6. As the Michigan PSC concluded, there would be no value at all in delaying the decision in order simply to have additional months of data confirming what the current data already show – that SBC's OSS provide nondiscriminatory wholesale services to CLECs.

### **BearingPoint's PMR-4 and PMR-5 Tests**

Michigan Bell has now taken virtually all of the actions required in order to complete BearingPoint's testing under PMR-1 (data collection and retention), PMR-2 (metrics definitions and documentation), and PMR-3 (performance measurement change management), and BearingPoint is currently evaluating those "corrective" actions. This evaluation confirms that these aspects of Michigan Bell's performance measurement process are substantially accurate and reliable and do not negatively impact CLECs.

It is true that, of the 126 test criteria for PMR-1, BearingPoint has scored 35 as "Not Satisfied (In Retest)." However, these test points were driven by very narrow exceptions relating to data retention and performance-measurements documentation that were issued only after much broader exceptions (E19 and E20) were successfully closed.<sup>22</sup> Moreover, the Michigan PSC noted that Michigan Bell had provided a complete set of data collection and storage documentation in August 2002. Likewise, as of October 2002, Michigan Bell's data retention policies for all measures conformed to BearingPoint's specifics.<sup>23</sup> BearingPoint is currently reviewing Michigan Bell's documentation relating to its procedures for data collection and data

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<sup>21</sup> Michigan PSC Reply Comments at 5, 6, & 7.

<sup>22</sup> See Ehr Aff. ¶¶ 249-254; Ehr Reply Aff. ¶¶ 36-46. Of the 35 test points found to be "Not Satisfied (In Retest)," 25 relate to documentation of data collection and storage processes and requirements (E187, relating to 13 test points, and E188, relating to 12 test points). The remaining 10 test points labeled "Not Satisfied (In Retest)" relate to data retention (E186).

<sup>23</sup> Michigan PSC Consultative Report at 16 & n.38.

retention, and Michigan Bell is confident that this review will be successfully concluded this summer. E&Y did not address the PMR-1 test points relating to data retention, because such an inquiry was outside of E&Y's scope of engagement. Similarly, E&Y did not address the PMR-1 test points relating to documentation of data collection and storage, because that, too, was beyond the scope of its engagement.<sup>24</sup> However, E&Y's audit did extend to procedures and controls in place with respect to data collection, and it found, as did BearingPoint, that Michigan Bell has adequate data-collection controls in place.

As Michigan Bell has explained from the very beginning of this Application, however, BearingPoint's testing under PMR-4 and PMR-5 remains substantially incomplete. The BearingPoint March 7 Update Report is simply an interim evaluation of an ongoing test process; it is entirely inappropriate to use that report as a basis for concluding that Michigan Bell has either "passed" or "failed" the metrics tests under PMR-4 or PMR-5.<sup>25</sup> All the BearingPoint March 7 Update Report proves is that the BearingPoint test for PMR-4 and PMR-5 is incomplete, something that Michigan Bell has never denied.

The current status of PMR-4 is as follows: Of the 40 applicable test criteria, 2 are satisfied, 24 are indeterminate, and 14 are not satisfied in retest. This portion of the test is not scheduled to be completed until late summer 2003.

The current status of PMR-5 is as follows: Of the 72 applicable test criteria, 20 are satisfied, 10 are indeterminate, and 42 are not satisfied. Of these 42, most are in retest and some have been resolved as a result of the recent six month PM review. To date, BearingPoint has completed its replication for 58 of the 150 PMs.

It is critical to understand that BearingPoint's interim test finding of "Not Satisfied (In Retest)" for various test points under both PMR-4 or PMR-5 do not constitute a BearingPoint conclusion that Michigan Bell has failed particular test points – they reflect, rather, a status report at a moment in time of an ongoing, iterative process.<sup>26</sup> When BearingPoint completes its testing of each test criteria, it will be closed either as "Satisfied," if the issues associated with the open observation or exception are resolved, or as "Closed-Not Satisfied," meaning that Michigan Bell did not pass the applicable BearingPoint materiality standards.

Therefore, based on BearingPoint's military style testing, a "Not Satisfied" test point could be in any one of the following stages of testing:

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<sup>24</sup> Because BearingPoint had already made substantial progress on that portion of the PMR-1 test, Michigan Bell concluded that it was unnecessary to engage E&Y to review Michigan Bell's documentation relating to data collection and data retention.

<sup>25</sup> See OSS Evaluation Project Report Metrics Update (Mar. 7, 2003), found at <<http://www.osstesting.com>> ("BearingPoint March 7 Update Report"). This Update Report is the first interim report issued by BearingPoint as required by the Michigan PSC. See 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 3 (MPSC Jan. 13, 2003) (App. C, Tab 134).

<sup>26</sup> The Michigan PSC found that, because BearingPoint's PMR-4 and PMR-5 testing was largely incomplete, the test provided "little evidence" on which to rely. See Michigan PSC Consultative Report at 18.

- “Open” – Michigan Bell has received the observation or exception from BearingPoint and is in the process of researching the issues and providing an appropriate response;
- “Response Provided” – Michigan Bell has answered the observation or exception and BearingPoint is evaluating the response for accuracy and completeness; and
- “In Retest” – BearingPoint has accepted the response from Michigan Bell as sufficient, and it will be retesting the test point.

### **Ernst & Young’s Audit is Consistent with BearingPoint’s Test**

As part of its audit, E&Y reviewed BearingPoint’s Exceptions and Observations from its PMR-4 and PMR-5 testing to determine the impact on Michigan Bell’s reported results for the audit period.<sup>27</sup> Nearly all of the BearingPoint test findings were either recognized as one of the 133 issues identified in the E&Y performance audit or simply did not meet the standard for “materiality” identified and consistently employed by E&Y. See Exhibit 2 (PMR-4) and Exhibit 3 (PMR-5).<sup>28</sup> The standard of materiality used by E&Y is the same one that this Commission has accepted in other proceedings.<sup>29</sup>

As the following detailed analysis demonstrates, there is no “conflict” between E&Y’s conclusions and BearingPoint’s interim report. On the contrary, there is a remarkable correlation between what BearingPoint has found so far, on one hand, and what E&Y identified (and what Michigan Bell has already corrected), on the other hand. There are two, principal reasons that explain whatever differences there are between the E&Y audit and the BearingPoint test:

- Timing – Because BearingPoint tests the PM data for a particular set of months, the more recent corrective actions that Michigan Bell has made in response to E&Y may not be reflected in the older data that BearingPoint reviewed.
- Materiality – E&Y applied a different standard for “materiality” than BearingPoint uses. As the Michigan PSC found, “[E&Y] did review issues identified by BearingPoint and many issues identified by BearingPoint are included in E&Y’s findings as well (and vice versa). The exclusion of certain issues identified in workpapers from final exception lists incorporates [E&Y’s] professional judgment

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<sup>27</sup> See Dolan/Horst Second Joint Aff. ¶ 15.

<sup>28</sup> See also Ehr Aff. ¶¶ 257-264 & Attach. P; Ehr Reply Aff. ¶¶ 71-95 & Attach. A (providing status and assessment of the impact on reported results for the open BearingPoint PMR observations and exceptions, as of February 25, 2003).

<sup>29</sup> In its Michigan audit, E&Y used the same materiality standard that it uses in the Merger Compliance audits it performs for the FCC. Under that standard, an issue is considered “material” if: (1) the error, if corrected, would change the original reported performance measurement result by five percent or more (*i.e.*, if the original result was 2% but should have been 3%, this would constitute a 50% error and would be considered to be material); or (2) the error, if corrected, would cause the PM’s original reported parity attainment/failure or benchmark attainment/failure to reverse. See Dolan/Horst Second Joint Aff. ¶ 18. In contrast, BearingPoint uses a materiality standard of 1% when evaluating an issue. This standard is very close to perfection. The FCC has consistently found that reasonable, nondiscriminatory access – not perfection – is the appropriate standard under section 271.

that, given its disclosed methodology and its ongoing investigation and inquiry, inclusion as an exception was not called for.”<sup>30</sup>

With respect to the PMR-4 test, BearingPoint has identified 7 exceptions (covering 14 test points) that are currently evaluated as “Not Satisfied.” In each case, SBC has responded to BearingPoint, and the issue is “in retest.” Moreover, as reflected in Exhibit 2, all of these interim BearingPoint exceptions were reviewed by E&Y in its audit. Four of BearingPoint’s exceptions were released before E&Y’s October 2002 Report, while 3 were released after October 2002. This means that E&Y reported 3 of these exceptions before BearingPoint did, reflecting E&Y’s comprehensive and independent review of the PM systems. None of the BearingPoint exceptions were “missed” or “ignored” by E&Y. These test points can be generally summarized as follows:

- Most of the PMR-4 test points (10 out of 14) that were labeled “Not Satisfied (In Retest)” simply duplicate an issue that was identified in E&Y’s reports either as needing corrective action or as an interpretation. The reason for the difference in assessment is that the BearingPoint March 7 Update Report used data months that predated the month Michigan Bell implemented corrective actions to address the same E&Y issue.<sup>31</sup> Michigan Bell is confident that these test criteria would have been satisfactory had BearingPoint evaluated more current data. These are shown as green in the “Item” column in Exhibit 2.
- The 4 remaining PMR-4 test points scored “Not Satisfied (In Retest)” reflect the different materiality standard used by BearingPoint. E&Y reviewed these test points but chose not to include them in its report. This was based on E&Y’s determination that the issue was not one of material noncompliance, based on its audit materiality standards. Michigan Bell has corrected each of these issues on a going-forward basis. These are shown as orange in the “Item” column in Exhibit 2.

With respect to the PMR-5 test, BearingPoint has identified 2 exceptions (E111 and E113) and approximately 87 observations (covering 42 test points) that are currently evaluated as “Not Satisfied.” In each case, SBC is investigating the issue or has already responded to BearingPoint; where applicable, the issue is currently in retest. As reflected in Exhibit 3, these test points often address multiple observations. They can, however, be generally summarized as follows:

- Similar to PMR-4, many of the PMR-5 test points duplicate issues identified in E&Y’s reports either as needing corrective action or as an interpretation. The BearingPoint March 7 Update Report scored the test points related to these test criteria as “Not Satisfied (In Retest)” because the data months used for the PMR-5 tests predated the month Michigan Bell implemented corrective actions to address the

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<sup>30</sup> Michigan PSC Consultative Report at 19.

<sup>31</sup> See BearingPoint March 7 Update Report. The data months, ranging between January and July 2002, used in testing are identified in the “Data Month” column in Table 4-20, at 144-145; Table 4-22, at 147-150; & Table 4-23, at 151-155.

same E&Y issue.<sup>32</sup> Michigan Bell is confident that these test criteria would have been satisfactory had BearingPoint evaluated more current data. These are shown as green in the “Item” column of Exhibit 3.

- Other PMR-5 test points that scored “Not Satisfied (In Retest)” reflect differences between BearingPoint’s and Michigan Bell’s interpretations of what the PM business rule required. Some of these issues were identified by E&Y as “Interpretations,” rather than as an exception to the business rules; others were not reviewed by E&Y. In each case, as a result of the recent six month review, these interpretation issues were resolved in a manner consistent with the interpretation on which Michigan Bell had been relying, and the Michigan PSC has approved the revised business rules.<sup>33</sup> These are shown as yellow in the “Item” column of Exhibit 3.
- Some PMR-5 test points that scored “Not Satisfied (In Retest)” reflect the fact that BearingPoint uses a different materiality standard. These test points were reviewed by E&Y but were not included in its report. This was based on E&Y’s determination that the issue was not one of material noncompliance, based on its audit materiality standards. Michigan Bell has, nevertheless, corrected each of these issues on a going-forward basis. These are shown as orange in the “Item” column of Exhibit 3.
- A number of observations and notification reports (“NRs”) contributing to a “Not Satisfied (in Retest)” for a PMR-5 test point have been successfully resolved since the issuance of the BearingPoint March 7 Update Report. These are shown as purple in the “Item” column of Exhibit 3. BearingPoint has confirmed that these items have now been resolved. See Exhibit 4.
- Other PMR-5 test points that scored “Not Satisfied (In Retest)” involve issues that Michigan Bell has corrected on a going-forward basis, and/or they involve issues that Michigan Bell has analyzed and concluded that the change would have an immaterial impact on reported performance results. These are shown as blue in the “Item” column of Exhibit 3. Michigan Bell has documented its application of the materiality standard to these test points. See Exhibit 5.
- The remaining PMR-5 test points are “Not Satisfied (in Retest)” for a variety of reasons. Some belong to a measurement group that did not satisfy a prior, required step in the testing process. Under BearingPoint’s rules, if the PMs cannot be replicated, subsequent tests on those same PMs are considered, by definition, “Not Satisfied (in Retest).” The remaining few appear to be issues that have not been addressed by E&Y, either because they involve isolated incidents outside of the E&Y

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<sup>32</sup> See BearingPoint March 7 Update Report. The data months of July, August and September 2002 were used in PMR-5 testing as identified in the “Months” column in Table 5-20, at 216-218; Table 5-21 at 218-220, Table 5-22, at 221-223; & Table 5-23, at 224-226.

<sup>33</sup> See Order Amending Prior Orders, In the Matter of Ameritech Michigan’s Submission on Performance Measures, Reporting, and Benchmarks, Pursuant to the October 2, 1998 Order in Case No. U-11654, Case No. U-11830 (MPSC Feb. 20, 2003), included as Attachment D to the Ehr Reply Affidavit.

audit period or they are so immaterial that not even BearingPoint had issued an observation with respect to the m. These test points appear without a color in the "Item" column of Exhibit 3.

Thus, contrary to the assertions of AT&T, when the E&Y audit and the BearingPoint test are compared, there is a high correlation between the results (not a conflict), and there is evidence of Michigan Bell's responsive corrective actions (not on-going data integrity failures). This analysis ought to provide this Commission with considerable additional confidence that Michigan Bell's PMs are stable, accurate and reliable.

**Attachment A**  
Exhibit 1

1                   (Whereupon those were all  
2                   the proceedings had in camera.)

3           JUDGE MORAN: Okay, we are finished with this  
4   in camera portion, and we are returning to the  
5   public record.

6   BY MS. SHERRY LICHTENBERG:

7           Q. And these are questions that were  
8   provided, but I would like to start --

9           JUDGE MORAN: Worldcom is questioning through  
10   Ms. Lichtenberg.

11   BY MS. SHERRY LICHTENBERG:

12          Q. I would like to start by doing a little  
13   bit of follow up. There were a few things that I  
14   don't understand and I would like to get it, to  
15   make sure that I'm clear.

16                   When you say transaction testing, what  
17   you mean, let me see if I can do it, is that  
18   after the transaction was received in the first  
19   Ameritech system that actually receives and opens  
20   a transaction, that is where your transaction  
21   testing began; is that correct?

22          MR. KEVIN GRAY: It really depends on the

1 performance measure and the data. Typically  
2 that's where we would select our sample from.  
3 That's not necessarily where we get all the data  
4 for that detailed transaction.

5 Q. Let me see if I can ask some specific  
6 questions that will make me understand if it was  
7 a manual transaction sent by facsimile you  
8 actually got the real manual transaction and  
9 looked at it; is that correct?

10 MR. KEVIN GRAY: Correct.

11 Q. If you noted that was the same with the  
12 transaction sent by e-mail; is that correct?

13 MR. KEVIN GRAY: Correct.

14 Q. Would you identify for us what  
15 transactions can be sent to Ameritech via e-mail,  
16 what sort of orders are sent via e-mail, or do  
17 you happen to know?

18 MS. BLOOM: I think we would have to get back  
19 to you on that one. You want to know every type  
20 of transaction --

21 MS. SHERRY LICHTENBERG: I want to know every  
22 type of transaction that can be sent via e-mail

1 to SBC Ameritech.

2 BY MS. SHERRY LICHTENBERG:

3 Q. When we look at EDI, do you look at the  
4 CLEC transaction to see if it exists in the EDI  
5 translator program?

6 MR. KEVIN GRAY: The EDI translator program is  
7 really a pass through. It receives -- and again  
8 it's only for certain interfaces. So as a  
9 transaction is received it goes through the EDI  
10 translator and then into the source system.

11 Q. So if there was a transaction that got  
12 into that translator, but got eaten, you wouldn't  
13 have seen that, correct?

14 MR. KEVIN GRAY: There are -- in our  
15 transaction testing?

16 Q. Yes.

17 MR. KEVIN GRAY: No, we wouldn't see it.

18 Q. So you are really doing -- let me just  
19 make sure, because that EDI translator, if we go  
20 back to the old New York meltdown, that was the  
21 piece that melted down and all those transactions  
22 got lost.

1                   You are looking at an EDI transaction  
2                   after it gets out of the translator and when it  
3                   hits the first SBC system that actually collects  
4                   that data?

5                   MR. KEVIN GRAY: For the transactions that go  
6                   through the EDI translator, which is some of the  
7                   transactions.

8                   Q.    Would you suggest that's a lot of  
9                   transactions?

10                  MR. KEVIN GRAY: I can't say whether it's a lot  
11                  or it's very few, actually.

12                  Q.    I don't have the current volume that MCI  
13                  is sending on a daily basis, but it's well over  
14                  1,000 and every one of them are sent via EDI and  
15                  go through that translator. Are those large  
16                  volumes coming in manually by fax and e-mail as  
17                  well?

18                  MR. KEVIN GRAY: I would assume that it is.

19                  MR. BRIAN HORST: Certainly there is going to  
20                  be more transactions via EDI.

21                  Q.    And so we've got a hold here, correct,  
22                  because you didn't send any real transactions to

1 know whether or not that EDI translator may be  
2 either eating those transactions or doing  
3 something else with them that isn't right. There  
4 could be a lot of missing transactions or maybe  
5 none.

6 MR. KEVIN GRAY: For the transaction testing  
7 piece, that's the case. As part of our  
8 methodology we did document the controls that  
9 were in place and documented our understanding of  
10 how that came in from the GUI or GEIS/VAN or  
11 whichever EDI that you are using to come into the  
12 EDI translator. Controls that were in place that  
13 said, okay, I sent so many transactions, I  
14 received so many transactions.

15 Q. And I'm talking specifically about EDI not  
16 about any GUI interfaces, because that is  
17 primarily the way that CLEC's communicate here in  
18 this region.

19 You also, when you talk about your  
20 transaction testing, you went to the LSC or the  
21 LOC, I never remember which, and you looked at  
22 transactions being typed, I think you said; is

1 that correct?

2 MR. KEVIN GRAY: Um-hmm.

3 Q. So how did you test flow through  
4 transactions, the ones that never got looked at  
5 by a human being?

6 MR. KEVIN GRAY: Again, those were selected  
7 specifically from our transaction testing, from  
8 those source systems. Those flow through  
9 transactions were coming in through those  
10 interfaces.

11 MR. BRIAN HORST: I'm not sure you are asking  
12 specifically about PM 13 or 13.1.

13 Q. No, I'm asking generically. You keep  
14 using transaction testing as the word. It sounds  
15 to me as if it is transaction evaluation.  
16 Because I always think of testing, like did you  
17 look at -- did you ask me, for instance, how many  
18 transactions I sent on March 30th, and did you  
19 figure out on the raw data before exclusions if I  
20 sent five you had five. You didn't ask CLEC's  
21 that, right?

22 MR. KEVIN GRAY: No.

1 Q. Did you ask Ameritech that?

2 MR. KEVIN GRAY: As far as what?

3 Q. As far as what is the volume of  
4 transactions received by your EDI processor on  
5 the date where you are going to start looking at  
6 those transactions in the source system to see if  
7 the numbers match?

8 MR. KEVIN GRAY: Again we looked at the  
9 controls because that's a daily -- depending on  
10 the process for that specific EDI transaction  
11 that you are talking about, or process for  
12 submitting those EDI transactions, we looked at  
13 the controls around that to know whether or not  
14 -- are there controls in place that insure that  
15 the data is accurate. Are there data edits up  
16 front. And then I sent so many transactions, I  
17 received so many transactions and that those  
18 transactions then did get into the source  
19 systems.

20 Q. So I think your answer is no, but let me  
21 try it a different way. How did you validate  
22 that volumes existed to make sure that if I sent

1 5,000 transactions through the SBC interface on  
2 Monday, that the first source system that you  
3 looked at before any business rules were applied  
4 had 5,000 transactions? What controls that, what  
5 did you look at?

6 MR. KEVIN GRAY: It's the same answer that I  
7 just gave you.

8 Q. I'm sorry?

9 MR. KEVIN GRAY: It's the same answer that I  
10 just gave you.

11 Q. I didn't think that you gave me the name  
12 of the controls or the control system. In other  
13 words, what control is in place to count those,  
14 do you know?

15 MR. KEVIN GRAY: It depends on, like I said,  
16 the electronic interface. There are several  
17 electronic interfaces going through, there are  
18 several different ways that EDI transactions get  
19 through the system.

20 And so at those different points there  
21 are various controls. There are controls as far  
22 as -- and it depends on, I do not believe that

1 EDI transactions go directly to the EDI  
2 translator, I believe they probably have to go  
3 through a firewall or something else that gets  
4 them there.

5           And so there are some controls in place  
6 in which basically here is the file, here is the  
7 number of records on that file. And as they go  
8 into the translator, the translator received this  
9 many files, this many records, here's how many  
10 are sent on to the source system. The sources  
11 system says here's how many I received.

12       Q. So for EDI LSOG 4 going through the ARAF,  
13 would you tell me, can you come back to us with  
14 the specific controls that are applied between  
15 the CLEC order hits the firewall, what control is  
16 there to make sure that the numbers -- that all  
17 of them stay there, and the translator. So that  
18 the -- and then the name of the system where you  
19 first saw these records?

20       MR. KEVIN GRAY: We can respond with that.

21       Q. Let me go back to a question that AT&T  
22 asked and I'm still confused about as well. We

**Attachment A**  
Exhibit 2

**BearingPoint Performance Metric Test  
"Not Satisfied" Test Criteria Analysis - PMR 4**

BearingPoint 3/7/2003 Test Report				In E&Y Report <sup>1</sup>			BearingPoint Test
Item #	Test Criteria & Measure Group	Observation / Exception	Test Findings	Yes / No	Report Reference	If "No" (Explanation Included) <sup>2</sup>	Current Status <sup>4</sup>
<b>PMR 4-1: Required source records are included in data used to calculate measures</b>							
1	4-1 E Billing Measures	E176	SBC's March 2002 PM data is missing DUF records used for PM 19	No		E&Y work paper clarification: (This is not an issue. The business rules do not state that access records should be included in the calculation of PM 19. This change is not expected to have an impact on the results.)	While SBC does not agree with BearingPoint's position, it none the less opened an ER to include access (category 11) records in the calculation of PM 19 in order to satisfy the BearingPoint's test criteria. SBC's assessment of December 2002 source data confirms the measure result would not be materially impacted by the addition of access records. BearingPoint is currently Retesting this issue.
2	4-1 R Other Measures	E183 <sup>3</sup>	SBC's PM data is missing interface outage notifications used in PM MI 11 for the months of Jan, Mar, Apr, and May 2002.	Yes	Section 2b, 11(ii)		BearingPoint is currently Retesting this issue.
<b>PMR 4-3: Records in processed data used to calculate measures are consistent with unprocessed data from source systems</b>							
3	4-3 J 911 Measures	E181 <sup>3</sup>	SBC's processed records for PM 104.1 are inconsistent with the unprocessed records from source systems for Jan 2002	Yes	Section 2b, 8(i)		BearingPoint is currently Retesting this issue.
4	4-3 P Bona Fide Request Measures	E179	SBC's processed records for PM 120 are inconsistent with the unprocessed records from source systems for May 2002	No		E&Y work paper clarification: (There were no changes to the aggregate results for PM 120. As a result, this is immaterial.)	To correct the issue SBC opened an ER, implemented process improvements and restated May results on December 5, 2002 (this restatement did not change the percent processed within 30 Business Days, and only adjusted the CLEC aggregate numerator and denominator from 6 records to 5). BearingPoint has since Closed (Satisfied) this exception.
5	4-3 R Other Measures	E183 <sup>3</sup> E174 <sup>3</sup>	E183: See item #2 E174: SBC is using incorrect data in the calculation of PM MI 11	E183: Yes E174: Yes	Section 2b, 11(ii)		E183: BearingPoint is currently Retesting this issue. E174: SBC Midwest has successfully resolved this issue and BearingPoint has closed the related exception with a satisfied disposition.
<b>PMR 4-4: Data fields in processed data used to calculate measures are consistent with unprocessed data from source systems</b>							
6	4-4 B Ordering Measures	E134 <sup>3</sup>	SBC incorrectly populated the product name field in the RRS with "UNKNOWN" for Jan 2002.	Yes	Section 2a, 2f(i)		BearingPoint is currently Retesting this issue.
7	4-4 C Provisioning Measures	E134 <sup>3</sup>	See item #6	Yes	Section 2a, 2f(i)		BearingPoint is currently Retesting this issue.
8	4-4 D Repair Measures	E134 <sup>3</sup>	See item #6	Yes	Section 2a, 2f(i), Section 2a, 2f(ii)		BearingPoint is currently Retesting this issue.
9	4-4 E Billing Measures	E176	See item #1	No		See item #1	See item #1
10	4-4 I Local Number Portability Measures	E134 <sup>3</sup>	See item #6	Yes	Section 2a, 2f(i)		BearingPoint is currently Retesting this issue.

**BearingPoint Performance Metric Test  
"Not Satisfied" Test Criteria Analysis - PMR 4**

BearingPoint 3/7/2003 Test Report				In E&Y Report <sup>1</sup>			BearingPoint Test
Item #	Test Criteria & Measure Group	Observation / Exception	Test Findings	Yes / No	Report Reference	If "No" (Explanation Included) <sup>2</sup>	Current Status <sup>4</sup>
11	4-4 J 911 Measures	E181 <sup>3</sup>	See item #3	Yes	Section 2b, 8(i)		BearingPoint is currently Retesting this issue.
12	4-4 N Coordinated Conversion Measures	E175 <sup>3</sup>	SBC is using incorrect data in its calculation of PM's 114 and 115 for Jan through Jun 2002	Yes	Section 3, 13		BearingPoint is currently Retesting this issue.
13	4-4 P Bona Fide Request Measures	E179	See item #4	No		See item #4	See item #4
14	4-4 R Other Measures	E134 <sup>3</sup> E174 <sup>3</sup>	See item #6 for E134 See item #5 for E174	E134: Yes E174: Yes	E134: Section 2a, 2f(i) E174: Section 2b, 11(ii)		E134: BearingPoint is currently Retesting this issue. E174: SBC Midwest has successfully resolved this issue and BearingPoint has closed the related exception with a satisfied disposition.

Reference Notes	
1	Based on information contained in the Appendix A Management Assertions of the Dolan Horst Affidavit, Attachment F dated 12/19/02 filed in docket WC No. 03-16 on January 16, 2003.
2	Based on an analysis of the information contained in the E&Y workpaper entitled "BearingPoint Exceptions and Observations - Master Index - Phase 2".
3	BearingPoint's initial testing was prior to the corrective action taken for the E&Y identified issue
4	Status is based upon SBC Midwest's current understanding of BearingPoint's test results as of March 25, 2003.

	Issue was identified as an interpretation or as needing corrective action in the EY Report. BP testing was prior to SBC taking corrective action on the EY issue and either 1) BP is re-testing or has retested using data reflective of the corrective action or 2) BP's re-testing is not yet using data reflective of the corrective action.
	Issue was reviewed by EY. In its report, EY did not identify this as an issue needing corrective action on the basis of EY's determination that the issue did not have a material impact on results. SBC has corrected the issue on a going-forward basis.

# **Attachment A**

## Exhibit 3

**BearingPoint Performance Metric Test  
"Not Satisfied" Test Criteria - PMR 5**

BearingPoint 3/7/2003 Test Report				In E/Y Report <sup>1</sup>			BearingPoint Test
Item #	Test Criteria & Measure Group	Observation / Exception	Test Findings	Yes / No	Report Reference	If "No" (Explanation Included) <sup>2</sup>	Current Status <sup>3</sup>
<b>PMR 5-2: Metrics Replicated Values Agree</b>							
1	5-2 A Pre-Order Measures	O812	BearingPoint has been unable to replicate SBC's Jul'02 results for PM2	Undetermined		Unable to determine if it is included in the E&Y report at this time.	SBC corrected the issue related to data sorting that resulted in missing transactions. This change was made for November 2002 results going forward. August -October results have been restated to reflect this change. July results will not be restated based on SBC Midwest's criteria for restatement (i.e., > 5% materiality).
2	5-2 B Order Measures	None	During testing if a restatement occurs BearingPoint automatically fails test point until it can complete its testing on the measure in question, even though it has found no issue with the measure in its current testing.	N/A			BearingPoint labels this test point as "unsatisfied", merely because its testing is not complete and therefore based upon its scoring methodology this test point can not be labeled "satisfied" until all testing is completed. There are no observations or exceptions associated with this failure, it is associated with restatements based on E&Y findings Section 2A #1D, #1E, Section 3 #5 (i-ii), Section 4, #5 (i), 7(i - v), 8.
3	5-2 C Billing Measures	O538 <sup>4</sup>	BearingPoint has been unable to replicate SBC's Jul'02 results for PM 18	Yes	Attachment B, 12		BearingPoint is currently retesting the issue using data reflecting the corrective action that addressed the E&Y & BearingPoint issues.
4	5-2 E Provisioning Measures	O613 <sup>4</sup>	BearingPoint has been unable to replicate SBC's Jul'02 results for PM 58	Yes	Section 2A, #2G(i)		BearingPoint is currently retesting the issue using data reflecting the corrective action that addressed the E&Y & BearingPoint issues.
		O625 <sup>4</sup>	BearingPoint has been unable to replicate SBC's Jul'02 results for PM 29	Yes	Section 2A, #2G(i)		BearingPoint is currently retesting the issue using data reflecting the corrective action that addressed the E&Y & BearingPoint issues.
		O633	BearingPoint has been unable to replicate SBC's Jul'02 results for PM 45	No		E&Y Work Paper: Reviewed and determined this not to be an issue	Although the issue was immaterial (i.e., > 5% materiality), SBC corrected the issue related the replication of the measure by restating data back to Jul '02 and providing updated documentation to BearingPoint.
5	5-2 F Maintenance & Repair Measures	O627	BearingPoint has been unable to replicate SBC's Jul'02 results for PM 37	No		E&Y Work Paper: Reviewed and determined this not to be an issue as the exclusion of trouble tickets with no associated lines at the geography level is not material	Finding has been fixed going forward with February 2003 results. Based on analysis this issue does not meet SBC's materiality criteria for restatement (i.e., > 5% materiality). SBC is currently assessing whether to restate this measure merely to satisfy the BearingPoint test criteria and not because of any material change to the reported measure.
		O639	BearingPoint has been unable to replicate SBC's Jul'02 results for PM 37.1	No		E&Y Work Paper: Reviewed and determined this not to be an issue as the exclusion of trouble tickets with no associated lines at the geography level is not material (same issue as O627)	Finding has been fixed going forward with February 2003 results. Based on analysis this issue does not meet SBC's materiality criteria for restatement (i.e., > 5% materiality). SBC is currently assessing whether to restate this measure merely to satisfy the BearingPoint test criteria and not because of any material change to the reported measure.

**BearingPoint Performance Metric Test  
"Not Satisfied" Test Criteria - PMR 5**

BearingPoint 3/7/2003 Test Report				In E/Y Report <sup>1</sup>			BearingPoint Test
Item #	Test Criteria & Measure Group	Observation / Exception	Test Findings	Yes / No	Report Reference	If "No" (Explanation Included) <sup>2</sup>	Current Status <sup>3</sup>
		O664	BearingPoint has been unable to replicate SBC's Jul'02 results for PM 54.1	No		E&Y Work Paper: Reviewed and determined this not to be an issue as the exclusion of trouble tickets with no associated lines at the geography level is not material	Finding has been fixed going forward with February 2003 results. Based on analysis this issue does not meet SBC's materiality criteria for restatement (i.e., > 5% materiality). SBC is currently assessing whether to restate this measure merely to satisfy the BearingPoint test criteria and not because of any material change to the reported measure.
6	5-2 G Interconnection Trunks Measures	NR89	Unable to replicate PM 73	Undetermined		Unable to determine if it is included in the E&Y report at this time.	NR89 turned into O817, issued 3/3/03. SBC is currently investigating this observation.
		NR90	Unable to replicate PM 75	N/A		BearingPoint was incorrectly replicating the performance measure. As such, there was no issue for E&Y to identify	After further clarification, SBC has successfully demonstrated to BearingPoint it was mistaken, BearingPoint has concurred and determined finding was not an issue and closed the Notification Report with a satisfied status.
		NR91	Unable to replicate PM 74	N/A		BearingPoint was incorrectly replicating the performance measure. As such, there was no issue for E&Y to identify	After further clarification, SBC has successfully demonstrated to BearingPoint it was mistaken, BearingPoint has concurred and determined finding was not an issue and closed the Notification Report with a satisfied status.
		NR93	Unable to replicate PM 70	N/A		BearingPoint was incorrectly replicating the performance measure. As such, there was no issue for E&Y to identify	After further clarification, SBC has successfully demonstrated to BearingPoint it was mistaken, BearingPoint has concurred and determined finding was not an issue and closed the Notification Report with a satisfied status.
		NR94	Unable to replicate PM 76	N/A		BearingPoint was incorrectly replicating the performance measure. As such, there was no issue for E&Y to identify	After further clarification, SBC has successfully demonstrated to BearingPoint it was mistaken, BearingPoint has concurred and determined finding was not an issue and closed the Notification Report with a satisfied status.
		NR95	Unable to replicate PM 78	Undetermined		Unable to determine if it is included in the E&Y report at this time.	NR95 turned into O824 (issued 3/20/03). SBC is currently investigating this observation.
7	5-2 I Local Number Portability Measures	O547	BearingPoint has been unable to replicate SBC's Jul'02 results for PM 98	N/A		E&Y Work Paper: Reviewed and determined this not to be an issue.	BearingPoint was able to match SBC Midwest's posted results for Performance Measurement 98 after it implemented the corrections to its processing suggested by SBC Midwest. BearingPoint proposed to close this Observation Report as satisfied.
		O802	BearingPoint has been unable to replicate SBC's Jul'02 results for PM 92	Undetermined		Unable to determine if it is included in the E&Y report at this time.	Based on analysis this issue does not meet SBC's materiality criteria for restatement (i.e., > 5% materiality). SBC is currently assessing whether to restate this measure merely to satisfy the BearingPoint test criteria and not because of any material change to the reported measure.

**BearingPoint Performance Metric Test  
"Not Satisfied" Test Criteria - PMR 5**

BearingPoint 3/7/2003 Test Report				In E/Y Report <sup>1</sup>			BearingPoint Test
Item #	Test Criteria & Measure Group	Observation / Exception	Test Findings	Yes / No	Report Reference	If "No" (Explanation Included) <sup>2</sup>	Current Status <sup>3</sup>
		O805	BearingPoint has been unable to replicate SBC's Jul'02 results for PM 96	Undetermined		Unable to determine if it is included in the E&Y report at this time.	Based on analysis this issue does not meet SBC's materiality criteria for restatement (i.e., > 5% materiality). SBC is currently assessing whether to restate this measures merely to satisfy the BearingPoint test criteria and not because of any material change to the reported measure.
		O806	BearingPoint has been unable to replicate SBC's Jul'02 results for PM 97	Undetermined		Unable to determine if it is included in the E&Y report at this time.	Based on analysis this issue does not meet SBC's materiality criteria for restatement (i.e., > 5% materiality). SBC is currently assessing whether to restate this measures merely to satisfy the BearingPoint test criteria and not because of any material change to the reported measure.
8	5-2 J 911 Measures	O818	BearingPoint has been unable to replicate SBC's Jul, Aug, and Sep'02 results for PM104.1	Undetermined		Unable to determine if it is included in the E&Y report at this time.	Finding has been fixed going forward with February 2003 results. Based on analysis this issue does not meet SBC's materiality criteria for restatement (i.e., diagnostic measure). SBC is currently assessing whether to restate this measure merely to satisfy the BearingPoint test criteria and not because of any material change to the reported measure.
9	5-2 K Poles, Conduits & Right of Way Measures	O646	BearingPoint has been unable to replicate SBC's Jul'02 results for PM's 105 and 106	No		E&Y reviewed the issue and determined a finding was not warranted based on data months analyzed. This issue was a manual processing error isolated to Jul'02 results. As such, this would not be included on the E&Y report	BearingPoint is currently retesting the issue using data reflecting the corrective action that addressed the E&Y & BearingPoint issues.
		O796 <sup>4</sup>	BearingPoint has been unable to replicate SBC's Aug'02 results for PM's 105 and 106	Yes	Section 4, #23(i)		BearingPoint is currently retesting the issue using data reflecting the corrective action that addressed the E&Y & BearingPoint issues.
		O797	BearingPoint has been unable to replicate SBC's Aug, and Sep'02 results for PM MI 5	No		E&Y Workpaper: Reviewed and determined this not to be an issue as the numerators are all zero and have no material impact on results.	SBC corrected the issue related to the replication of this PM. This change was made for January 2003 results going forward. SBC restated July - December 2002 results merely to satisfy BearingPoint testing criteria and forwarded restated data to BearingPoint for retesting, as the results based on SBC Midwest's criteria for restatement (i.e., > 5% materiality) would not have required a restatement.
		O798 <sup>4</sup>	BearingPoint has been unable to replicate SBC's Sep'02 results for PM's 105 and 106	Yes	Section 4, #23(i)		BearingPoint is currently retesting the issue using data reflecting the corrective action that addressed the E&Y & BearingPoint issues.
10	5-2 N Coordinated Conversion Measures	O791 <sup>4</sup>	BearingPoint has been unable to replicate SBC's Aug'02 results for PM 115	Yes	Section 3, #13		BearingPoint is currently retesting the issue using data from Sept '02 reflecting the corrective action that address the E&Y and BearingPoint issues.

**BearingPoint Performance Metric Test  
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BearingPoint 3/7/2003 Test Report				In E/Y Report <sup>1</sup>			BearingPoint Test
Item #	Test Criteria & Measure Group	Observation / Exception	Test Findings	Yes / No	Report Reference	If "No" (Explanation Included) <sup>2</sup>	Current Status <sup>3</sup>
11	5-2 P Bonafide Request Measures	NR77	Unable to replicate PM 120	N/A		BearingPoint was incorrectly replicating the performance measure. As such, there was no issue for E&Y to identify	After further clarification, SBC has successfully demonstrated to BearingPoint it was mistaken, BearingPoint has concurred and determined its finding was not an issue and closed the Notification Report with a satisfied status.
12	5-2 Q Facilities Modification Measures	NR67	Unable to replicate PM CLEC WI 1	Undetermined		Unable to determine if it is included in the E&Y report at this time.	NR67 turned into O822 (issued 3/24/03). SBC is currently investigating this observation.
13	5-2 R Other Measures	O800	BearingPoint has been unable to replicate SBC's Jul, Aug, and Sep'02 results for PM Michigan 11	No		E&Y Work Paper: This issue was a manual processing error impacting Jul'02 results.	This was a manual processing error that only occurred in July. As such this would not be included on the E&Y report. BearingPoint is currently retesting.
<b>PMR 5-3: Calculations are consistent with the documented rules</b>							
14	5-3 A Pre-Order Measures	E113	SBC's calculation of PM 2 for Jan - Mar '02 does not follow the approved metrics business rules.	Yes	Attachment B <sup>5</sup> , #2		SBC believes they are currently reporting this Performance Measurement consistent with the intent of the business rules but has, for documentation purposes only, clarified those rules in the latest 6 month PM review. These clarifications have been approved by the MPSC. Although BearingPoint had closed this observation as "unsatisfied," they will be retesting using the clarified business rules.
		O697 <sup>4</sup>	SBC's posted results for PM 1.2 do not follow the Jul, Aug, or Sep'02 published business rules	Yes	Section 4, #1		BearingPoint is currently retesting the issue using data reflecting the corrective action that addressed the E&Y and BearingPoint issues.
15	5-3 B Order Measures	O429 <sup>4</sup>	BearingPoint has been unable to replicate SBC's Jul, Aug, and Sep'02 results for PM 7	Yes	Section 3, #3 (ii) and Section 4, #5 (i)		BearingPoint is currently retesting the issue using data reflecting the corrective action that addressed the E&Y and BearingPoint issues.
		O488 <sup>4</sup>	SBC's calculations of PM's 13 and 13.1 do not follow the published business rules	Yes	Section 3, #6 (ii) and Section 4, #8		BearingPoint is currently retesting the issue using data reflecting the corrective action that addressed the E&Y and BearingPoint issues.
		O643	SBC is truncating lower dateparts during time interval calculations in all of the PM's that use time durations using MOR/TEL data	No		Although described in the E&Y work papers as identified in Section 4, 5(i), SBC understands that the E&Y reference is different than the BearingPoint observation.	SBC Midwest has reviewed the BearingPoint issue and is not in concurrence with the impact of the finding. SBC Midwest continue to review the matter with BearingPoint.
		O659	SBC's results for PM's 7, 7.1, and 8 do not follow the Jul, Aug, or Sep'02 business rules	Yes	Attachment B <sup>5</sup> , #4		SBC believes they are currently reporting this Performance Measurement consistent with the intent of the business rules but has, for documentation purposes only, clarified those rules in the latest 6 month PM review. These clarifications have been approved by the MPSC. Although BearingPoint had closed this observation as "unsatisfied," they will be retesting using the clarified business rules.
		O676 <sup>4</sup>	SBC's results for PM's 10.4 and MI 2 do not follow Jul, Aug, or Sep'02 business rules	Yes	Section 3, #5(ii)		BearingPoint is currently retesting the issue using data reflecting the corrective action that addressed the E&Y & BearingPoint issues.

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		O684 <sup>4</sup>	SBC's results for PM's 10.4 and Michigan 2 do not follow the Jul, Aug, or Sep'02 Business rules	Yes	Attachment B, #7		A business rule change was implemented in Mar '03 to address the E&Y and BearingPoint concerns. If BearingPoint would move to Mar '03 or beyond for replication purpose, SBC Midwest believes they would be successful in their retesting efforts.
		O727	SBC's results for PM's 9, 10.2, 10.3, 11.1, 11.2, and 95 do not follow the Jul, Aug, or Sep'02 business rules	Yes	Attachment B <sup>5</sup> , #4		SBC believes they are currently reporting this Performance Measurement consistent with the intent of the business rules but has, for documentation purposes only, clarified those rules in the latest 6 month PM review. These clarifications have been approved by the MPSC. Although BearingPoint had closed this observation as "unsatisfied," they will be retesting using the clarified business rules.
		O756	SBC's results for PM's 10, 10.4, 11, and 91 do not follow the Jul, Aug, or Sep'02 business rules	Yes	Attachment B <sup>5</sup> , #4		SBC believes they are currently reporting this Performance Measurement consistent with the intent of the business rules but has, for documentation purposes only, clarified those rules in the latest 6 month PM review. These clarifications have been approved by the MPSC. Although BearingPoint had closed this observation as "unsatisfied," they will be retesting using the clarified business rules.
16	5-3 C Billing Measures	O461	SBC's retail calculation of the "Other Unbundled Network Elements" disaggregation of PM 14 does not follow the business rules	Yes	Attachment B, #9		SBC Midwest has reviewed the BearingPoint issue and is not in concurrence with BearingPoint interpretation of the business rule.
		O731	SBC's posted results for PM17 do not follow the Jul, Aug, or Sep'02 business rules	Yes	Attachment B <sup>5</sup> , #11		BearingPoint has identified an issue in which SBC believes it is holding itself to a higher standard for reporting its PM results than required under the current business rules as tested by BearingPoint. The BearingPoint scoring methodology requires a "unsatisfied" mark regardless of the fact that SBC Midwest's calculations are more stringent than required by the business rules as interpreted by BearingPoint.
17	5-3 E Provisioning Measures	O728	SBC's results for PM 59 do not follow the Jul'02 business rules	No		E&Y Work Paper: Reviewed and determined this not to be an issue.	SBC believes they are currently reporting this Performance Measurement consistent with the intent of the business rules but has, for documentation purposes only, clarified those rules in the latest 6 month PM review. These clarifications have been approved by the MPSC. Although BearingPoint had closed this observation as "unsatisfied," they will be retesting using the clarified business rules.

**BearingPoint Performance Metric Test  
"Not Satisfied" Test Criteria - PMR 5**

BearingPoint 3/7/2003 Test Report				In E/Y Report <sup>1</sup>			BearingPoint Test
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		O729 <sup>4</sup>	SBC's results for PM's 56 and 56.1 do not follow the Jul, Aug, or Sep'02 business rules	Yes	Section 4, #14(ii)		BearingPoint is currently retesting the issue using data reflecting the corrective action that addressed the E&Y & BearingPoint issues.
		O794	SBC's results for PM 12 does not follow the Jul and Aug'02 business rules	No		E&Y Work Paper: Reviewed and determined this not to be an issue as it would only affect 2 out of 43 thousand records.	Finding has been fixed going forward with Aug '02 results. Based on analysis this issue does not meet SBC's materiality criteria for restatement (i.e., >5% materiality).
		O810	SBC's results for PM 55.3 do not follow the Jul'02 business rules	Undetermined		Unable to determine if it is included in the E&Y report at this time.	SBC is currently investigating a response.
18	5-3 F Maintenance & Repair Measures	E111 <sup>4</sup>	Timeliness measures of UNE loop repairs, are compared to retail results using dissimilar data points	Yes	Section 2, #2B and Attachment B, #23		SBC Midwest implemented a corrective action in Dec '02 to address the E&Y and BearingPoint issues. BearingPoint's testing would be successful if it calculated the results using data from Dec '02 or later.
19	5-3 G Interconnection Trunk Measures	None	If a test point in the measure family failed to meet the threshold, BearingPoint automatically fails the subsequent test points in the measure family.	N/A			BearingPoint labels this test point as "unsatisfied", merely because test point 5-2-G failed to meet the BearingPoint threshold. Therefore, subsequent test points in this measure family also fail.
20	5-3 I Local Number Portability Measures	O643	SBC is truncating lower dateparts during time interval calculations in all of the PM's that use time durations using MOR/TEL data	No		Although described in the E&Y work papers as identified in Section 4, 5(i), SBC understands that the E&Y reference is different than the BearingPoint observation.	SBC Midwest has reviewed the BearingPoint issue and is not in concurrence with the impact of the finding. SBC Midwest continue to review the matter with BearingPoint.
		O727	SBC's results for PM's 9, 10.1, 10.2, 10.3, 11.1, 11.2, and 95 do not follow the Jul, Aug, or Sep'02 business rules	Yes	Attachment B <sup>5</sup> , #4		SBC believes they are currently reporting this Performance Measurement consistent with the intent of the business rules but has, for documentation purposes only, clarified those rules in the latest 6 month PM review. These clarifications have been approved by the MPSC. Although BearingPoint had closed this observation as "unsatisfied," they will be retesting using the clarified business rules.
		O732 <sup>4</sup>	SBC's results for PM 91 does not follow the Jul and Aug'02 business rules	Yes	Section 4, #19(iii)		BearingPoint is currently retesting the issue using data reflecting the corrective action that addressed the E&Y & BearingPoint issues.
		O756	SBC's results for PM's 10, 10.4, 11, and 91 do not follow the Jul, Aug, or Sep'02 business rules	Yes	Attachment B <sup>5</sup> , #4		SBC believes they are currently reporting this Performance Measurement consistent with the intent of the business rules but has, for documentation purposes only, clarified those rules in the latest 6 month PM review. These clarifications have been approved by the MPSC. Although BearingPoint had closed this observation as "unsatisfied," they will be retesting using the clarified business rules.
21	5-3 J 911 Measures	None	If a test point in the measure family failed to meet the threshold, BearingPoint automatically fails the subsequent test points in the measure family.	N/A			BearingPoint labels this test point as "unsatisfied", merely because test point 5-2-J failed to meet the BearingPoint threshold. Therefore, subsequent test points in this measure family also fail.

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"Not Satisfied" Test Criteria - PMR 5**

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22	5-3 K Poles, Conduits & Right of Way Measures	None	If a test point in the measure family failed to meet the threshold, BearingPoint automatically fails the subsequent test points in the measure family.	N/A			BearingPoint labels this test point as "unsatisfied", merely because test point 5-2-K failed to meet the BearingPoint threshold. Therefore, subsequent test points in this measure family also fail.
23	5-3 M Directory Assistance Database Measures	O785	SBC's results for PM's 110 and 111 do not follow the Jul, Aug, or Sep'02 business rules	No		E&Y Work Paper: Reviewed and determined this not to be an issue because the business rules do not specify which date to use to determine which month to report in and the data are being properly included in the results	SBC has updated documentation to identify criteria used for including transactions in data months. Upon delivery of this updated documentation SBC Midwest fully expects BearingPoint to close this observation as satisfied.
24	5-3 N Coordinated Conversion Measures	O570 <sup>4</sup>	SBC's results for PM's 114 and 115 do not follow the Jul, Aug, Sep'02 business rules	Yes	Section 3, #13		This finding did not meet SBC Midwest's criteria for restatement and has been fixed going forward, therefore BearingPoint closed this item as "unsatisfied".  BearingPoint has validated the corrective action for Sept '02 results.
		O631 <sup>4</sup>	SBC's results for PM's 114, 115 and MI 3 do not follow the Jul, Aug, Sep'02 business rules	Yes	Section 3, #13		BearingPoint is currently retesting the issue using data reflecting the corrective action that addressed the E&Y & BearingPoint issues.
		O793	SBC's results for PM's 114, 114.1, 115, and 115.1 do not follow the Aug'02 business rules	No		E&Y Work Paper: Reviewed and determined this not to be an issue as there was no material impact and the issue was isolated to August 2002 only	Manual processing error in July affected August results. SBC restated August results merely to satisfy BearingPoint testing criteria and forwarded restated data to BearingPoint for retesting, as the results based on SBC Midwest's criteria for restatement (i.e., > 5% materiality) would not have required a restatement.
25	5-3 P Bonafide Request Measures	O786	SBC's results for PM 120 does not follow the Jul'02 business rules	No		E&Y Work Paper: Reviewed and determined this not to be an issue.	This was a manual processing error that only occurred in June & July. As such this would not be included on the E&Y report. BearingPoint is currently retesting.
26	5-3 Q Facilities Modification Measures	O733	SBC's results for PM CLEC WI 9 does not follow the Jul, Aug, or Sep'02 business rules	Yes	Attachment B <sup>5</sup> , #37		SBC believes they are currently reporting this Performance Measurement consistent with the intent of the business rules but has, for documentation purposes only, clarified those rules in the latest 6 month PM review. These clarifications have been approved by the MPSC. Although BearingPoint had closed this observation as "unsatisfied," they will be retesting using the clarified business rules.
27	5-3 R Other Measures	O594	SBC's results for PM MI 11 does not follow the Jan, Feb, or Mar'02 business rules	Yes	Section 2B, #11(ii)		SBC believes BearingPoint interpretation of the business rules is incorrect and is working to help them better understand SBC position.
		O624 <sup>4</sup>	SBC's results for PM MI 11 do not follow the Jul, Aug, Sep'02 business rules	Yes	Section 2B, #11(i)		BearingPoint is currently retesting the issue using data reflecting the corrective action that addressed the E&Y & BearingPoint issues.

**BearingPoint Performance Metric Test  
"Not Satisfied" Test Criteria - PMR 5**

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		O642	SBC's results for PM MI 14 do not follow the Jul'02 business rules	No		E&Y Work Paper: Reviewed and determined this not to be an issue as there was no material impact with or without duplicates	SBC corrected the counting of duplicate notifications in the manual UNE-P and manual Resale disaggregations for October results going forward. July, August, and September results will not be restated based on SBC Midwest's criteria for restatement (i.e., > 5% materiality)
		O643	SBC is truncating lower dateparts during time interval calculations in all of the PM's that use time durations using MOR/TEL data	No		Although described in the E&Y work papers as identified in Section 4, 5(i), SBC understands that the E&Y reference is different than the BearingPoint observation.	SBC Midwest has reviewed the BearingPoint issue and is not in concurrence with the impact of the finding. SBC Midwest continue to review the matter with BearingPoint.
<b>PMR 5-4: Exclusions are consistent with the documented rules</b>							
28	5-4 A Pre-order Measures	O587 <sup>4</sup>	SBC is improperly applying exclusions in the calculation of PM 2	Yes	Section 2B, #1A		Closed - Satisfied BearingPoint has retested and validated the corrective action
		O726	SBC is improperly applying exclusions in the calculation of PM 1.1 for Jul, Aug and Sep'02.	Yes	Attachment B <sup>5</sup> , #1		SBC believes they are currently reporting this Performance Measurement consistent with the intent of the business rules but has, for documentation purposes only, clarified those rules in the latest 6 month PM review. These clarifications have been approved by the MPSC. Although BearingPoint had closed this observation as "unsatisfied," they will be retesting using the clarified business rules.
29	5-4 B Order Measures	O584	SBC is using inaccurate data in the calculation of PM's 10 and 11.	Yes	Attachment B, #4		SBC Midwest has reviewed the BearingPoint issue and is not in concurrence with BearingPoint interpretation of the business rule.
		O687 <sup>4</sup>	SBC is improperly applying exclusions in the calculation of PM 10.4 for Jul, Aug, or Sep'02	Yes	Section 3, #5(i)		BearingPoint is currently retesting the issue using data reflecting the corrective action that addressed the E&Y & BearingPoint issues.
		O688	SBC is improperly applying exclusions in the calculation of PM 9 for Jul, Aug, or Sep'02	No		E&Y Work Paper: Reviewed and determined this not to be a material issue based on a preliminary review of December 2002 data that showed only 116 records affected across all five states	SBC corrected the issue related to the omission of false rejects for Revisions. This change was made for Jan '03 results going forward. July and August results will not be restated based on SBC Midwest's criteria for restatement (i.e., > 5% materiality)
		O725 <sup>4</sup>	SBC is improperly applying exclusions in the calculation of PM's 10.4 and MI 2 for Jul, Aug and Sep'02.	Yes	Section 4, #7(i)		BearingPoint is currently retesting the issue using data reflecting the corrective action that addressed the E&Y & BearingPoint issues.
		O743 <sup>4</sup>	SBC is improperly applying exclusions in the calculation of PM 7.1 for the Jul and Aug'02 data months.	Yes	Section 4, #6		This finding did not meet SBC Midwest's criteria for restatement and has been fixed going forward, therefore BearingPoint closed this item as "unsatisfied".  BearingPoint would need to move to a month whose results reflect the corrective action that was implemented in Feb '03.

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		O746	SBC is improperly applying exclusions in the calculation of PM 13 for the Jul, Aug and Sep'02 data months.	No		E&Y Work Paper: Reviewed and determined this not to be an issue as rejects are excluded due to the fact that they are not eligible to be counted as flow through	SBC believes that it is properly excluding rejected transactions from PM 13 "Order Process Percent Flowthrough". SBC will propose a modification in the next 6-month review to change the exclusions listed in the business rule for PM 13 to address this issue.
		O755	SBC is improperly applying exclusions in the calculation of PM 10.1, 10.2, 10.3, 11.1, 11.2 and 95 for Jul, Aug and Sep'02.	No		E&Y Work Paper: Reviewed and determined this not to be a material issue as false rejects represent less than .3% in any state	SBC corrected the issue related to the omission of false rejects for Revisions. This change was made for January 2003 results going forward. July and August results will not be restated based on SBC Midwest's criteria for restatement (i.e., > 5% materiality)
		O778 <sup>4</sup>	SBC is improperly applying exclusions in the calculation of PM 5.2 for the Jul'02 data month.	Yes	Section 3, #2(i)		This finding did not meet SBC Midwest's criteria for restatement and has been fixed going forward, therefore BearingPoint closed this item as "unsatisfied".  BearingPoint would need to move to a month whose results reflect the corrective action that was implemented in Feb '03.
		O787	SBC is improperly applying exclusions in the calculation of 6 PM's for Jul, Aug and Sep'02.	No		E&Y Work Paper: Reviewed and determined this not to be a material issue.	SBC corrected the issues related to the to improper exclusions. This change was made for November 2002 results going forward. July, August, and September results will not be restated based on SBC Midwest's criteria for restatement (i.e., > 5% materiality)
		O803	SBC is improperly applying exclusions in the calculation of PM 10, and PM 11 for Jul, Aug and Sep'02.	Undetermined		Unable to determine if it is included in the E&Y report at this time.	SBC corrected reporting logic to exclude LNP orders that are greater than 100 lines. This change was made for September 2002 results going forward. July and August results will not be restated based on SBC Midwest's criteria for restatement (i.e., > 5% materiality)
30	5-4 C Billing Measures	O694	SBC is improperly applying exclusions in the calculation of PM 19 for Jul, Aug. and Sep'02.	No		E&Y Work Paper: Reviewed and determined this not to be a material issue as all results are 100%	BearingPoint has identified an issue in which SBC believes it is holding itself to a higher standard for reporting its PM results then required under the current business rules as tested by BearingPoint. The BearingPoint scoring methodology requires a "unsatisfied" mark regardless of the fact that SBC Midwest's calculations are more stringent then required by the business rules as interpreted by BearingPoint.

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31	5-4 E Provisioning Measures	O628	SBC is improperly applying exclusions in the calculation of PM 29 for Jul, Aug, Sep'02.	Yes	Attachment B <sup>5</sup> , #17		SBC believes they are currently reporting this Performance Measurement consistent with the intent of the business rules but has, for documentation purposes only, clarified those rules in the latest 6 month PM review. These clarifications have been approved by the MPSC. Although BearingPoint had closed this observation as "unsatisfied," they will be retesting using the clarified business rules.
		O711	SBC is improperly applying exclusions in the calculation of PM's 45 and 58 for Jul, Aug and Sep'02.	Yes	Attachment B <sup>5</sup> , #17		SBC believes they are currently reporting this Performance Measurement consistent with the intent of the business rules but has, for documentation purposes only, clarified those rules in the latest 6 month PM review. These clarifications have been approved by the MPSC. Although BearingPoint had closed this observation as "unsatisfied," they will be retesting using the clarified business rules.
		O717	SBC is improperly applying exclusions in the calculation of PM 55.2 for the Jul, Aug and Sep'02 data months.	No		E&Y Work Paper: Reviewed code and SBC Midwest's response and determined this is not to be an issue	Upon implementing the programming code outlined by SBC and using the updated data provided on February 27, BearingPoint was able to match SBC's posted results. BearingPoint has closed this observation as satisfied.
		O739	SBC is improperly applying exclusions in the calculation of PM 28 for the Jul, Aug and Sep'02 data months.	Yes	Attachment B <sup>5</sup> , #16		BearingPoint will be retesting the issue using data reflecting the corrective action that addressed these issues. Additionally, business rule clarifications agreed upon in the six-month review have been approved by the MPSC which relate to these interpretations.
		O748	SBC is improperly applying exclusions in the calculation of the retail analogs for all of the RRS Provisioning and Maintenance & Repair POTS UNE-P measures for the Jul, Aug and Sep'02 data months.	Yes	Attachment B <sup>5</sup> , #15		BearingPoint has closed O748, but opened O814. SBC is currently analyzing O814 to determine whether any corrective action is required.
		O749	SBC is improperly applying exclusions in the calculation of PM 55.2 and PM 56.1 for the Jul, Aug and Sep'02 data months.	No		E&Y Work Paper: Reviewed and determined this not to be an issue	Upon receiving clarification from SBC regarding the proper identification of NPAC caused misses, BearingPoint was able to match SBC's posted results. BearingPoint has closed this observation as satisfied.
		O768	SBC is improperly applying exclusions in the calculation of PM 56 for Jul, Aug, and Sep'02.	Yes	Attachment B <sup>5</sup> , #25		BearingPoint is considering additional information provided by SBC Midwest. SBC Midwest expects this observation to be closed as satisfied by BearingPoint upon completing their review of the additional documentation. BearingPoint is currently retesting.

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		O776	SBC is improperly applying exclusions in the calculation of PM 55.1 for the Jul'02 data month.	No		E&Y Work Paper: Reviewed and determined this not to be a material issue based on data analysis	SBC has updated its calculation to include orders with the "Not Met Codes" in the exclusion criteria. This change was made for august 2002 results going forward. July results will not be restated based on SBC Midwest's criteria for restatement (i.e., > 5% materiality)
32	5-4 F Maintenance & Repair Measures	O716	SBC is improperly applying exclusions in the calculation of PM's 66 and 68 in the Jul, Aug and Sep'02 data months.	Yes	Attachment B <sup>5</sup> , #23		SBC believes they are currently reporting this Performance Measurement consistent with the intent of the business rules but has, for documentation purposes only, clarified those rules in the latest 6 month PM review. These clarifications have been approved by the MPSC. Although BearingPoint had closed this observation as "unsatisfied," they will be retesting using the clarified business rules.
		O748	SBC is improperly applying exclusions in the calculation of the retail analogs for all of the RRS Provisioning and Maintenance & Repair POTS UNE-P measures for the Jul, Aug and Sep'02 data months.	Yes	Attachment B <sup>5</sup> , #15		BearingPoint has closed O748, but opened O814. SBC is currently analyzing O814 to determine whether any corrective action is required.
33	5-4 G Interconnection Trunk Measures	O719	SBC is improperly applying exclusions in the calculation of PM 78 for the Jul, Aug and Sep'02 data months.	Yes	Attachment B <sup>5</sup> , #26		SBC believes they are currently reporting this Performance Measurement consistent with the intent of the business rules but has, for documentation purposes only, clarified those rules in the latest 6 month PM review. These clarifications have been approved by the MPSC. Although BearingPoint had closed this observation as "unsatisfied," they will be retesting using the clarified business rules.
		O804	SBC is improperly applying exclusions in the calculation of PM 75 for Jul, Aug and Sep'02.	Undetermined		Unable to determine if it is included in the E&Y report at this time.	SBC Midwest has reviewed the BearingPoint issue and is not in concurrence with BearingPoint interpretation of the business rule.
34	5-4 I Local Number Portability Measures	O710	SBC is improperly applying exclusions in the calculation of PM's 96, 97 and 98 for Jul, Aug and Sep'02.	Yes	Attachment B, #29		SBC Midwest is still reviewing the BearingPoint finding. The E&Y reference addresses only one of the performance measures (97).
		O747	SBC is improperly applying exclusions in the calculation of PM's 100 and 101 for the Jul, Aug and Sep'02 data months.	No		E&Y Work Paper: Reviewed and determined this not to be an issue	SBC corrected the issue related to improperly applying exclusions for "work was completed on time, but not posted/closed in system to reflect on-time completion". This change was made for February 2003 results going forward. July, August, and September data will not be restated based on SBC Midwest's criteria for restatement (i.e., > 5% materiality)

**BearingPoint Performance Metric Test  
"Not Satisfied" Test Criteria - PMR 5**

BearingPoint 3/7/2003 Test Report				In E/Y Report <sup>1</sup>			BearingPoint Test
Item #	Test Criteria & Measure Group	Observation / Exception	Test Findings	Yes / No	Report Reference	If "No" (Explanation Included) <sup>2</sup>	Current Status <sup>3</sup>
		O755	SBC is improperly applying exclusions in the calculation of PM 10.1, 10.2, 10.3, 11.1, 11.2 and 95 for Jul, Aug and Sep'02.	No		E&Y Work Paper: Reviewed and determined this not to be a material issue as false rejects represent less than .3% in any state	SBC corrected the issue related to the omission of false rejects for Revisions. This change was made for January results going forward. July and August results will not be restated based on SBC Midwest's criteria for restatement (i.e., > 5% materiality)
35	5-4 J 911 Measures	O724 <sup>4</sup>	SBC is improperly applying exclusions in the calculation of PM 104.1 for Jul, Aug and Sep'02.	Yes	Section 2B, #8(ii)		BearingPoint has identified an issue in which SBC believes it is holding itself to a higher standard for reporting its PM results than required under the current business rules as tested by BearingPoint. The BearingPoint scoring methodology requires a "unsatisfied" mark regardless of the fact that SBC Midwest's calculations are more stringent than required by the business rules as interpreted by BearingPoint. SBC will propose a modification to the next six-month review to address this issue.
36	5-4 K Poles, Conduits & Right of Way Measures	O623 <sup>4</sup>	SBC's posted results for PM 105 and PM 106 do not follow the Jul, Aug, Sep'02 published metrics business rules.	Yes	Attachment B, #1		BearingPoint is currently retesting the issue using data reflecting the corrective action that addressed this issue. Since the 12/19 E&Y report, E&Y has also identified this as an issue in Michigan and other jurisdictions.
37	5-4 L Collocation Measures	O723	SBC is improperly applying exclusions in the calculation of PM 109 for Jul, Aug and Sep'02.	Yes	Attachment B <sup>5</sup> , #31		SBC believes they are currently reporting this Performance Measurement consistent with the intent of the business rules but has, for documentation purposes only, clarified those rules in the latest 6 month PM review. These clarifications have been approved by the MPSC. Although BearingPoint had closed this observation as "unsatisfied," they will be retesting using the clarified business rules.

**BearingPoint Performance Metric Test  
"Not Satisfied" Test Criteria - PMR 5**

BearingPoint 3/7/2003 Test Report				In E/Y Report <sup>1</sup>			BearingPoint Test
Item #	Test Criteria & Measure Group	Observation / Exception	Test Findings	Yes / No	Report Reference	If "No" (Explanation Included) <sup>2</sup>	Current Status <sup>3</sup>
38	5-4 M Directory Assistance Database Measures	O689 <sup>4</sup>	SBC is improperly applying exclusions in the calculation of PM's 110 and 111 for Jul, Aug, or Sep'02	Yes	Attachment B <sup>5</sup> , #32		Issue 1 - BearingPoint has identified an issue in which SBC believes it is holding itself to a higher standard for reporting its PM results then required under the current business rules as tested by BearingPoint. The BearingPoint scoring methodology requires a "unsatisfied" mark regardless of the fact that SBC Midwest's calculations are more stringent then required by the business rules as interpreted by BearingPoint. BearingPoint would need to move to a month whose results reflect the corrective action taken effective in Nov '02. Issue 2 - Also while closed unsatisfied by BearingPoint (BE), this issue has been resolved in the 6 month PM review and will be retested by BearingPoint. BearingPoint allows no room for interpretation of the business rules, as such, any documentation issues, were required to be approved by the MPSC, before BearingPoint would consider them in their evaluation criteria.
39	5-4 N Coordinated Conversion Measures	O677	SBC's posted results for PM 115 do not follow the Jul, Aug, or Sep'02 published metrics business rules.	No		E&Y Work Paper: Reviewed and determined this not to be a material issue as there were no orders greater than 60 for March'02, April'02 and May'02 except for WI which had one in March > 60 minutes and one in May > 120 Minutes.	SBC corrected the issue related to not reporting transactions in multiple measure disaggregations. This change was made for January results going forward. July and August results will not be restated based on SBC Midwest's criteria for restatement (i.e., > 5% materiality)
		O709	SBC is improperly applying exclusions in the calculation of PM 115.2 for Jul, Aug and Sep'02.	No		E&Y Work Paper: Reviewed and determined this not to be an issue as the results correctly exclude No Access	SBC properly excludes "no access to the end user's location" as this exclusion is built into the "Actual Duration" field which is used to report this PM. SBC has provided BearingPoint with additional information regarding the calculation of the "Actual Duration Field".
		O722	SBC is improperly applying exclusions in the calculation of PM's: 114, 115, 115.1, 115.2 and MI 3 for Jul, Aug and Sep'02	Yes	Attachment B <sup>5</sup> , #33		SBC believes they are currently reporting this Performance Measurement consistent with the intent of the business rules but has, for documentation purposes only, clarified those rules in the latest 6 month PM review. These clarifications have been approved by the MPSC. Although BearingPoint had closed this observation as "unsatisfied," they will be retesting using the clarified business rules.
		O738 <sup>4</sup>	SBC is improperly applying exclusions in the calculation of PM 115.1 for Jul, Aug and Sep'02.	Yes	Attachment B, #34		SBC corrected the issue related to exclusions of network troubles. This change was made for Feb '03 going forward. July, August and Sept '02 results will not be restated based on SBC Midwest's criteria for restatement (i.e., diagnostic measure)

**BearingPoint Performance Metric Test  
"Not Satisfied" Test Criteria - PMR 5**

BearingPoint 3/7/2003 Test Report				In E/Y Report <sup>1</sup>			BearingPoint Test
Item #	Test Criteria & Measure Group	Observation / Exception	Test Findings	Yes / No	Report Reference	If "No" (Explanation Included) <sup>2</sup>	Current Status <sup>3</sup>
		O777	SBC is improperly applying exclusions in the calculation of PM 115.1 for the Jul, Aug and Sep'02 data months.	Yes	Attachment B <sup>5</sup> , #34		SBC believes they are currently reporting this Performance Measurement consistent with the intent of the business rules but has, for documentation purposes only, clarified those rules in the latest 6 month PM review. These clarifications have been approved by the MPSC. Although BearingPoint had closed this observation as "unsatisfied," they will be retesting using the clarified business rules.
40	5-4 P Bonafide Request Measures	None	If a test point in the measure family failed to meet the threshold, BearingPoint automatically fails the subsequent test points in the measure family.	N/A			BearingPoint labels this test point as "unsatisfied", merely because test point 5-2-P failed to meet the BearingPoint threshold. Therefore, subsequent test points in this measure family also fail.
41	5-4 Q Facilities Modification Measures	O711	SBC is improperly applying exclusions in the calculation of PM's 45 and 58 for Jul, Aug and Sep'02.	Yes	Attachment B <sup>5</sup> , #17		SBC believes they are currently reporting this Performance Measurement consistent with the intent of the business rules but has, for documentation purposes only, clarified those rules in the latest 6 month PM review. These clarifications have been approved by the MPSC. Although BearingPoint had closed this observation as "unsatisfied," they will be retesting using the clarified business rules.
		O718	SBC is improperly applying exclusions in the calculation of PM's CLEC WI 6, CLEC WI 7, CLEC WI 8 and CLEC WI 9 for Jul, Aug and Sep'02.	Yes	Attachment B <sup>5</sup> , #1		SBC believes they are currently reporting this Performance Measurement consistent with the intent of the business rules but has, for documentation purposes only, clarified those rules in the latest 6 month PM review. These clarifications have been approved by the MPSC. Although BearingPoint had closed this observation as "unsatisfied," they will be retesting using the clarified business rules.
42	5-4 R Other Measures	O637 <sup>4</sup>	SBC is improperly applying exclusions in the calculation of PM MI 14	Yes	Section 3, #16(i)		BearingPoint is currently retesting the issue using data reflecting the corrective action that addressed the E&Y & BearingPoint issues.
		O661 <sup>4</sup>	SBC is improperly applying exclusions in the calculation of PM's 13.1, 91, 99, MI9, and MI13 for Jul, Aug, or Sep'02	Yes	MI 13, Section 4, #21(iii), MI 9, Section 3, #12(i)		BearingPoint is currently retesting the issue using data reflecting the corrective action that addressed the E&Y & BearingPoint issues.
		O741 <sup>4</sup>	SBC is improperly applying exclusions in the calculation of PM CLEC WI5 for the Jul, Aug and Sep'02 data months.	Yes	Section 4, #31		SBC corrected the issue related to exclusions. This change was made for Feb '03 going forward. July, August and Sept '02 results will not be restated based on SBC Midwest's criteria for restatement (i.e., >5% materiality). SBC is currently assessing whether to restate these measure merely to satisfy the BearingPoint test criteria.

**BearingPoint Performance Metric Test  
"Not Satisfied" Test Criteria - PMR 5**

BearingPoint 3/7/2003 Test Report				In E/Y Report <sup>1</sup>			BearingPoint Test
Item #	Test Criteria & Measure Group	Observation / Exception	Test Findings	Yes / No	Report Reference	If "No" (Explanation Included) <sup>2</sup>	Current Status <sup>3</sup>
		O787	SBC is improperly applying exclusions in the calculation of 6 PM's for Jul, Aug and Sep'02.	No		E&Y Work Paper: Reviewed and determined this not to be a material issue.	SBC corrected the issues related to the improper exclusions. This change was made for November 2002 results going forward. July, August, and September results will not be restated based on SBC Midwest's criteria for restatement (i.e., > 5% materiality)

Reference Notes	
1	Based on information contained in the Appendix A Management Assertions of the Dolan Horst Affidavit, Attachment F dated 12/19/02 filed in docket WC No. 03-16, on January 16, 2003.
2	Based on an analysis of the information contained in the E&Y workpapers entitled "BearingPoint Exceptions and Observations - Master Index - Phase 1" and "BearingPoint Exceptions and Observations - Master Index - Phase 2"
3	Status is based upon SBC Midwest's current understanding of BearingPoint's test results as of March 25, 2003. See also, Attachment A to the Ehr Reply Aff., which provides a more detailed current status and SBC Midwest's assessment of the impact on reported results for the open BearingPoint PMR observations and exceptions, as of February 25, 2003.
4	BearingPoint's initial testing was prior to the corrective action taken for the E&Y identified issue
5	Attachment B, page 1 indicates that E&Y does not consider these interpretations as exceptions to compliance with the business rules and SBC has not made modifications other than those noted in the six-month review.

	Issue was identified as an interpretation or as needing corrective action in the EY Report. BP testing was prior to SBC taking corrective action on the EY issue and either 1) BP is re-testing or has retested using data reflective of the corrective action or 2) BP's re-testing is not yet using data reflective of the corrective action.
	Issue was caused by a difference in interpretation of the business rule. EY either 1) did not disagree with SBC's interpretation or 2) the interpretation was not reviewed by EY. A clarification of the business rule that confirms SBC's interpretation has been approved by the MPSC as an outcome of the six month review process. [See Attachment D to Ehr Reply Aff.]
	Issue was reviewed by EY. In its report, EY did not identify this as an issue needing corrective action on the basis of EY's determination that the issue did not have a material impact on results. SBC has corrected the issue on a going-forward basis.
	The BP observation/notification report has been closed with a satisfied status because SBC has successfully demonstrated to BP that BP was mistaken in its initial analysis. BP has subsequently agreed there was no issue.
	SBC has taken corrective action to address the BP observation/notification and/or SBC's analysis shows that the change has an immaterial impact on results, i.e., a change is material only if the measure is not diagnostic and changes the outcome from a "make" to a "miss" or if it changes the result by more than 5%.

# **Attachment A**

## Exhibit 4

A number of observations and notification reports (“NRs”) contributing to a “Not Satisfied (in Retest)” for a PMR-5 test point have been successfully resolved since the issuance of the BearingPoint March 7 Update Report. The chart below summarizes the issues listed in Exhibit 3 that either have been (or are proposed to be) closed with a status of "Satisfied" because SBC has successfully demonstrated that BearingPoint's initial analysis of the issue was in error.

Item #	Observation or Notification Report	BearingPoint Reference	Page	Status/Date
6	NR90	Email notice from BearingPoint	NA	Closed, March 12, 2003
6	NR91	Email notice from BearingPoint	NA	Closed, March 12, 2003
6	NR93	Email notice from BearingPoint	NA	Closed, March 12, 2003
6	NR94	Email notice from BearingPoint	NA	Closed, March 12, 2003
7	O547	OSS Test Closed Observation Status Report 3/25/03	164	Closed, March 11, 2003
11	NR77	Email notice from BearingPoint	NA	Closed, March 19, 2003
31	O717	OSS Test Open Observation Status Report 3/25/03	298	Closed, March 18, 2003
31	O749	OSS Test Closed Observation Status Report 3/25/03	76	Proposed to Close, March 25, 2003

Below is an email from BearingPoint regarding the status of the five NRs referenced in the above matrix.

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From: Casey, Christopher R (BearingPoint)  
 [REDACTED]  
 Sent: Friday, March 28, 2003 10:23 AM  
 To: FIORETTI, SAL (SBC-MSI); Casey, Christopher R (BearingPoint); Nadeau, Alyssa A (BearingPoint)  
 Cc: HICKS, MATT (SBC-MSI); Kilmister, Kristine L (BearingPoint)  
 Subject: RE: NRs under Investigation

Sal-

Each of these NRs (077, 090, 091, 093, 094) has been resolved satisfactorily and closed. Through collaborative work with SBC, BearingPoint was able to match the identified values reported by SBC for the applicable data month(s) (evaluation criteria 2).

Please call me on my cell phone if you need anything else.

Thanks, Chris  
 Christopher Casey  
 BearingPoint  
 Chicago Phone: [REDACTED]  
 Cell Phone: [REDACTED]

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The BearingPoint Closed Observation Report cited above can be found at:  
[http://www.osstesting.com/Documents/Obs\\_Exc\\_Status\\_Repts/Obs%20400+%20Status%20Report%203-25-03%20CLOSED.pdf](http://www.osstesting.com/Documents/Obs_Exc_Status_Repts/Obs%20400+%20Status%20Report%203-25-03%20CLOSED.pdf)

The BearingPoint Open Observation Report cited above can be found at:  
[http://www.osstesting.com/Documents/Obs\\_Exc\\_Status\\_Repts/Obs%20Status%20Report%203-25-03%20OPEN.pdf](http://www.osstesting.com/Documents/Obs_Exc_Status_Repts/Obs%20Status%20Report%203-25-03%20OPEN.pdf)

**Attachment A**  
Exhibit 5

## Observation #'s 802, 805 and 806 – BearingPoint Inability To Replicate July 2002 Results<sup>1</sup>

Observations 802, 805 and 806 were issued by BearingPoint to communicate their inability to replicate July 2002 reported results for PMs 92, 96 and 97. These PMs report on LNP provisioning as follows:

- PM 92 – Percent of time Michigan Bell releases the subscription prior to expiration of the second 9-hour timer
- PM 96 – Percent Michigan Bell premature disconnects of LNP orders
- PM 97 – Percent of time Michigan Bell applies the 10-digit trigger prior to the LNP order due date

SBC Midwest continues to research each of these observations and will be providing a response to BearingPoint. In the meantime, assuming BearingPoint's calculated numerators and denominator for Michigan provided in the observations are correct, there is nevertheless no material impact on reported results. The table below provides results reported by SBC Midwest for Michigan activity, along with the numerators and denominators provided by BearingPoint in their observations. SBC Midwest calculated the results from BearingPoint's numerators and denominators and compared those results to the reported results. As can be seen, the impact of the difference in numerators and denominators identified in BearingPoint's observations is not material.

	Reported July 2002 Results	BearingPoint Results
<b>PM 92 (Observation 802)</b> <a href="http://www.osstesting.com/Documents/Observations/Observation%20802vf.pdf">http://www.osstesting.com/Documents/Observations/Observation%20802vf.pdf</a>		
CLEC Numerator	13,181	12,978
CLEC Denominator	13,356	13,146
CLEC Result	98.69%	98.72%
<b>PM 96 (Observation 805)</b> <a href="http://www.osstesting.com/Documents/Observations/Observation%20805vf.pdf">http://www.osstesting.com/Documents/Observations/Observation%20805vf.pdf</a>		
CLEC Numerator (LNP Only)	32	32
CLEC Denominator (LNP Only)	2,351	2,300
CLEC Result (LNP Only)	1.36%	1.39%
CLEC Numerator (LNP With Loop)	0	0
CLEC Denominator (LNP With Loop)	1,381	1,348
CLEC Result (LNP With Loop)	0.00%	0.00%
<b>PM 97 (Observation 806)</b> <a href="http://www.osstesting.com/Documents/Observations/Observation%20806vf.pdf">http://www.osstesting.com/Documents/Observations/Observation%20806vf.pdf</a>		
CLEC Numerator (LNP Only)	2,271	2,219
CLEC Denominator (LNP Only)	2,321	2,269
CLEC Result (LNP Only)	97.85%	97.80%
CLEC Numerator (LNP With Loop)	4,651	4,479
CLEC Denominator (LNP With Loop)	4,678	4,505
CLEC Result (LNP With Loop)	99.42%	99.42%

<sup>1</sup> Exhibit 3, Item # 7, Test Criteria 5-2I

## Observation # 803 – Exclusion of Complex LNP Orders with More Than 50 Lines from PMs 10 and 11<sup>2</sup>

Observation #803 was issued by BearingPoint based on their identification that the SBC Midwest PM systems improperly excluded Complex LNP orders with greater than 50 lines from PMs 10 and 11. PMs 10 and 11 assess the timeliness in which SBC Midwest provides reject notifications to CLECs when an order is rejected.

This issue was corrected effective with September 2002 results reported in October 2002, and as such does not impact the performance data from September 2002 forward Michigan Bell has provided to the FCC and is relying upon. SBC Midwest assessed the impact of this issue on previously reported results for July 2002 and August 2002. It was determined that 80 additional Complex LNP orders should have been included in the Ordering measures for July (compared to 40,031 rejects issued) and 40 additional Complex LNP orders should have been included for August (compared to 38,151 rejects). Assuming each of these 80 orders in July and 40 orders in August were rejected, performance on PMs 10 and 11 would not have been materially impacted.

The table below provides the results reported for July and August 2002 for PM 10. In addition, it includes the hypothetical results for those two months if we assume that each of the Complex LNP orders not considered in PM 10 were in fact rejects and failed the one hour benchmark. As can be seen, this worst-case scenario results in no material impact on reported results. The table also provides hypothetical results for PM 11 assuming, again, that each of the orders was rejected, and assuming that each took twice as long as the reported average. As can be seen, the impact of this hypothetical situation is also not material.

	July 2002	August 2002
<b>PM 10</b>		
Reported CLEC Numerator (rejects sent within 1 hour)	40,021	38,129
Reported CLEC Denominator (total rejects sent)	40,031	38,151
Reported CLEC Result	99.97502%	99.94233%
Hypothetical CLEC Numerator	40,101	38,169
Hypothetical CLEC Denominator	40,111	38,191
Hypothetical CLEC Result	99.97507%	99.94240%
<b>Difference</b>	<b>0.00005</b>	<b>0.00013</b>
<b>PM 11</b>		
Reported CLEC Numerator (total hours to send the rejects)	1232.86 hrs	2061.48 hrs
Reported CLEC Denominator (total rejects sent)	37,863	35,846
Reported CLEC Result	0.03256 hrs	0.05751 hrs
Hypothetical CLEC Numerator	1237.66	2066.28
Hypothetical CLEC Denominator	37,943	35,886
Hypothetical CLEC Result	0.03261 hrs	0.05757 hrs
<b>Difference</b>	<b>0.00005</b>	<b>0.00006</b>

<sup>2</sup> Exhibit 3, Item # 29, Test Criteria 5-4B

## Observation # 812 – Coding Errors for Hours of Operation and Loop Qual Archival Actuals Trans Types<sup>3</sup>

Observation #812 was issued by BearingPoint based on their inability to replicate PM2 results for July 2002. PM2 measures the response time for SBC Midwest preordering interfaces.

This issue was corrected effective with November 2002 results reported in December 2002, and August 2002 through October 2002 results were restated on December 5, 2002. As such this issue does not impact the performance data from September 2002 forward Michigan Bell has provided to the FCC and is relying upon. SBC Midwest assessed the impact of this issue on previously reported results for July 2002. It was determined even if the BearingPoint July 2002 results were used for reporting that the PM2 results would not have been materially impacted.

The table below provides the results reported for July 2002 for PM 2 using the BearingPoint and SBC Midwest results. As can be seen, using the BearingPoint data results in no material impact on reported results. In fact, using the BearingPoint data actually results in an improvement in the results.

	BearingPoint	SBC Midwest
<b>PM 2-Percent Responses Rcvd w/l 7.0 Sec-Request for CSR-Web Verigate</b>		
Reported CLEC Numerator (responses w/l 7.0 sec.)	24157	23829
Reported CLEC Denominator (total responses)	25019	24688
Reported CLEC Result	96.55%	96.52%
<b>Difference</b>		<b>0.03</b>
<b>PM 2-Percent Responses Rcvd w/l10.0 Sec-Request for CSR-Web Verigate</b>		
Reported CLEC Numerator (responses w/l 10.0 sec.)	24483	24154
Reported CLEC Denominator (total responses)	25019	24688
Reported CLEC Result	97.86%	97.84%
<b>Difference</b>		<b>0.02</b>

Data Source: <http://www.osstesting.com/Documents/Observations/Observation%20812vf.pdf>

<sup>3</sup> Exhibit 3, Item # 1, Test Criteria 5-2A

## Observation # 818 – BearingPoint Inability To Replicate July, August and September 2002 Results for PM 104.1<sup>4</sup>

Observation 818 was issued by BearingPoint to communicate their inability to replicate July, August and September 2002 reported results for PM 104.1. PM 104.1 reports the average time it takes for Michigan Bell to unlock the 911 database record when the CLEC has taken over the line or circuit.

Issues were identified in the E&Y audit with the implementation of PM 104.1, where SBC was not able, in certain situations, to accurately match the unlock record provided by the 911 database vendor (a third-party, Intrado) with the service order completion record that initiated the unlock activity. PM 104.1 calls for the interval between service order completion and the 911 database unlock to be measured. Without an accurate match, that interval cannot be calculated. SBC Midwest has put in place a number of enhancements to the PM 104.1 implementation over the past several months. These enhancements have increased the match accuracy level to greater than 95%.

Important to note in the data BearingPoint provides for Observation 818 is that the performance reported for Michigan Bell in all cases reflects higher volumes and a longer average interval for the unlock to occur in. If it is determined that BearingPoint's results are more accurate than the reported results, Michigan Bell's reported performance for those months will be understated.

PM 104.1 is a diagnostic PM, with no defined standard of comparison. As such, materiality with regard to succeeding or failing against a standard of comparison cannot be assessed. For diagnostic measures, SBC Midwest typically addresses any issues with the measure implementation on a going-forward basis and generally would not restate prior results.

	Reported Results	BearingPoint Results
<b>July 2002</b>		
CLEC Numerator (days)	15,158	1,427
CLEC Denominator (unlocks)	4,709	3,325
CLEC Result (average days)	3.22	0.43
<b>August 2002</b>		
CLEC Numerator (days)	5,881	2,723
CLEC Denominator (unlocks)	5,463	5,155
CLEC Result (average days)	1.08	0.53
<b>September 2002</b>		
CLEC Numerator (days)	2,092	779
CLEC Denominator (unlocks)	2,993	2,808
CLEC Result (average days)	0.70	0.28

Data Source: <http://www.osstesting.com/Documents/Observations/Observation%20818vf.pdf>

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<sup>4</sup> Exhibit 3, Item # 8, Test Criteria 5-2J

# **Attachment B**

### **CHANGE MANAGEMENT**

A number of CLECs have argued that SBC Midwest has not followed its change management process (“CMP”), because it allegedly made unannounced changes to its systems. See, e.g., AT&T Comments at 24-25; AT&T Reply Comments at 5-13; TDS Metrocom Comments at 22; TDS Metrocom Reply Comments at 2-3; WorldCom Reply Comments at 8-9. See also DOJ Evaluation at 6-7. Based upon SBC’s review of these comments, AT&T was the only CLEC to provide specific examples of instances where they claimed SBC Midwest failed to follow its CMP when making changes to its systems and interfaces. In response, SBC admitted that in one instance it failed to follow CMP, and fully responded to all but one of the other AT&T allegations. Cottrell/Lawson Joint Reply Aff. ¶¶ 19-38 (Reply App., Tab 5); Ex Parte Letter from Geoffrey M. Klineberg, Kellogg, Huber, Hansen, Todd & Evans, P.L.L.C., to Marlene H. Dortch, FCC (Mar. 14, 2003), Attach. D. In evaluating this issue in terms of checklist compliance, it is important to put these isolated instances into context.

First, in March 2001, SBC Midwest implemented SBC’s uniform 13-state CMP. This uniform 13-state CMP was negotiated with CLECs as a result of the SBC/Ameritech Merger Conditions and was implemented in each of SBC’s 13 states. It is the same process that was reviewed and approved by the Commission in the Arkansas/Missouri application, Arkansas/Missouri Order ¶ 15, and as recently as last December in connection with Pacific Bell’s California 271 application, California Order ¶ 96. In addition, the uniform 13-state CMP included the 8-state CMP that was reviewed and approved by the Commission in connection with the Texas and Kansas/Oklahoma 271 applications. See Texas Order ¶ 110; Kansas/Oklahoma Order ¶ 166. In each of these applications, the Commission has found that SBC provides nondiscriminatory access to its OSS, including an adequate CMP.

Second, setting aside the debate over whether or not SBC Midwest failed to follow its CMP in the total of eight specific instances identified by AT&T, these instances represent an extremely small number of “mistakes” when compared to the relevant universe. In April 2002, SBC implemented the first release of the uniform 13-state OSS plan of record throughout the company including in SBC Midwest. This effort included the modification and/or creation of almost 5,000 program modules, close to 400 interfaces, over 200 databases, over 6,000 edits, and millions of lines of computer code. Throughout the rest of 2002, SBC continued to implement other releases agreed upon in the plan of record. As indicated by SBC in its response to AT&T, there is nothing in the CMP that prevents SBC Midwest from making programming changes to its systems as part of the normal information technologies maintenance process in order to make them operate more efficiently or to correct defects, provided that there are no changes to the agreed upon release requirements or business rules. See Cottrell/Lawson Joint Reply Aff. ¶ 20.

Prior to implementing any of these types of changes, SBC Midwest’s practice was to analyze them to determine whether they would alter the published business rules affecting CLEC’s pre-order inquiries and local service requests. In the case of the eight instances at issue, SBC did not believe that these changes would negatively impact the CLECs. During the September 2002 through February 2003 time frame in which these isolated instances identified by AT&T occurred, SBC made approximately 840 maintenance changes – which include the eight instances raised by AT&T – to the preorder and ordering systems that are for use by all CLECs. Thus, the eight instances of change that AT&T complains about as having adversely affected its operations represent less than one-percent of the total changes

made by SBC during this period of time. In any event, the CMP commitments made by SBC Midwest and approved by the MPSC are designed to reduce incidents of this nature.

SBC Midwest has already addressed seven of the eight instances alleged to be CMP violations in its Reply Comments and Ex Parte submissions. See Cottrell/Lawson Reply Aff. ¶¶ 23-25, 29-37. AT&T notes, however, that SBC Midwest did not respond to one incident, first raised in AT&T's Reply Comments, whereby AT&T received rejects for failing to populate the "DACT" field on the LSR, and argues that this "is an implicit recognition that it failed to comply with the CMP." DeYoung/Willard Supp. Decl. ¶ 84. See also DeYoung/Willard Reply Decl. ¶¶ 30-44. As explained below, that assertion is incorrect.

AT&T's allegation assumes that SBC Midwest should somehow have known that AT&T was submitting improperly formatted orders. As explained below, on February 15-16, 2003, SBC addressed an EDI mapping issue. AT&T fails to note, however, that the subsequent rejects were due to AT&T's ordering errors. While these rejects were unfortunate, SBC Midwest cannot reasonably be expected to anticipate CLEC impact when the CLEC is improperly formatting orders.

The Directory Delivery fields on a LSR – *i.e.*, the DIRTYP, DIRQTY and DACT fields – allow a CLEC to specify the type and quantity of directory listing books to be delivered to the end user. Under the business rules, if a CLEC populates either the DIRTYP (Directory Type) or DIRQTY (Number of Directory Type Segments) field, the CLEC must also populate the DACT field by specifying the requested action (*i.e.*, new, change or delete).<sup>1</sup> In other words, if either the DIRTYP or DIRQTY field is populated, but the DACT field is not populated, the order will be properly rejected. Contrary to the LSOR documentation, however, AT&T was populating only the DIRTYP and DIRQTY fields without also populating the DACT field.<sup>2</sup> See DeYoung/Willard Reply Decl. ¶ 34.

Unfortunately, AT&T's formatting error was not revealed during AT&T's testing for two reasons. First, AT&T failed properly to map the DIRQTY field to the "Directory Delivery" portion of the LSR where it belongs, incorrectly mapping it instead to the separate "Directory Listing" portion of the LSR. As a result, EDI treated the DIRQTY as extraneous information that could not be mapped to any directory field, and therefore ignored it. Had AT&T correctly mapped the DIRQTY field to the Directory Delivery portion of the LSR, AT&T's failure to populate the DACT field would have been discovered during testing.

Second, and separately, SBC Midwest identified that, due to an EDI mapping issue on its side of the interface, some "message text" fields were not being captured and sent to

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<sup>1</sup> The DACT field is not required to be populated if neither the DIRTYP nor DIRQTY fields are populated.

<sup>2</sup> Any assertion that the LSOR is somehow unclear is contradicted by the LSOR itself. See DeYoung/Willard Reply Decl. ¶¶ 35-36, 42. The LSOR DACT Note 3, which is found directly above the Orderings Conditions for the field – and not "buried in a footnote" – makes clear that the DACT field is "[r]equired when establishing, deleting or changing data in the Delivery sections, otherwise prohibited." See Exhibit attached hereto. Moreover, this information was covered with CLECs in walk-throughs prior to implementation. Any confusion over when the DACT field is required is therefore not attributable to the SBC Midwest's documentation.

downstream systems. Because the DIRTYP field is mapped as a “message text” field,<sup>3</sup> it was not being captured and sent to SBC Midwest’s downstream systems. Without this EDI mapping issue, AT&T’s formatting error (i.e., populating the DIRTYP field without populating the DACT field) would have been discovered during testing.

On the weekend of February 15-16, 2003, SBC Midwest corrected the EDI mapping error discussed above. With this correction, EDI used the DIRTYP information provided by AT&T to automatically populate the Directory Delivery portion of the order. Because AT&T had populated only the DIRTYP field without also populating the DACT field, SBC Midwest’s systems began to reject AT&T’s orders in accordance with published documentation. Notably, AT&T is the only CLEC to report any issues related to SBC Midwest’s EDI mapping change.

When no Directory Listing information is provided by the CLEC, SBC Midwest systems default so that the CLEC provides its end users with one white pages and one yellow pages directory. Because of the issues discussed above, SBC Midwest’s systems did not read the Directory Delivery information provided by AT&T and accordingly, provided directories based on the defaults. Based on SBC Midwest’s investigation, this was the quantity and type of directory delivery being requested by AT&T for its end users. Notably, AT&T acknowledges that, unless the end user desires more than one directory, it is no longer sending SBC Midwest Directory Delivery information and is using the defaults. See DeYoung/Willard Reply Decl. ¶ 38.

Finally, it is unreasonable for AT&T to claim that SBC Midwest should have anticipated AT&T’s failure to code to the published specifications. As described above, AT&T, and only AT&T, was impacted because it failed to format its orders according to the LSOR documentation and EDI mapping specifications. In any event, under the guidelines of the Improvement Plan, SBC Midwest will notify CLECs of all changes of this nature, allowing CLECs the opportunity to determine any impact on its processes.

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<sup>3</sup>Notably, AT&T also failed to map the DIRTYP field correctly to the Directory Delivery portion of the LSR. Instead, like the DIRQTY field, AT&T mapped the DIRTYP field to the Directory Listing portion of the LSR.

**Attachment B**  
Exhibit

**81. DACT - Delivery Activity**

Identifies the delivery activity for this request.

**VALID ENTRIES:**

- N = new delivery section
- D = delete delivery section
- I = Change new delivery section (new data to be inserted)
- O = Change old delivery section (old data)

**EDI DATA ELEMENTS:**

- Detail = D
- Associated Data Element /Value =
- SI DE1000=AD
- EDI Data Elements = SI DE234

USAGE: This field is conditional.

		ACTIVITIES					
		N	C	D	T	R	V
R E Q U E S T Y P	A	C	C		C	C	C
	B						C
	C						C
	E	C	C		C	C	C
	F	C	C		C	C	C
	J	C				C	
	K						
	M	C	C		C	C	C
	P	C	C		C	C	C
	R	C	C		C	C	C
	S	C	C		C	C	C
	T	C	C		C	C	C
	U	C	C		C	C	C
	V	C	C		C	C	C
	W	C	C		C	C	C
	X	C	C		C	C	C
	Y	C	C		C	C	C
Z	C	C		C	C	C	
2	C	C		C	C	C	
3	C	C		C	C	C	

**DACT field (continued...)****NOTES:**

1. When SC/SC1 is CT directory delivery is automatic.
2. When changing a delivery section, two iterations of the DL are required, one iteration would have a DACT of "O" to specify the data to be deleted. The other iteration would have a DACT of "I" to specify the new data.
3. Required when establishing, deleting or changing data in the Delivery sections, otherwise prohibited.
4. Only one directory listing address may be used as the delivery address.

**CONDITIONS:**

1. Prohibited when SC/SC1 is CT.
2. Required when SC/SC1 is AR, KS, MO, OK, or TX and LACT is not populated, otherwise optional.
3. Optional when SC/SC1 is CA, NV, IL, IN, MI, OH, WI and LSR ACT is N or T.
4. When DACT is populated, DIRTYP or DDASN is required.
5. Optional when SC/SC1 is CA, NV, IL, IN, MI, OH or WI and REQTYP is J.

**DATA ENTRY CONDITIONS:**

1. When SC/SC1 is AR, KS, OK, MO, TX, CA, NV, IL, IN, OH, WI or MI and REQTYP is A, B, C, or J and DACT value is "O", an additional DL record with DACT value "I" is required.
2. When SC/SC1 is AR, KS, OK, MO, TX, CA, NV, IL, IN, OH, WI or MI and REQTYP is A, B, C or J, and DACT value is "I" an additional DL record with DACT value "O" is required.
3. When valid entry is N, only one occurrence of the DACT field is allowed.

Data Characteristics: 1 alpha character

Field Example:

**N**

# **Attachment C**

**LINE LOSS NOTIFICATIONS**

AT&T has raised a number of issues<sup>1</sup> concerning the data provided by SBC in Tables 1 through 4 of its March 14 and March 20, 2003 ex parte letters.<sup>2</sup> For the purpose of providing Commission staff with greater detail about the source and content of the data reflected in Tables 1-4, SBC provides the following information in support of the evidence already on file in this proceeding.

**Table 1**

Table 1 was designed to show the total inaccurate/incomplete LLNs identified by SBC for the September 2002 through January 2003 time frame.<sup>3</sup> Where an LLN was either inaccurate or incomplete, it was included in Table 1 without regard to whether it might also have been corrected, resubmitted, and ultimately included as an “untimely” LLN in Table 2.<sup>4</sup> Accordingly, there was significant overlap between the two tables.

Table 1(a) provides back-up data for the “Total CLEC LLNs Provided” column of Table 1.

**Table 1(a) - Total CLEC LLNs Supporting Data**

All CLECs	Total CLEC LLNs Provided	MOR LLNs <sup>5</sup>	LASR LLNs
September 02	109,456	29,454	80,002
October 02	155,424	50,199	105,225
November 02	117,355	32,213	85,142

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<sup>1</sup> See Joint Supplemental Declaration of Karen W. Moore and Timothy Connolly (“Moore/Connolly Supp. Decl.”) ¶¶ 35- 53, attached to Ex Parte Letter from R. Merinda Wilson, Sidley Austin Brown & Wood LLP, to Marlene Dortch, FCC (Mar. 26, 2003).

<sup>2</sup> See Ex Parte Letter from Geoffrey M. Klineberg, Kellogg, Huber, Hansen, Todd & Evans, P.L.L.C., to Marlene H. Dortch, FCC (Mar. 14, 2003) (“March 14 Ex Parte”); Ex Parte Letter from Geoffrey M. Klineberg, Kellogg, Huber, Hansen, Todd & Evans, P.L.L.C., to Marlene H. Dortch, FCC (Mar. 20, 2003) (“March 20 Ex Parte”).

<sup>3</sup> Tables 1 and 4 have always reflected September through January data. Contrary to AT&T’s assertions (See Moore/Connolly Supp. Decl. ¶ 46), SBC has never represented that those tables included August data.

<sup>4</sup> Table 1 was not intended to include LLNs that were only “untimely” (i.e., LLNs that were not also either inaccurate or incomplete). Information on “untimely” LLNs is provided in Tables 2 and 3. AT&T complains that SBC failed to specify what constituted a “late” LLN for purposes of Table 1 (See Moore/Connolly Supp. Decl. ¶ 41). To clarify, an LLN was considered “late” for purposes of Table 1 if delivery of a correct LLN was delayed because of inaccuracy (including incorrect delivery of an otherwise accurate LLN), because the LLN was incomplete, or because the LLN was not generated electronically due to a system or processing error and had to be sent manually.

<sup>5</sup> When both the “winning” and “losing” CLEC used Issue 7 or currently use LSOR version 4.x, the LLN is sent via MOR. In all other circumstances, the LLN is sent via LASR.

**Table 1(a) - Total CLEC LLNs Supporting Data**

All CLECs	Total CLEC LLNs Provided	MOR LLNs <sup>5</sup>	LASR LLNs
<b>December 02</b>	115,937	24,307	91,630
<b>January 03</b>	140,783	15,394	125,389
<b>5 Month Total</b>	<b>638,955</b>	<b>151,567</b>	<b>487,388</b>

Because the “Total CLEC LLNs Provided” column of Tables 1 and 1(a) includes all LLNs generated by MOR and LASR, it includes LLNs provided to CLECs as the result of SBC Midwest winbacks, and as a result of CLEC-to-CLEC conversions.<sup>6</sup>

Table 1(b) provides a breakdown of the totals contained in the “LASR LLNs” column of Table 1(a).

**Table 1(b)**

	LASR LLNs	LASR ASI LLNs	Faxed LLNs Sent via LASR <sup>7</sup>
<b>September 02</b>	63,182	9,390	7,430
<b>October 02</b>	88,344	10,473	6,408
<b>November 02</b>	69,813	8,342	6,987
<b>December 02</b>	79,464	8,709	3,457
<b>January 03</b>	111,804	9,761	3,824
<b>5 Month Total</b>	<b>412,607</b>	<b>46,675</b>	<b>28,106</b>

Table 1(c) provides back-up data for the “Inaccurate/Incomplete” column of Table 1.

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<sup>6</sup> Similarly, Tables 2 and 3 also include LLNs provided as the result of SBC Midwest winbacks, and as a result of CLEC-to-CLEC conversions.

<sup>7</sup> CLECs may choose to have their LLNs delivered via fax, rather than LEX or EDI. See March 20 Ex Parte Letter at n. 6.

**Table 1(c) - Total Incomplete/Inaccurate Supporting Data**

All CLECs	Total Incomplete/ Inaccurate	EDI Incidents	AT&T (ABS) Issue 7 Fax <sup>8</sup>	Partial Migration Issue <sup>9</sup>	CLEC A Faxed LLNs <sup>10</sup>	Safety Net LLNs <sup>11</sup>	Manual LLNs <sup>12</sup>
<b>September 02</b>	8,876	7,738	0	37	0	1,101	0
<b>October 02</b>	1,998	0	298	105	0	1,136	459
<b>November 02</b>	5,363	3,883	390	119	33	847	91
<b>December 02</b>	5,165	2,488	409	131	1,099	673	365
<b>January 03</b>	4,338	2,460	564	238	15	559	502
<b>5 Month Total</b>	<b>25,740</b>	<b>16,569</b>	<b>1,661</b>	<b>630</b>	<b>1,147</b>	<b>4,316</b>	<b>1,417</b>

The break down of the “EDI Incidents” column in Table 1(c) is as follows:

**Table 1(d): EDI Incidents**

<b>September 02</b>	7,738	EDI Translator issue; some LLNs not sent <u>see</u> Cottrell/Lawson Reply Aff. ¶¶ 103-104); all LLNs for the 13 non-affiliated CLECs that were impacted are included. ASI was not impacted.
<b>October 02</b>	0	
<b>November 02</b>	3,883	LLNs Missing Conversion Dates ( <u>see</u> <u>Id.</u> ¶¶ 105-107); all LLNs for the 14 CLECs that were impacted (319 of which were for ASI) are included.
<b>December 02</b>	2,488	AT&T LLNs Sent on Version 4.02 ( <u>see</u> <u>Id.</u> ¶¶ 108-110)
<b>January 03</b>	2,460	WorldCom Delimiter Issue ( <u>see</u> <u>Id.</u> ¶¶ 111-113)

None of the information contained in the “Inaccurate/Incomplete LLNs” column of Table 1 is based on “anecdotal information,” nor is it limited to the claims of three CLECs.<sup>13</sup> In

<sup>8</sup> See March 14 Ex Parte Letter, Attach. A, ¶ 18.

<sup>9</sup> Id. ¶¶ 19-21

<sup>10</sup> Id. n. 9

<sup>11</sup> Id. n. 6; see also March 20 Ex Parte Letter, Attach., ¶ 2 n. 2.

<sup>12</sup> Cottrell/Lawson Reply Aff. ¶ 118; see also March 14 Ex Parte Letter, Attach. A, n. 6 and March 20 Ex Parte Letter, Attach., n. 5.

preparing Table 1, SBC reviewed its systems and records, and determined that these are the only instances of incorrect/incomplete LLNs (including those that were “generated but not sent”) of which SBC is aware for the months in question.<sup>14</sup> All such LLNs, for all CLECs, are included in Table 1.

AT&T implies that SBC has misled the Michigan Public Service Commission (“MPSC”) and the Illinois Commerce Commission concerning its correction of prior LLN errors related to partial migrations.<sup>15</sup> This implication is incorrect. The partial migration issue presented here resulted from an LSOG 5 programming defect.<sup>16</sup> As AT&T knows, the LLN fixes discussed in the regulatory proceedings it references were designed to correct LLN programming problems associated with LSOG 1, Issue 7 and LSOG 4. As noted in SBC’s Accessible Letters,<sup>17</sup> the LSOG 5 partial migration problem occurred in very limited and unusual circumstances, which were not revealed by the testing conducted by SBC and which, because of their rare occurrence, were not captured by any of the existing safety-net processes or revealed in the production environment.<sup>18</sup> The evidence presented by SBC demonstrates that once the problem was discovered, SBC took quick and appropriate steps to advise the CLECs and address the issue.

### **Tables 2 & 3**

As requested by Commission staff, Tables 2 and 3 approximate what the PM MI 13 results would have been if the new PM MI 13 business rules had been in place in the months covered by the tables. Thus, AT&T’s complaint that these tables do not show what the PM

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<sup>13</sup> See Moore/Connolly Supp. Decl. ¶ 39; see also Joint Supplemental Declaration of Sarah DeYoung and Walter W. Willard ¶ 109 (“DeYoung/Willard Supp. Decl.”), attached to Ex Parte Letter from Richard E. Young, Sidley Austin Brown & Wood LLP, to Marlene H. Dortch, FCC (Mar. 25, 2003).

<sup>14</sup> See e.g., Moore/Connolly Supp. Decl. ¶ 38, complaining that Table 1 does capture all “inaccurate, incomplete and untimely LLNs – including LLNs that were generated, but were never sent.”

<sup>15</sup> See Moore/Connolly Supp. Decl. ¶ 40; DeYoung/Willard Supp. Decl. ¶¶ 134-138.

<sup>16</sup> Contrary to the implication contained in AT&T’s comments, (See DeYoung/Willard Supp. Decl. ¶ 132), SBC did not disconnect end-users as a result of the delivery of the incorrect LLNs in question. Rather, the LLNs were incorrectly generated due to a programming error that incorrectly identified the original CLEC as losing the lines in question. This happened independently of the ordering/provisioning process.

<sup>17</sup> See Accessible Letter CLECAM03-019 (Mar. 6, 2003) (attached to Ex Parte Letter from Geoffrey M. Klineberg, Kellogg, Huber, Hansen, Todd & Evans, P.L.L.C., to Marlene H. Dortch, FCC (Mar. 7, 2003)); Accessible Letter CLECAM03-021 (Mar. 14, 2003) (attached as Attach. 1, Ex. 1 to March 17 Ex Parte Letter); Accessible Letter CLECAM03-022 (Mar. 21, 2003) (attached as Attach. 8 to DeYoung/Willard Supp. Decl.).

<sup>18</sup> See March 14 Ex Parte Letter, Attach. A, ¶¶ 19-21. AT&T criticizes SBC’s “safety-net” process because it did not identify this partial migration issue. AT&T’s contention that SBC’s safety-net process is “ineffective” in identifying LLN problems is surprising, given that other CLECs (WorldCom in particular) wanted assurance at the March 4-5, 2003 Michigan Collaboratives that the safety net process would indeed continue. SBC’s commitment to continue that process is contained in the Line Loss Notifier Communications Plan, which was approved by the MPSC on March 26, 2003. See Opinion and Order, MPSC Case No. U-12330 (Mar. 26, 2003)(attached to Ex Parte Letter from Laura Chappelle, et. al, to Marlene H. Dortch, FCC (Mar. 26, 2003). Pursuant to that plan, SBC has agreed to continue its cross-functional team for support of the safety-net process during the MPSC reporting period, and to provide 30 days notice of any discontinuance of the process at the end of that period. See SBC’s Modified Compliance and Improvement Plan Proposals, MPSC Case No. 12330, Attachment D at 3, & Attach. D(RL) at 4 (attached to Ex Parte Letter from Geoffrey M. Klineberg, Kellogg, Huber, Hansen, Todd & Evans, P.L.L.C., to Marlene H. Dortch, FCC, Attach. (Mar. 13, 2003)); see also March 14 Ex Parte Letter, Attach. A at 3.

results would have been if winbacks had been included under the current business rules (see Moore/Connolly Supp. Decl. ¶ 33) is not valid. Because there is no “SOC” on a winback, there is no way to include winbacks in a calculation under the PM MI 13 business rules in effect September through January.

AT&T also suggests that errors in the raw data for its CLEC-specific PM MI 13 result for November and December may also be reflected in Tables 2 and 3. AT&T’s suggestion is inaccurate for several reasons. Upon review of AT&T’s raw data, SBC has determined the following:

- The PM MI 13 reported results for individual CLECs were impacted by a programming error, pursuant to which certain LLNs were incorrectly included in the reported PM results for the CLEC when the CLEC actually was the winning carrier.
- Specifically, under the old PM MI 13 business rules, the LLN sent to the losing carrier was matched to the service order completion (SOC) notification sent to the winning carrier, in order to determine whether the LLN was timely delivered. As the result of a programming error, when the SOC was processed via LASR (which would only occur when the winning CLEC was on LSOG 5), SBC’s performance measurement reporting systems picked up the ACNA of the winning CLEC instead of the ACNA for the losing carrier. As a result, the raw data file provided to AT&T contained some LLNs where AT&T was the winning carrier, rather than the losing carrier.<sup>19</sup> SBC corrected this error with implementation of a new table for derivation of the correct ACNA, effective for January results reported February 20, 2003.
- This error was a CLEC-specific PM reporting error only; it did not impact delivery of the LLN to the losing carrier. Although reported in the “winning” CLEC’s PM MI 13 results, the LLN itself was actually sent to the “losing” carrier. When the “winning” carrier used LSOG 4, the PM MI 13 results were correctly reported. Finally, aggregate PM MI 13 results were not impacted. Timeliness was correctly reported on an aggregate basis.
- Because aggregate PM MI 13 data was used for Tables 2 and 3, and because no matching of the SOC to the LLN is required under the new PM MI 13 business rules, this error had no impact on the data provided in Tables 2 and 3.

#### **Table 4**

Table 4 was developed in response to questions posed by Commission staff concerning “overlap” between Tables 1 and 2. To eliminate that overlap, Table 4 excludes LLNs identified as inaccurate/incomplete in Table 1, but that are included as “untimely” in Table 3.

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<sup>19</sup>AT&T specifically notes that “Wallace,” SBC Advanced Solutions (AADS) and Covad are listed as the “winning” carrier for certain of the UNE-P LLNs contained in its raw data (See Moore/Connolly Supp. Decl. ¶ 45; Moore/Connolly Reply Decl., ¶¶ 120-121. “Wallace” actually refers to SBC Retail. In each of these cases, SBC Retail, AADS and Covad were actually the losing carriers who received the LLNs in question upon migration of their lines to service provided by AT&T, the winning carrier. Due to the programming error referenced above, the LLN was incorrectly reported in AT&T’s PM MI 13 results.

4. Table 4(a) provides back-up data for the “Total CLEC LLNs Provided” column of Table 4.

**Table 4(a) - Total CLEC LLNs: Supporting Data**

All CLECs	Total CLEC LLNs	MOR LLNs	LASR LLNs <sup>20</sup>	Manual LLNs <sup>21</sup>
September 02	100,066	29,454	70,612	0
October 02	145,410	50,199	94,752	459
November 02	109,104	32,213	76,800	91
December 02	107,593	24,307	82,921	365
January 03	131,207	15,394	115,311	502
<b>5 Month Total</b>	<b>593,380</b>	<b>151,567</b>	<b>440,396</b>	<b>1,417</b>

Table 4(b) provides back-up data for the “Inaccurate” column of Table 4.

**Table 4(b) - Total Inaccurate LLNs: Supporting Data**

All CLECs	Total Inaccurate	EDI Incidents <sup>22</sup>	AT&T (ABS) Issue 7 Fax <sup>23</sup>	Partial Migration Issue	Safety Net LLNs	Manual LLNs
September 02	235	0	0	37	198	0
October 02	1,447	0	298	105	585	459
November 02	600	0	390	119	0	91
December 02	3,393	2,488	409	131	0	365
January 03	3,764	2,460	564	238	0	502
<b>5 Month Total</b>	<b>9,439</b>	<b>4,948</b>	<b>1,661</b>	<b>630</b>	<b>783</b>	<b>1,417</b>

<sup>20</sup> The “LASR LLNs” column excludes ASI LLNs and includes faxes sent via LASR (see Table 1(b) above). The January LASR LLN numbers also correct an overstatement of 317 LLNs contained in Table 1.

<sup>21</sup> By oversight, manual LLNs were not included in the “Total CLEC LLNs Provided” column of Table 1, although they were included in the “Inaccurate/Incomplete LLNs” column.

<sup>22</sup> Because AT&T and WorldCom declined SBC’s offer to resend these LLNs (see Cottrell/Lawson Reply Aff. ¶ 110 and 112), they were not captured as “untimely” in Table 3.

<sup>23</sup> Again, because AT&T declined SBC’s offer to resend these LLNs, they are not included in Table 3.

### **Table Denominators**

As noted by AT&T, the “denominators” of Tables 1 & 2 and Tables 3 & 4 differ. The differences in the “Total Mechanized Line Losses” columns of Tables 2 and 3, and the “Total CLEC LLNs” columns of Tables 1 and 4, are attributable to a number of factors including:

- Tables 2 and 3 do not include the Issue 7 LLNs or the faxes sent via LASR that are included in Tables 1 and 4;
- Table 1 included ASI numbers, while Table 2 did not;
- Under the new PM MI 13 business rules, if an LLN is resent due to an SBC error, it will be counted in the measure twice – once for the original send, and once for the resend. As a result, the resends initiated by the EDI interface (see Tables 1(b) and Tables 4(b)) in September and November, would be included in the “Total Mechanized Line Losses” columns of Tables 2 and 3, but not in “Total CLEC LLNs” columns of Tables 1 and 4. Effectively, the LLNs in question would be counted twice in the “Total Mechanized Line Losses” columns of Tables 2 and 3, but only once in the “Total CLEC LLNs” columns of Tables 1 and 4.
- Because Tables 2 and 3 are approximations of PM results, it is not to be expected that the denominators in those Tables would match exactly to the denominators of Tables 1 and 4.

### **Retail LLNs**

AT&T complains that SBC has not adequately explained whether its LLN process is at parity with retail.<sup>24</sup> Table 5 provides the back-up data relied upon by SBC to establish that between September 2002 and January 2003, it successfully delivered more than 96.70% of the more than 1,000,000 LLNs it provided to its retail operations.<sup>25</sup>

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<sup>24</sup> See Moore/Connolly Supp. Decl., ¶ 50; DeYoung/Willard Supp. Decl., ¶ 113.

<sup>25</sup> March 14 Ex Parte, Attach. A, ¶ 15.

**Table 5: Retail LLNs**

	<b>Total Retail LLNs</b>	<b>Total Inaccurate LLNs</b>	<b>% Successful</b>
<b>September 02</b>	206,059	2512	98.78%
<b>October 02</b>	226,610	0	100.00%
<b>November 02</b>	180,868	28534	84.22%
<b>December 02</b>	186,018	1159	99.38%
<b>January 03</b>	203,962	0	100.00%
<b>5 Month Total</b>	<b>1,003,517</b>	<b>32,205</b>	<b>96.79%</b>

The “Total Retail LLNs” column for Table 5 includes LLNs delivered to SBC Midwest’s retail operations. ASI LLNs have been excluded from this total.

The September “Total Inaccurate” LLNs are attributable to the same EDI translator issue that impacted CLECs. For November, 368 of the specified LLNs were impacted by the same “missing conversion date” problem that impacted the CLECs. See Table 1(c) above for more detail on both of these incidents. The remainder of the November inaccurate LLNs are attributable to a Trading Partner ID issue that did not impact the CLECs, but that caused retail LLNs to be delivered to ASI. Finally, the December inaccurate LLNs were miss-delivered to LEX rather than to the proper EDI Trading Partner ID as the result of a table error that did not impact the CLECs.

# **Attachment D**

## **BILLING**

As indicated in prior filings, SBC Midwest provides Michigan CLECs non-discriminatory access to billing functionality. SBC Midwest has explained how it performed a reconciliation in January 2003, in order to correct any differences between the UNE-P services that were provisioned (as reflected in the Ameritech Customer Information System “ACIS” records) and those that are billed (as reflected in the Carrier Access Billing System “CABS” records) that stemmed from the UNE-P conversion effort.<sup>1</sup> Although some commenters have attempted to use the CABS UNE-P reconciliation to cloud the billing issues, the fact remains that the CABS UNE-P reconciliation is not evidence that UNE-P bills are inaccurate. In order better to put these efforts into perspective, a summary of the conversion and reconciliation events follows:

### **Chronology of Conversion/Reconciliation**

- From August 2001 through October 2001, SBC migrated the embedded base of UNE-P switch ports from the Resale Billing System (RBS) to the CABS billing system.<sup>2</sup> This migration of UNE-P switch port billing from RBS to CABS was requested by the CLECs and was a requirement of the SBC/Ameritech merger.<sup>3</sup>
- During this complex mechanical conversion effort, it was necessary to hold the processing of new UNE-P billing service order activity by CABS until the conversion was completed.<sup>4</sup> The holding of these billing service orders did not impede the CLECs’ ability to migrate end users, receive daily usage data for end user billing or otherwise impact any other provisioning processes.
- When the conversion was completed in October 2001, the held service orders were released for mechanical posting to CABS, and those that could not mechanically post fell out for manual handling.<sup>5</sup> In addition, there was a significant increase in UNE-P orders during the conversion period, which led to a higher number of billing service orders that required manual handling.
- Additional resources were added to address this manual order backlog in the fourth quarter of 2001 and that effort continued through the summer of 2002.<sup>6</sup> Some of the orders had posted out of sequence, requiring extensive research and effort to correctly post some of the subsequent orders. This out-of-sequence condition caused the CABS

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<sup>1</sup> See Flynn Aff. ¶ 9 n.6 (App. A, Tab 12); Brown/Cottrell/Flynn Joint Reply Aff. ¶ 17 (Reply App., Tab 3).

<sup>2</sup> See Accessible Letter CLECAM01-148 (May 18, 2001) (App. H, Tab 17), announcing the change of billing systems for UNE-P elements in the SBC Midwest region, and supplemental information provided in Accessible Letter CLECAM01-189 (June 29, 2001) (App. H, Tab 18).

<sup>3</sup> CLECs requested this conversion so that their bills would be more “auditable” see Direct Testimony of Earl Hurter on Behalf of MCIMetro Access Services, Inc., MPSC Case No. U-12320, at 4-5 (Sept. 25, 2000).

<sup>4</sup> See Brown/Cottrell/Flynn Reply Affidavit ¶ 19.

<sup>5</sup> See *id.* ¶ 19; see also Accessible Letter CLECAM01-397 (Dec. 17, 2001) (App. H, Tab 24).

<sup>6</sup> See Accessible Letter CLECAM02-163 (Apr. 26, 2002) (App. H, Tab 28) (“Due to the tremendous growth in the volume of UNE-P orders and Ameritech’s conversion to the CABS billing system, SBC Ameritech has accumulated billing orders, which have not yet been processed fully through the billing system.”).

wholesale billing database to become out of sync with ACIS, the database reflecting current provisioning information.

- In June 2002, SBC initiated an effort to design and implement a mechanical reconciliation of the inventory of UNE-P billing records (including all of the recently converted switch ports) in CABS with the inventory of provisioned UNE-P records in ACIS. This database reconciliation was a technical and complicated exercise that took time to execute correctly.<sup>7</sup>
- Business and technical requirements for the reconciliation were developed in June and July 2002. Software development for this effort occurred between August 2002 and December 2002. Initial testing of the mechanical reconciliation process began in October 2002, and continued until the start of the reconciliation effort. The actual mechanical reconciliation began on January 17, 2003 and concluded on January 26, 2003. Manual and mechanical validation began at the onset of the reconciliation effort and continued into March 2003. All reconciliation activities for Michigan have been completed.
- CLECs were notified about the reconciliation via Accessible Letter on November 21, 2002,<sup>8</sup> and the Account Teams discussed the impacts of the reconciliation with their CLECs in December 2002.
- Following the mechanical reconciliation process, the Account Teams notified their customers of the specific bill impacts. CLEC bills reflected the bulk of the reconciliation effort in their February bills.<sup>9</sup> The results of the Michigan reconciliation produced \$16.9 million of debits and credits.<sup>10</sup> SBC Midwest applied debits and credits based upon the time frames set out in the applicable interconnection agreement, as required. However, all of the affected circuits were adjusted, regardless of time.<sup>11</sup>
- The reconciliation, necessitated by the conversion of RBS to CABS is complete and no further reconciliation efforts are planned in Michigan.

### **Reconciliation Process and Validation**

- The mechanized reconciliation process was designed to utilize non-service order transactions. This type of transaction helped to speed up the process so that interruptions to normal daily UNE-P bill processing would be minimized. The database updates and

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<sup>7</sup> See Brown/Cottrell/Flynn Reply Aff. ¶ 20.

<sup>8</sup> See CLECAM02-509 (Nov. 21, 2002) (App. H, Tab 35).

<sup>9</sup> Some small number of complex circuits required manual reconciliation in addition to residual clean up from validation efforts. This will be reflected on March or early April bills for Michigan CLECs. This billing concludes any crediting or debiting required as a result of the reconciliation.

<sup>10</sup> Brown/Cottrell/Flynn Reply Affidavit ¶ 18 (adding \$9.3 million in credits to \$7.6 million in debits for a total \$16.9 million in adjustments).

<sup>11</sup> See Ex Parte Letter from Geoffrey M. Klineberg, Kellogg, Huber, Hansen, Todd & Evans, P.L.L.C., to Marlene H. Dortch, FCC, Attach. B, at 2 n. 7 (Mar. 14, 2003) (“SBC March 14, 2003 Ex Parte”).

billing adjustments that resulted in credits or debits reflected on the CLECs' CABS bills (these credits are detailed in the CLECs "other Charges and Credits," or "OC&C", section of their bill) utilized standard transactions to make these outputs transparent to internal SBC systems as well as CLEC interface systems.

- The reconciliation produced four major outputs: verification and validation files, financial files, CABS billing database adjustments, and billing adjustments (OC&Cs). Verification and validation files were produced throughout the process to allow for inspection and problem investigation. In addition, the reconciliation created financial reports that were provided to the SBC management team for review and communication to the CLECs.
- The resultant comparisons between ACIS and CABS UNE-P data determined the CABS database changes. UNE-P circuits in the CABS database were either updated to reflect provisioned circuit equipment (e.g., vertical features), inserted along with provisioned circuit equipment, or removed along with any associated circuit equipment.
- To make reconciliation billing adjustments easier to understand for the CLECs, standard CABS OC&Cs were generated by the reconciliation process. A special identifier, "RECONCILE", was placed on every OC&C generated out of the reconciliation.<sup>12</sup> This was done so that the CLECs could easily identify all reconciliation OC&Cs on their bills.
- OC&Cs generated from this reconciliation effort provide CLECs, in an industry standard format, all of the information required to validate each circuit. Each circuit is listed individually by telephone number, with the impacted "From" and "To" dates, USOCs, a description of the product and the amount credited or debited for each circuit, in addition to other data.<sup>13</sup>
- Testing and validation for the reconciliation used standard and time-tested CABS software release testing processes. In addition, entire copies of production databases and files from all five Midwest states were used in simulated production testing. Both statistical based manual validation and 100% mechanical validation techniques were used throughout the reconciliation process to verify that all internal processes performed correctly. Both the testing and validation processes were rigorous to ensure that the reconciliation was completed accurately and completely.

Clearly, SBC Midwest's execution of the reconciliation process included very robust testing and validation processes to ensure that the databases were synchronized. Additionally, if the CABS and ACIS databases had not been synchronized, large volumes of mechanical orders would have fallen out for manual processing. Notably however, since the mechanized reconciliation process concluded in January, internal data show that SBC Midwest has processed over 1.2 million UNE-P billing orders (as of 3/25/03) and approximately 95% of these billing

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<sup>12</sup> See SBC March 14, 2003 Ex Parte, Attach. B, Ex. 1.

<sup>13</sup> Id.

service orders posted to CABS mechanically.<sup>14</sup> This amounts to approximately 22,600 orders processed daily, and clearly demonstrates that the conversion and reconciliation efforts have been successful.

Finally, despite CLEC comments to the contrary, the reconciliation did not impact the transmission of Line Loss Notifiers, FOCs, SOCs, UNE-P usage billing and Daily Usage File transmissions.<sup>15</sup> Each of these processes occurs upstream from CABS billing and does not depend on the CABS database. Moreover, the reconciliation did not impact non-recurring charges for UNE-P circuits, as AT&T recently asserted.<sup>16</sup>

### **BearingPoint Has Confirmed that SBC Midwest has Addressed the Billing Problems Associated with the Conversion**

While instances of billing disputes between SBC Midwest and CLECs have been raised on this record, SBC Midwest has generally shown these allegations to be of an isolated or unique nature (to the extent they are accurate at all) and not indicative of any systemic defect in SBC Midwest's billing systems. Additionally, the FCC can have confidence that despite the conversion and reconciliation efforts, BearingPoint has confirmed the fact that SBC Midwest's bills have been substantially accurate and auditable and remain so today.

Following the conversion, BearingPoint initiated a battery of test orders validating that SBC Midwest UNE-P billing was indeed accurate and timely. BearingPoint has made the following important findings:

- BearingPoint has found that SBC Midwest timely and accurately processes wholesale bills. In its two transaction billing tests (on functional usage and carrier bill evaluation) and four process and procedure tests (on the billing center and help desk, usage file returns, usage production and distribution, and bill production and distribution), BearingPoint concluded that SBC satisfied 93 of the 95 applicable test criteria in Michigan.<sup>17</sup>
- During Michigan testing, BearingPoint was unable to reach a determination regarding one test criterion – whether UNE-P bills reflected related service order activity in a timely manner. BearingPoint was unable to reach conclusions on this test criterion because the Michigan billing test occurred during the CABS conversion. As a result of BearingPoint's inability to reach a conclusion, BearingPoint noted this issue (TVV 9-32) and documented the result as "indeterminate."<sup>18</sup>

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<sup>14</sup> Some of the more complex orders are designed to fall out for manual handling due to the complexity and variability of the orders.

<sup>15</sup> See SBC March 14, 2003 Ex Parte, Attach. B, at 3 n. 8.

<sup>16</sup> See Ex Parte Letter from Alan C. Geolot, Sidley Austin Brown & Wood LLP, to Marlene H. Dortch, FCC, at 3-4 (Mar. 21, 2003).

<sup>17</sup> See BearingPoint, Michigan Bell OSS Evaluation Project Report, MPSC Case No. U-12320, at 13 (Oct. 30, 2002) (App. C, Tab 114).

<sup>18</sup> Id. at 1011.

- Subsequent to the issuance of the Michigan Bell OSS Evaluation Project Report (October 30, 2002) and the UNE-P billing to CABS conversion, BearingPoint tested this functionality in the states of Illinois, Indiana and Wisconsin. The purpose of the test was to verify that UNE-P bills reflected timely service order activity. Specifically, the test was to determine the percentage of service order activity reflected on the bills within two bill cycles. With a benchmark of 95%, the actual results in both Indiana and Wisconsin were 100%, while the Illinois test results were 97.1%.<sup>19</sup>
  - o Significantly, BearingPoint concluded in those tests that UNE-P service orders are posted to the CABS billing system in a timely manner and that CABS produces accurate and timely UNE-P bills.<sup>20</sup>
  - o In its process and procedures review, BearingPoint concluded in PPR 13-6 that the “bill production process includes procedures to properly capture and apply service order activity.” Specifically, “UNE-P service orders are updated to the CABS Master File in the CABS billing system from the Customer Records Database in ACIS.”<sup>21</sup>
  - o In its transaction verification and validation test, BearingPoint concluded in TVV 9-32 that “UNE-P bills reflected timely service order activity.”<sup>22</sup>
  - o BearingPoint filed its report with the Indiana commission on February 28, 2003. The billing test included both a Bill Production and Distribution Process Evaluation (PPR13) conducted from April 2001 to February 2003 and a Functional Carrier Bill Evaluation (TVV9) conducted from September 2001 to September 2002.
  - o BearingPoint filed its report with the Wisconsin commission on January 15, 2003. The billing test included both a Bill Production and Distribution Process Evaluation (PPR13) conducted from April 2001 to December 2002 and a Functional Carrier Bill Evaluation (TVV9) conducted from September 2001 to December 2002.
  - o BearingPoint filed its report with the Illinois commission on December 20, 2002. The billing test included both a Bill Production and Distribution Process Evaluation (PPR13) conducted from April 2001 to November 2002 and a Functional Carrier Bill Evaluation (TVV9) conducted from September 2001 to November 2002.
- As a result of the successful tests in Illinois, Indiana and Wisconsin, BearingPoint indicated in its Ohio test report that the conclusions reached in those three states could be

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<sup>19</sup> See Brown/Cottrell/Flynn Reply Affidavit ¶ 22. As part of the test, orders were submitted in August and September 2002 and appeared in August, September, and October bills.

<sup>20</sup> See <http://www.osstesting.com/> for the BearingPoint test results for each SBC Midwest state.

<sup>21</sup> See, e.g., Michigan OSS Evaluation Project Report (Oct. 30, 2002) at 699-700; Illinois OSS Evaluation Project Report (Dec. 20, 2002) at 477 (App. L, Tab 47); Wisconsin OSS Evaluation Project Interim Report (Jan. 15, 2003) at 723; Indiana Interim OSS and Performance Measurement Status Report (Feb. 28, 2003) at 711; Ohio Interim OSS Status Report (Dec. 20, 2002) at 715 (App. L, Tab 46).

<sup>22</sup> See, e.g., Illinois OSS Evaluation Project Report (Dec. 20, 2002) at 787; Wisconsin OSS Evaluation Project Interim Report (Jan. 15, 2003) at 1041; Indiana Interim OSS and Performance Measurement Status Report (Feb. 28, 2003) at 1027.

used as a basis for conclusions in Ohio as well. The Public Utility Commission of Ohio concurred.<sup>23</sup>

- Since the filing of the Michigan Report, all billing related issues have been satisfied. As a result, SBC Midwest expects that the BearingPoint Michigan addendum report will indicate that 95 of 95, or 100%, of all applicable test criteria have been satisfied.
- BearingPoint indicated to the Public Utility Commission of Ohio that although it had not validated all aspects of SBC Midwest's assertion that the CABS bill production processes are common across the SBC Midwest region, BearingPoint's experience was consistent with that assertion.<sup>24</sup> In recent ex parte comments filed with the FCC on March 24, 2003, the Michigan PSC acknowledged these conclusions by BearingPoint in Illinois, Wisconsin, and Indiana: "SBC satisfied the test criteria, which in Michigan had been inconclusive" when the Michigan PSC Consultative Report was issued. Therefore, the MPSC concluded, "it is reasonable to utilize the satisfactory results of this testing criterion for Michigan as well" and "in summary, SBC satisfies all 95 billing criteria included in BearingPoint's extensive testing of these matters."<sup>25</sup>

## **Conclusion**

The Michigan PSC found SBC Midwest's performance on billing to be acceptable and has provided assurances that SBC Midwest's billing performance will continue to be acceptable after section 271 relief has been granted. BearingPoint has confirmed the Michigan PSC's findings through its comprehensive testing of the accuracy and timeliness of SBC Midwest's billing systems. Thus, it is clear that SBC Midwest provides CLECs with timely, accurate, and auditable bills and that it will continue to do so. CLECs' attempts to interject unrelated issues into the billing arena should be recognized for what they are – a last-ditch effort to derail SBC Midwest's long-distance entry – and they should be dismissed as unpersuasive. SBC Midwest has demonstrated that its billing systems meet the standards required for 271 relief. To the extent that discrete billing issues arise, these matters are appropriate for resolution at the state level and should not be addressed in the context of this 271 proceeding.

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<sup>23</sup> See Bearing Point, Ohio Interim OSS Status Report, at 1026-1027 (Dec. 20, 2002).

<sup>24</sup> Id.

<sup>25</sup> Id. at 3-4.