

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

In the Matter of )  
 )  
Joint Application by SBC Communications Inc., )  
Illinois Bell Telephone Company, Indiana Bell )  
Telephone Company Incorporated, The Ohio Bell )  
Telephone Company, Wisconsin Bell, Inc., and ) WC Docket No. 03-167  
Southwestern Bell Communications Services, )  
Inc., for Authorization Under Section 271 )  
Of the Communications Act to Provide )  
Provide In-Region, InterLATA Service in )  
Illinois, Indiana, Ohio, and Wisconsin )

**COMMENTS OF  
TDS METROCOM, LLC**

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Dated: August 6, 2003

**TABLE OF CONTENTS**

I. INTRODUCTION ..... 2

II. SBC’S APPLICATION IS PREMATURE AND MUST BE DENIED..... 3

III. SBC FAILS TO SATISFY CHECKLIST ITEM 2 BECAUSE IT DOES NOT PROVIDE READABLE, AUDITABLE AND ACCURATE WHOLESALE BILLS..... 8

IV. SBC ALSO FAILS TO SATISFY CHECKLIST ITEM 2 BECAUSE IT DOES NOT PROVIDE ADEQUATE CHANGE MANAGEMENT BETWEEN ITS ORDERING SYSTEMS ..... 23

V. SBC’S DEFICIENT OSS HAS SERIOUS AND ADVERSE CONSEQUENCES FOR TDS METROCOM..... 27

VI. IF THE COMMISSION GRANTS SBC LONG DISTANCE AUTHORITY, IT MUST PREVENT BACKSLIDING BY CREATING A COLLABORATIVE PROCESS UNDER STATE COMMISSION OVERSIGHT TO DISCUSS AND RESOLVE PROBLEMS RELATED TO WHOLESALE BILLING ..... 30

VII. CONCLUSION..... 32

## SUMMARY

Once again, SBC has filed a premature application for long-distance authority. SBC still has not passed the Metrics Data Integrity Test (PMR4) of the Master Test Plan administered by BearingPoint regarding the integrity of its performance measurements data. Until SBC passes PMR4 regarding the integrity of the data that SBC uses for its performance measurements, the Commission cannot be sure that any of the performance measurements results that SBC uses to support its application are reliable.

It is clear now in hindsight that the BearingPoint tests for SBC's billing systems were terribly inadequate. The tests did not reveal the extent of SBC's billing problems and did not catch the majority of the problems that CLECs have identified over the last year. The Commission should be compelled to order SBC to undergo additional testing of its billing systems to ensure that they actually work. Right now they don't, and the BearingPoint tests are not going to reveal the systemic problems within the SBC billing systems.

TDS Metrocom has already chronicled the extensive problems it has experienced with SBC's wholesale billing operations. The inaccuracy of the bills received from SBC have had a clear impact on TDS Metrocom's operations and financial bottom line. SBC's wholesale bills are simply exceptionally bad, and they are costing TDS Metrocom time and money to reconcile and rectify.

TDS Metrocom also urges the Commission to reject the application because SBC's change management processes are woefully deficient. The test environment for SBC's LSOG systems differs substantially from the production environment so that problems that do not appear in the test environment come up in the production environment when exactly the same ordering information is entered into the system. As a result, when TDS Metrocom implemented

LSOG 5, a number of orders that would have been accepted in the test environment were rejected by SBC. SBC has yet to find a work-around for some of the orders that are being rejected, and the root causes of the problems have yet to be identified.

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**COMMENTS OF TDS METROCOM, LLC**

TDS Metrocom, LLC (“TDS Metrocom”) submits these comments concerning the Application by SBC Communications Inc., Illinois Bell Telephone Company, Indiana Bell Telephone Company Incorporated, The Ohio Bell Telephone Company, Wisconsin Bell, Inc., and Southwestern Bell Communications Services, Inc. (collectively referred to as “SBC” or “Ameritech Illinois,” “Ameritech Indiana,” “Ameritech Ohio,” and “Ameritech Wisconsin”), for Authorization Under Section 271 of the Communications Act to Provide In-Region, InterLATA Service in Illinois, Indiana, Ohio, and Wisconsin (“Application”).<sup>1</sup> For the reasons stated in these comments, and the reasons it raised in its Comments in WC Docket No. 01-138,<sup>2</sup> the Commission should deny the Application.

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<sup>1</sup> *Comments Requested on the Application by SBC Communications, Inc. for Authorization Under Section 271 of the Communications Act to Provide In-Region, InterLATA Service in the State of Illinois, Indiana, Ohio and Wisconsin*, Public Notice, WC Docket No. 03-167, DA 03-2344, released July 17, 2003.

<sup>2</sup> TDS Metrocom attaches as Attachments A and B its Comments and Affidavit of Rod Cox which it filed in WC Docket No. 01-138 pertaining to SBC’s Section 271 application in Michigan. Since these filings pertain to OSS issues and SBC utilizes the same OSS throughout its Midwest Region, and since the Michigan filings are virtually contemporaneous with this filing, they are of tremendous relevance to this proceeding.

## I. INTRODUCTION

SBC files its application for Section 271 authorization in Illinois, Indiana, Ohio and Wisconsin virtually on the heels of its supplemental application in Michigan. The timing is somewhat puzzling as Michigan was supposed to represent SBC's lead application in the Midwest region, and SBC still has failed to meet Section 271 requirements there. In fact, the United States Department of Justice noted in regard to SBC's Michigan application that it was in no position "to support this application based on the current record" due to lingering issues in regard to SBC's OSS, and in particular, its wholesale billing.<sup>3</sup> Thus despite an unprecedented four applications in Michigan, SBC still comes up short. In 1997, prior to being acquired by SBC Communications, Inc., Ameritech Michigan sought authority twice to provide long-distance under Section 271 of the Telecommunications Act of 1996 (the "Act"). The first application was withdrawn and the second application was soundly rejected by the Commission.<sup>4</sup> In January 2003, SBC filed a third application, and even with supplemental information filed late in the proceeding to bolster its case, the application was inadequate and was subsequently withdrawn.<sup>5</sup> SBC returned to the Commission with a supplement to its original application, but the supplement showed that SBC has done nothing to fix the problems in Michigan. Once again, SBC has failed to cure the defects that plagued Ameritech's filings nearly six years ago and that continued through its Michigan applications. Despite this track record in its lead state, SBC asks this Commission to take a leap of faith and approve the applications for the rest of the Midwest region despite evidence of the same persistent problems that its Michigan application exposed.

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<sup>3</sup> WC Docket No. 03-138, Evaluation of the U.S. Department of Justice at 2 (July 16, 2003) ("DoJ MI II Evaluation").

<sup>4</sup> *Application of Ameritech Michigan Pursuant to Section 271 of the Communications Act of 1934, as amended, To Provide In-Region, InterLATA Services in Michigan*, CC Docket No. 97-137, FCC 97-298 (Aug. 19, 1997) ("*Michigan Order*").

In rejecting the first application in Michigan in 1997, the Commission found particular fault with the readiness of Ameritech's operations support systems ("OSS") to enable competitive local exchange carriers ("CLECs") to use network elements and resale services in competition with Ameritech, emphasizing that "new entrants must have access to the functions performed by the systems, databases and personnel, commonly referred to as operations support systems, that are used by the incumbent LEC to support telecommunications services and unbundled elements."<sup>6</sup> It stated that nondiscriminatory access to such systems is "critically important to the development of effective, sustained competition in the local exchange market."<sup>7</sup>

It found that before any future Section 271 request could be granted:

We would expect Ameritech to demonstrate, at a minimum, that both individual and combinations of unbundled network elements can be ordered, provisioned, and billed in an efficient, accurate and timely manner, and that its operations support systems supporting such functions are designed to accommodate both current demand and projected demand of competing carriers.<sup>8</sup>

TDS Metrocom submits that given SBC's continued failure to meet this Commission-established threshold, first in Michigan, and now in its remaining states, this Application also must be rejected.

## **II. SBC'S APPLICATION IS PREMATURE AND MUST BE DENIED**

As addressed above, this case presents unusual circumstances in that an applicant is attempting to obtain approval for other states in a region when its lead application in that region is still found lacking. In addition to the fact that the fatal deficiencies associated with its Michigan application are region-wide and preclude Commission approval of the Application, the

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<sup>5</sup> See Ex Parte Letter dated April 16, 2003 from James C. Smith, SBC Telecommunications, Inc., to Marlene H. Dortch, Secretary, Federal Communications Commission.

<sup>6</sup> *Michigan Order* at ¶ 129.

<sup>7</sup> *Michigan Order* at ¶¶ 3, 130.

<sup>8</sup> *Michigan Order* at ¶ 161.

Commission must deny SBC's request for the independent reason that testing of SBC's performance metrics and OSS is far from complete. Testing remains incomplete in all of the SBC Midwest states. In fact, BearingPoint has recently delayed the expected date for conclusion of the OSS tests in Illinois, Ohio and Wisconsin yet again to October 7, 2003. SBC admits that the Master Test Plan being conducted by BearingPoint has not been finished, but SBC now maintains that the test's pendency "should not make any difference." Application at 21. Yet it does make a difference, because SBC has not yet passed the performance evaluation it agreed to prior to filing its application. SBC's delay in completing the performance evaluation has prompted the Public Service Commission of Wisconsin to issue a Supplemental Order to Show Cause to compel SBC to explain why it cannot complete testing by December 31, 2003.<sup>9</sup> The Wisconsin Commission felt obligated to issue the Order "to secure an expeditious completion" of the Master Test Plan regarding the SBC OSS.

Given the ongoing state of such testing in the Midwest region, it is readily apparent that SBC has still not met the burden of demonstrating that it provides nondiscriminatory access to all of its OSS functions, a requirement cited by the Commission as one of the primary reasons for denying the 1997 Michigan Application.<sup>10</sup> SBC therefore cannot be deemed to be in compliance with the competitive checklist, and the award of Section 271 authority would be inappropriately premature.

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<sup>9</sup> *Investigation Into Ameritech Wisconsin Operational Support Systems*, Docket No. 6720-TI-160 (Wis. PSC Jul. 11, 2003). The Order is attached as Attachment C.

<sup>10</sup> *See Michigan Order* at ¶¶ 5, 128, 158, 403. The Commission has repeatedly emphasized that nondiscriminatory access to OSS is a component of checklist compliance in other Section 271 cases. *See In the Matter of Application by BellSouth Corporation, BellSouth Telecommunications, Inc. and BellSouth Long Distance, Inc., for Authorization to Provide In-Region, InterLATA Services in Florida and Tennessee*, Memorandum Opinion and Order, WC Docket No. 02-307, FCC 02-331 (Dec. 19, 2002) at ¶ 68; *In the Matter of Application by Verizon Virginia Inc., Verizon Long Distance Virginia, Inc., Verizon Enterprise Solutions, Inc., Verizon Global Networks, Inc. and Verizon Select Services of Virginia, Inc., for Authorization to Provide In-Region, InterLATA Services in Virginia*, Memorandum Opinion and Order, WC Docket No. 02-214, FCC 02-297 (Oct. 30, 2002) at ¶ 22.

In rejecting Ameritech's 1997 Application, the Commission made several findings that are particularly relevant to the instant case. The Commission ruled that "There is... a fundamental difference between making improvements to the OSS access that, at the time of the application, meets the nondiscriminatory requirement, and taking post-filing remedial measures to try to bring the OSS access into compliance during the pendency of the application."<sup>11</sup> In other Section 271 cases, the Commission has similarly stated that the competitive checklist must be "fully implemented" before Section 271 authority is given, rather than at some indeterminate date after the BOC has received such an award.<sup>12</sup>

Furthermore, in the *Michigan Order* the Commission stated that "it is not enough that the BOC prove it is in compliance at the time of filing a section 271 application; it is essential that the BOC must also demonstrate that it can be relied upon to remain in compliance."<sup>13</sup> It added that "we will look to see if there are appropriate mechanisms, such as reporting requirements or performance standards, to measure compliance, or to detect noncompliance, by the BOC with their obligations."<sup>14</sup> Because testing of SBC's OSS and performance standards for the Midwest region is not yet complete, the Application must be rejected.

TDS Metrocom previously urged the Commission to reject the SBC Application because in Michigan SBC had not passed the Master Test Plan administered by BearingPoint regarding the integrity of its performance measurements data.<sup>15</sup> Seven months later, SBC still has not passed the Metrics Data Integrity Test (PMR4) in Michigan. Michigan II Application at 7. It

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<sup>11</sup> *Michigan Order* at ¶ 153.

<sup>12</sup> See *In the Matter of Application of Verizon New England Inc., Bell Atlantic Communications, Inc. (d/b/a Verizon Long Distance), NYNEX Long Distance Company (d/b/a Verizon Enterprise Solutions) and Verizon Global Networks Inc., for Authorization to Provide In-Region, InterLATA Services in Massachusetts*, Memorandum Opinion and Order, CC Docket No. 01-9, FCC 01-130 (April 16, 2001) at ¶ 11.

<sup>13</sup> *Michigan Order* at ¶ 22.

<sup>14</sup> *Michigan Order* at ¶ 22.

<sup>15</sup> TDS Metrocom Michigan I Comments at 10-19; TDS Metrocom Michigan I Reply Comments at 6-7.

turns out SBC has not passed this test for any of its Midwestern states. Four State Application at 23. Thus, there is no basis for the Commission to grant the SBC Application. Further, until SBC passes PMR4 regarding the integrity of the data that SBC uses for its performance measurements, the Commission cannot be sure that any of the performance measurements results that SBC uses to support its Application are reliable.

In fact, the Illinois Commerce Commission Staff has concluded that:

Of the five primary test families that BearingPoint conducted tests upon, SBC Illinois has only satisfied the PMR2 review. SBC Illinois has been unable to demonstrate to BearingPoint that it can satisfy the evaluation criteria with respect to its data collection and storage capabilities, its metric change management policies and practices, its performance measure data integrity and its ability to calculate its performance measurements results and retail analogs. The specific metric deficiencies reported by BearingPoint which to these test aspects and the evaluation criteria BearingPoint has been unable to opine upon 26 months after beginning the evaluation of SBC Illinois' performance metrics data and reporting systems, provides . . . clear indication that there is more work to be done and that at this time, we should not rely upon the performance measurement data being reported by the company.<sup>16</sup>

Further, in hindsight, as TDS Metrocom explained in an Ex Parte letter dated July 30, 2003,<sup>17</sup> it appears that the BearingPoint tests for SBC's billing systems were terribly inadequate. Even though CLECs participated in developing the tests and SBC passed the tests, real world results show that the tests did not reveal the extent of SBC's billing problems and did not catch the majority of the problems that CLECs have identified over the last year. The tests did not test the processes and systems that provided the inputs to the billing systems, and they did not include CLEC interviews as other OSS tests did.

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<sup>16</sup> Illinois 271 Order at 694.

<sup>17</sup> See Ex Parte Letter dated July 30, 2003 from Mark Jenn, TDS Metrocom, LLC, to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Docket No. 03-138, attached hereto as Attachment D.

As the Staff of the Illinois Commerce Commission (“Illinois Staff”) noted, Bearing Point’s test was hardly comprehensive.<sup>18</sup> For instance, Bearing Point’s test did not cover, among other things: i) volume or functional testing of the LSOG5 version of Ameritech Illinois’ EDI or COBRA application to application interfaces, ii) billing reconciliation process; iii) timeliness of DUF records return process and return status mechanism; iv) prioritization of calls for billing support; v) completeness and accuracy of debit and credit adjustments; and vi) the completeness and accuracy of late charges.<sup>19</sup> Thus, this testing would not address SBC deficiencies in regard to billing dispute resolution. Also, since Bearing Point did not submit payments to SBC, there would be no way to test SBC’s application of payments or late payment charges.<sup>20</sup>

The subsequent Ernst & Young test was conducted without CLEC input and Ernst & Young heard only one side of the story and only investigated what SBC asked them to investigate. If the Commission truly adheres to its previously stated requirement that the competitive checklist must be “fully implemented” before Section 271 authority is given, then the Commission should be compelled to order SBC to undergo additional testing of its billing systems to ensure that they actually work. Right now they don’t, and the BearingPoint tests are not going to reveal the systemic problems within the SBC billing systems.

Concerns about premature Section 271 Applications have previously been expressed by several commissioners. In his dissenting statement in the proceeding involving Commission approval of SBC’s Section 271 California filing, Commissioner Kevin J. Martin stated, “I

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<sup>18</sup> *Investigation Concerning Illinois Bell Telephone Company’s Compliance with Section 271 of the Telecommunications Act of 1996*, Illinois Commerce Commission Docket No. 01-0662, Brief on Exception of the Staff of the Illinois Commerce Commission at 25 (April 18, 2003) (“IL Staff Exceptions”).

<sup>19</sup> *Id.* at 25-26.

<sup>20</sup> Illinois 271 Order at 343.

believe approval of this application at this point is premature.”<sup>21</sup> Commissioner Martin explained that SBC had not complied with the entire competitive checklist, and added, “I am not convinced that granting this application at this time is in the public interest.”<sup>22</sup> In dissenting from the majority’s approval of Verizon Pennsylvania’s Section 271 Application, Commissioner Michael J. Copps similarly found both that “the record does not demonstrate that Verizon has satisfied the requirements of Section 271 in Pennsylvania,” and that “I deem approval of the Application at this point to be premature.”<sup>23</sup> The Commission should heed the commissioners’ prior statements and prevent the premature award of Section 271 authority in the instant case. Because SBC clearly has not met its burden of demonstrating compliance with all applicable legal requirements, its Application must be rejected.

### **III. SBC FAILS TO SATISFY CHECKLIST ITEM 2 BECAUSE IT DOES NOT PROVIDE READABLE, AUDITABLE AND ACCURATE WHOLESALE BILLS**

In the *Pennsylvania Order*, the Commission stated that Verizon “must demonstrate that it can produce a readable, auditable, and accurate wholesale bill in order to satisfy its nondiscrimination requirements under checklist item 2.”<sup>24</sup> CLECs need readable, auditable, and accurate wholesale bills for a number of reasons:

First, a competitive LEC must spend additional monetary and personnel resources reconciling bills and pursuing bill corrections. Second, a competitive LEC must show improper overcharges as current debts on its balance sheet until the charges are resolved, which can jeopardize its ability to attract investment capital. Third,

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<sup>21</sup> *Application by SBC Communications, Inc., Pacific Bell Telephone Company, and Southwestern Bell Communications Services, Inc. for Authorization to Provide In-Region, InterLATA Services in California*, Docket No. 02-306, Memorandum Opinion and Order, FCC 02-330 (December 19, 2002) (“*California Order*”), Dissenting Statement of Commissioner Kevin J. Martin at 1.

<sup>22</sup> *California Order*, Dissenting Statement of Commissioner Kevin J. Martin at 1.

<sup>23</sup> *Application of Verizon Pennsylvania, Inc., Verizon Long Distance, Verizon Enterprise Solutions, Verizon Global Networks, Inc., and Verizon Select Services, Inc. for Authorization to Provide In-Region, InterLATA Services in Pennsylvania*, (“*Pennsylvania Order*”), Dissenting Opinion of Commissioner Michael J. Copps at 8 (September 19, 2001).

<sup>24</sup> *Pennsylvania Order* at ¶ 22.

competitive LECs must operate with a diminished capacity to monitor, predict and adjust expenses and prices in response to competition. Fourth, competitive LECs may lose revenue because they generally cannot, as a practical matter, back-bill end users in response to an untimely wholesale bill from an incumbent LEC. Accurate and timely wholesale bills in both retail and BOS BDT formats thus represent a crucial component of OSS.<sup>25</sup>

TDS Metrocom, in the Michigan 271 proceeding, has already chronicled the extensive problems it has experienced with SBC's wholesale billing operations. TDS Metrocom Michigan I Comments at 24-27; Cox Michigan I Affid. ¶¶ 44-68; TDS Metrocom Michigan I Reply Comments at 3-6; Supplemental Comments at 1-2; Ex Parte Letter dated March 14, 2003 at 1-3. The inaccuracy of the bills received from SBC have had a clear impact on TDS Metrocom's operations and financial bottom line. TDS Metrocom has a dedicated billing team comprised of five (5) employees who spend an estimated thirty percent (30%) of their time reviewing SBC bills and disputing billing inaccuracies and improper charges, and the time devoted to these efforts is growing. Attachment B, Cox Michigan II Affid. at ¶ 10. Mr. Cox previously provided specific examples of SBC billing practices that have cost TDS Metrocom considerable expense and delay, thereby impairing its ability to compete by having to redirect limited resources into resolving billing disputes. Cox Michigan I Affid. ¶¶ 46-68. TDS Metrocom's affiliate, USLink, Inc., has not experienced the same level of problems with the wholesale bills received from Qwest, the other BOC with which a TDS affiliate is interconnected as a CLEC. Attachment B, Cox Michigan II Affid. at ¶ 30. SBC's wholesale bills are simply exceptionally bad, and they are costing TDS Metrocom time and money to reconcile and rectify.

TDS Metrocom acknowledges that SBC has made progress in solving specific billing related errors as they arise, but SBC has yet to prove that it has done a comprehensive review of

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<sup>25</sup> *Id.* at ¶ 23 (citations omitted).

their processes and systems to correct hidden errors and ensure future errors are minimized. SBC refuses to admit there is a widespread problem with its billing systems, claiming instead that incidents are isolated and/or not technically due to billing systems but to inputs and processes that feed into billing systems. SBC's excuse proves the problem: as long as errors continue to arise, the problem is systemic and lacks effective controls. TDS Metrocom's experience is akin to the arcade game "Whack-A-Mole," in which as soon as one problem is identified and resolved, another one pops up in a place TDS Metrocom had no ability to anticipate. The Department of Justice agrees that SBC's billing problems could be systemic: "Although SBC continues to address specific billing errors as they arise, the number of those errors and the reasons they have occurred suggest that there may be an underlying problem. . . . The evidence suggests, however, that SBC needs to do more to identify and correct the underlying causes of its billing errors. . . . The problems may lurk at a deeper level, perhaps in the underlying databases from which bills are calculated and in the processes by which data is entered into and extracted from those databases." DOJ Michigan III Evaluation at 8-9.

SBC's arguments this time around are that the disputed amounts related to wholesale billing problems are not out of line with other BOCs that have received section 271 authority. Brown/Cottrell/Flynn Affid. ¶ 130. For example, SBC asserts that between 13.1% and 19.4% of its total billings in the four states are in dispute, compared to 24.3% of its billings in Arkansas, for which it has already been granted long-distance authority. *Id.* ¶ 131. Despite SBC's obvious pride in having received 271 authority previously with dismal performance results, a billing dispute rate range of 13.1% to 19.4% demonstrates terrible performance and provides no proof that SBC's billing systems actually work to provide wholesale customers with accurate, auditable bills.

As usual, SBC uses exceptions and omissions to paint a picture that is rosier than reality.

In particular, SBC completely side-steps the billing disputes related to collocation and miscellaneous billing by omitting them from its calculation of a billing dispute rate. *See* Brown/Cottrell/Flynn Supp. Affid. n.130. Some of the largest disputes that TDS Metrocom has had with SBC have come in these areas, including a very recent dispute between TDS Metrocom and SBC related to SBC's billing for redundant collocation power. SBC is billing TDS Metrocom using a rate structure that is completely different from what is contained in the interconnection agreement between the parties and SBC seems to have taken the novel position that it should be able to charge TDS Metrocom for electrical power that TDS Metrocom *does not use*. Attachment B, Cox Michigan II Affid. ¶ 23.

Moreover, it is not clear from SBC's Application how the billing dispute rate incorporates the substantial sums that SBC has back-billed to CLECs. If a CLEC is billed for services at one rate in a particular month but then receives a back bill for that service six months later, is that captured anywhere in this calculation?

SBC itself "recognizes that this evidence is meaningless in isolation." And "(i)t was never intended nor should be analyzed as a proxy for what might be deemed a reasonable amount of outstanding disputes at a given point in time." (Brown\Cottrell\Flynn Supp. Reply Affid. n.59) Yet a heroic attempt is made to make this data seem meaningful in some way. Before the Commission gives any weight to this evidence, it should require SBC to make available its business rules used to produce this calculation. The devil is truly in the details on this measure, as with any complex measure of performance. The Commission should also ask SBC to provide a historical time series of similar calculations to see if dispute percentages are increasing over time. With BearingPoint, Ernst & Young, and individual CLECs all identifying billing problems,

more CLECs have begun to audit wholesale bills and more problems have come to light. It would not at all be surprising to TDS Metrocom to find that wholesale billing disputes, and therefore underlying billing problems, are getting worse over time, not better.

While TDS Metrocom hesitates to attempt a calculation that may suffer from similar problems because of the timing of back bills, TDS Metrocom's own experience with SBC is that since August 2002, TDS Metrocom has opened disputes equal to approximately 20% of the total amount billed by SBC during that period. It is important to note that none of this total disputed amount is related in any way to the CABS UNE-P conversion issue that SBC has struggled to resolve. At a minimum this shows that in reality SBC's wholesale billing systems are not performing as well as SBC claims. Furthermore, of the amount that was resolved during this period, over 87% of the disputed amounts were resolved in favor of TDS Metrocom.

Attachment B, Cox. Michigan II Affid. ¶ 27. Would a regulatory body ever accept this level of service for the billing of retail customers? Would any other industry tolerate such poor quality of service? Imagine having to wade through every entry on a credit card statement each month with the knowledge that one out of every five charges is potentially wrong. Worse yet, since there is no consistency in the errors, every entry would be suspect. One month a charge for groceries might be off by a few dollars. The next month there might be a double charge for dinner at a restaurant. The month after that it could be an unexplained assessment to true up incorrect charges for gas over the last 12 months. This level of service is inexcusable. Attachment B, Cox Michigan II Affid. ¶ 28.

In addition, while SBC has worked out a number of specific issues with TDS Metrocom, some of SBC's representations in its Application are not entirely correct. First, with respect to TDS Metrocom's claim that SBC back-billed TDS Metrocom \$966,000 for serving as the Host

for TDS Metrocom on the Centralized Message Distribution System, SBC asserts that such services are “outside the requirements of sections 251 and 252 of the Act,” and therefore “have nothing to do with OSS billing or section 251 of the Act.” Brown/Cottrell/Flynn Affid. ¶173. SBC is obviously wrong since it also admits that the service is provided pursuant to its interconnection agreement with TDS Metrocom, which was negotiated and approved pursuant to Sections 251 and 252. *Id.* Moreover, unless SBC asserts (which it doesn’t) that it maintains separate billing systems for services within the requirements of sections 251 and 252, and for services outside those requirements, systemic errors related to one type of service can be expected to occur with the other type of service. SBC’s wholesale billing problems make no distinction between types of wholesale service.

Second, SBC intimates that the dispute with TDS Metrocom regarding SBC’s improper billing of SONET facilities has been basically resolved. Brown/Cottrell/Flynn Affid. ¶ 175. Even though SBC makes assurances that the problem has been resolved, the same charges for SONET facilities appeared again during the June 2003 billing cycle. TDS Metrocom has been assured yet again that the next bill will be correct and that appropriate credits will appear. Similar problems have arisen with respect to disputed costs over design and construction of central office collocation facilities. Attachment B, Cox Michigan II Affid. ¶ 22. SBC has provided assurances that accounts will be billed correctly in the future and that appropriate credits will appear on bills. In both of these case, it is SBC's opinion that the issues are closed. However, TDS Metrocom does not consider an issue closed until the billing problem has been *permanently* fixed and all appropriate credit or debit adjustments have been *received and validated*. The problems that are systemic to SBC’s wholesale billing operations are evident in SBC’s Application. The SBC affidavit that addresses billing issues describes how SBC’s rate tables are supposedly

accurate, and how they have extensive controls in place to ensure that rate changes are implemented properly. Brown/Cottrell/Flynn Affid. ¶¶ 88-104. Amazingly, in the next section, SBC admits to errors on those same rate tables with respect to loop rate zone classifications, and attempts to downplay the scope of the errors. The error extended to 49 wire centers throughout Illinois, Indiana, Ohio, and Wisconsin. Brown/Cottrell/Flynn Affid. ¶ 106; Attachment B, Cox. Michigan II Affid. ¶ 17. As SBC admits, all unbundled loop types were affected, including stand-alone loops, UNE-P loops, and the high-frequency portion of the loop. Brown/Cottrell/Flynn Affid. ¶ 106. Apparently, the rates for these loops have been wrong since the initial implementation of zoned rates in 1997. As TDS Metrocom has stated repeatedly, SBC does not insure the accuracy of its billing on a proactive basis. As in virtually all other cases, a CLEC had to bring the errors to SBC's attention before SBC was aware of a problem. As a result of the investigation prompted by the CLEC complaint, SBC also discovered that it had a loop-rate problem related to different loop rates within the same wire center. Brown/Cottrell/Flynn Affid. ¶¶ 105-106. This issue should have been spotted by SBC when loop rates and geographic zones were being developed and implemented initially.

When SBC supposedly fixed the problem, its fix was incomplete. It took the review by Ernst & Young to discover that SBC had incorrectly changed one CLLI code in Illinois and one CLLI code in Indiana from a correct rate zone to an incorrect one. Horst Affid., Att. C at 3. Similar sloppiness with respect to SBC's correction of the embedded base of UNE-L loops was documented by Ernst & Young. *Id.* at 8-9. Almost fifteen percent (43 of 300) of the UNE-L loops tested by Ernst & Young were not updated correctly by SBC. *Id.* The errors cited by Ernst & Young were simple, yet they completely escaped detection by SBC. It appears that third-party review of SBC's changes to its billing systems is necessary to ensure satisfactory

completion of even minor revisions. The Commission should deny SBC's Application until SBC can prove that it has the ability to make error-free corrections to its billing systems. It is far better to have SBC fix its systems *prior* to receiving Section 271 authority because once 271 authority is granted, SBC will have no incentive to retain Ernst & Young to review its revisions. At that point, CLECs will have no assurances that SBC will make changes and adjustments properly. The burden will again be placed on CLECs to validate "corrections" to make sure they are done right.

Likewise, SBC has finally admitted that its misclassification of lines between business and residential categories has affected CLECs in addition to TDS Metrocom. Brown/Cottrell/Flynn Affid. ¶¶ 119-123. Again, this was a problem first identified by a CLEC that involved several months of incorrect billing. Once notified by TDS Metrocom, SBC took more than eight months to notify other CLECs of the problem. Final resolution of the problem, through credits and adjustments to CLEC bills, will have taken more than a year since SBC was first notified of the problem by TDS Metrocom. Moreover, SBC considers this matter to be closed as between SBC and TDS Metrocom. Brown/Cottrell/Flynn Affid. ¶ 122. However, TDS Metrocom has recently uncovered problems with inconsistent and missing residential and business indicators on certain bills. Without such indicators it is unclear whether or not residential discounts are being applied accurately. This problem is affecting the billing for newly acquired customers and appears to have been happening sporadically since April 2003. It is unclear whether or not this is directly related to SBC's "fix" of the residential/business misclassification problem or it is a brand new problem because SBC has yet to respond to inquiries on this issue. This calls into question SBC's resolution of the problem and its belief that the issue should be considered closed. It is also important to note that TDS Metrocom has yet to

confirm that all of the necessary adjustments to its bills have taken place and TDS Metrocom will not consider the matter closed until this occurs. Attachment B, Cox. Michigan II Affid. ¶ 21.

Since TDS Metrocom filed its initial Comments opposing SBC's Application for long-distance authority in Michigan, new billing problems have arisen. As mentioned above, SBC is incorrectly charging TDS Metrocom for redundant collocation power. TDS Metrocom only identified this as a problem after it received yet another back bill. Again, SBC seems to want to charge TDS Metrocom for electrical power that TDS Metrocom does not use. At a minimum, this latest dispute is further evidence that SBC is incapable of issuing an accurate bill: even if the charges were legitimate, they should have appeared on earlier bills as the charges were incurred rather than in a lump sum several months after the fact and they should be charged at rates consistent with the interconnection agreements. Attachment B, Cox Michigan II Affid. ¶ 24.

In its Michigan II reply comments, SBC attempts to argue that it is inappropriate for TDS Metrocom to raise this issue in the 271 proceeding because it was not previously raised in Michigan state proceedings. (Alexander Supp. Reply Affid. at 3) That argument holds no weight because TDS Metrocom did not realize the issue existed until it received a back bill and began to investigate. The dispute and escalation process was then used to find a "business to business" solution. When SBC refused to alter its position on the issue, the issue was then raised in the Michigan II proceeding.

A second new billing dispute relates to charges for transit traffic. Not only has SBC been billing TDS Metrocom the wrong rates, but identification of the problem and its resolution was made much more difficult because SBC does not provide adequate information on its bills for TDS Metrocom to conduct a simple reconciliation. In this case, TDS Metrocom had to

impute the effective rates for traffic using revenue and minute-of-use data. However, because transit traffic may include a mileage sensitive component, this imputation could not possibly come up with the actual rates. Once contacted about this, SBC responded that the transit rates being charged were incorrect in one of TDS Metrocom's states. Cox Michigan II Affid. ¶ 25. SBC Midwest also admits that rate updates for Transit billing were not implemented for TDS in Illinois. Brown/Cottrell/Flynn Affid. ¶ 177. Again, SBC tries to explain this away as an isolated incident, but the facts show this incident as part of a consistent pattern of SBC's problems. Brown/Cottrell/Flynn Supp. Reply Affid. ¶ 97. SBC made mistakes when implementing new transit rates. TDS Metrocom attempted to audit its transit bills, but there was not enough information on the bill to do so. Finally, only after the issue was raised by a CLEC did SBC realize the problem and make changes.

This practice is yet another example how it seems that SBC's *modus operandi* is to make the process of verifying its bills as difficult as possible for CLECs, perhaps with the expectation that more likely than not the CLEC will abandon the project in utter frustration. Whether through the expense of paying CLEC employees to inspect every line of every bill from SBC, or through payment of improper charges that have not been double-checked, the multitude of errors in SBC's billing systems are costing CLECs real money. That is money that TDS Metrocom could apply either to expansion of facilities within its local network, or to reductions in end-user rates to compete more effectively against SBC. Additionally, TDS Metrocom does not receive interest on disputed payments that are held by SBC but later returned if a dispute is resolved in the company's favor, further harming TDS Metrocom's financial position. Until SBC's billing systems are proven reliable by a clear record of accuracy, SBC has not satisfied its requirements under the competitive checklist and is not entitled to long-distance authority.

TDS Metrocom has also experienced problems with the dispute resolution process itself. These errors do not occur every time, but they occur frequently enough to demonstrate that SBC's practices are poorly managed. For example, sometimes when TDS Metrocom submits a dispute claim, TDS Metrocom may eventually see an adjustment on a bill, but no notice of resolution of the claim. Similarly, TDS Metrocom often sees notices from SBC that a particular claim has been resolved, but the related adjustment does not appear on TDS Metrocom's bills. And sometimes SBC sends acknowledgements of billing disputes to TDS Metrocom personnel other than those that submitted the claim. There is a hodge-podge of ways in which SBC handles billing disputes, indicating that its billing systems lack adequate controls to assure consistent, accurate treatment of billing problems. Attachment B, Cox Michigan II Affid. ¶ 29.

In its Michigan II Reply comments, SBC makes a sad attempt to drive a wedge between the statements of Mr. Cox and those of another TDS Metrocom employee, Mr. Todd McNally, regarding the adequacy of SBC's billing dispute process. SBC turns a simple compliment by Mr. McNally regarding one act of one SBC employee into some sort of inconsistency in TDS Metrocom's position regarding SBC's billing practices. As TDS Metrocom has said time and again in this and other proceedings, there are many very good people in the SBC organization that work hard at their jobs. TDS Metrocom appreciates the work that is done on its behalf and is happy to provide positive feedback for good performance. Strengthening the relationships between individuals in the two organizations is the only way to ever realize the long-term goal of moving to an effective business to business structure without the need for constant regulatory intervention. SBC's manipulation of Mr. McNally's act of common courtesy must be seen for what it is—a feeble attempt by SBC to find fault in an act of good.

A recent example shows just how problematic the dispute resolution process has become. SBC has recently notified TDS Metrocom that it should expect to see some significant adjustment activity on invoices over the next month. The adjustments will include nearly \$450,000 worth of debits and credits, covering several issues and all three TDS Metrocom states (Illinois, Michigan and Wisconsin). As usual, SBC has informed TDS Metrocom that the net result will be that nearly \$150,000 will be owed to SBC.

On the plus side, at least in this case, TDS Metrocom was notified beforehand to expect the crediting and debiting activity. However, the information provided by SBC was woefully inadequate, making it impossible for TDS Metrocom to prepare to reconcile the adjustments with previously billed items. TDS Metrocom was only given a very high level description of the types of adjustments, a summary of the debits and credits (primarily by state), and a list of the codes that will identify the adjustments on bills. In order to perform an audit or reconciliation, information such as bill dates, time frames, rate differentials, wire centers or circuits affected need to be provided by SBC up front. Having adequate data and descriptions up front would minimize and narrow potential disputes and streamline the process for all.

It is critical that this information and written documentation be made available to TDS Metrocom because adjustments usually appear on bills as non-recurring line items with minimal descriptions and no links to the original charges. Unlike the situation described above, many times adjustments show up on bills without any prior notice or explanation, and the descriptions on the bills provide little insight into the reasons for the adjustment. TDS Metrocom has come across two examples of this practice recently.

In the first example, a one-time charge of \$1800 suddenly appeared on an invoice. The detailed description that accompanied it was:

JUN 09 2003 INITIAL ONE-TIME CHARGE FOR  
ON JUN 09 2003  
CUSTOMER AUDIT NUMBER INVENTORY 2002  
INTERSTATE - IL

The invoice number on the bill indicated that the adjustment was apparently for a billing from June 2001 - 24 months in the past. However, there was absolutely no information whatsoever on the reasons for the adjustment or what it covered.

A second recent example of a mysterious adjustment was for a one-time charge of \$3600.

The description for that adjustment was nearly as vague:

MARCH 24, 2003 ADJUSTMENT OF ONE-TIME SPECIAL ACCESS CHARGES  
FROM OCTOBER 4, 2002 THROUGH NOVEMBER 3, 2002 CUSTOMER AUDIT  
NUMBER INVENTORY 2002

Again, SBC provided almost no description or explanation. If even a modicum of information was provided with bills or by way of other documentation, many disputes might be avoided altogether and scarce resources would not be wasted by either party. Inquiries to SBC have so far resulted in the clarification that the charges are for "power delivery," which provides TDS Metrocom with no additional insight regarding the nature of the charges. TDS Metrocom needs information on the USOC, the rate charged and time frame, whether or not this is a back billing, and what "customer audit number inventory 2002" is. Only then can an accurate assessment of the charge be made.

As the Commission can see, SBC's wholesale billing operations are woefully inadequate. SBC's poor provisioning of wholesale bills to TDS Metrocom has impaired TDS Metrocom's ability to provide local exchange service by diverting personnel and financial resources in order to resolve these unnecessary disputes. The Commission should reject SBC's Application for failing to satisfy checklist item 2.

Finally, TDS Metrocom remains greatly concerned that additional, significant issues exist that have yet to be identified. *See* DOJ Michigan III Evaluation at 7-8. Because of limited resources, TDS Metrocom has only been able to analyze a portion of the invoices it receives from SBC. Progress in analyzing all of these invoices has been seriously hampered by the receipt of numerous back bills that require immediate attention. The transit rate issue described above is a prime example of a hidden issue coming to light. When a preliminary review of the transit charges was finally undertaken, it revealed numerous questions and identified a valid problem. The identification of inaccurate rates presents another example of TDS Metrocom having to perform an audit of SBC's rate tables for them. A further examination of the information provided in transit reports is ongoing and there are serious concerns with the information being passed by SBC related to transit traffic. It seems that more and more often, the deeper TDS Metrocom digs into invoices, the more issues are discovered. To put it concisely, TDS Metrocom fears the unknown - those issues that are lurking as yet undetected because SBC does not proactively audit its bills and a truly comprehensive review of SBC's wholesale billing systems has not taken place. Attachment B, Cox Michigan II Affid. ¶ 31.

TDS Metrocom has argued in several venues that the only way to effectively deal with SBC's widespread wholesale billing problems, which seemingly touch everything from rate application, bill production, performance measurement and dispute resolution, is through a comprehensive root cause analysis. The Public Service Commission of Wisconsin (PSCW) has recently initiated just such a proceeding. This proceeding is an excellent step in the right direction, and with a few alterations could serve as a catalyst for change throughout the SBC Ameritech region.

The PSCW's investigation will identify issues, develop corrective action, target completion dates, and address billing-related performance measures. To the extent possible, the proceeding will incorporate the results of investigations in other venues and jurisdictions. TDS Metrocom hopes that the proceeding will develop into a collaborative effort to address problems. The first step in this proceeding was for interested parties to file with the PSCW a list of specific billing issues including background information on each issue such as when the problem was discovered, whether or not a dispute has been submitted and requested relief. TDS Metrocom submitted a total of 34 issues to the PSCW.<sup>26</sup> The attached table should provide the FCC with a concise, comprehensive summary of the issues TDS Metrocom has raised in the context of numerous proceedings.

Although a good start, there are important limitations to the Wisconsin proceeding that need to be addressed. First and foremost, the proceeding only covers SBC's Wisconsin operations. It is TDS Metrocom's hope that the proceeding will develop into a regional collaborative investigation much like sessions that have dealt with other OSS issues. If other state commissions participate in this effort and accept the results, the true goals of the investigation will be realized.

Another drawback of the PSCW proceeding is that SBC did not voluntarily agree to the commencement of the investigation. TDS Metrocom is concerned that this could lead to the proceeding becoming more like a contested case with countless disputes, as opposed to an effective collaborative effort. Based on SBC's Michigan II Reply comments, this view appears well founded. SBC claims that a wholesale billing collaborative is "unnecessary and premature". (Gleason Supp. Reply Affid. n.9) To assuage potential concerns, SBC points to the insufficient

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<sup>26</sup> A summary of those issues is provided as Attachment E.

BearingPoint billing tests, the inadequate Michigan billing performance improvement plan, the voluntary forums to resolve billing issues and the billing performance metrics that do not measure billing performance. The failings of each of these have been documented throughout the Michigan 271 proceedings. SBC continues to deny that a problem exists and therefore regulatory oversight is absolutely necessary.

This leads to the third problem with the PSCW proceeding. The proceeding is not directly tied to the 271 processes. The docket was opened separately from Wisconsin's 271 investigation, and technically is neither a compliance plan nor linked to conditional 271 approval. In this case, neither a carrot to entice SBC to participate nor a stick to compel SBC action is present because the PSCW has very limited enforcement and fining authority.

The PSCW has constructed a vehicle through which a comprehensive analysis of SBC's wholesale billing systems is possible. With some adjustments to strengthen the process and incorporate the entire SBC Ameritech region, there may be hope yet to improve SBC's wholesale billing performance up to the level demanded by Section 271. TDS Metrocom urges the FCC to do everything in its power to either encourage or compel both SBC and the region's other state public service commissions to adopt the Wisconsin proceeding as their own. Without such an effort, the billing problems identified by all parties will likely remain unresolved.

**IV. SBC ALSO FAILS TO SATISFY CHECKLIST ITEM 2 BECAUSE IT DOES NOT PROVIDE ADEQUATE CHANGE MANAGEMENT BETWEEN ITS ORDERING SYSTEMS**

TDS Metrocom also urged the Commission to reject the SBC Michigan Application because SBC's change management processes were woeful. TDS Metrocom Michigan I Comments at 21-22; Cox. Michigan I Affid. ¶¶ 12-21; TDS Metrocom Michigan I Reply Comments at 2-3; Supplemental Comments at 3; Ex Parte Letter dated March 14, 2003 at 3-4.

Now that SBC has implemented LSOG 6, the inadequacies of the SBC change management processes are glaringly evident. SBC is able to support only two generations of its LSOG systems; when it introduces a new version, the oldest version is discontinued. Thus, when SBC introduced LSOG 6, TDS Metrocom was required to migrate off LSOG 4 onto either LSOG 5 or LSOG 6. Because there is a greater knowledge base for LSOG 5 than LSOG 6, TDS Metrocom chose to adopt LSOG 5 with the expectation that there were fewer bugs in the system.

Attachment B, Cox Michigan II Affid. ¶ 33.

Much to TDS Metrocom's disappointment, SBC has failed to manage the change between systems effectively. The test environment for SBC's LSOG systems differs substantially from the production environment so that problems that do not appear in the test environment come up in the production environment when exactly the same ordering information is entered into the system. As a result, when TDS Metrocom implemented LSOG 5, a number of orders that would have been accepted in the test environment were rejected by SBC. SBC has implemented work-arounds, some manual, but has yet to identify the root causes of many of the problems. For example, *all* orders from TDS Metrocom for services in South Beloit, Illinois, are being rejected by SBC. SBC states that because of the conflict between the Wisconsin central office circuit ID (or "ECCKT") and the end user's Illinois location, SBC's systems were rejecting TDS Metrocom's orders for South Beloit. SBC states that it has addressed this issue by arranging for these orders to drop to the LSC for manual handling. Currently, TDS Metrocom must change the Wisconsin ECCKT for South Beloit end users to reflect an Illinois ending. This causes the LSR to drop to manual where the LSC corrects the circuit ID and the orders are provisioned appropriately. SBC represents that it is in the process of implementing a change so that TDS Metrocom will no longer be required to alter the circuit ID on these LSRs. While a

manual work-around for this particular area is in place, SBC does not expect to have a permanent fix in place until December. Cottrell/Lawson Affid. ¶ 162. This demonstrates the clear inadequacies within SBC's change management processes for an ordering system that is used throughout the SBC-Ameritech states. Attachment B, Cox Michigan II Affid. ¶ 34.

Another issue that has reappeared after TDS Metrocom moved to LSOG 5 is a problem that it had thought had been resolved months ago. The problem is a microcosm of all that is wrong with SBC's OSS because it involves poor change management, a lack of data integrity and resulting billing errors. The problem also shows how SBC's propensity to implement manual workarounds as stopgap solutions inevitably leads to more errors in the future. As TDS Metrocom discussed in its initial comments in Michigan I application, the data available to CLECs on loop lengths via SBC OSS is terrible. When preparing to submit orders for DSL-capable loops, CLECs use Verigate to pre-qualify loops by looking at loop lengths and loop makeup. As TDS Metrocom has shown in its Michigan I comments, the data in Verigate is likely to be incorrect or missing more than one quarter of the time. Cox Michigan I Affidavit 22-25.

To this day, the data integrity problem has not been addressed. However, SBC has in effect acknowledged the problem exists and worked with CLECs including TDS Metrocom to develop workarounds to speed order processing. When ordering DSL-capable loops using LSOG 4, if loop length data was absent, TDS Metrocom would request that the order be processed through the Yellow Zone Process (YZP).<sup>27</sup> YZP is a workaround used by SBC and CLECs to

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<sup>27</sup> According to the SBC CLEC Handbook, "The 'Yellow Zone Process' introduces a voluntary, differentiated ordering process, which eliminates the need for Manual Loop Qualification Requests (MLRs) and improves provisioning intervals and ordering efficiency on loop lengths from 0Kft to 17.5Kft. For the purposes of the voluntary offering, SBC defines 'Yellow Zone' loops as loops that are between 0 Kft and 17.5 Kft in length. Under YZP, all LSR xDSL capable loop service orders receive a 5-day due date for completion. The LSC will complete and close all LSR service orders irrespective of whether load coils or other conditioning is indicated. On DD+1, if a

more accurately provision clean, DSL-capable loops. A specific programming edit in LSOG 4 ensured that when using the YZP under this scenario, loops over 17,500 feet (the length limit for DSL-capable loops) were not delivered to TDS Metrocom. This process had been working relatively smoothly until TDS Metrocom migrated to LSOG 5. Apparently, a similar loop length edit was not programmed into LSOG 5, which has resulted in numerous problems for TDS Metrocom when ordering DSL-capable loops.

Because of the missing edit, loops are being delivered to TDS Metrocom on their due date that are too long for DSL use. Previously, the process had a check in place to keep this from happening. In the YZP process, when no Verigate loop length data is present, a loop length measurement is taken and orders for DSL on loops over 17,500 feet are then rejected 3-5 days after submission. After the rejection TDS Metrocom can notify customers that DSL will not be available at that location. (Because of the missing loop data customers have already been warned that they may not be eligible for DSL.) Without the check in place, the process essentially turns into a failed install where the customer expects to have voice and DSL available on the due date but is then told that only voice service is possible. It then appears that TDS Metrocom has botched the service activation even though it is outside the company's control. In many cases TDS Metrocom loses these customers completely because of the service installation problems. TDS Metrocom has already provided SBC with 20 specific examples of this problem.

The issue does not stop there. This is another case where problems with the data that feed SBC's billing system causes wholesale billing errors. Because no data on loop lengths for

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CLEC technician finds a 'No Sync' status, the CLEC will open a Trouble Ticket for any required conditioning (Load Coils, Repeaters and Excessive Bridged Tap) work to resolve the 'No Sync' status. The work on the trouble ticket has 5-day due date interval. The CLEC will receive notice when the conditioning is complete (with prior blanket authorization from the CLEC via Memorandum of Understanding, or MOU), and upon successful loop Sync, the trouble ticket is closed out. The CLEC will then receive bills for the conditioning charges, as they apply in each of the SBC respective states."

these circuits exists in Verigate, an actual measurement must be taken. While CLECs generally incur a charge for a requested loop measurement, in the case of incomplete SBC data, SBC previously waived the charge. However, with the change to LSOG 5 and the resulting problems, TDS Metrocom is now getting charged for actual loop measurements, even in those cases where a loop of over 17,500 feet is being delivered inappropriately.

In sum, this issue touches on many of SBC's OSS problems. The integrity of the data in Verigate on loop lengths is unacceptable; missing or inaccurate a quarter of the time. SBC's use of manual workarounds to bypass the problem has led to errors popping up again down the road because SBC did not appropriately manage the change of systems from LSOG 4 to LSOG 5. And finally, wholesale billing errors result because the systems and processes that feed into their billing software provide erroneous data.

SBC has not implemented change management practices that ensure seamless transition between local-services ordering systems. The fact that TDS Metrocom waited as long as possible to migrate to LSOG 5 should have made its transition as smooth as possible. TDS Metrocom's experience indicates instead that SBC's change management was extremely poorly prepared. Accordingly, it is clear that SBC's OSS is deficient and SBC is not entitled to long-distance authority in the Midwest region.

**V. SBC'S DEFICIENT OSS HAS SERIOUS AND ADVERSE CONSEQUENCES FOR TDS METROCOM**

The data integrity, change management and wholesale billing problems that continue throughout the SBC Midwest region have significant and direct effects on the ability of TDS Metrocom to provide service to customers today and to expand and grow its customer base. TDS Metrocom has already discussed how SBC's wholesale billing errors have forced TDS Metrocom to devote an excessive amount of resources to bill validation, auditing and dispute

activities. The additional order processing problems encountered with the move to LSOG 5 have also had an impact on resource allocation. TDS Metrocom's order processing staff has had to devote a disproportionate amount of time to orders that require manual workarounds for processing while SBC implements fixes for OSS problems. The TDS Metrocom order processing staff also needs to devote extra time to processing orders for DSL-capable loops because of the problems with Verigate loop length data and the incorrect orders that result. These errors cascade down to customer care staff who must deal with potential customers that are upset about rejected or problematic orders, as well as network technicians and information systems staff who must try to resolve problems that would have been avoided if SBC had adequate OSS deployed.

The broader effect of these problems hits at the heart of the ability of carriers to compete using a facilities-based model, to serve the residential market using such a model, and to offer broadband services in competition with SBC. These problems raise costs for CLECs like TDS Metrocom and discourage future investment in facilities-based models because of the negative impact on internal measures of success in meeting business plans and external measures reported to the investor community. A quick review of the issues raised by TDS Metrocom in this and the Michigan 271 proceeding highlights these impacts.

Many of TDS Metrocom's billing disputes have centered on issues critical to facilities-based providers: collocation and interconnection trunks. Using the reference numbers from the PSCW proceeding submission in Attachment E, one can see that the following disputes relate to facilities-based providers:

TDS-1:	Lack of Performance Measurements for Collocation Billing
TDS-7:	Redundant Collocation Power Dispute
TDS-11:	Design CO Construction Charges
TDS-12:	Direct End Office Trunking

- TDS-16: Joint SONETs
- TDS-21: Collocation Disconnections
- TDS-26: Trouble Isolation Charges
- TDS-32: Unexplained Charges for "Power Delivery"

Furthermore, an entire category of disputes centers on service to the residential market.

TDS Metrocom is one of the few carriers in the nation using a facilities-based model with its own switching facilities to provide widespread service to residential customers. While the problems below may be somewhat unique to TDS Metrocom today, if the FCC ever truly wishes to provide incentives to carriers to move residential customers to their own facilities, correct billing is extremely important.

- TDS-8: Loop Conditioning Rates
- TDS-18: Missing Residential/Business Identifier
- TDS-25: Residential/Business Loop Misclassification
- TDS-26: Trouble Isolation Charges
- TDS-29: Inaccurate Residential Discount

Finally, the FCC continues to profess a desire to expand broadband availability and penetration. However, SBC's problems in data integrity and wholesale billing continue to hamper TDS Metrocom's ability to offer such service to consumers. The lack of accurate data in Verigate on loop lengths makes it more difficult to plan where TDS Metrocom can even sell the service to customers and to tell individual customers that they can receive the service. The installation errors caused by SBC's missing data and poor OSS quality not only cause customers to leave TDS Metrocom, but also seriously damage the reputation of TDS Metrocom as a provider of quality service in the community. Besides the Verigate issue, billing disputes on loop conditioning rates (TDS-8) have raised the cost to TDS Metrocom of providing DSL service.

The financial impact of these problems is, among other things, higher costs of operation, the potential for excessive receivables and payables on financial statements, and the tying up of inordinate amounts of working capital. These financial impacts can lead to the appearance of

divergence from meeting business plans in certain markets or segments. In the residential market where the margin for error is already slim, poor wholesale performance by SBC can sour investors and limit future growth and expansion. Inadequate wholesale performance by any RBOC could very easily scare away investors from further supporting facilities-based models, especially those carriers serving the residential market and offering competing broadband services.

All told, SBC's poor performance with respect to OSS is much more than a matter of simply whether SBC is hitting its benchmarks. SBC's poor performance indicates systemic problems that have serious and adverse consequences on carriers that rely on SBC for wholesale inputs for their telecommunications service offerings. Until the Commission and the competitive industry have adequate assurances that carriers can rely on SBC to provide quality OSS, and in particular, accurate and timely wholesale billing statements, SBC has not earned the privilege of expanding its service offerings to include in-region interLATA service under Section 271.

**VI. IF THE COMMISSION GRANTS SBC LONG DISTANCE AUTHORITY, IT MUST PREVENT BACKSLIDING BY CREATING A COLLABORATIVE PROCESS UNDER STATE COMMISSION OVERSIGHT TO DISCUSS AND RESOLVE PROBLEMS RELATED TO WHOLESALE BILLING**

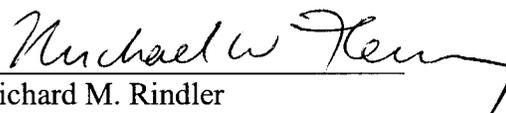
TDS Metrocom urges the Commission not to grant SBC long-distance authority for the states of Illinois, Indiana, Ohio and Wisconsin until SBC has passed the BearingPoint Master Test Plan and has implemented reliable controls over its OSS, including the ability to provide accurate, auditable wholesale bills. In the event that the Commission grants section 271 authority to SBC, the Commission must ensure that SBC does not engage in backsliding on the small improvements it has made since it has attempted to resolve the concerns of the CLEC industry in Illinois, Indiana, Ohio, and Wisconsin.

TDS Metrocom proposes the creation of a collaborative process under state commission oversight to discuss and resolve issues and problems related to wholesale billing. This would be similar to, but more expansive than the “Compliance and Improvement Plans” that SBC is already putting in place in Michigan pursuant to the Michigan Public Service Commission 271 Order. Such a collaborative process has been extremely effective in identifying and addressing issues related to SBC’s OSS in the Ameritech region. The collaborative could take a comprehensive look at bill production, dispute resolution and performance metrics at one time. As long as such a process is in place, SBC would not need to fix every billing problem prior to Section 271 approval. The process would act as a compliance program and would help guarantee that issues get addressed as they become known. The key to the success of this process is state commission oversight. Unlike the voluntary forums where billing issues are addressed today (CLEC User Forum and performance metric six-month review), a collaborative process would have teeth behind it that could compel SBC to devote the necessary resources to the effort. TDS Metrocom urges the Commission to help facilitate the creation of such a collaborative to resolve the litany of SBC wholesale billing problems that remain.

## VII. CONCLUSION

For the foregoing reasons, SBC's Application fails to satisfy the standards for obtaining section 271 authority. TDS Metrocom, LLC, urges the Commission to deny SBC's Application for Provision of In-Region InterLATA Services in the State of Illinois, Indiana, Ohio and Wisconsin.

Respectfully submitted,



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