July 30, 2003

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

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

Dear Ms. Dortch:

Throughout the Michigan 271 proceeding SBC has relied heavily on the results of BearingPoint's 3rd party test as proof that its wholesale billing systems and processes meet the requirements of Section 271 of the Telecom Act. Many parties have raised questions about the adequacy of the scope of these billing tests. As the Department of Justice stated in its evaluation, although "(t)he BearingPoint and E&Y tests show that SBC's billing programs themselves work well... The problems may lurk at a deeper level, perhaps in the underlying databases from which bills are calculated and in the process by which data is entered into and extracted from those databases." (*DOJ Michigan III Evaluation* at 8-9)

These are precisely areas that were not tested by BearingPoint (or E&Y). The following discussion will provide the Commission with a more in depth explanation of the limitations of the BearingPoint test than is currently on the record. A close examination of the billing component of the Michigan OSS Master Test Plan (MTP) reveals numerous blind spots in the billing tests. An understanding of these blind spots will help explain the differences between the empirical results of the BearingPoint test and the real world problems that still exist in SBC's wholesale billing systems and processes.

Background

The BearingPoint billing tests have been described in various SBC filings in this proceeding and therefore only a very brief summary is included here. Six specific billing

tests were part of the Michigan MTP including four Process and Procedures Review (PPR) tests and two Transaction Verification and Validation (TVV) tests:

PPR10: Billing Work Center/Help Desk Support Evaluation
PPR11: Daily Usage Feed Returns – Process Evaluation
PPR12: Daily Usage Production and Distribution - Process Evaluation
PPR13: Bill Production and Distribution - Process Evaluation
TVV8: Billing Functional Usage Evaluation,
TVV9: Functional Carrier Bill Evaluation

The PPR tests covered the areas of bill production and CLEC post-bill support. Bill production processes are generally computerized with manual intervention necessary only to resolve errors or adjust billing inputs. BearingPoint reviewed process documentation and conducted interviews with SBC personnel to determine their familiarity and use of the process and procedure documentation. CLEC support process testing likewise included documentation review and interviews along with BearingPoint observations of SBC's Help Desk function.

The TVV tests used a test bed created by SBC according to BearingPoint specifications. Just under 60 test scenarios covering UNE loops, line sharing, interoffice facilities, UNE-P, resale and private lines were included in the transaction testing. In addition, 16 types of calls were tested in its Usage Evaluation. Tests were performed in selected time segments using the test bed between June 2001 and October 2002. As of BearingPoint's June 30, 2003 Update Report, 100% of the test criteria were shown to be satisfactory.

Blind Spots in the BearingPoint Billing Tests

The results of the BearingPoint test are not in question. However, the structure and scope of these tests that attempt to emulate the wholesale bills produced by SBC are seriously lacking. First, the overall test design does not utilize the OSS Test CLEC's transaction testing experience for evaluating wholesale bills. Billing tests were conducted as discrete test transactions processed in a separate billing test bed.

Second, BearingPoint did not actually process the wholesale bills it received as the Test CLEC in a manner consistent with that of an actual CLEC. Without the accounting or service inventory systems of an actual CLEC, effective analysis and reconciliation of bills did not occur. Because of this BearingPoint evaluated the accuracy of test bills against a standard of SBC provided documentation, not against a standard of its own expected results.

Third, BearingPoint did not dispute any of the billed charges nor make any claims for disputed amounts. Although it obtained copies of billing claim reports, it did not evaluate the report contents in the course of the test evaluation. Finally, unlike operational CLECs, BearingPoint was able to quickly and easily raise and resolve several billing issues throughout the course of the billing test. While SBC may claim otherwise, in

reality, resolving outstanding billing issues through current venues such as the CLEC User Forum is a long, slow process that may or may not eventually bear fruit. These structural problems with the BearingPoint test have lead to the following significant differences between test results actual performance.

1. The limited test scenarios that took place in the Billing Test Bed do not reflect the complexities of actual customer account and service arrangements or the dynamics of change activities that routinely occur. End users with service configurations outside the norm and CLECs with interconnection rates, terms or provisioning models that differ from those in the boilerplate SBC 13-state contract were not adequately covered in the billing test yet are the source of many of SBC's current billing problems. TDS Metrocom billing disputes related to the application of the residential merger discount, joint SONET provisioning and ongoing SBC problems differentiating between TDS ILEC and CLEC operations seem to fall in this category.

2. By not using transactions related to actual or even Test CLEC activity, the billing test did not address many recurring activities. BearingPoint did not place collocation order for evaluative billing. BearingPoint did not place orders that required facilities-modification by which it could evaluate billing processes. And BearingPoint did not issue trouble tickets for which dispatch was required in order to test those associated billing processes. TDS Metrocom has had significant disputes with SBC in each of these areas.

3. BearingPoint validated the electronic bills it received from SBC by comparing the entries in those bills with the companion paper bills for the same service types and periods. This simplistic validation would not identify the difficulties encountered in the establishment and maintenance of electronic interfaces between SBC and CLECs. Accuracy was not measured against industry standards such as OBF - ATIS and would therefore not catch the myriad of formatting and change management problems associated with SBC's electronic bills.

4. Without established account and service record keeping systems against which to reconcile SBC wholesale bills, typical controls applied by operational CLECs were not present. Such controls ensure that new customer local service requests, account change and service disconnection activity are appropriately billed with respect to both recurring and non-recurring charges on the next and subsequent wholesale bills. These controls insure that absent any changes to the account, billing also remains unchanged over time. The controls ensure that payments and adjustments made are properly reflected on bills. And the controls identify any discrepancies that may appear on bills related to charges quoted for special services, facilities modification, collocation, repair dispatches, etc. Again, these are all areas where the BearingPoint tests were lacking and TDS Metrocom and other CLECs have had significant billing disputes.

5. Because BearingPoint did not formally dispute any bills or make claims for disputed amounts, it could not effectively review the dispute resolution process. While SBC has a documented dispute resolution process, it is applied inconsistently, it can be riddled with delays, responses from SBC are incomplete and lack supporting data and escalation is the rule rather than the exception. The only way to accurately test the process would be to experience it first hand and observe the difficulties encountered.

6. BearingPoint's review of claims tracking mechanisms and dispute logs found that they existed and were updated. It did not test whether the contents of the logs were accurate, nor did it make a determination as to how effective the process was in resolving disputes. As TDS Metrocom has relayed in its comments, many times SBC views that an issue is closed even though applicable adjustments have not been made on bills, no documentation of a root cause has been created or similar charges continue to appear on bills.

7. The review of the Billing Help Desk function was not done in the same manner as reviews of other Help Desk functions such as ordering, provisioning or repair. BearingPoint relied only on documentation review, interviews and observations. The billing review did not include BearingPoint acting as a pseudo-CLEC to capture the experiences of operational CLECs. Test cases were not used to establish situations where BearingPoint could set objective criteria for SBC's performance in advance of evaluating Billing Help Desk performance.

8. The billing test was unrealistic due to the extraordinary ability of BearingPoint to get issues resolved in a timely manner. When problems were detected in the course of the test - 6 Exceptions and 35 Observations - SBC responded in a timely manner because it had a strong incentive to do so. The avenues available to CLECs such as the CLEC User Forum and six-month performance metrics review carry no such weight. Only through a structure that contained both a 3rd party tester and state commission oversight were changes implemented in a timely manner.

E&Y Billing Accuracy Tests

As has become common in this proceeding, SBC attempted to fill the holes in its 271 application by retaining its auditor Ernst & Young to examine certain billing practices. Among other things, E&Y investigated the accuracy of SBC's rating of UNE and UNE-P bills and the accuracy of corrections dealing with UNE rate zones and residential loop merger discounts. The Commission should take no comfort in the results of the E&Y analysis because it suffers from as many weaknesses as the BearingPoint tests.

First, the E&Y investigation of UNE rate accuracy does not include billing for numerous wholesale activities such as collocation, usage based services other than local switching (transit, reciprocal compensation) and other miscellaneous charges including LEC

Services Billing. Coincidentally, SBC has also proposed that these categories of charges be excluded from new billing related performance measures currently under discussion.

Additionally, because the E&Y rate accuracy analysis was a snapshot in time with a limited set of USOCs, it could not have identified many of the types of problems TDS Metrocom has described in its filings. These include mysterious one-time charges appearing on bills, data such as business/residential indicators disappearing over time, inappropriate repair charges, billing problems with arrangements outside the norm such as Joint SONET provisioning and the YZP loop provisioning process for DSL capable loops, etc. Finally, the E&Y analysis did not even touch on issues related to dispute resolution.

Furthermore, the Commission should be concerned with SBC's handling of the loop rate zone and residential discount correction processes because of E&Y's findings. In both cases, E&Y continued to find errors even after SBC initially attempted to fix the problem. Only because E&Y was watching over their shoulder were additional errors found and fixed by SBC. Without a 3rd party monitor or regulatory oversight, how can we expect SBC to accurately fix future problems?

Despite their 100% satisfactory score on the BearingPoint billing tests, the evidence on the record in this proceeding clearly shows that SBC continues to have significant wholesale billing problems. SBC bills are still inaccurate in many areas. SBC's processes, procedures and databases that feed into billing software have not been thoroughly investigated and remain suspect. SBC is unable to fix most of the billing problems raised by CLECs in a timely and accurate manner. And SBC's dispute resolution processes are time consuming, burdensome and many times ineffective. Put together, these issues cause significant and meaningful harm to CLECs that operate in Michigan and the other former Ameritech states. Prior to Section 271 relief the Commission must ensure that a process is in place to investigate the root causes of these ongoing wholesale billing problems and resolve new problems as they arise so that the marketplace in Michigan is truly, irrevocably open to competition.

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

Sincerely,

/s/ Mark Jenn
Manager - CLEC Federal Affairs
TDS Metrocom
608-664-4196

cc: Gina Spade
Qualex International