BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of	)	
	)	
Application by SBC Communications Inc.,	)	WC Docket No. 03-138
Michigan Bell Telephone Company, and	)	
Southwestern Bell Communications	)	
Services, Inc. for Provision of In-Region,	)	
InterLATA Services in Michigan	)	
	)	

JOINT DECLARATION OF SARAH DEYOUNG AND SHANNIE TAVARES

I. BACKGROUND

1. My name is Sarah DeYoung. I previously submitted a declaration dated March 4, 2003 in WC Docket No. 03-16 with Shannie Marin (now Shannie Tavares) on billing issues. My qualifications are set forth in a declaration dated February 6, 2003 with Walter Willard on OSS issues.

2. My name is Shannie Tavares (formerly Shannie Marin). I submitted a declaration dated March 4, 2003 in WC Docket No. 03-16 with Sarah DeYoung on billing issues, as well as a supplemental declaration on April 9, 2003 in that same docket. My background and credentials are set forth in the March 4 declaration.[1]

[1] This declaration incorporates by reference the following materials filed in WC Docket No. 03-16 (including all exhibits and declarations attached thereto): AT&T's opening Comments, filed February 6, 2003; AT&T's Reply Comments, filed March 4, 2003; AT&T's supplemental comments on wholesale billing, filed April 9, 2003; Letter from Alan C. Geolot to Marlene H. Dortch, March 21, 2003 ("AT&T March 21 Billing Ex Parte"); and Letter from Alan C. Geolot to Marlene H. Dortch, April 14, 2003 ("AT&T April 14 Billing Ex Parte").

II. PURPOSE AND SUMMARY OF TESTIMONY

3. This declaration updates the ongoing problems with SBC's wholesale billing performance. When Ameritech Michigan first sought Section 271 approval more than five years ago, this Commission rejected that application in part because Ameritech Michigan could not provide accurate and timely bills.[2] When SBC sought Section 271 approval earlier this year, it was forced to withdraw its application, with the "most troubling" issue concerning "whether SBC is currently providing wholesale billing functions for competitive LECs in a manner that meets the requirements" of existing precedent.[3] Chairman Powell specifically noted that SBC did not provide the results of a data reconciliation concerning its billing systems until "very late in [the] 90 day process."[4]

4. Notwithstanding its latest efforts to explain the data reconciliation and the results, SBC still cannot provide accurate and timely bills as required by Section 271. First, even after the reconciliation, significant problems that demonstrate SBC's provisioning system is still not in sync with its billing system remain. For instance, AT&T's review of its March 2003 wholesale bill alone revealed 1619 specific instances of overbilling and 322 instances of underbilling, and these numbers exclude tens of thousands of additional telephone numbers that showed evidence of discrepancy but with respect to which AT&T did not have the time and resources to investigate. These errors alone demonstrate conclusively that SBC is still issuing erroneous wholesale bills and has yet to resolve the fundamental underlying problem with its wholesale billing system. SBC's reconciliation of its internal data sources – and the incomplete

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[2] *Michigan 271 Order ¶¶* 200-03.
[3] *Statement of FCC Chairman Michael Powell On Withdrawal of SBC's 271 Application For Michigan*, Press Release (April 16, 2003).

BearingPoint and Ernst & Young ("E&Y") testing[5] – cannot mask the substantial problems that are still evident on CLEC wholesale bills.

5. Second, notwithstanding SBC's attempt to bolster its claims about the data reconciliation with a third party audit performed by E&Y, the evidence shows that the data reconciliation was hopelessly flawed. Until last week, SBC had conspicuously avoided business discussions about the reconciliation. When it finally met with AT&T, however, it became clear that: (1) the reconciliation debits and credits due CLECs were not correctly calculated; (2) SBC has failed to rebut AT&T's prior showing of erroneous billing; and (3) SBC has failed to justify its refusal to restate the results of PM 17 as a result of the reconciliation.

III. SBC DOES NOT PROVIDE ACCURATE AND TIMELY BILLING INFORMATION TO CLECS.

6. To comply with its obligations under checklist item 2 of Section 271, SBC must demonstrate that it provides CLECs with complete, accurate, and timely reports on service usage of CLEC customers and complete, accurate, and timely wholesale bills.[6] As was true in SBC/Ameritech Michigan's prior Section 271 applications, SBC fails this requirement, creating significant problems for CLECs and their UNE-P customers.

7. AT&T has reviewed SBC's March wholesale bill and identified over 28,800 telephone numbers for which there was some type of inconsistency between the records received from SBC (*i.e.*, CABS billing or Daily Usage File ("DUF") and AT&T's end user billing systems that could not be attributed to potential problems with AT&T's systems. In order to

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[4] *Id.*
[5] *See infra* ¶¶ 14-15.
[6] *Pennsylvania 271 Order* ¶ 13; *Qwest 9-State 271 Order* ¶ 115.

produce a conservative estimate of over- and underbilling by SBC, AT&T excluded large categories of telephone numbers for which there could be, but not necessarily is, some plausible explanation for the discrepancy. For instance, AT&T excluded any telephone numbers for which there was CABS billing but no AT&T end user billing if there was any activity on that telephone number in AT&T's ordering system after January 31, 2003. These exclusions were done to ensure that there were no "timing" issues that could explain the appearance of that telephone number on the CABS bill, even though there are many instances in which timing issues would not explain the discrepancy. Additionally, AT&T excluded records where: (1) SBC has continued to send DUF records in the absence of a CABS bill, or (2) did not send DUF records but did send a CABS bill, and the AT&T systems show that the customer is active.[7] In all, as a result of overly conservative exclusions such as this, AT&T excluded almost 26,700 telephone numbers from its review. Thus, of the 2114 telephone numbers for which a detailed review was undertaken, AT&T found problems with 1941 – or 92% – of them.

8. AT&T's detailed review identified 1619 instances of overbilling. Specifically, AT&T has identified 1619 telephone numbers on SBC's March wholesale bill that do not belong to current AT&T customers. For example, in 456 instances (documented in Exhibit 1 hereto), the telephone number appears on the CABS wholesale bill, but not in AT&T's end user billing system ("RAMP"), is not (nor has it ever been) in AT&T's ordering system ("NLP"), and is not a telephone number for which AT&T receives DUF records. Similarly, in 346 instances

[7] These telephone numbers represent potential problems with SBC's billing systems, but AT&T excluded them from its analysis because of time and resource constraints. Instead, AT&T focused on only those telephone numbers where there was no CABS or DUF and the telephone number was active in AT&T's systems, or where there was CABS (and either the presence or absence of DUF) and the telephone number was either inactive or was not found at all in

(documented in Exhibit 2 hereto), the telephone number appears on the CABS bill, but is "inactive" in AT&T's ordering system (meaning that the customer was at one time AT&T's but is no longer), is not in AT&T's billing system, and is not a telephone number for which AT&T receives DUF records. Moreover, in 380 instances (documented in Exhibit 3 hereto), the telephone number appears on the CABS bill and AT&T does receive DUF records for that number, but it is not in AT&T's billing system and has never been in AT&T's ordering system. Finally, in 437 instances (documented in Exhibit 4 hereto), the telephone number appears on the CABS bill and AT&T receives DUF records for that number, but it is not in AT&T's billing system and is inactive in AT&T's ordering system.

9. AT&T's detailed review also identified 322 instances of underbilling (documented in Exhibit 5 hereto). In these instances, AT&T receives no CABS bill or DUF file for this telephone number, but the telephone number is in AT&T's billing and ordering system.

10. In Exhibits 1 through 5, Column A lists the telephone numbers at issue. Where applicable, Columns B and C list the connect and disconnect dates for the telephone number. Where applicable, Columns D and E list the second connect and/or disconnect dates for the telephone number. Second connect and/or disconnect dates may exist, for example, where the customer left AT&T as a resale customer, but then later came back to AT&T as a UNE-P customer. Second connect and/or disconnect dates may also exist where the customer left AT&T and migrated to SBC or another CLEC, but then later came back to AT&T.

AT&T's systems.

11. AT&T's review of a subset of the telephone numbers on the March wholesale bill was a highly labor intensive process that took more than two months to complete. First, each telephone number needed to be checked against each of four databases to determine whether there were mismatches among the databases. Second, AT&T analyzed the database mismatches and identified the exclusions discussed above, resulting in the 2114 telephone numbers for which it undertook a detailed review. Third, AT&T personnel performed the detailed review, which included several labor-intensive tasks. Specifically, for each telephone number, AT&T personnel identified the dates that the customer connected and/or disconnected, and also reviewed the notes in the customer file. Then, different AT&T personnel collected detailed EMI usage records for each telephone number. AT&T estimates that its employees spent approximately *** *** hours performing this review, at an approximate cost of $ *** ***.

12. AT&T's review of subsequent bills is ongoing. For SBC's May wholesale bills, AT&T reviewed the same telephone numbers that it identified as instances of overbilling on the March bills, and found that 1527 (of the 1619) telephone numbers are still being erroneously billed to AT&T. Similarly, AT&T found that 177 (of the 322) instances of underbilling are still a problem.[8] This follow-up review demonstrates that SBC has not caught these errors in any of its subsequent bills. Moreover, time did not permit AT&T to perform a comprehensive review of all of the telephone numbers on the May bill to determine the number of additional instances of SBC overbilling and underbilling. Thus, there may be many more telephone numbers for which there are mismatches between SBC's and AT&T's records. However, because of the extremely manually intensive nature of the analysis that is required to uncover such errors,

[8] This data can be provided to SBC upon request.

AT&T (or other carriers) cannot perform this type of audit on every monthly bill. Indeed, that is precisely why SBC (and other RBOCs) are required to demonstrate the accuracy of their wholesale bills before they receive Section 271 authorization.

13. But SBC can make no such showing. The March errors demonstrate that serious problems remain in SBC's billing systems. In particular, they demonstrate that the data reconciliation was not a "magic bullet" that resolved all of SBC's billing problems as SBC seeks to claim.

14. SBC relies on the third-party testing of BearingPoint and E&Y to support its assertion that its wholesale billing satisfies the checklist,[9] but neither test verified the accuracy of SBC's bills. AT&T has demonstrated in previous filings that the BearingPoint testing provides no support for SBC's position,[10] a point that SBC failed to address in its supplemental submissions. As AT&T explained, BearingPoint completed its testing of UNE-P order processing in July 2002, during the period that hundreds of thousands of orders were being held for processing by SBC and well before the January 2003 data reconciliation. Moreover, BearingPoint's testing would not have uncovered any of the problems at issue in the data reconciliation because BearingPoint did not use real customer orders but relied on orders generated by its pseudo-CLEC. Thus, it did not examine any of the 750,000 CLEC orders that were subject to SBC's "hold" in connection with the CABS conversion. Thus, given that BearingPoint did not examine these hundreds of thousands of held orders or the causes of the held orders, it cannot provide support for SBC's claim that its wholesale billing, in light of the reconciliation, is accurate.

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[9] *See* SBC Supplemental Brief at 15-21.
[10] *See* Supplemental Comments of AT&T at 6-7 (April 9, 2003).

Finally, BearingPoint has done no testing in any state after the data reconciliation to determine whether the problems identified in the data reconciliation have been resolved, and thus SBC (and the Commission) can draw no comfort from the BearingPoint testing.

15. Nor does the E&Y testing support SBC's position. The E&Y test served a very limited purpose: "[T]o test the Company's assertion regarding the methodology and results of the [January data] Reconciliation, and the CLEC UNE-P billing adjustments that were issued as a result thereof."[11] All the data reconciliation did was to reconcile two sets of internal SBC records, the Ameritech Customer Information System ("ACIS") database and the Carrier Access Billing System ("CABS") database. E&Y did not review the underlying accuracy of the database information. E&Y is clear on this point: "For purposes of the Reconciliation, when there were discrepancies between ACIS and CABS, the ACIS data was assumed to be accurate and was utilized to update CABS. . . . [T]he underlying accuracy of the UNE-P circuit information within the ACIS database . . . was not within the scope of E&Y's engagement."[12] Nor did E&Y address the root cause for the inconsistencies in the two SBC databases. Thus, E&Y did not examine the role of various problems with SBC's systems in creating the mismatch. Because these issues have never been addressed, there can be no assurance that the problem(s) that caused the inconsistencies have been resolved and will not recur. Indeed, AT&T's March data demonstrate that these problems are continuing to recur.[13]

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[11] E&Y Report of Independent Accountants on the Company's Assertion Dated June 17, 2003 at 1 ("E&Y Report") (Attachment A to the Affidavit of Brian Horst).
[12] E&Y Report at 4 n. 5; *see also id.* at 4 n. 7 ("the accuracy of the underlying information in each of those existing production data sources . . . was not within the scope of E&Y's engagement").
[13] The Application materials make clear that AT&T's bills were among those audited by E&Y.

16. Although AT&T cannot know the root cause(s) of the problems with SBC's billing systems in the SBC region, some of the available evidence points to inaccuracies in the ACIS database (which E&Y simply assumed to be accurate). The problems with the March bills, for example, call into question the underlying accuracy of the information contained in ACIS. In addition, in states where SBC does not use ACIS, SBC has agreed to performance measurement standards that it is unwilling to agree to in the SBC Midwest region. For example, SBC and CLECs are discussing the addition of a new PM 17.1 to measure the timeliness of the posting of orders in ACIS to the CABS billing system. Prompt posting is critical to AT&T's ability to have auditable bills. When CABS billing does not commence until the month after AT&T places an order, it may have to accrue these amounts at year-end – a financial disadvantage that can have considerable competitive impact. AT&T proposed that SBC Midwest implement the same 17.1 standard that SBC Southwest implemented in Texas (a state where SBC does not use ACIS) – 95% within 5 days. SBC has not agreed to this proposal and instead insists that, based on its own internal data, the best it can do in the SBC-Midwest region is 95% within 10 days.[14] SBC's inability to agree to the Texas PM 17.1 standard in the SBC Midwest region suggests that the

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AT&T believes that SBC breached the Proprietary Information provisions of its Interconnection Agreements with AT&T by disclosing these bills to E&Y without seeking prior written authorization.

[14] In performance measure workshops, SBC has explained that the ACIS process of closing an order and sending the order completion to CABS takes several days. Each step required to move a completed order in ACIS to a billing completion notice from CABS is done via a batch process, which is completed only once per day. Moreover, an error free order will take at least five days to generate a billing completion notice, and there are several steps in the process that can generate errors, which must be manually corrected. Those corrected orders are then sent back through the batch process. Mr. Brown asserted in the last billing collaborative (held June 26, 2003) that, due to improvements in the error correction process, *see* Supplemental Affidavit of Justin W. Brown, Mark J. Cottrell and Michael E. Flynn ¶¶ 35-39 (June 19, 2003) ("Brown/Cottrell/Flynn Affid."), SBC would be willing to move from a commitment to send billing completion notices within 20 days, to 10 days, but could not commit to a shorter time

fundamental problems in SBC Midwest's billing systems may somehow be linked to ACIS and that these problems were not resolved by the ACIS-CABS reconciliation.

17. The problems identified by AT&T in its March and May bills are only part of the problem with SBC's billing systems. SBC admits in its Application that numerous other serious problems have arisen in its billing systems, all of which cast further doubt on the underlying integrity of the software and systems. For example, SBC admits that (1) SBC Midwest recently discovered that it had previously billed incorrect UNE loop rate zones for several Michigan wire centers[15]; (2) a software error lead to incorrect classification of requests for new stand-alone 2-wire analog residential loops as business loops[16]; and (3) a human error caused CLECs to be incorrectly billed at access rates for end office integration facilities.[17] Moreover, just last week, SBC issued an Accessible Letter disclosing that a coding error related to a software release resulted in errors in the DUF file records.[18]

18. The lack of integrity to SBC's billing process causes substantial problems for AT&T. First, any overbilling imposes a direct cost on AT&T. Moreover, even assuming that the errors are eventually corrected, the time and resources required to identify and resolve these billing problems in itself imposes substantial costs on AT&T. Further, underbilling errors require AT&T to accrue for amounts that it expects to be backbilled. Finally, AT&T cannot properly bill its customers without accurate usage records from SBC. Ultimately, AT&T's reputation is at

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frame.
[15] Brown/Cottrell/Flynn Affid. ¶¶ 87-92.
[16] *Id.* ¶¶ 101-05.
[17] *Id.* ¶ 129.
[18] *See* Letter from Geoffrey M. Klineberg to Marlene H. Dortch, WC Docket No. 03-138 (June 26, 2003) (attaching Accessible Letter).

stake. AT&T as a new service provider in the local exchange market must seek to win new customers based on its reputation for reliability, and that reputation suffers if it becomes known that AT&T issues inaccurate bills to customers or issues bills to customers that have migrated to another provider.

IV. THE DATA RECONCILIATION WAS FLAWED.

19. As demonstrated above, SBC's attempt in its current application to "validate" the results of the reconciliation with the E&Y review is ultimately beside the point because SBC's billing systems still are not producing accurate wholesale bills. Even if the reconciliation "worked as designed" and "achieved a high success rate," as SBC contends,[19] problems demonstrably remain in SBC's billing systems and these problems preclude SBC from satisfying its checklist obligation to provide accurate wholesale bills.

20. Nevertheless, the data reconciliation, and SBC's recent attempts to "validate" it, are significant to this proceeding for two reasons. First, the results of the reconciliation itself demonstrate that SBC's billing systems are profoundly flawed and unreliable. According to SBC's own admissions, as a result of the reconciliation approximately 76,000 UNE-P circuits were added and 62,000 UNE-P circuits were deleted for 37 CLECs in Michigan. This represents a total of 138,000 UNE-P circuits in a state with fewer than one million UNE-P lines. This error rate represents a staggering number of customers that were not properly reflected in their CLEC's wholesale bills. While SBC asserts that the problem has been fully corrected, the continuing errors on AT&T's March wholesale bill demonstrate that the billing problems have

[19] *See* Brown/Cottrell/Flynn Affid. ¶¶ 41, 47.

not been fixed. Thus, the Commission can have no assurance that SBC's billing systems are functioning correctly and that the same or similar problems will not arise again.

21. Second, SBC has not been forthcoming with either the Commission or CLECs with respect to its billing problems, the reconciliation and how it was conducted, or how CLEC bills were adjusted. Even though the reconciliation took place in January, and AT&T and other CLECs repeatedly requested SBC to explain the methodology underlying the reconciliation, SBC provided only bits of information over time, with many questions still remaining. This started with the cryptic Accessible Letters about the billing issues, continued with its explanation to AT&T that the reconciliation would address SBC's line loss notification problem,[20] and its footnote mention of the reconciliation in its original application, in which SBC claimed that the data reconciliation was merely a "final quality assurance measure."[21] This was followed by multiple *ex parte* submissions, reply comments, and additional declarations. But it was not until its April 3 filing – on day 77 of the initial application, that SBC first admitted to the magnitude of the billing errors that led it to undertake the reconciliation.

22. SBC's supplemental submission does not provide a full explanation of the billing errors either. As discussed above, the E&Y audit provides no assurance that the reconciliation cured SBC's problems. And its supplemental affidavit and disclosures to AT&T in business-to-business discussions reveal that: (1) SBC has not correctly calculated the reconciliation debits and credits due CLECs; (2) SBC has failed to rebut AT&T's prior showing of erroneous billing; (3) SBC has failed to justify its refusal to restate certain performance measures; and (4) SBC's

[20] *See* DeYoung/Marin Reply Decl. ¶¶ 3, 11, 18.
[21] Affidavit of Michael E. Flynn ¶ 9 n. 6 (January 16, 2003).

attempts to downplay notwithstanding, SBC has significant billing disputes with CLECs. Those issues are discussed below.

A. The Credits And Debits Resulting From The Reconciliation Were Not Correctly Calculated.

23. It was not until AT&T reviewed SBC's new application materials, and had a phone meeting with SBC personnel on Friday, June 20, 2003, that it fully learned how SBC calculated the debits and credits resulting from the reconciliation.[22] During the phone meeting, the participants discussed a handout provided by SBC that sought to explain its calculations. That handout is attached to this Declaration as Exhibit 6.

24. Having reviewed SBC's new materials explaining its debit and credit calculations, and having discussed these materials with SBC personnel, AT&T has identified several problems with SBC's calculations. As an initial matter, SBC admitted to AT&T that the connect and disconnect dates for individual circuits on multi-line accounts are not contained in the ACIS database. However, even though ACIS contains that information for single line accounts, SBC did not use it in the reconciliation. Moreover, SBC admitted that it cannot in many cases substantiate the connect or disconnect dates *at all*. *See* Exhibit 6 at 6 (describing procedures used when SBC could not substantiate connect or disconnect dates).

25. SBC's handout (at 6) explains that when calculating credits, it used the day before the next billing period in February as the "start" date for the credit. To determine the credit "from" date, however, SBC explained that it relied on certain "archived information," the source of which it did not disclose during the meeting. In any event, the "archived information," whatever

[22] AT&T originally requested this meeting on June 3, 2003, but SBC had put the meeting off

its source, did not always contain disconnect dates. Accordingly, where SBC could not substantiate the disconnect dates, the "from" date that it used was "the start date of the circuit of equipment from CABS as a surrogate."

26. SBC's methodology misses the mark. At issue are instances in which AT&T was owed a credit, which means that the telephone number was no longer in ACIS but was in CABS. In such a case, SBC should have used the CABS start date as the "from" date in all cases unless the circuit disconnect date could be firmly established (i.e., from ACIS). Only use of the CABS start date in all such cases ensures that AT&T receives the full credit that it is due. SBC does not explain why CLECs should accept its unspecified source for the disconnect date, or how often it relied on that data, instead of CABS, for its findings.

27. SBC's application materials and handout also explained that it limited or capped credits "based on contractual agreement timeframes."[23] This disclosure contradicted SBC's prior representations to AT&T that there were no time limitations on the credits, such that the credits went back to the date that billing commenced on the telephone number. SBC's newly revealed limitations on credits (yet another change to SBC's story) cannot be justified. Indeed, AT&T has reviewed its interconnection agreements with SBC and has not identified any contractual provisions that would operate to limit the duration of the credits.

28. SBC's calculation of the debits is equally problematic. SBC explained to AT&T during the phone meeting that debits were calculated back to the date that SBC first billed AT&T

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several times.
[23] Exhibit 6 at 5.

for usage.[24] In AT&T's view, SBC's use of usage records to determine the "from" date for debits is inappropriate. As an initial matter, AT&T does not understand how SBC could have relied on usage records to determine how far back debits should be calculated, when SBC has admitted that Michigan Bell, for example, retains only "a rolling 90 days worth of "DUF" data."[25] In any event, AT&T has already shown that SBC's usage data lacks integrity.[26] Indeed, as discussed below, SBC has failed to rebut AT&T's showing that SBC erroneously submits usage messages to AT&T for customers that SBC's own records show are no longer AT&T's customers.

29. In addition, SBC also revealed that there were telephone numbers in ACIS for which it had no CABS or usage records. For these telephone numbers, SBC did not issue a debit, but nevertheless commenced monthly recurring charges ("MRC") billing with the next billing period.[27] Such MRC billing is inappropriate. The lack of usage on these telephone numbers strongly suggests that the ACIS records are not accurate, since it is unlikely that customers would have no usage whatsoever. During the meeting, SBC would not disclose the number of telephone numbers for which it commenced MRC billing as a result of the reconciliation. This is yet another example of SBC failing to fully explain the extent of its wholesale billing problems.

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[24] SBC's handout (at 6) states that when calculating debits, SBC used the day before the next billing period in February as the "start" date for the debit, and used the "start date of circuit or equipment from CABS" as the "from" date in cases where the connect date could be substantiated. During the phone meeting, SBC admitted that there was a mistake on this portion of its handout and that the reference to CABS was erroneous and should have been to ACIS. SBC then further admitted that ACIS does not contain connect dates (as explained above), and that SBC actually used usage records to determine the "from" dates for debits.
[25] Supplemental Affidavit of James D. Ehr and Salvatore T. Fioretti ¶ 91 (June 19, 2003).
[26] AT&T April 14 Billing Ex Parte.
[27] Exhibit 6 at 6.

B. SBC Is Still Identifying Telephone Numbers Affected By The Reconciliation.

30. In its April 14 Billing Ex Parte, AT&T described that SBC had sent to it in early March a list of telephone numbers that had been erroneously excluded in the reconciliation (the "Second List").[28] Earlier this week, on the day it was scheduled to meet with AT&T to discuss further problems that AT&T had identified with the reconciliation, SBC disclosed that it had failed to advise AT&T of yet another 238 telephone numbers that it had erroneously excluded in the reconciliation, and provided that list to AT&T. The fact that SBC could still be generating lists of errors associated with the reconciliation at this late date belies SBC's repeated assertions that the reconciliation was done accurately and has corrected all of SBC's billing problems.[29] Nor can SBC continue to claim that it has provided CLECs with all of the information that they need, either on the OC&C section of the wholesale bill or otherwise, in order to determine the results of the reconciliation. Indeed, SBC's latest disclosure leaves AT&T wondering how many more mistakes are associated with the reconciliation, and how many more lists of incorrect telephone numbers it will receive.

C. SBC Has Failed To Rebut Examples Of Errors Raised By AT&T.

31. In its April 14 Billing Ex Parte, AT&T demonstrated that SBC's own records show that SBC is not generating accurate bills for UNE-P usage. Specifically, a comparison of SBC data reconciliation records with SBC's usage data provided to AT&T (and placed in AT&T's unbillable usage records) demonstrated that SBC was providing usage detail to AT&T for

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[28] April 14 Billing Ex Parte at 2 n. 6.

[29] *See, e.g.*, Brown/Cottrell/Flynn Decl. ¶ 5 ("Ernst & Young has performed an independent third party verification of the CABS/ACIS reconciliation and found that it was nearly perfect"); *id.* ¶ 41 ("E&Y's findings conclusively establish that SBC Midwest implemented the reconciliation properly and achieved a high success rate"); *id.* ¶ 47 ("[I]t is clear from E&Y's findings that the

customers that SBC's own records showed were no longer AT&T customers. AT&T determined that for a six-month period in Michigan alone, SBC erroneously submitted usage messages to AT&T for at least 187 telephone numbers. In the *ex parte*, AT&T submitted on a confidential basis nine illustrative examples (from the 187) of SBC's erroneous assignment of usage messages.

32. Even though two months passed between the time this information was provided to SBC and the filing of SBC's supplemental application, SBC never responded to AT&T on these nine examples in a business setting. Instead, SBC responded to these examples for the first time in the materials submitted with its supplemental application.[30]

33. SBC's responses are inadequate and fail to address the substance of the problem: AT&T is receiving usage records on disconnected customers.

- SBC admits error with respect to one example, explaining that the problem "was caused by a manual service order error."[31]
- SBC also admits error with respect to three other examples, explaining that the identified UNE-P circuits were mistakenly removed from billing during the data reconciliation.[32]
- SBC suggests that all of AT&T's examples "appear to be affected by AT&T's mistaken assumption that the "from" date in the OC&C's generated from the UNE-P reconciliation is always the UNE-P circuit disconnect date,"[33] – a mistaken assumption caused by SBC's own failure to explain its dating methodology at an earlier date. Notwithstanding AT&T's erroneous assumption, SBC has failed to address the specifics of the four remaining examples by providing the appropriate disconnect date. Until it does so, SBC fails to meet its burden of showing that the billing for these examples is accurate.

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updating of the CABS database worked as designed").
[30] *See* Brown/Cottrell/Flynn Affid. ¶ 137.
[31] *Id.*
[32] *Id.*
[33] *Id.*

- SBC complains about the format of the usage records provided by AT&T (which were simply truncated versions of the original EMI records provided by SBC), but this response does not address the substantive problem.[34]

34. SBC's erroneous assignment of usage messages presents a significant problem to CLECs. CLECs cannot recover the revenues associated with their customers' usage of the UNE-P based local service if SBC does not provide accurate customer usage information. SBC suffers no comparable impediments. Accordingly, SBC's failure to implement non-discriminatory systems for generating accurate UNE-P messages alone demonstrates that it has not fully implemented the competitive checklist.

35. In addition, SBC's erroneous assignment of usage messages undercuts the reliability of the data reconciliation. As demonstrated above, SBC used its own usage records to determine how far back to calculate debits. If usage messages are not being sent to the correct CLECs, then SBC's methodology for calculating credits is unsound.

36. In its April 14 Billing Ex Parte (at 5), AT&T gave one example of a telephone number for which it believed SBC imposed a non-recurring charge ("NRC") as a result of the data reconciliation. Having reviewed SBC's explanation of the coding used on the bill,[35] AT&T now understands that the NRC was not imposed as part of the reconciliation. But SBC's position that NRC's "were not generated as a result of the mechanical reconciliation process,"[36] raises additional questions. AT&T's own investigation of the March bill showed that there were numerous telephone numbers for which AT&T was receiving a CABS bill and usage data for customers that have never been in AT&T's ordering system – *i.e.*, AT&T has no record of the

[34] *Id.*
[35] *Id.*

customer in its databases. If, as AT&T suspects, SBC has inappropriately billed AT&T for customers that never received local service from AT&T (and did not just improperly continue to bill AT&T for customers after they had left AT&T), then AT&T should have received credits for not only the monthly recurring charges associated with the telephone numbers, but the non-recurring charges as well.

37. Finally, in its efforts to correct erroneous billing, AT&T has identified additional errors in the reconciliation, and has attempted to discuss these errors with SBC. For example, on May 23, 2003, AT&T provided SBC with data for 285 telephone numbers that AT&T believes show that the reconciliation for these telephone numbers was done incorrectly. AT&T's and SBC's first telephone meeting on these telephone numbers was on July 1, 2003. Interestingly, on the day of the call, SBC disclosed that it had previously "forgotten to send" AT&T yet another list of 238 telephone numbers that had inappropriately been disconnected in the reconciliation, and provided it to AT&T that evening. This list, however, did not account for the vast majority of the problems that AT&T identified on its list of 285 telephone numbers. On the July 1 call, which went for nearly two hours, SBC and AT&T were only able to get through a discussion of about 15 of the 285 telephone numbers. With respect to a number of the telephone numbers, SBC told AT&T that it still had more research to do. With respect to certain other telephone numbers for which there was apparent overbilling, SBC explained to AT&T that it would find information that would resolve the issue raised by AT&T (*i.e.*, evidence that SBC did actually show the telephone number as a "disconnect" on AT&T's bill) on a section of AT&T's bill that was not marked as being affected by the reconciliation. AT&T will now have to conduct further

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[36] *Id.* ¶ 48 n. 67.

research on its records to determine if SBC's assertions are correct. And time did not permit many other categories of errors to be discussed on the call. With respect to the telephone numbers that AT&T now has to go back to research, AT&T cannot determine at this point whether those telephone numbers were reconciled incorrectly or not. But one thing is clear: it will take many more hours and a review of many other records besides the OC&C section of the February bill which reflected the reconciliation to determine what SBC did with respect to these numbers. Thus, contrary to SBC's assertions,[37] the reconciliation billing adjustments are anything but clear.

D. SBC Has Never Explained Why The Results For PM 17 Did Not Need To Be Restated After The Reconciliation.

38. PM 17 (Billing Completeness) is a billing completion timeliness measure that measures the percent of on-time service orders ("SOs") in both ACIS and CABS that post within a 30 day billing cycle. SBC has conceded that this performance measurement "was affected by the inaccuracies in the CABS database."[38] After SBC performed the January reconciliation, AT&T requested that SBC restate this measure and then meet with AT&T to explain how it determined the restatement. SBC refused to meet on the ground that a restatement is not necessary. In an *ex parte* letter, SBC asserted that "[n]o restatement of PM 17 is planned as a result of the reconciliation effort because the impact of the conversion effort has already been captured by this measurement."[39] In footnote 50 of the Brown/Cottrell/Flynn Affidavit,

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[37] *Id.* ¶ 137 ("OC&Cs associated with the reconciliation are easily identifiable based on the term "RECON" in the Purchase Order Number ("PON") field or "RECONCILE" in the Service Order field").
[38] *See* Letter from Geoffrey M. Klineberg to Marlene H. Dortch, March 14, 2003, WC Docket No. 03-16, Attach. B at 3 ("SBC March 14 *ex parte*").
[39] *Id.*, Attach. B at 3-4.

however, SBC now states that the January reconciliation "was accomplished by comparing the ACIS and CABS UNE-P records, eliminating the need to post backlogged service orders to CABS. Accordingly, those service orders were cancelled, and were not included in the PM 17 results." This "explanation" makes no sense. First, the explanations are inconsistent: SBC first claimed that the measure already captured the effects of its conversion effort, but now asserts that the backlogged service orders were not included in the performance measure results because they were cancelled. Moreover, SBC's cancellation of the admittedly "backlogged" service orders provides no justification for excluding them from the PM17 results, and this is yet another example of SBC seeking to avoid performance measure impacts from the failures of its wholesale billing systems. SBC must restate its PM 17 results and pay any applicable penalties for its abysmal wholesale billing performance.

E. SBC's Attempt To Downplay The Significance Of The Billing Disputes Resulting From The Reconciliation Is Unavailing.

39. Having failed to address the substantive issue of the accuracy of its wholesale billing processes, SBC seeks to downplay the issue as a "routine" part of doing business.[40] There is nothing routine about it. SBC asserted that as of May 2003 the "total amount in dispute between SBC Midwest and CLECs in Michigan was approximately $25 million."[41] Notwithstanding SBC's assertion in its Application that this total includes items such as "amounts relating to the ACIS/CABS reconciliation,"[42] its affidavit makes clear that this "total" conveniently ignores the disputes of AT&T (and perhaps other CLECs) with respect to the credited and debited amounts

[40] *See* Brown/Cottrell/Flynn Affid. ¶¶ 109-14.
[41] *Id.* ¶ 122.
[42] SBC Supplemental Brief at 22.

resulting from the data reconciliation itself. For AT&T alone, the disputed debited amount relating to the reconciliation is $3.3 million.

40. Indeed, SBC's attempt to characterize its wholesale billing problems as "routine" is part of the problem. SBC has failed to devote the resources to addressing the underlying problem of its inaccurate wholesale bills and instead spends its resources on irrelevant testing by E&Y for purposes of this application. The problem, however, will not go away until SBC addresses the underlying accuracy issues, and further data reconciliations and considerable regulatory involvement will be "routine" unless the underlying problem is addressed.

41. In any event, SBC's assertion that the amounts in dispute in Michigan are comparable to the amounts disputed in other states where SBC has received section 271 authority,[43] ignores that the billing systems used in SBC's Midwest Region, including Michigan, are different from the billing systems used in these other states. None of the billing systems in these other states have exhibited the pervasive inaccuracies that made the January reconciliation necessary. Accordingly, SBC's comparison is unpersuasive.

V. CONCLUSION

42. SBC's continued billing errors demonstrate that SBC has not complied with its obligation to provide timely, accurate and auditable wholesale bills. SBC cannot be found to comply with this obligation until it can demonstrate that it can provide such bills to AT&T and other CLECs.

[43] Brown/Cottrell/Flynn Affid. ¶ 113.

VERIFICATION PAGE

I declare under penalty of perjury that the foregoing Declaration is true and correct to the best of my knowledge and belief.

/s/ Sarah DeYoung_____
Sarah DeYoung

Executed on: July 2, 2003

VERIFICATION PAGE

I declare under penalty of perjury that the foregoing Declaration is true and correct to the best of my knowledge and belief.

/s/ Shannie Tavares
Shannie Tavares

Executed on: July 2, 2003

Exhibit 1
Redacted for Public Inspection

Exhibit 2
Redacted for Public Inspection

Exhibit 3
Redacted for Public Inspection

Exhibit 4
Redacted for Public Inspection

Exhibit 5
Redacted for Public Inspection

Exhibit 6
Redacted for Public Inspection