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April 11, 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 Commissioner Abernathy, I am attaching to this letter SBC's response to the comments that were filed on April 9, 2003, pursuant to the Commission's Public Notice, DA 03-1093 (Apr. 4, 2003). See Attachment.

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

Sincerely,

Geoffrey M. Klineberg

Attachment

cc: Christopher Libertelli
Mathew Brill
Jessica Rosenworcel
Daniel Gonzalez
Lisa Zaina
John P. Stanley
Gina Spade
Susan Pié
Layla Seirafi-Najar
Dorothy Wideman
Ann R. Schneidewind
Qualex International

Attachment

SBC's Response to the Comments of April 9, 2003

1. SBC has demonstrated throughout this proceeding that its bills are accurate, timely, and auditable. Although commenters criticize SBC's reconciliation efforts, the evidence that SBC has provided demonstrates that overall, SBC's billing systems provide non-discriminatory billing functionality to CLECs. Additionally, the evidence shows that SBC's reconciliation of the ACIS and CABS databases was successful and should have no impact on SBC's checklist compliance. The reconciliation does not change the fact that BearingPoint successfully tested SBC's billing systems in the fall of 2002, after both the conversion process was complete and SBC's process improvements were implemented. Based on that evidence alone, the Commission should find that SBC provides billing to CLECs in compliance with the checklist. None of the comments filed in response to the Commission's Public Notice change this conclusion.

BearingPoint Testing Conclusively Demonstrates SBC's Billing is Sufficient

2. As SBC has indicated in previous filings, when BearingPoint retested SBC's billing systems, the improvements that SBC had implemented to address problems stemming from the conversion made an enormous difference.[1] Whereas BearingPoint originally found that only 63% to 75% of SBC's service orders were posting to CABS in a timely manner, in its testing conducted in August through October 2002, the percentages blossomed to 97% to 100%.[2]

3. BearingPoint's findings are persuasive for several reasons. First, they demonstrate that, at a minimum, by August 2002, new service order activity submitted by CLECs would properly post to CABS. Had this not been the case, orders submitted by BearingPoint would not have posted correctly. Second, BearingPoint's findings clearly show that enhancements put in place by SBC to address issues stemming from the conversion were successful.[3] AT&T

[1] It is immaterial that BearingPoint's testing took place in Indiana, Illinois, and Wisconsin. *See* Michigan PSC's Comments at 5-6 (Mar. 24, 2003) ("BearingPoint's tests and the results of SBC's billing performance measures support a conclusion that SBC's billing systems and, in particular, the newly implemented portions of the CABS UNE-P billing system provide competitors a reasonable opportunity to compete."). This Commission has relied on successful testing in neighboring states to confirm the functioning of identical systems in the applicant state. *See* Georgia/Louisiana Order ¶ 161 n.590 & ¶ 255 n.985.

[2] *See* Ohio Interim OSS Status Report at 1026-1027 (Dec. 20, 2002)(App. L, Tab 26); BearingPoint Exception Report 127, Version 2 (issued Aug. 1, 2002; closed Nov. 12, 2002) (http://www.osstesting.com/Documents/Exceptions/Exception%20127v2%20Disposition%202.pdf).

[3] WorldCom makes several claims that SBC's performance improvements did not appreciably improve its billing performance. *See* Worldcom Supplemental Comments at 3 (Apr. 9, 2003)(asserting that the number of circuits credited and debited declined until August 2002, but that in the second half of 2002 its credits and debits started increasing; and that SBC's calculation of debits and credits is incomplete, assuming that SBC had erroneously added circuits to their accounts, billed Worldcom for the circuit, and then disconnected the circuit before the reconciliation). Worldcom's claims only address pre-reconciliation activity. Although Worldcom's hypothetical examples are possible, the reconciliation was not designed to correct every possible perceived billing issue. SBC believes that the empirical evidence it has provided (i.e. increased mechanized posting, process improvements, and the reconciliation efforts) fully addressed these issues. To the extent Worldcom believes it has uncovered billing issues with respect to the reconciliation, Worldcom should provide specific evidence of those issues to SBC's account representatives or avail itself of the billing dispute resolution process.

suggests that because SBC did not provide "details on the steps taken to correct the RoboTask software or the testing that may have been conducted" to correct those problems, SBC cannot claim that those problems are resolved.[4] However, this completely misses the point. What is critical is that BearingPoint tested SBC's billing systems not only *after* the conversion, but also *after* SBC had implemented its corrective actions through the summer of 2002. Thus, the BearingPoint test establishes that *prior to* the reconciliation, CABS was generating UNE-P bills that accurately reflected the information posted to the CABS system.

4. Although SBC thoroughly validated the reconciliation results,[5] it is not necessary that BearingPoint conduct testing post-reconciliation. BearingPoint tested the billing systems (i.e., the programming and processes) and found them to be accurate and timely. In contrast, as discussed more below, the reconciliation addresses the synchronization of the CABS and ACIS data records (i.e., inputs to the programs and processes). The combination of BearingPoint's successful testing with SBC's reconciliation efforts ensures that bills provided to CLECs are timely, accurate, and auditable. Finally, BearingPoint's successful testing provides convincing proof that there are no underlying systemic problems.

CLECs Have Provided No Credible Evidence That The Reconciliation Was Unsuccessful

5. Although technically complex and extremely time consuming, at its core, the reconciliation was a comparison of records in the ACIS database with records in the CABS database.[6] While SBC corrected the circuit inventory, SBC did *not* modify the billing program since no programming corrections were necessary. Thus, in stark contrast to the issues presented in the Pennsylvania 271 proceeding, SBC did not make any changes in its billing programs through the reconciliation.[7]

6. Commenters have provided no empirical evidence that the reconciliation process did not work.[8] For instance, AT&T asserts, once again, that non-recurring charges and usage continue to be billed incorrectly post reconciliation. SBC has previously indicated that this allegation is simply incorrect, as SBC's mechanical reconciliation did not result in any debits

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[4] *See* AT&T Supplemental Comments, at 4, n. 12 (Apr. 9, 2003).

[5] *See* Ex Parte Letter from Geoffrey M. Klineberg, Kellogg, Huber, Hansen, Todd & Evans, P.L.L.C., to Marlene H. Dortch, FCC, Attach. D, at 2-3 (Mar. 28, 2003) ("March 28 Ex Parte").

[6] *See* Brown/Cottrell/Flynn Reply Aff. ¶ 20 (Reply App., Tab 3); March 28 Ex Parte, Attach. D, at 2-3.

[7] *See Pennsylvania 271 Order* ¶¶ 19-21.

[8] Although the Public Notice requested comments on the CABS conversion and subsequent reconciliation efforts, commenters took advantage of this opportunity to rehash issues that have either already been addressed by SBC in this proceeding and/or have nothing to do with the reconciliation. *See e.g.*, Supplemental Comments of TDS MetroCom at 2 (Apr. 9, 2003)(alleging billing problems even though TDS does not "order any UNE-P circuits from SBC"); CoreComm Supplemental Comments at 4-6 (Apr. 9, 2003) (alleging Line Loss Notification ("LLN") difficulties in relation to the UNE-P CABS reconciliation and issues relating to CNAM and USF); Supplemental Declaration of Ron A. Walters on Behalf of Z-Tel Communications, Inc. ¶¶ 8-10 (Apr. 9, 2003)(asserting LLN issues).

or credits to non-recurring charges ("NRCs").[9] In its latest attempt to show that the reconciliation did not work, AT&T alleges that an SBC account representative "specifically stated that SBC had applied incorrect NRC rates in connection with the January 2003 data bash."[10] As set out in the attached Declaration of Cathy Wyban, during the regular bi-weekly conference call held on March 18, 2003, AT&T asked whether the ACIS/CABS reconciliation would impact current billing disputes, including an AT&T dispute related to non-recurring charges. Ms. Wyban clearly informed AT&T during that meeting that NRCs were not involved in the reconciliation and that the reconciliation would not impact any billing disputes related to NRCs.[11]

7. AT&T's additional claim that usage billing was impacted by the reconciliation is also incorrect. UNE-P usage is billed at the end office level on the CLECs' account. The UNE-P reconciliation was a circuit-based process that had no impact on establishment or removal of end offices within the CLEC's accounts. Accordingly, any problems encountered by the UNE-P order trying to update the CABS bill has no impact on the independent flow of UNE-P usage into CABS nor CABS's ability to bill the UNE-P usage successfully.

8. WorldCom further presents data associated with an "audit" of only 19 circuits.[12] Unfortunately, WorldCom has failed to discuss these results with SBC, but indicates that it plans to "discuss its results with SBC shortly."[13] Of course, it is impossible for SBC to respond to WorldCom on this point with insufficient detail, but SBC looks forward to the opportunity to discuss this with WorldCom or any other CLEC that may have issues associated with the reconciliation.

The Evidence Provided by SBC Demonstrates that the Reconciliation was Successful

9. SBC has provided credible evidence that shows the reconciliation was successful. SBC has demonstrated that the reconciliation improved results in the mechanized posting to CABS and a decline in the number of orders that require manual handling by the LSC due to the out of sync condition. SBC has established the percentage of orders, which mechanically posted to the CABS database improved from a low of 71% in March of 2002 to 96% in March of 2003.[14] While the improvement of recent months does not appear dramatic, the post reconciliation mechanized posting rates of 95% and 96% actually represent a significant improvement over rates of 90%-93% in the preceding months. This increase in mechanized

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[9] *See* SBC March 28, 2003 Ex Parte, Attach. D at 4.

[10] Supplemental Declaration of Shannie Marin ¶ 4, attached to AT&T Supplemental Comments.

[11] *See* Declaration of Cathy Wyban (attached hereto as an exhibit).

[12] WorldCom Supplemental Comments at 5.

[13] *Id.*

[14] *See* Ex Parte Letter from Geoffrey M. Klineberg, Kellogg, Huber, Hansen, Todd & Evans, P.L.L.C., to Marlene H. Dortch, FCC, Attach. at 5 (Apr. 3, 2003).

posting suggests that the reconciliation was effective. An increase of 3% to 5% mechanized posting demonstrates that the number of out of sync conditions were resolved.

10. In addition, LSC management continues to closely monitor order activity. As a result of no longer having to resolve these difficult and time consuming out-of-sync scenarios as part of the normal course of ordering activity, in addition to the improved mechanized posting, the LSC has been able to maintain currency with normal daily volumes, a situation that was not the case in the period following the initial conversion.

11. Clearly, this demonstrates that the reconciliation succeeded in resolving situations where the CABS billing record did not match the ACIS CSR. While it is true that these accounts would not have billed correctly prior to the reconciliation, it is indisputable that after the reconciliation, the CABS bill would be generated correctly based on information contained on the ACIS CSR, a record the CLEC themselves have the ability to monitor and verify. It is also clear that this inaccurate billing was not of the scale or scope that this Commission has found to cause checklist non-compliance in the past.[15] Rather, these inaccurate bills were for only a limited number of UNE-P circuits, not all wholesale products.

12. In addition to performing extensive upfront testing, SBC also thoroughly validated the results.[16] SBC conducted both manual sampling and 100% mechanical validation at key intervals during the live reconciliation.[17] As an example, 100% mechanical validation was performed on the rates used to calculate the "Other Charges and Credits" ("OC&Cs") as well as to validate the appropriate OC&C "through date." SBC used manual sampling techniques to validate the OC&C "from dates" as well as to validate the changing circuit monthly recurring charges. In all cases, the conclusion from the validation efforts was that the reconciliation was working defect free.

Conclusion

13. Far from indicating that SBC does not provide wholesale bills in accordance with the checklist, the UNE-P reconciliation was a last step, following numerous process improvements, that led to better billing performance. Importantly, BearingPoint successfully tested SBC's billing systems in the fall of 2002, after both the conversion process was complete and SBC's process improvements were implemented. In addition, this Commission should consider the substantial weight that comes from the Michigan Public Service Commission's ("MPSC's") strong endorsement of SBC's application, including a thorough review of its billing performance – a review that this Commission could not undertake within

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[15] In Pennsylvania where an entirely new electronic billing system still required manual intervention to ensure that the wholesale bills were correct, the Commission found that a third party audit by PricewaterhouseCoopers was enough to satisfy itself that compliance could be found. *See Pennsylvania 271 Order* ¶ 19-21. In this case, there is not the ever-present risk of manual error that jeopardized the Pennsylvania bills; rather, BearingPoint has tested the veracity of the mechanical systems and found them to be sufficient.

[16] *See* March 28, 2003 Ex Parte, Attach. D at 3.

[17] *Id.*

the timeframes permitted by section 271. Indeed, far from the CLECs' characterization of SBC's arguments as "trust us," SBC has repeatedly throughout this proceeding urged this Commission to trust the body best able to evaluate these fact intensive issues, the MPSC. The Commission has ample evidence with which to conclude that SBC provides timely, accurate, and auditable bills to CLECs, and CLECs have provided no credible evidence to the contrary. If billing were a problem in Michigan that foreclosed competition, it is hard to fathom how CLECs could have gained so much market share. Vague claims of billing inaccuracies are not enough to support a conclusion that Checklist Item 2 has not been satisfied.

Exhibit

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C., 20554

In the Matter of	)	
	)	
Application by SBC Communications Inc.,	)	
Michigan Bell Telephone Company, and	)	WC Docket No. 03-16
Southwestern Bell Communications Services,	)	
Inc. for Provision of In-Region, InterLATA	)	
Services in Michigan	)	

DECLARATION OF CATHY A. WYBAN

1. My name is Cathy A. Wyban. I am the SBC Account Manager for AT&T responsible for billing issues. This declaration responds to the Supplemental Declaration of Shannie Marin that was filed in this proceeding on April 10, 2003.

2. The statements attributed to me by Shannie Marin in her declaration are incorrect. During the regular bi-weekly conference call held on March 18, 2003, AT&T asked whether the ACIS/CABS reconciliation would impact current billing disputes, including an AT&T dispute related to non-recurring charges ("NRCs"). During that meeting, as well as on other occasions, I clearly informed AT&T that NRCs were not involved in the reconciliation. I further advised AT&T that the reconciliation would not impact any billing disputes related to NRCs.

VERIFICATION PAGE

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

Executed on April 11, 2003.

Cathy A. Wyban