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OFFICE OF THE
EXECUTIVE SECRETARY

BellSouth Telecommunications, Inc.
333 Commerce Street, Suite 2101
Nashville, TN 37201-3300

guy.hicks@bellsouth.com

Guy M. Hicks
General Counsel

615 214 6301
Fax 615 214 7406

October 22, 2001

VIA HAND DELIVERY

RECEIVED
MELVIN MALONE
OCT 22 2001
TN REGULATORY AUTHORITY

David Waddell, Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37238

Re: *Docket to Determine the Compliance of BellSouth Telecommunications, Inc.'s Operations Support Systems with State and Federal Regulations*
Docket No. 01-00362

Dear Mr. Waddell:

Enclosed are five paper copies and one CD version of the pre-filed Direct Testimony and Exhibits of the following witnesses:

Ken Ainsworth	Alphonso Varner
Alfred Heartley	Ronald Pate
Milton McElroy	David Scollard

CD versions of the attached testimony and exhibits have been provided to counsel of record.

Very truly yours,

Guy M. Hicks

GMH:ch
Enclosure

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BELLSOUTH TELECOMMUNICATIONS, INC.

DIRECT TESTIMONY OF MILTON MCELROY, JR

BEFORE THE TENNESSEE REGULATORY AUTHORITY

DOCKET NO. 01-00362

OCTOBER 22, 2001

Q. PLEASE STATE YOUR NAME, YOUR POSITION WITH BELLSOUTH TELECOMMUNICATIONS, INC., YOUR BUSINESS ADDRESS, AND YOUR EXPERIENCE AND BACKGROUND.

A. My name is Milton McElroy, Jr. I am employed by BellSouth Telecommunications, Inc. ("BellSouth") as a Director, Interconnection Services. In this position, I am responsible for Operations Support Systems ("OSS") Testing across the BellSouth region. My business address is 675 West Peachtree Street, Atlanta, Georgia 30375. I have over 13 years of experience in Engineering and Operations. I earned a Bachelor of Science degree from Clemson University in Civil Engineering in 1988 and a Master’s degree in Business Administration from Emory University in 2001. Additionally, I am a registered Professional Engineer in North Carolina, South Carolina and Alabama.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to provide this Authority with information about the Georgia and Florida OSS testing conducted by KPMG, along with that of regionality testing conducted by PricewaterhouseCoopers ("PwC").

BELLSOUTH'S OSS TESTING

Q. PLEASE DESCRIBE THIRD-PARTY TESTS.

A. The FCC's ("Commission's") New York Order (¶89)[1] emphasizes that commercial or operational readiness can be evidenced in several ways: actual commercial usage, carrier-to-carrier testing, independent third-party testing, and internal testing. The Commission has repeatedly stated that actual commercial usage is the most probative evidence that OSS functions are operationally ready (e.g., New York Order, ¶89). BellSouth's interfaces have been used commercially for several years. As will be shown more fully in the discussion of each interface, the levels of commercial usage alone clearly demonstrate the operational readiness of these interfaces. These interfaces, however, have also been subjected to extensive third-party testing and/or to carrier-to-carrier testing, as will be described below.

In ¶100 of its New York Order, the Commission stated that "the persuasiveness of a third-party review is dependent on the conditions and

[1] *Application by Bell Atlantic New York for Authorization Under Section 271 of the Communications Act toProvide In-Region, InterLATA Service in the State of New York,* Memorandum Opinion and Order, 15 FCC Rcd 3953 (1999) ("New York Order").

scope of the review." In addition to scope, depth, and surrounding conditions, the following qualities led the Commission "...to treat the conclusions in the KPMG Final Report as persuasive evidence of Bell Atlantic's OSS readiness." These qualities are: independence, military-style testing philosophy, efforts to place themselves in the position of an actual market entrant, and efforts to maintain blindness when possible. The independent third-party test ordered by the Georgia Commission has all of those qualities. I will discuss the independent third-party test in Georgia throughout this testimony.

Q. PLEASE DESCRIBE THE INDEPENDENT THIRD-PARTY TEST ORDERED BY THE GEORGIA COMMISSION.

A. On May 20, 1999, the Georgia Commission issued its Order of Petition for Third-Party testing in Docket No. 8354-U. Based on substantial involvement in the development and operation of BellSouth's electronic interfaces and OSS, the Georgia Commission concluded that a focused third-party audit would be suitable for Georgia. The Georgia Commission determined that the Georgia third-party audit should focus on the specific areas of OSS that had not yet experienced significant commercial usage, and about which competing local exchange carriers ("CLECs") had expressed concerns regarding operational readiness.

As originally conceived, the Georgia third-party test specifically addressed the following elements of BellSouth's OSS infrastructure: electronic interfaces to the OSS (TAG, EDI, TAFI, ECTA, ODUF, ADUF, CRIS, and CABS[2]); Unbundled Network Elements ("UNE") analog loops (with and without number portability); UNE switched ports; UNE business and residence port-loop combinations; Local Number Portability ("LNP"); all five core OSS processes (pre-ordering, ordering, provisioning, maintenance and repair, and billing); and normal and peak volume testing of the electronic interfaces for pre-ordering, ordering, and maintenance and repair using a representative service mix of resale services and UNE transactions. The Georgia Commission also required an audit of BellSouth's Flow-through Service Request Report for the latest three months of data.

On June 15, 1999, two audit firms, KPMG and Hewlett-Packard, were approved by the Georgia Commission. On June 28, 1999, the Georgia Commission issued an order approving the initial third-party Master Test Plan ("MTP"). I have provided a copy of the MTP as Exhibit MM-1.

On January 12, 2000, the Georgia Commission issued an order requiring BellSouth to initiate additional testing of its OSS. The Supplemental Test Plan ("STP"), provided as Exhibit MM-2, includes: an assessment of the change management process as it applied to the implementation of Release 6.0 (also known as "OSS99"); an evaluation of the current pre-ordering, ordering, and provisioning of xDSL compatible loops; a

[2] TAG (Telecommunications Access Gateway); EDI (Electronic Data Interchange); TAFI (Trouble Analysis Facilitation Interface); ECTA (Electronic Communications Trouble Administration); ODUF (Optional Daily Usage File); ADUF (Access Daily Usage File); CRIS (Customer Record Information System); CABS (Carrier Access Billing System).

functional test of resale pre-ordering, ordering, provisioning, maintenance and repair, and billing transactions for the top 50 electronically orderable retail services available for resale that have not experienced significant commercial usage; and an evaluation of the processes and procedures for the collection and calculation of performance data. Together, the MTP and STP provide a complete description of the processes, systems and procedures used by BellSouth to provide wholesale elements and services to CLECs in Tennessee.

The CLECs have been active throughout the third-party testing process in Georgia. The Georgia Commission considered the input of the CLECs, such as that obtained from the OSS workshop in 1997, as well as CLEC filings encouraging the Georgia Commission to adopt a third-party testing plan. The CLECs have filed comments on the Master and Supplemental Test Plans, and on KPMG's status reports. On January 20, 2000, with the support of BellSouth and the Georgia Commission, KPMG invited the CLECs to participate in weekly conference calls to discuss the status of the third-party test, including exception resolution, and to entertain any questions the CLECs might have about the progress of the test. The first meeting, face-to-face rather than by teleconference, was held on February 1, 2000. A second face-to-face meeting was held on April 26, 2000. The weekly teleconferences continued until the testing was completed. In addition, CLECs have had the option to file written responses to each interim status report filed by KPMG. KPMG also conducted numerous CLEC interviews, and posted all exceptions and meeting minutes to a website accessible to all CLECs. In cases where it was not practical for KPMG to conduct transactions as a pseudo-CLEC, such as in the provisioning of xDSL loops and the ordering of LNP, CLECs supplied test scenarios for the test plan, and KPMG had the CLECs submit selected orders on its behalf (e.g. LNP and xDSL). Finally, CLECs also were given the opportunity by the Georgia Commission to discover the basis for KPMG's conclusions, which included serving voluminous discovery requests and deposing four KPMG witnesses over the course of two days, as well as to cross-examine KPMG's principal witnesses at the May 8, 2001 hearing. At the conclusion of the hearing, all interested parties submitted written comments addressing the test and KPMG's conclusions. In short, CLECs were actively involved in the test process.

Details of KPMG's evaluation and methods of analysis, and the results of the MTP, the STP, and the Flow-Through Evaluation Plan, are contained in the *Master Test Plan Final Report* ("MTP Final Report"), the *Supplemental Test Plan Final Report* ("STP Final Report"), and the *Flow-Through Evaluation*, which were filed at the Georgia Commission on March 20, 2001. The MTP Final Report, the STP Final Report, and the Flow-Through Evaluation are attached as Exhibits MM-3 through MM-5.

Q. PLEASE PROVIDE THE OUTCOME OF THE THIRD-PARTY TEST IN GEORGIA.

A. KPMG's Final Report was filed with the Georgia Commission on March 20, 2001. In the report, KPMG defines its evaluation criteria as "the norms, benchmarks, standards, guidelines used to evaluate items identified for testing. Evaluation criteria also provided a framework for identification of the scope of tests, and the types of measures that must be made during testing, and the approach necessary to analyze results." Throughout the test, KPMG analyzed over 1,170 criteria in eight functional areas. KPMG analyzed each criterion, and the results fell into five categories: satisfied, not satisfied, not complete, no result (also known as, "no report"), and not applicable. KPMG determined that 95.5 percent of the criteria were 'satisfied'. 1.8 percent are "not satisfied," 1.5% are "no report," and 0.3% are "not applicable. Eleven criteria (0.9 percent; all metrics) remain categorized as "not complete" at this time. Of the few 'not-satisfied' criteria, KPMG has given its professional opinion that most of these items would not, in and of themselves, have a material adverse impact on competition. In its opinion letter of March 20, 2001, KPMG stated, "no deficiencies creating potentially material adverse impacts on competition currently exist in the test categories of Pre-Ordering, Billing, Maintenance & Repair, Capacity Management, Change Management, and Flow-Through." (See Exhibit MM-6)

A criterion was not satisfied when BellSouth failed to "to meet a quantitative, qualitative, parity, or existence parameter established for purposes of the test." Below, I will discuss each 'not-satisfied' criterion in the context of these categories. I will explain the circumstances involved in these tests, and will show that either these criteria have been resolved or have no material adverse impact on local competition. The unsatisfied criteria can be examined in two groups, as follows.

First, the results related to certain criteria have been supplanted by commercial data, because of changes that have been applied to the BellSouth OSS and processes. This commercial data, which is more probative than any testing data, (<u>see</u>, <u>e.g.</u>, <u>Second Louisiana 271 Order</u> ¶86), demonstrates that BellSouth currently is performing at a level that provides nondiscriminatory access.

Second, there is a group of ‘not-satisfied’ criteria related to the Accuracy of Partially Mechanized orders. These service requests were entered into BellSouth’s systems electronically, but had to be handled manually, because of errors or by design, before the order could be generated. BellSouth believes that KPMG’s interpretation of the test data does not reflect the actual impact to the CLEC’s end-user. Instead, KPMG’s interpretation tends to overstate the actual customer impacting errors for the following reasons:

- KPMG classified <u>any</u> difference between the local service request (“LSR”) and the actual order as provisioned as a significant error, without attempting to make any judgment of the true impact of the error, and regardless of whether other items on the same order were provisioned correctly.
- For example, KPMG submitted several LSRs that either converted retail service to resale service or converted resale service to UNE-P (Unbundled

Network Element Platform). When reviewing the LSR against the provisioned order, KPMG scored errors against them because the PIC code for the long distance carrier on the provisioned order was not modified to conform to the PIC that KPMG put on the LSR. KPMG found that the end user had the same long distance carrier that it had chosen before the conversion. All other items on the LSR, the primary purpose of which was to convert the end user from retail to resale (or resale to UNE-P), were properly handled. While BellSouth obviously erred in provisioning the long distance carrier, the effect of the impact to the end user can be stated in two very different ways.

- First: If KPMG were to test 10 orders, and if there were PIC errors on eight of the orders, KPMG could count each error as an entire order in error. KPMG then could calculate the accuracy rate for these transactions as 20 percent.
- Second: Consider, however, that each of these orders typically could contain 15 different line items, not just a PIC change item. If KPMG were to count the PIC error as 1 error out of a total of 15 items for each order, the accuracy rate for these orders would be 94.7 percent.
- BellSouth believes that the second method more accurately states the end user customers' experience with the service delivered, and thus is more indicative of the scope of the issue. The customers' perception of their experience can be more suitably determined by looking at the metrics for Invoice Accuracy. These metrics will demonstrate that the actual customer impact of these types of BellSouth errors is quite low.

KPMG tested 420 evaluation criteria related to performance measurements. Of those, 409 criteria are closed and satisfied. As I stated earlier, there are 11 evaluation criteria for metrics that KPMG has not yet reconciled ("not complete criteria"). Work continues on these criteria, and they should fall into either the "satisfied" or "not satisfied" classifications. KPMG has given its opinion to the Georgia PSC that the PSC has sufficient oversight on these areas, and BellSouth believes that KPMG's findings will show that these metrics are unlikely to have a material impact on competition.

The deficiencies identified by KPMG represent areas where BellSouth is not perfect. However, taken in context of the entire scope of services and processes that BellSouth provides to the CLECs, these areas represent a very minor portion of the total services provided each month, and clearly do not materially impact the CLECs ability to provide service. Each of these 'not satisfied' or 'not complete' criteria will be discussed in detail in the following sections.

Q. THERE HAVE BEEN COMMENTS FILED INDICATING PREFERENTIAL TREATMENT MAY HAVE BEEN GIVEN TO CLECS IN GEORGIA AND FLORIDA IN AN EFFORT TO SKEW THE RESULTS OF THE THIRD-PARTY TEST RESULTS. HAS KPMG BEEN ASKED ABOUT THE ISSUE OF PREFERENTIAL TREATMENT?

A. Yes. In AT&T's second set of interrogatories to KPMG in the North Carolina 271 proceeding, AT&T posed three questions to KPMG. Those questions and KPMG's responses can be found in Exhibit MM-7.

Q. WAS KPMG ASKED WHAT IMPACT THERE WOULD HAVE BEEN IF BELLSOUTH HAD PROVIDED A HIGHER PRIORITY OF PROCESSING PARTIALLY MECHANIZED OR MANUAL LSRS FOR KPMG DURING THE GEORGIA AND FLORIDA TESTS?

A. Yes. In response to question three of AT&T's second set of interrogatories, KPMG concluded that the only limited impact on the test there "would be a potential impact on the values observed in evaluation of the timeliness of responses associated with the partially mechanized and manual requests."

Q. PLEASE PROVIDE DETAIL ABOUT BELLSOUTH'S INVESTIGATION OF THE ISSUE OF PROVIDING PREFERENTIAL TREATMENT TO REQUESTS DURING THE GEORGIA AND FLORIDA THIRD-PARTY TESTS.

A. First, please allow me to provide some additional background on this issue. The OSS test in Georgia consisted of two fundamental types of testing, transaction-based testing and operational testing. These two test types are explained beginning on page II-5 of the MTP Final Report. (See Exhibit MM-3) One of the goals of transaction-based testing was for the KPMG pseudo-CLEC to "live the CLEC experience." While this certainly is and was an appropriate goal, it must be viewed in the context of the environment in which testing is conducted. More specifically, it should be understood that the structure and the nature of the third-party testing process makes it difficult for the third-party test CLEC to truly live a normal CLEC's experience with BellSouth.

For example, when BellSouth initiates its relationship with a normal CLEC, there is a customer initiation process whereby BellSouth seeks to learn about the CLEC’s business, what types of products and services the CLEC will be providing, where the services will be provided, and when the CLEC will begin doing business. BellSouth's service centers, such as the Local Carrier Service Center (“LCSC”), often provide tours and have introductory discussions to introduce the CLEC employees to the BellSouth employees who will be assisting them in working their requests.

After the CLEC begins business, there is a constant dialog that occurs between the BellSouth representatives and managers working on the CLEC’s requests, and employees of the CLEC. During these discussions, the CLEC provides immediate feedback on specific requests that may be encountering problems, requests that need to be escalated, and other similar types of issues. The third-party test did not always include the type of daily interaction that BellSouth normally has with a CLEC. KPMG had a dual role as an auditor. KPMG communicated their issues by means of issuing exceptions. In response to the exceptions, BellSouth was expected to take management action to provide additional training, to change its practices, and take other actions in order to satisfy the concerns raised in the exception. Often, particularly in the case of issues raised in the processing of requests in the LCSC, BellSouth responded by providing service representatives with additional training on the issues that were raised, and continued training through the re-test process in order to ensure that the issues raised in the exception were addressed.

In addition, the third-party CLEC was unlike an ordinary CLEC in the nature of the requests it was submitting to BellSouth to be processed. In the normal CLEC experience, the CLEC chooses certain market segments and then focuses its efforts on obtaining customers by providing the same general types of services – for example, the Unbundled Network Element – Platform ("UNE-P"). In most instances, the CLEC request patterns become somewhat routine over time, with the CLEC submitting the same types of requests over and over again. However, in the case of the KPMG CLEC, multiple types of requests were submitted, using multiple customer scenarios. In this light, the third-party CLEC was much more than the typical CLEC, which added difficulty in KPMG and BellSouth living the typical "CLEC Experience" during the test.

Q. HOW DID BELLSOUTH RESPOND TO THE ISSUES BEING RAISED THROUGH EXCEPTIONS FOR THE UNE FUNCTIONAL TESTING OF THE MTP?

A. Because of the structure and nature of the testing process, there were certain actions taken by BellSouth during the test in order to address issues raised primarily through the exception process in order to have adequately trained representatives to work the wide variety of third-party test requests. These actions are not unlike actions BellSouth has taken and continues to take in order to process requests on behalf of other CLECs in an attempt to improve operational efficiencies in the LCSC. Nevertheless, the nature of these actions should be known and the rationale for them should be understood.

During the test, third-party test requests were designated by the company code "CKS." While the Georgia test primarily involved the processing of mechanized requests, which do not involve the LCSC, there were requests that fell out of the electronic systems for manual handling, referred to as partially mechanized requests. There was also a small subset of requests (xDSL capable loops) that were submitted manually, generally using a FAX server. These are referred to as non-mechanized or manual requests. The manual requests submitted for the Georgia test were limited to xDSL capable loops as previously described in the STP.

During the execution of the Master Test Plan, BellSouth received unsatisfactory results, accompanied by related exceptions, on several of the initial tests relating to the timeliness and accuracy of processing UNE requests. As a result, a re-test was conducted beginning in approximately August of 2000. Prior to and during the re-test, BellSouth center support staff employees reviewed the service representatives' work on CKS clarifications, firm order confirmations ("FOCs"), and service orders in order to provide additional training as necessary to meet the requirements of the pseudo-CLEC customer and any other CLEC submitting similar requests. The purpose of this review was to improve the skills of the service representatives in handling these requests and increase the overall accuracy of the responses to all service requests. This type of training activity is usual and indeed goes on constantly in the LCSC. In the ordinary course of processing other CLEC's requests in the LCSC where customer expectations were not being met, BellSouth reviews the requests of other CLECs in order to satisfy the customers' expectation. Thus, BellSouth has reviewed and continues to review requests from other CLECs in a similar fashion, when conditions warrant.

Q. WHAT SPECIFIC INDIVIDUAL TESTS OR EVALUATION CRITERIA WOULD THIS IMPACT IN THE MTP FINAL REPORT?

A. As it related to the activities of the LCSC, the 2000 UNE re-test involved eight evaluation criteria related to the timeliness of errors/clarifications and firm order confirmations and the accuracy of errors/clarifications and firm order confirmations for partially mechanized requests.[3] Six of these criteria were deemed satisfied at the conclusion of the third-party test, and two were deemed not satisfied, as can be seen in Exhibit MM-3. Regardless of these results, and even if they were to be totally disregarded, BellSouth has experienced significant commercial usage for all of these activities both during and after the third-party test, and has proven that it is meeting the current performance benchmarks over the last three months even in the face of increasing demand.

For example, in Tennessee in July 2001, BellSouth returned approximately 800 errors on UNE orders to CLECs on a partially mechanized basis. All levels of disaggregation exceeded the 85%-in-18-hour standard except for Other Design,

[3] O & P criteria 1-3-2b (satisfied), 1-3-3b (satisfied), 1-4-1 (satisfied), 1-4-2 (not satisfied), 2-3-2b (satisfied), 2-3-3b (satisfied), 2-4-1 (satisfied), and 2-4-2 (not satisfied).

which was at 84.62% based on a volume of 13 transactions. BellSouth returned almost 1,200 errors back to CLECs on a non-mechanized basis, and met the applicable performance standard of 85%-in-24-hours for every sub-metric. For firm order confirmations, BellSouth returned over 2,100 firm order confirmations on partially mechanized orders, and met the performance benchmark for every sub-metric. BellSouth returned over 1,600 firm order confirmations on non-mechanized requests and met the performance benchmark for all disaggregated sub-metrics.

Q. WAS THE RESALE TESTING UNDER THE STP CONDUCTED IN A SIMILAR MANNER?

A. Yes. The Resale group at the LCSC handles simple resale requests. As part of the STP, which was ordered by the Georgia Commission on January 12, 2000, the test was expanded to include functional testing of certain resold services. The objective of this part of the test was to evaluate the functionality of BellSouth's pre-ordering and ordering systems for resold services in processing pre-ordering queries via the TAG interface, and LSRs submitted via the TAG or EDI interface. However, the test also included criteria that evaluated whether BellSouth's representatives in the LCSC provided timely orders errors/clarifications and firm order confirmations, as well as whether the LCSC representatives provided clear, accurate and complete errors/clarifications and firm order confirmations. There were a total of 370 resale errors/clarifications and firm order confirmations that were handled by the LCSC as a part of this test.

The Resale workgroup within the LCSC handles resale service requests. In this workgroup, each representative typically has the opportunity to work on service requests from any CLEC. If an issue with a particular CLEC's service requests or for a particular product requested by multiple CLECs develops, the Resale group takes action to address the issue. The group has the ability to designate representatives who may be more experienced or skilled in a certain area. These representatives may be designated to handle an issue on a case-by-case basis. The issue could result from CLEC problems or problems within the BellSouth systems or processes.

If the issue is on a global scale, all representatives are trained to handle the issue while only a few representatives may be designated to address a more limited issue. The Resale group designated a group of representatives to handle the third-party test requests for some of the reasons previously mentioned (i.e. wide variety of products requested and accuracy of responses as identified through exceptions). At times, this could have allowed for the retrieval of third-party test requests before other pending CLEC requests. Assuming requests were retrieved ahead of other requests, this additional time could potentially impact the timeliness and accuracy of the response delivered back to the CLEC. However, given the low volume of test resale requests submitted during the third-party test during the four month test period of August through November of 2000, (a total of 370 requests, or fewer than 5 per day), it is doubtful that this process resulted in any meaningful advantage for third-party resale requests.

Q. WHAT EVALUATION CRITERIA WOULD BE IMPACTED FOR THE RESALE FUNCTIONAL TESTING OF THE STP?

A. In the test, there were a total of six evaluation criteria relating the partially mechanized timeliness and accuracy of these resale requests.[4] Of these six criteria, BellSouth received a satisfactory finding on three of them, and an unsatisfactory finding on the other three as can be seen in Exhibit MM-4. Regardless, to the extent this Authority is concerned about the results of the third-party test in these areas, BellSouth's more recent performance with regard to commercial usage demonstrates BellSouth success in meeting its obligations in these areas.

For resale errors in Tennessee in July 2001, BellSouth delivered 1,181 rejections to CLECs on partially mechanized orders. BellSouth met the performance benchmark in all areas. On non-mechanized orders, BellSouth provided over 110 rejections and met the performance standards for all levels of disaggregation. BellSouth provided over 1,800 partially mechanized firm order confirmations in July, and satisfied all of the performance benchmarks. For non-mechanized orders, 195 were delivered and all performance benchmarks were met.

[4] These were POP Evaluation Criteria 11-3-3A (Satisfied), 11-3-3B (Not Satisfied), 11-3-5A (Satisfied), 11-3-5B (Satisfied), 11-4-3 (Not Satisfied), and 11-4-4 (Not Satisfied). The first four of these criteria relate to timeliness, and the last two relate to accuracy.

As information, there is a third group of representatives in the LCSC who handle complex services. There are and have been designated work groups that handle requests for specific CLECs within the Complex work group. For example, all of AT&T's complex requests that come into the complex group are routed to a designated group of service representatives that handle AT&T's requests. During the testing, the third-party test requests were also routed directly to a designated work group to be processed. Because requests are routed directly to these work groups, they bypass a basket where other CLEC and types of requests are placed, and which is checked and emptied by the load manager approximately once per hour; therefore, it is possible that the third-party test requests, as well as the requests for the other CLECs who had designated work groups, received a timing advantage on these requests up to one hour in the placement to the service representatives for handling. However, because of the wide variety of requests that were submitted by third-party tester, and the concomitant level of complexity (which was the reason why these requests were delivered to the designated representatives to begin with), BellSouth does not believe that these requests received "preferential" or any different treatment that similar types of requests submitted by other CLECs. For complex orders, BellSouth also has proven through commercial usage and its performance reports that it consistently returns errors/clarifications and firm order confirmations to CLECs in a timely fashion. Complex orders, which consist of both complex resold services as well as complex UNEs, would be included in the performance data discussed above in connection with UNE and resale performance.

In summary, KPMG test orders submitted during the third-party test did not receive preferential treatment. From a LCSC process standpoint, KPMG orders were handled consistent with other CLEC orders. To the extent that the aforementioned handling could have the result of affecting the timeliness or accuracy of the responses, BellSouth is ultimately relying on its commercial data to provide proof that its systems provide non-discriminatory access and that these systems meet the needs of its CLEC customers.

Q. PLEASE DESCRIBE THE ‘NOT SATISFIED’ EVALUATION CRITERIA.

A. As part of its third-party test, KPMG performed a normal volume performance test and a peak volume performance test. The objective of these evaluation criteria was to evaluate BellSouth’s OSS performance associated with ordering at specified volumes. The normal volume performance test evaluated BellSouth’s ability accurately and quickly to process orders using the EDI interface under “normal” year-end 2001 projected load conditions. The peak volume performance test evaluated BellSouth’s ability accurately and quickly to process orders using the EDI interface under “peak” year-end 2001 projected transaction load conditions. The projected load conditions were based on region-wide load factors, as the electronic interfaces are regional in nature.

Timeliness of Response for Fully Mechanized Orders

Timeliness of Functional Acknowledgements for Fully-Mechanized UNEs-- EDI[5]

During these two tests, KPMG found that the EDI interface did not return functional acknowledgements in a timely manner for fully mechanized orders (orders that flowed through without manual handling) for UNEs (O&P 3-3-1 and O&P 4-3-1). The standard applied by KPMG in the test for the return of functional acknowledgements was 95 percent of functional acknowledgements received in less than 30 minutes. The Georgia Commission adopted a measure for functional acknowledgements as a part of the Rocket Docket and set a standard of 90 percent in 30 minutes for EDI (to go to 95 percent in 6 months).

Functional acknowledgements are transmitted between BellSouth and CLECs using EDI for the purpose of notification. The receipt of any EDI transaction by BellSouth or the CLEC requires an acknowledgement. The functional acknowledgement indicates whether a transaction was accepted or rejected (in the case of rejection, the nature of the error is also provided).

The timeliness of a functional acknowledgement is measured from the time a document enters the EDI translator software until the functional acknowledgement is transmitted to the CLEC. At the time KPMG performed the normal volume performance and the peak volume performance tests, the infrastructure for EDI limited the turnaround time for functional acknowledgements. Specifically, the translator used in BellSouth's EDI system

[5] See MTP Final Report, O&P 3-3-1 and O&P 4-3-1.

was only capable of returning batches of data to CLECs within 90 minutes in a peak volume environment at the time of the test. It is also worth noting that, at the time of this test, no benchmark had been adopted by the Georgia Commission. BellSouth, however, had set its own internal standard at that time to return 75 percent of functional acknowledgements within 90 minutes.

In January 2001, BellSouth upgraded the infrastructure for EDI in order to shorten the response time capability of the interface. A sample of data from April 9 to April 23, 2001, shows that the average response time for functional acknowledgements was 1.14 minutes, and that BellSouth is returning 100 percent of the functional acknowledgements within 30 minutes for the upgraded EDI interface.

KPMG also tested the timeliness for functional acknowledgements for EDI during KPMG's functional and production volume tests for orders for UNEs.[6] During these tests, KPMG did receive timely functional acknowledgements, and the evaluation criteria (O&P 1-3-1 and O&P 10-3-1) for these tests were satisfied. This means that the problem KPMG encountered was limited to the peak volume test. The upgrade to EDI corrected this problem.

For these reasons, BellSouth believes that the issues raised by these "not satisfied" criteria have been corrected, and that BellSouth's actual performance for functional acknowledgements returned via EDI for CLECs today should not have a material adverse impact on their ability to compete.

[6] KPMG also received timely functional acknowledgements from EDI for LSRs for resale services as part of the Supplemental Test. See STP Final Report, PO&P 11-3-1a.

Timeliness of Rejects and Clarifications for Fully-Mechanized UNEs and Resale–EDI[7]

As part of its third-party test, KPMG performed functional tests of EDI. One objective was to evaluate the functionality of BellSouth's systems in processing LSRs for UNEs and resale services. Specifically, KPMG tested EDI to determine if this interface returned timely error information (fatal rejects and auto clarifications) for fully-mechanized LSRs (MTP Final Report, O&P 1-3-2a and STP Final Report, PO&P 11-3-2a). KPMG required 97 percent of fully-mechanized errors to be received within one hour.

In the initial test of UNE orders, KPMG received 18 percent of fully mechanized errors in one hour. During a retest of UNE orders in January 2001, however, performance improved to 84 percent of fully-mechanized errors received within one hour. In addition, another 5 percent, for a total of 89 percent were received within two hours.

KPMG's results for the initial test for resale services was 9 percent of fully-mechanized errors received in less than one hour. During KPMG's retest of resale services orders in January 2001, KPMG received 85 percent of the fully-mechanized errors within one hour. Another 8 percent, for a total of 93 percent, were received within two hours.

[7] See MTP Final Report, O&P 1-3-2a; STP Final Report, PO&P 11-3-2a.

As part of its analysis of these criteria, KPMG identified 16 orders for BellSouth to investigate, 11 for resale services and 5 for UNEs. BellSouth found that, although KPMG should have submitted only orders that flowed-through BellSouth's systems and received electronic rejects or clarifications, three of the LSRs fell out for manual handling, therefore delaying the return of the error information. These three orders fell out because KPMG made errors on the LSRs. Another order that KPMG believed it had sent could not be located after considerable searching by BellSouth. BellSouth, thus, can only conclude that this order may not have been sent. According to BellSouth's records, BellSouth returned the error information for one of the other orders within 45 minutes, which is clearly within the one-hour interval. BellSouth found the error information was indeed delayed for three of the sixteen orders because of EDI routing and mapping problems. These EDI routing and mapping problems have been resolved by software changes.

BellSouth also agreed that the remaining eight orders received delayed responses. As discussed previously, in January 2001, BellSouth upgraded EDI enabling it to return fatal rejects and clarifications faster. This upgrade would have allowed four of the eight orders to receive timely responses had KPMG sent them after the upgrade to EDI. Three of the remaining four test responses in this criterion were delayed because of the downstream LEO system. At the time of the test, a few CLECs were making unusual and large queries to check the status of all or almost all of their pending orders at one time, which slowed LEO's response times. In March 2001, BellSouth modified LEO so that it now is able to process large queries and send faster responses. The remaining response was delayed because of an isolated LEO outage.

Given the changes that BellSouth has made, and the necessary modifications to KPMG's test, the number of orders that would not pass KPMG's test would be lower today. BellSouth's actual commercial performance in this area shows that it is returning error and clarification information to CLECs in a timely manner. In July 2001, in Georgia, BellSouth returned 95.30 percent of the rejects for resale residential orders, 99.22 percent of the rejects for resale business, and 73.88 percent of the rejects for loop/port combinations, within one hour. In July 2001, in Tennessee, BellSouth returned 94.01 percent of the rejects for resale residential orders, 100 percent of the rejects for resale business, and 96.06 percent of the rejects for loop/port combinations, within one hour.

Timeliness of Firm Order Confirmations for Fully-Mechanized UNEs– TAG[8]

As part of the test, KPMG performed a functional test of TAG (O&P 2). One area that KPMG evaluated was whether TAG provided timely FOCs for flow-through orders for UNEs (O&P 2-3-3a). The benchmark that KPMG used for this test was that 95 percent of FOCs for flow-through orders had to be returned within 3 hours.

[8] See MTP Final Report, O&P 2-3-3a.

During a retest in January 2001, KPMG tested 45 orders in this category. Of those orders, KPMG received 84 percent (38 orders) of FOCs for orders submitted via TAG within 3 hours. The seven orders that did not receive FOCs within 3 hours fell out for manual handling. In fact, FOCs for five of these seven orders were received within 24 hours. These seven orders were partially mechanized orders; however, KPMG treated them as fully mechanized orders. The delays in providing FOCs for these orders occurred because they were designed to fall out of the mechanized system for manual handling. These seven orders should have been excluded from this test, as they were not fully mechanized orders and KPMG's benchmark only applied to mechanized orders. Had these seven orders been excluded, 100 percent of the FOCs for orders submitted in the test would have been received within three hours.

Although KPMG did not perform another functional test of TAG, it did perform normal volume, peak volume, and production volume tests of TAG. During these tests, BellSouth returned timely FOCs via TAG. These evaluation criteria (O&P 3-3-4, O&P 4-3-4, and O&P 10-3-4) are satisfied in KPMG's report.[9]

BellSouth's actual commercial performance for CLECs in this area has shown significant improvement, and demonstrates that BellSouth is currently returning FOCs in a timely manner. For Georgia in July 2001, BellSouth returned 97.67 percent of the FOCs for resale residential orders, 100 percent of the FOCs for resale business, 95.90 percent of the FOCs for loop/port combinations, and 99.85 percent of the FOCs for standalone LNP within 3 hours. For Tennessee in

[9] KPMG also received timely FOCs from TAG for LSRs for resale services during the Supplemental Test. See STP Final Report, PO&P 11-3-4b.

July 2001, BellSouth returned 99.09 percent of the FOCs for resale residential orders, 98.80 percent of the FOCs for resale business, 97.72 percent of the FOCs for loop/port combinations, and 100 percent for standalone LNP within three hours.

<u>Accuracy and Timeliness of Partially-Mechanized Orders</u>

Orders for certain complex resale services and UNEs may be transmitted electronically via EDI or TAG, but fall out for manual handling by design. In order to enable CLECs to submit some complex LSRs electronically, rather than by fax, BellSouth designed the EDI and TAG ordering interfaces to accept LSRs for these complex services. After these LSRs are transmitted to BellSouth electronically, they are handled as if they had been faxed to the LCSC. These orders are sometimes referred to as “partially-mechanized.” KPMG’s report shows 10 ‘not-satisfied’ evaluation criteria for tests involving partially-mechanized orders. The ‘not-satisfied’ observations for partially-mechanized orders can be divided into two areas: accuracy and timeliness. I will discuss both of these areas.

Partially-mechanized orders are processed by service representatives in BellSouth’s LCSC, just as manually-submitted orders are. There are now three of these centers, and they are described in testimony of Ken L. Ainsworth. For the year 2000, the LCSCs processed an average of 99,122 manual and partially-mechanized LSRs per month. During through July 2001, the LCSCs processed an average of 113,107 manual and partially mechanized LSRs per month.

Currently, there are 1,009 employees of the LCSC, including the 689 service representatives who process the manual and partially-mechanized LSRs. (This 1,009 also includes 120 who are staffing a call center to answer the CLEC calls.) From December 1998 through July 2001, the LCSC increased its trained service representative headcount by 133 percent to the 809 that are employed today. BellSouth has continuously increased the work force and productivity of the LCSC to meet actual and forecasted demand, increasing complexity of the orders being worked, and tighter processing requirements, such as the benchmarks for returning FOCs, rejects, and clarifications.

As a result of the increased personnel at the LCSCs, the increased complexity of the orders handled by the LCSC service representatives, and the tighter benchmarks for performance, BellSouth recognized the need to improve the accuracy and timeliness of its handling of partially-mechanized orders. BellSouth has established a group within the LCSC to improve accuracy and performance, which is called the “Quality Control Team” and is now composed of approximately 35 people. The purpose of the team is to support the LCSC in achieving higher levels of accuracy that lead to increased efficiency, improved flow-through, increased customer satisfaction, and fewer complaints, expedites, and escalations. For example, the team has helped the LCSC improve the handling of LSRs that drop out for manual handling due to errors. The LCSC monitors the progress of these LSRs using a daily report. From September 1, 2000, when the team began its work, to the present, the team has reduced significantly the number of LSRs on the daily report. Presently, there were 92 percent fewer LSRs on the daily report than there were on September 1, 2000. Currently, the average number of days it takes to clear them is 2 days or less.

The team identifies problems by closely monitoring the work at the LCSC and looking for trends. If, for example, a problem is caused by an LCSC service representative, the representative will be coached by the team. If the problem is caused by a CLEC, BellSouth's team works with the service manager for that CLEC, who, in turn, will contact the CLEC and propose corrections.

In addition, the team is also responsible for conducting monthly audits for Georgia, Florida, and Kentucky. The team is adding the other states in BellSouth's region within the next few months. The results are incorporated into the "Percent Provisioning Ordering Accuracy" measurement in the Georgia Service Quality Measures.

In addition, another way to increase accuracy and timeliness for partially-mechanized orders is to reduce the amount of manual handling involved in processing them. The best solution, of course, is to increase the number LSRs that flow through rather than fall out for manual handling, which BellSouth is endeavoring to do through its collaborative Flow-Through Task Force.

If BellSouth does not complete orders in an accurate and timely manner, those results will be reflected in the accuracy of billing, measured by Invoice Accuracy. According to BellSouth's performance measurements results for Invoice Accuracy, these partially mechanized issues do not have a disproportionate impact on CLEC customers. The invoice accuracy results for July 2001 in Georgia were better for CLECs than for BellSouth, yielding a 99.84 percent accuracy rate for resale orders and a 99.94 percent accuracy rate for UNEs, compared to a 98.39 percent accuracy rate for BellSouth retail. The invoice accuracy results for July 2001 in Tennessee were also better for CLECs than for BellSouth, yielding a 99.61 percent accuracy rate for resale orders and a 99.91 percent accuracy rate for UNEs, compared to a 98.39 percent accuracy rate for BellSouth retail.

Accuracy of System Responses - Partially-Mechanized UNEs – TAG & EDI[10]

As part of the test, KPMG performed functional tests of EDI and TAG. The objective of the EDI Functional Test (O&P-1) and the TAG Functional Test (O&P-2) was to evaluate the functionality of BellSouth's ordering systems in processing LSRs for UNEs submitted via EDI and TAG. Specifically, KPMG evaluated the interfaces to determine if they provided the expected system responses (O&P 1-2-1 and O&P 2-2-1). KPMG's standard is that 99 percent of the expected system and representative responses should be received from EDI and TAG.

During a functional re-test on August 25, 2000, KPMG did not receive completion notices for 14 percent of EDI transactions for which KPMG expected a completion notice. KPMG also did not to receive completion notices for 16 percent of TAG transactions for which KPMG expected a completion notice. As a result, KPMG issued Exception 118.

[10] See MTP Final Report, O&P 1-2-1 and O&P 2-2-1.

KPMG identified 30 orders related to this exception for investigation. Upon investigating, BellSouth found that 13 of these 30 orders contained incorrect information in the listed name code field. Because BellSouth's systems did not detect KPMG's incorrect information in the listed name code field, KPMG's LSRs flowed through BellSouth's systems, and received FOCs. The resulting orders, however, dropped out for manually handling downstream as a result of the incorrect listed name code information. When the LCSC personnel reviewed these orders, they mistakenly identified them as internal test orders and canceled them. Had these orders been handled correctly, BellSouth would have returned these orders to KPMG for clarification. Had KPMG then corrected and resent these orders, BellSouth would have completed them and sent KPMG confirmation notifications. Because these 13 orders were canceled, KPMG never received the applicable clarification or confirmation. This isolated situation does not indicate systemic problems with BellSouth's issuance of clarifications.

To prevent future LSRs with incorrect information in the listed name code field from flowing through and generating FOCs, BellSouth submitted a change request to add functionality that would require clarification from the CLECs before such LSRs would reach the service order generator. The resulting clarifications would thus require the CLECs to correct the LSRs before they generated an order and an FOC moved downstream.

BellSouth's investigation also uncovered that two of the 30 orders submitted by KPMG contained incorrect miscellaneous account numbers. Like the orders described above, these orders suffered errors in downstream systems after KPMG had received mechanical FOCs. BellSouth service representatives mistakenly cancelled these two orders, rather than sending the manual clarifications to KPMG.

BellSouth found that another four of the 30 orders were handled incorrectly by BellSouth's service representatives. BellSouth has trained its representatives on the correct procedures to prevent future occurrence of all of these errors.

BellSouth disagreed with KPMG's findings for four orders because BellSouth sent completion notices for these orders.

KPMG also tested EDI and TAG to determine if these interfaces provided the expected system responses for orders for resale services (STP Final Report, PO&P 11-2-1). This evaluation criterion is satisfied in KPMG's report.

For all of these reasons, BellSouth believes that the deficiencies attributed to BellSouth in these 'not-satisfied' criteria, O&P 1-2-1 and 2-2-1, have been corrected, and that such correction will prevent any future material adverse impact on local competition.

Accuracy of Rejects and Clarifications – Partially-Mechanized UNEs – EDI & TAG[11]

[11] See MTP Final Report, O&P 1-4-2 and 2-4-2.

As part of the functional tests of EDI and TAG, KPMG tested BellSouth's systems and representatives to determine if they provided clear, accurate, and complete order rejects and clarifications for UNEs. KPMG examined a sample of reject and clarification notices for clarity, accuracy, and completeness relative to BellSouth's business rules in the LEO Guide, volume 1. KPMG defined a reject or clarification notice as accurate when it received an error response type that was relevant to the type of LSR submitted (that is, the reject or clarification was received in response to an erred LSR) that contained: a) all expected data elements; b) no unexpected data elements; c) all required data values in the expected format; and d) no prohibited values. Expected and prohibited values were developed based on the LEO Guide, Volume 1.

Initially, KPMG received a number of clarifications for valid LSRs that were sent via EDI and TAG. BellSouth gave its service representatives additional training to correct this problem. The clarifications that KPMG received after this training were accurate. As a result, Exception 47 was closed 'satisfied' on September 22, 2000.

KPMG began a re-test on August 25, 2000. Although the purpose of the re-test was not to measure the accuracy of clarifications, KPMG noticed that 18 percent of the clarifications for partially-mechanized LSRs sent via EDI, and 7 percent of the clarifications for those sent via TAG, were inaccurate. As a result, KPMG reopened Exception 47.

In response to the reopened Exception 47, BellSouth investigated KPMG's findings, and agreed that the inaccuracies were caused by service representatives in the LCSC. In order to prevent future occurrences, BellSouth retrained the service representatives on the business rules in November and December 2000.

BellSouth believes that the retraining of its LCSC service representatives and the initiatives described earlier will prevent this from causing any material adverse impact on local competition. In addition to the coaching provided by the Quality Control Team, which I described above, the testimony of Ken Ainsworth discusses in detail the training and coaching that LCSC service representatives receive.

Accuracy of Rejects and Completions – Partially-Mechanized Resale - EDI[12]

As part of the supplemental test, KPMG performed a "Resale Functional Evaluation" of EDI and TAG to evaluate BellSouth's OSS and the processes associated with the pre-ordering and ordering systems in processing pre-order queries and LSRs. Specifically, KPMG evaluated BellSouth's systems and representatives to determine whether they provided clear, accurate, and complete errors for orders for resale services (PO&P 11-4-4).

During the retest by KPMG in January 2001, KPMG received a number of inaccurate clarifications for partially-mechanized resale services ordered with

[12] See STP Final Report, PO&P 11-4-4.

EDI. The clarifications contained a message stating that KPMG had used invalid data. KPMG investigated the clarifications and found that its orders conformed to the business rules. As a result, KPMG issued Exception 132.

BellSouth investigated KPMG's findings and discovered that the service representatives in the LCSC had incorrectly populated the error information on KPMG's clarifications. BellSouth retrained service representatives on February 9, 2001 on these issues. BellSouth determined that KPMG did not receive the error message for the three LSRs it sent after February 9, 2001.

BellSouth believes that this was an isolated incident and that the retraining of its LCSC service representatives and the initiatives that I described earlier will prevent this from causing any significant impact on local competition. In addition to the coaching provided by the Quality Control Team, which I described above, the testimony of Ken Ainsworth discusses in detail the training and coaching that LCSC service representatives receive.

Accuracy of FOCs – Partially-Mechanized Resale - EDI and TAG[13]

As part of the supplemental test, KPMG performed a "Resale Functional Evaluation" of EDI and TAG to evaluate BellSouth's OSS and the processes associated with the pre-ordering and ordering systems in processing pre-order queries and LSRs. Specifically, KPMG evaluated BellSouth's systems and

[13] See STP Final Report, PO&P 11-4-3.

representatives to determine whether they provided clear, accurate, and complete FOCs for resale orders sent via EDI and TAG (PO&P 11-4-3).

KPMG compared the FOCs it had received via EDI and TAG against the business rules. KPMG determined it should not have received FOCs because it had submitted LSRs with errors. KPMG believed it should have received rejects or clarifications instead for 14 orders. KPMG issued Exception 95.

BellSouth investigated the 14 FOCs and the related orders for the resale services that KPMG believed were inaccurate. BellSouth agreed with KPMG about one, which had an error caused by a service representative in the LCSC. BellSouth retrained the representatives on these issues in March 2001.

BellSouth disagreed with KPMG about the remaining 13 FOCs. KPMG claimed that it should have received rejects or clarifications instead of FOCs for five orders because it had omitted required characters in the directory listing field. BellSouth disagreed because the business rules found in the LEO Guide, volume 1 instruct the CLEC to use the designation “(OAD)” to tell BellSouth’s systems that an address is to be unlisted. The parentheses around the OAD inform BellSouth’s systems that it should interpret “OAD” as an instruction to omit the listing, and not that it should interpret “OAD” to be letters in the address. The orders submitted by KPMG incorrectly omitted the parentheses. When KPMG omitted the parentheses, BellSouth’s systems properly interpreted “OAD” as a word in the address and processed the order according to KPMG’s instructions. KPMG stated that it had received error messages for other similar orders, but

BellSouth believes that these orders must have fallen out for manual handling for other reasons. This is because BellSouth's systems would have processed "OAD" without the parentheses, and would not sent error messages.

For six of the orders, KPMG explained that it had populated an invalid end user address and should have received errors or clarifications for these orders instead of FOCs. BellSouth disagreed. Although the business rules require the CLEC to include the end user's address on the request, BellSouth has determined that, if the end user's telephone number is correct, the address is not required to process orders for actions such as suspends, restores, and disconnects of resold services, which occur after the CLEC has established service with the end user. BellSouth's systems have been programmed to use the end user's telephone number, when the address is incorrect, to process the order. This reduces the number of clarifications that would be sent if a valid address were required, and also increases flow-through. BellSouth has submitted a change request to clarify the LEO Guide. On April 30, 2001, BellSouth posted a revised issue of the LEO Guide that will include notes explaining the use of the end user's address and telephone numbers.

KPMG entered invalid characters in the service center field for two other orders, and therefore expected errors or clarifications instead of the FOCs that it received. BellSouth disagreed because the business rules require the CLECs to populate the field with four alphanumeric characters and states that they should use "LCSC," but does not require "LCSC." Although the Ordering and Billing Forum ("OBF") requires this field on the service request, the information in the field is currently not used by BellSouth to process orders. At this time, the order flows through as long as there are four characters in the field. In the future, should CLECs be able to route their resale orders to a particular service center, then BellSouth will program its systems to clarify the order if the field is not properly populated with the correct service center characters. This functionality currently is not under consideration.

KPMG did perform functional tests of EDI and TAG that evaluated whether BellSouth's systems and representatives provided clear, accurate, and complete FOCs for UNEs sent via EDI and TAG. Both evaluation criteria (O&P 1-4-1 and O&P 2-4-1) are 'satisfied'. BellSouth believes that this is not likely to cause a material adverse impact on competition.

Accuracy of Provisioning - Partially-Mechanized – EDI and TAG

Accuracy of Switch Translations - Partially-Mechanized UNEs – EDI and TAG[14]

As part of its third-party test, KPMG performed a comprehensive review of BellSouth's ability accurately and expeditiously to complete the provisioning of the CLEC orders for UNEs. KPMG tested the accuracy of the provisioning by examining the switch translations for orders for UNEs placed via EDI and TAG (O&P 5-2-1). Because there is no standard approved by the Georgia Commission or documented by BellSouth, KPMG applied a standard of 95 percent for the provisioning accuracy of the switch translations.

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[14] See MTP Final Report, O&P 5-2-1.

During a re-test, KPMG reviewed the switch translations for 89 lines to determine if the data retrieved from the switch matched the information on the corresponding and confirmed LSRs. Seventy-seven lines (87 percent) were provisioned correctly. Of the 12 lines that were provisioned incorrectly, all were related to LSRs that were partially mechanized. KPMG issued Exception 76.

BellSouth investigated the 12 orders that KPMG identified and agreed with KPMG they had inconsistent switch translations. Eight orders had the wrong long distance carrier in the switch translations. These errors were caused by service representatives in the LCSC. To prevent this problem from occurring in the future, BellSouth retrained the service representatives. BellSouth also agreed with KPMG that four of the orders were not working, because the BellSouth service representative recognized that no working service was assigned.

KPMG shows evaluation criterion O&P 5-2-1 as 'not-satisfied' in the final report. BellSouth has addressed this problem and has taken steps to correct it.

Accuracy of Directory Listings and Switch Translations for Resale – EDI and TAG[15]

As part of the supplemental test, KPMG performed a "Provisioning Verification Evaluation." Specifically, KPMG tested the accuracy of the provisioning by examining the directory listings and the switch translations for resale orders

[15] See STP Final Report, PO&P 13-4-2 and PO&P 13-4-3.

placed via EDI and TAG. (PO&P 13-4-2 and 13-4-3). Because there is no standard approved by the Georgia Commission or documented by BellSouth, KPMG applied a standard of 95 percent for the provisioning accuracy of directory listings and switch translations.

KPMG reviewed 88 directory listings to determine if BellSouth had provisioned the listings correctly. Seventy-seven listings (88 percent) were provisioned correctly. Of the 11 listings that KPMG believed were incorrect, 8 flowed through BellSouth's systems and 3 were partially mechanized. KPMG reviewed 174 switch translations to determine if the data retrieved from the switch matched the information requested in the corresponding and confirmed LSRs. 159 (91 percent) were provisioned correctly. Of the 15 that KPMG believed were incorrect, five flowed through BellSouth's systems and 10 were partially mechanized. As a result, KPMG issued Exception 114.

Of the 11 directory listings order errors, a service representative caused one. BellSouth provided the service representative additional training to correct the problem. BellSouth found that one of the errors resulted when KPMG reused the same purchase order number for an order that had already been clarified for errors. KPMG should have sent the LSR with another version of the purchase order number, a process that is outlined in the LEO Guide, Volume 1. Two errors, representing approximately 2 percent of the directory listings received, resulted when LESOG, a downstream system, ignored the listing portion of the LSRs to change the service. BellSouth agrees with KPMG on the remaining seven order errors due to a mechanization issue. KPMG erroneously placed seven resale orders when attempting to place directory listing orders. BellSouth's findings indicate that of the 88 orders tested by KPMG, 11 of these contained errors. This results in an 87.5 percent accuracy rate, which is more acceptable, but still falls below the 95 percent benchmark assigned by KPMG. In addition, KPMG tested the accuracy of provisioning by examining the directory listings for orders for UNEs placed via EDI and TAG (O&P 5-2-5). This test criterion is satisfied in KPMG's report.

BellSouth agreed with KPMG's findings regarding 14 of the 15 Switch Translation line errors. BellSouth verified eight order errors for switch restorals. The analysis indicated that these orders were automatic completion orders and should have flowed through the system without manual intervention. The WMC staff erroneously completed these orders, and did not physically perform the switch translation work, on or before the due date. Therefore, the orders did not flow through the system. MARCH is the computer database that executes switch translations and telephone number restorals. These eight switch translation resale lines contained incorrect information due to a mistake in handling the service orders. Another six errors resulted from a BellSouth service representative issuing the incorrect call-forwarding feature. BellSouth has addressed this error by providing additional training to the service representative.

BellSouth does not agree with KPMG about one of the errors. BellSouth found that the line was working in the switch when BellSouth sent the order through. BellSouth concludes that of the 174 Switch Translations tested by KPMG, 14 of the lines contained errors, thus resulting in a 92 percent accuracy rate. This percentage is slightly below the 95 percent benchmark developed by KPMG, but should not have a material adverse impact on the CLECs ability to compete.

Timeliness of Clarifications - Partially-Mechanized Resale – EDI and TAG[16]

As part of the supplemental test, KPMG performed a “Resale Functional Evaluation” of EDI and TAG to evaluate BellSouth’s OSS and the processes associated with the pre-ordering and ordering systems in processing pre-order queries and LSRs. One of the areas that KPMG evaluated was whether EDI and TAG provided timely clarifications for partially-mechanized LSRs (11-3-3b). The Georgia Commission-approved standard for clarifications for partially-mechanized LSRs is 85 percent received within 24 hours.

The LSRs submitted by KPMG via TAG received clarifications within the following periods: 72 percent of the clarifications were received in less than 24 hours. An additional 22 percent were received within 48 hours. As a result, KPMG issued Exception 98.

In response to Exception 98, BellSouth investigated KPMG’s results. BellSouth disagreed with KPMG about two orders, because it found that it had returned the clarifications to KPMG in a timely manner, or that the clarification was sent later due to mistakes made by KPMG. In the case of three orders, KPMG used a working or invalid telephone number, which required BellSouth to send a clarification to KPMG after the order had moved downstream. If KPMG had used

[16] Supplemental Test Plan - PO&P-11-3-3b

a valid telephone number, BellSouth would not have had to clarify the order. BellSouth followed an established process in doing this, as is described in the LEO Guide, volume 1. For the remaining 25 orders BellSouth agreed with KPMG that it exceeded 24 hours for many of the clarifications. The last order in this particular test was sent to BellSouth on May 18, 2000. At the time the test was conducted, BellSouth's internal standard for returning partially-mechanized clarifications was 48 hours. Under this standard, BellSouth returned 94 percent of the clarifications in question in a timely manner. KPMG, however, applied the Georgia Commission's standard, 85 percent of the clarifications for partially-mechanized orders returned within 24 hours, which was not adopted until June 6, 2000. In order to meet the Commission's standards for partially-mechanized clarifications and other notifications, BellSouth has made process improvements and applied additional resources, by increasing staffing. Because KPMG does not agree with BellSouth's position, O&P 11-3-3b remains "not satisfied" in KPMG's report.

KPMG did not retest evaluation criterion PO&P 11-3-3b for resale. In January 2001, however, KPMG did retest TAG and EDI to determine if those interfaces provided timely clarifications for partially-mechanized orders for UNEs (Master Test Plan O&P 1-3-2b and O&P 2-3-2b). The retest occurred after BellSouth added the resources to comply with the Commission's order. These test criteria are satisfied for UNEs in KPMG's report.

The actual commercial data also supports BellSouth's conclusions. In July 2001 in Georgia, BellSouth returned 95.50 percent of the rejects for partially-mechanized residence LSRs, 95.26 percent of the business LSRs, and 100 percent of the design LSRs (specials), within 18 hours. Similarly, in July 2001 in Tennessee, BellSouth returned 97.79 percent of the rejects for partially-mechanized residence LSRs, and 97.92 percent of the business LSRs, within 18 hours (there were no design LSRs in Tennessee for this month). For this reason and those listed above, BellSouth believes that this 'not-satisfied' test criterion is not likely to have a material adverse impact on competition.

Expected Responses – xDSL – Manual[17]

KPMG performed a functional evaluation of the pre-ordering and ordering processes for xDSL products as delivered to CLECs through BellSouth's manual processes (PO&P 12). Specifically, KPMG tested BellSouth's ability to provide the expected responses (PO&P 12-2-1). KPMG's standard is that 99 percent of the expected responses should be received by the CLEC.

Of the 1,006 total transactions that KPMG submitted, 951 (94.5 percent) received the applicable responses from BellSouth. Specifically, KPMG submitted 447 pre-order loop makeup service inquiries and order LSR service inquiries to BellSouth's CSRG via e-mail. KPMG received 417 acknowledgements (93 percent) for these transactions. Of the 275 loop makeup service inquiries that KPMG submitted via facsimile, 252 (92 percent) received the subsequent expected responses (confirmation or the error) from BellSouth. For the 284 LSR service inquiries that KPMG submitted via facsimile, 280 (99 percent) received

[17] See STP Final Report, PO&P 12-2-1.

the expected responses (FOCs, rejects, or clarifications), which met KPMG's standard.

In Exception 134, KPMG identified 55 transactions for which it did not receive the expected response. BellSouth's investigation of those 55 pre-order loop makeup service inquiries and order LSR service inquiries that KPMG claimed did not receive the expected responses is as follows.

- Three of the inquiries were acknowledged.
- One transaction was recalled before BellSouth could do anything with it.
- Twenty-two of the inquiries were rejected. Because KPMG should have considered a rejection to be an acknowledgement that BellSouth received the inquiry, KPMG should not have expected additional acknowledgements for the 22 transactions that BellSouth rejected. BellSouth believes that it handled these 22 transactions correctly. Nevertheless, on March 22, 2001, BellSouth changed its process. Now when BellSouth sends an e-mail rejection, it also states that it is acknowledging the inquiry.
- Four inquiries that KPMG stated were not acknowledged were, according to BellSouth's records, never received by BellSouth.
- For six inquiries, KPMG erroneously expected an FOC. BellSouth disagreed because these orders were rejected back to KPMG. Because KPMG did not resolve these errors and return the orders to BellSouth, KPMG should not have expected FOCs. BellSouth believes that it handled these 6 inquiries correctly.
- Two of the loop makeup service inquiries for which KPMG expected FOCs were never received by BellSouth, according to BellSouth's records.

- Two loop makeup service inquiries were labeled “version 01.” When a CLEC issues an LSR, the CLEC assigns a Purchase Order Number (“PON”). If the LSR must be modified, the CLEC will simply increment the version number instead of issuing a new PON. BellSouth’s records show that it did not receive these, although KPMG may have sent them as “version 00”.
- BellSouth investigated 13 loop makeup service inquiries for which KPMG received the makeup information, but no prior FOC from the LCSC. For 12 inquiries, BellSouth erroneously sent the loop makeup information to KPMG before the LCSC sent the corresponding FOCs. One loop makeup service inquiry was cancelled by the LCSC because the LCSC returned the related LSR to KPMG for clarification. Because KPMG had not resolved the problems with the LSR in a timely manner, the LCSC properly canceled it. This process is outlined in the LEO Guide, volume 1. On February 5, 2001, BellSouth changed its process whereby the loop makeup information is not sent to a CLEC until after the FOC has been generated. This resolved the issues encountered in handling these orders.
- Finally, KPMG believed that two LSR service inquiries should have received subsequent responses (FOCs, clarifications, or rejects) from BellSouth. BellSouth disagreed because it sent KPMG a clarification for one LSR service inquiry. As discussed above, because KPMG should have considered a clarification to be an acknowledgement that BellSouth received the inquiry, KPMG should not have expected an acknowledgement for this inquiry. BellSouth’s records show that it did not receive the other LSR service inquiry, although KPMG may have sent it with a different version number.

After analyzing these 55 transactions, BellSouth believes that only 12 transactions, the 12 inquiries for which the CRSG sent the loop makeup information to KPMG before the LCSC sent the corresponding FOCs, did not receive the expected responses. Therefore, 98.81 percent of the transactions received the expected responses, which, rounded, meets KPMG's standard. In addition, BellSouth believes that the changes and modifications it has made for handling the responses to these inquiries should prevent any material adverse impact on competition.

Q. PLEASE DESCRIBE THE 'NOT COMPLETE' EVALUATION CRITERIA FROM THE MARCH 20, 2001 FINAL REPORT.

A. As I explained earlier, there currently are 11 evaluation criteria that are "non complete." Since KPMG issued the 'BellSouth – Georgia Evaluation Master Test Plan Final Report' on March 20, 2001, BellSouth has satisfied the following test criteria, and KPMG has issued closure reports to the Georgia PSC:

- O&P 7-6-3
- PMR 2-2-3, 2-2-4, 2-21-3, 2-21-4
- PMR 4-3-1, 4-3-2, 4-4-1, 4-4-2, 4-5-1, 4-5-2
- PMR 4-38-1, 4-39-1

Work continues on the remaining "not complete" evaluation criteria. KPMG is expected to issue a supplemental report on its findings.

Not Complete – Master Test Plan – O&P 7-1-3, 7-2-3, and 7-3-3

The Ordering and Provisioning Performance Measures Evaluation (O&P – 7) provided for "(1) Calculation and Reporting Validation, and (2) Data Comparison, for ordering and provisioning-related Service Quality Measures ("SQMs") produced by BellSouth."

For O&P 7-1-3 (Percent Rejected Service Requests), O&P 7-2-3 (Reject Interval), and O&P 7-3-3 (Firm Order Confirmation Timeliness), KPMG compared data from their gateway to the corresponding BellSouth raw data for the months of August 2000 – November 2000. KPMG found discrepancies in time stamps for Local Service Request Sent/Received, Reject/Clarification Requested, and FOCs for the TAG and EDI interfaces and issued Exceptions 136 (formerly known as Draft Exception 176 and Observation 95) and Exception 137 (formerly known as Draft Exception178) to BellSouth.

In Exception 136, based on August 2000 and September 2000 data, KPMG identified six discrepancies in the timestamp data between gateways for the EDI interface. BellSouth responded to the exception on March 12, 2001, as follows:

- Two discrepancies were due to incorrect test procedures on the part of KPMG.
- Four discrepancies were unresolved. Because the re-test was on August 2000 and September 2000 data, but BellSouth did not receive notice of the exception/observation until 01/08/2001, the underlying log history data on the four discrepancies was no longer available.

KPMG has confirmed that Exception 136 will close based on the resolution of issues in Exception 137.

KPMG conducted a re-test on October 2000 and November 2000 data. Exception 137 identified a total of nineteen discrepancies in the timestamp data for the EDI and TAG interfaces. BellSouth responded to the exception on March 23, 2001, as follows:

- Ten discrepancies were due to incorrect test procedures on the part of KPMG.
- Four discrepancies were due to errors in BellSouth data. BellSouth implemented corrective measures in January 2001.
- Five discrepancies were unresolved. Because the re-test was on October 2000 and November 2000 data, but BellSouth did not receive notice of the exception until 03/06/2001, the underlying log history data on the five discrepancies was no longer available.

On April 18, 2001, after conducting the re-test, KPMG issued an amendment to Exception 137 based on January 2001 and February 2001 data that identified an additional 102 discrepancies in the timestamp data for the EDI and TAG interfaces.[18] BellSouth responded to the exception on April 30, 2001, as follows:

- Seventy-six discrepancies were due to incorrect test procedures on the part of KPMG.

[18] BellSouth understands that the larger number of discrepancies in the subsequent tests were due to larger sample sizes used by KPMG.

- Eight discrepancies were due to the fact that in certain instances there were delays involved in the processing of orders. By mid-year 2001, BellSouth will select timestamps from the interface gateways thereby minimizing the impact of these delays.
- Three discrepancies were due to a planned system upgrade that caused delays in the processing of orders.
- One discrepancy was due to BellSouth Service Representative error.
- Fourteen discrepancies were unresolved. Because the re-test was on January 2001 and February 2001 data, but BellSouth did not receive notice of the exception until 04/18/2001, the underlying log history data on the fourteen discrepancies was no longer available.

Based on BellSouth's response to amended Exception 137, KPMG asked (via e-mail) five clarification questions. BellSouth is currently investigating. KPMG will retest this Exception using June 2001 data. Upon the resolution of these five issues, it is expected that Exception 136 and amended Exception 137 will be closed.

<u>Not Complete – Master Test Plan O&P 7-6-3 (NOW SATISFIED)</u>

This criterion is now satisfied. For O&P 7-6-3 (Average Jeopardy Notice Interval and Percentage of Orders Given Jeopardy Notices), KPMG issued Exception 128. At the time of issue of the MTP final report, KPMG Consulting was unable to match the BellSouth-reported completion date to the KPMG Consulting-recorded completion date for a single PON/Service Order in October 2000.

BellSouth addressed this discrepancy by indicating that the completion date in KPMG's records was correct, and had been incorrectly excluded from BellSouth's records. BellSouth instituted a system fix to ensure that this would not reoccur in future months. KPMG Consulting retested this criterion using both KPMG Consulting collected data and BellSouth reported data for November 2000 through February 2001. KPMG found that all of the KPMG Consulting collected data matched the corresponding BellSouth provided data.

<u>Not Complete – Supplemental Test Plan PMR 1-2-1</u>

The objective of the Data Collection and Storage Verification and Validation Review (PMR 1) was to evaluate the key policies and procedures for collecting and storing both the raw data that BellSouth uses to create Service Quality Measure ("SQM") reports and the preliminary data that BellSouth uses to produce the raw data.

KPMG reported that BellSouth did not provide sufficient data for re-creating any prior month's historical SQM report. It suggested that the raw data, early-stage data, and the SQM reports be retained for a sufficient length of time to support any audits that might be required by the Georgia Commission. KPMG reported its findings in Exception 79.

BellSouth provided its latest response to this exception on March 6, 2001, in which it stated the following proposed data retention policy.

- "It is the policy of BellSouth Performance Measurements to retain the early-stage data for a period of eighteen months to facilitate detailed audits of PMAP reports. 'Early-stage data' is defined as that which is extracted from source systems (CABS, CRIS, EXACT, WFA, SOCS, LMOS, etc.) and maintained as ASCII flat files for the purpose of generating SQM reports. 'Early-stage' data is further defined as source system data that is transmitted manually for said purpose. The mechanical flat files and the manual files of early-stage data will be retained for a period of eighteen months."
- "BellSouth will retain PMAP raw data for a minimum of three years. 'PMAP raw data' is defined as that which is available for download for the current month from the BellSouth web site. Further, BellSouth will retain for three years the monthly aggregate database, i.e., that which has been processed and normalized from raw data, and the resources necessary to re-create the SQM reports from that database."

BellSouth believes that implementation of this policy, combined with current data retention practices, allows CLECs the full and complete opportunity to audit their performance results in a meaningful way.

KPMG confirmed that BellSouth's response is satisfactory but will not close Exception 79 until implementation of the data retention policy. BellSouth is currently implementing its new data retention policies, as outlined in its most recent amended response to this exception. It is anticipated that these policies will be fully implemented by the end of the third quarter of 2001. KPMG Consulting will continue to monitor the implementation.

<u>Not Complete – Supplemental Test Plan PMR 2-2-3, 2-2-4, 2-21-3, and 2-21-4 (NOW SATISFIED)</u>

These test criteria have now been satisfied. At the time the MTP final report was issued, KPMG Consulting found evidence of outages not being reflected in the OSS Interface Availability measurement. These outages, found on BellSouth's change control web site, fully met BellSouth's definition of outages that should reduce the measured availability (<u>i.e.</u>, they were both full and unscheduled). BellSouth instituted new processes by which all relevant outages (including those listed on its change control Web site) will be taken into consideration when calculating the SQM values. Further, BellSouth updated the SQM documentation to clarify its position on the definition of full outages. KPMG Consulting confirmed both the presence and completeness of these new processes, as well as the appropriateness of the new wording in BellSouth's updated SQM manual, in February 2001.

<u>Not Complete – Supplemental Test Plan PMR 2-4-2, 2-4-3, 2-5-2, and 2-5-3</u>

In Exception 122, KPMG stated "Definitions and Business Rules in the *Service Quality Measurements Georgia Performance Reports* ("*SQM Reports*") are incomplete or inaccurate for the FOC Timeliness and Reject Interval Ordering Service Quality Measurements."

KPMG indicated that time stamps from EDI, LENS, and TAG should be used in the calculation of these measurements as per the business rules. KPMG, however, found that time stamps from LEO are used in such calculations.

BellSouth has rewritten the definitions of FOC Timeliness and Reject Interval in the Georgia SQM completely and accurately to describe the measurements. Pending change requests will enable BellSouth to capture time stamps from EDI, LENS, and TAG for calculation of the FOC and reject intervals. BellSouth is still researching the issue and working with the source owners to fix the problem. However, they will not substantially change reported results.

BellSouth is currently implementing a change request where orders will use gateway timestamps in duration calculations. A corresponding update will be made to the SQM manual, specifically indicating the use of these timestamps.

<u>Not Complete – Supplemental Test Plan PMR 4-1-1</u>

The objective of the Metrics Data Integrity Verification and Validation Review (PMR 4) was to evaluate the accuracy and completeness of the SQM raw data produced by BellSouth during recent months. The evaluation also assessed the adequacy and completeness of the related data transfer process and the internal controls on the processes.

In Exception 89.3, KPMG stated that “raw data used in the calculation of BellSouth Service Quality Measurement (“SQM”) reports are not accurately derived from or supported by their component early-stage data” for OSS Response Interval – Pre-Ordering.

BellSouth provided an amended response to this exception on February 23, 2001. BellSouth determined that the discrepancies between the data were due to invalid negative numbers generated by middleware used by LENS, TAG, RNS, and ROS to produce the measure. Source system teams are currently working to correct or eliminate generation of these invalid values. BellSouth estimates that implementation of the required changes will be completed by third quarter 2001. BellSouth has provided the LENS data to KPMG, who has validated that the data does not have any negative values and is satisfied that the changes have been correctly made in LENS. The changes have also been made in RNS and ROS and BellSouth has provided the data to KPMG; however, KPMG has not completed its analysis. The changes for TAG were implemented on July 27, 2001, and BellSouth will provide the data to KPMG as soon as it is available.

Although BellSouth does not dispute these discrepancies, the magnitude of the differences is minute, as demonstrated in the table below. The following table shows the percentage difference between the data values as calculated by KPMG and the data values reported by BellSouth. These small differences should not have a material impact on competitors or competition.

Discrepancy Grouping	Difference
Total Number of Accesses	0.021%
Total Access Time in Milliseconds	0.060%
Total Number of Access > Six Seconds	0.068%

Not Complete – Supplemental Test Plan PMR 4-3-1, 4-3-2, 4-4-1, 4-4-2, 4-5-1, and 4-5-2 (NOW SATISFIED)

The GA PSC approved the closure of Exception 131 on August 7, 2001, and all test criteria are now satisfied. KPMG stated in Exception 131 that “BellSouth’s raw data used in the calculation of the BellSouth Ordering SQM reports is not accurately derived from or supported by its component early-stage data” for Percent Rejected Service Requests, Reject Interval, and FOC Timeliness. At the time the STP final report was issued, KPMG Consulting could not match one early stage value to the corresponding raw data value for each of the LON and LEO systems, using October 2000 data. For the LEO record, the early stage data showed that a FOC had been sent, but the BellSouth raw data reported a reject interval. This PON was erroneously placed in auto clarification by LESOG. A change request was implemented to correct the cause of this erroneous auto clarification such that the LSR was processed, and the PON was subsequently FOC’d. For the LON record, the early stage data validated the rejection interval for a given PON. However it also reported an FOC date. BellSouth reported that in LON, a sales representative manually updates the version field. As a result, the PON in question was not updated to reflect the current version. For both of these records, KPMG Consulting accepted BellSouth's explanations as reasonable.

Additionally, as of the date that the STP final report was issued, KPMG Consulting could not find 18 out of 25 early stage LON (October 2000) records. After research, BellSouth explained seventeen of these discrepancies as being placed in states other than Georgia. BellSouth represented that the remaining missing record had a received date in November 2000, and thus should not be found in the October 2000 raw data files. This order was subsequently cancelled, and thus would not be found in the November 2000 data files. KPMG Consulting accepted BellSouth's explanations as reasonable.

Also, as of the date that the STP final report was issued, KPMG Consulting found that for three October 2000 LON (non-trunk) orders, the KPMG Consulting-calculated FOC duration did not match the corresponding BellSouth-reported value in the raw data files. BellSouth explained one discrepancy by providing the details of weekend hours that should be excluded from the duration calculation. (This information is now detailed in both the *Service Quality Measurements* manual as well as the *Raw Data User Manual*.) The other two LEO orders were partially mechanized, and thus BellSouth used the LEO timestamps for calculating the FOC duration. KPMG Consulting accepted BellSouth's explanations as reasonable.

Not Complete – Supplemental Test Plan PMR 4-13-1

The remaining open exception in the Metrics Data Integrity Verification and Validation Review (PMR-4) concerns Percent Provisioning Troubles within 30 Days of a Service Order (PMR 4-13-1, related to Exception 89.9). Because KPMG could not replicate the BellSouth-reported SQMs for Percent Provisioning Troubles within 30 Days of Service Order Activity, as stated in Exception 86.1, KPMG could not validate the accuracy and completeness of the associated raw data, as defined by PMR 4-13-1. Upon successful closure of Exception 86.1, KPMG will reevaluate test criterion PMR 4-13-1.

BellSouth is currently working to correct the irregularities associated with Percent Provisioning Troubles within 30 Days of Service Order Activity in PMAP. KPMG successfully replicated November 2000 and December 2000 data by simulating the programming changes. BellSouth implemented a final change request to address all issues with Exception 89.9 during the August 1, 2001, PMAP release. Once the changes have been verified, BellSouth will provide KPMG with July data for re-test.

Not Complete – Supplemental Test Plan PMR 4-38-1 and 4-39-1 (NOW SATISFIED)

These test criteria are now satisfied. In Exception 89.2, KPMG states that "raw data used in the calculation of BellSouth SQM reports are not accurately derived from or supported by their component early-stage data" for the Trunk Group Service Report and the Trunk Group Service Detail. As of the date of issue of the STP final report, the KPMG Consulting-calculated busy hour for some of the selected November 2000 records did not match the corresponding BellSouth-calculated busy hour. BellSouth explained that this might have been due to the cluster analysis corresponding to a group of records. BellSouth changed its calculations so as not to use cluster analysis. KPMG Consulting retested this test criterion using January 2001 data, and found that the raw data and early stage data agreed.

Not Complete – Supplemental Test Plan PMR 5-11-2

The objective of the Calculation and Reporting Verification and Validation Review (PMR 5) was to evaluate the accuracy of the information produced by BellSouth's SQM report production processes. In this evaluation, KPMG determined whether BellSouth accurately reported the SQM calculations for the CLEC aggregate and for BellSouth retail in October 1999. KPMG based its evaluations on the raw data and computation instructions provided by BellSouth. This evaluation complemented the related Performance Measures Evaluation conducted under the Master Test Plan, which focused on the SQMs reported for the KPMG test CLEC for all months of the transaction-testing period.

KPMG stated in Exception 86.1 that it could not replicate "BellSouth's reported Service Quality Measurements ("SQMs")." This exception is limited to Percent Provisioning Troubles within 30 days of Service Order Activity in the provisioning non-trunks category for the CLEC Aggregate and BellSouth Retail.

Change requests to correct the irregularities associated with Percent Provisioning Troubles within 30 Days of Service Order Activity in PMAP are scheduled to be implemented in October 2001. KPMG Consulting continues to be unable to replicate the values BellSouth reports in its monthly SQM reports for the CLEC aggregate and BellSouth retail categories. BellSouth currently believes these issues will be addressed effective with the October 2001 production run. KPMG Consulting retested this issue using the July 2001 raw data, and determined its calculations and the BellSouth-reported values agree.

Statistical Evaluation of Transactions Test Metrics (PMR6)

Section F of the STP Final Report ("Report") addresses KPMG's evaluation of BellSouth's service performance for the test CLEC using statistical methods to make comparisons to performance standards established by the Georgia PSC in July 2000. KPMG tested data for the months of December 1999 and January – February 2000. The Georgia PSC established the applicable comparative standards six months after the data was collected, and thus were applied retroactively. As a result, not surprisingly, this comparison revealed issues that have been addressed and corrected over time, as will be shown below.

Table VIII-6.1 in Section F.2.3 of the Report provides a Test Cross-Reference for the criteria used in the metrics evaluation with Table VIII-6.3 in Section F.3.1, which provides the results and comments for that evaluation. My comments will address the sections that are listed with "Not Satisfied" results. Table VIII-6.4 of the Report provides the Detail of Results for Resale criteria. Table VIII-6.5

shows the Detail of Results for UNE evaluation. Table VIII-6.6 provides the Detail of Results (Other). I will refer to the appropriate item number of each section from the report with my comments.

KPMG listed its results in 10 groupings (PMR6-1-1 to 1-4, 2-1 to 2-4, and 3-1 to 3-2, with 3-2 not completed) and established their own criteria that 90 percent of the tests in each group would have to meet or exceed the July standards to receive a 'satisfied' for the test section. Even with the retroactive application of the July 2000 performance standards, BellSouth successfully satisfied 5 of the 9 completed categories that have been reported. The five categories that BellSouth received a 'satisfied' rating were Resale – Ordering, Resale - Maintenance & Repair, Resale - Billing, UNE – Maintenance & Repair, and UNE - Billing. The following paragraphs will demonstrate that BellSouth has significantly improved its overall performance in the remaining categories since the evaluations were conducted over a year ago.

<u>Not Satisfied – Resale – Provisioning (PMR6-1-2)</u>

Fourteen of the twenty-eight tests were listed as below standard in this section. The 14 items are as follows:

Items 10, 11, and 13 – These criteria evaluated the Order Completion Interval ("OCI") for Residence Resale in the Non-Dispatch category. BellSouth believes it has determined the cause of what appears to be a difference in performance. Simply, these orders were receiving a dispatch interval in the system, instead of the non-dispatch interval they should have received. BellSouth has instituted an interim solution to this problem until the final update can be loaded to the due date calculator process. This has corrected the due date calculator as shown in July 2001 with the CLECs receiving an average of 0.82 days compared with the retail analogue of 0.94 days in Georgia. In Tennessee, the July 2001 figures show 0.74 days for the CLECs compared to the BellSouth retail analogue of 0.92 days.

Items 15 – 20 compared the Average Jeopardy Notice Interval for Residence and Business Resale to a benchmark of 48 hours. BellSouth currently is meeting this benchmark for July 2001 in Georgia (and in Tennessee) for all Residence and Business Resale orders. A programming error, however, has been identified in this measurement that does not take into account any changes to original dates.

Items 24 – 26 compared the percent of jeopardies for Residence Resale to the BellSouth Residence retail analogue from the July 2000 Order. BellSouth currently is meeting this measurement for July 2001 in Georgia with the percentage of Residence orders receiving jeopardies at 0.38 percent compared with BellSouth analogue at 0.69%. The numbers for July 2001 in Tennessee show similar results, with 0.21 percent for CLECs compared to 0.47 percent for BellSouth's retail analogue. Thus, this Authority should rely on actual commercial usage.

Item 29 is for Residence Resale Dispatch Missed Installation Appointments. BellSouth currently is meeting this measurement for July 2001 with the percentage of Residence missed orders at 4.66 percent compared with BellSouth analogue at 7.45 percent. The same measurements for July 2001 in Tennessee show similar results, with BellSouth meeting it with 5.35 percent for CLECs compared to 10.04 percent for BellSouth's retail analogue. Thus, this Authority should rely on actual commercial usage.

Item 30 compared the Residence Resale Non Dispatched Missed Installation Appointments for the test CLEC in January 2000 with the July 2000 retail analogue. While there was only one missed test CLEC order out of 14, the statistical score showed an out of parity condition as a result of the low volume of CLEC orders. In July 2001 the comparison was 0.19 percent for CLEC aggregate and 0.07 percent for BellSouth. This difference is not competitively significant. What the data really shows is that BellSouth successfully completed over 99.8 percent of the scheduled orders for all CLECs and BellSouth retail in this category.

Not Satisfied – UNE – Ordering (PMR6-2-1)

All of the items in this category with unsatisfactory results (2, 4, 6-9, 16, 17, 19, and 21) were in the Partially Mechanized category. Since February 2000, BellSouth has taken action to improve its performance in this area in order to improve the timeliness and meet the 85 percent within 18-hour criteria for the average reject interval and 85 percent within 18 hours for FOC. The following data for July 2001 (PMR-6-2-1) shows that BellSouth is meeting the benchmark for all of these test items.

Item	SQM	Product	July 2001 Data Georgia	July 2001 Data Tennessee
2	Rej Int	2W Ana Lp D	95.83% in 18 hours	96.81% in 18 hours
4	Rej Int	2W Ana Lp ND	88.89% in 18 hours	No Orders
6	Rej Int	Lp + Port Combo	98.34% in 18 hours	96.95% in 18 hours
7	Rej Int	Switch Ports	No Orders	No Orders
8	Rej Int	2W Ana Lp INP D	No Orders	No Orders
9	Rej Int	2W Ana Lp INP ND	No Orders	No Orders
16	FOC	2W Ana Lp D	100% in 18 hours	97.97% in 18 hours
17	FOC	2W Ana Lp ND	100% in 18 hours	No Orders
19	FOC	Lp + Port Combo	98.66% in 18 hours	94.20% in 18 hours
21	FOC	Switch Ports	No Orders	No Orders

Not Satisfied – UNE – Provisioning (PMR6-2-2)

Items 22, 23, 25, 26 are OCI comparisons for Non-Dispatched orders. A root cause analysis for OCI for Non-Dispatch orders revealed that BellSouth was offering a 0 to 2-day interval on retail non-dispatched POTS orders, but the UNE combination loop and port non-dispatched orders were receiving the same interval as “dispatched” orders. On February 28, 2001, an Interim solution was added to the ordering system that will provide one-day intervals for non-dispatched UNE Combo (Loop & Port) orders for those CLECs placing LSRs through the latest version (Version 9) of the ordering system.

In addition to the appointment interval issue, OCI is adversely affected by LSRs for which CLECs request intervals beyond the offered interval and do not enter an “L” code on the order. When a CLEC requests an interval beyond the interval offered by BellSouth, the CLEC should enter an “L” code on the LSR. “L” coded orders are excluded from the OCI metrics. The overall order completion interval for Combo (Loop & Port) non-dispatched orders in Georgia was 1.19 days as compared with the retail analogue of 0.95 days. The main difference is the failure to enter “L” codes on a few orders. In Tennessee, however, the July 2001 figures show that BellSouth met the measurement with 0.88 days for CLEC orders compared to 0.94 days for BellSouth's retail analogue.

Items 31 and 40 compare the percent jeopardies for loop and port combinations and analog loops to the BellSouth residence and business analogue from the July 2000 Order. The purpose of issuing a jeopardy notice is to allow BellSouth Installation personnel to resolve any issues prior to the complete date. As shown in the percent missed installation appointments, BellSouth met over 99.8 percent of over 37,000 non-dispatched loop and port combinations appointments in Georgia in July 2001. In Tennessee in July 2001, BellSouth met over 99.9 percent of 3,261 non-dispatched loop and port combinations appointments.

Items 42 - 52 compared the Average Jeopardy Notice Interval for loop and port combinations, switch ports, and analog loops to a benchmark of 48 hours. BellSouth currently is meeting this benchmark for July 2001 for all orders in these categories. A programming error, however, has been identified in this measurement that does not take into account any changes to the original dates.

Items 53 – 60 are for Missed Installation Appointments for Non Dispatch orders in the loop and port combinations/switch port areas. In July 2001, the Georgia comparison was 0.15 percent for CLEC aggregate and 0.07 percent for BellSouth. Over 99.8% of all non-dispatched appointments were completed as scheduled in July 2001 for over 37,000 scheduled orders. In Tennessee in July

2001, the comparison was 0.09 percent for the CLEC aggregate and 0.06 percent for BellSouth, again with over 99.9 percent of all non-dispatched appointments met on over 3,200 scheduled orders. BellSouth met the parity measurements in both of these states.

The July 2001 data shows BellSouth is meeting parity for the majority of these test items listed in the following table. (PMR6-2-2).

Item	SQM	Product	July 2001 Data Georgia	July 2001 Data Tennessee
22/23/ 25	OCI	Lp + Port Com ND	1.19 CLEC / 0.95 BS	0.88 CLEC / 0.94 BS
26	OCI	Switch Ports ND	0.33 CLEC / 0.95 BS	No Orders
31	Jeop	Lp + Port Combo	7.10% CLEC / 0.85% BS	0.23% CLEC / 0.57% BS
40	Jeop	2W Ana Lp ND	7.14%CLEC / 4.53% BS	No Orders
42/43	JNI	Lp + Port Combo	100%> 48 Hours	100%> 48 Hours
44/45/ 46	JNI	Switch Ports	No Orders	No Orders
47/48	JNI	UNE Other ND	100% > 48 Hours	100%> 48 Hours
49/50	JNI	2W Ana Lp D	100%> 48 Hours	100%> 48 Hours
51/52	JNI	2W Ana Lp ND	100%> 48 Hours	No Orders
53/56/ 59	MIA	Lp + Port Com ND	0.15% CLEC/ 0.07% BS	0.09% CLEC / 0.06% BS
54/57/ 60	MIA	Switch Ports	0.00 CLEC / 0.07% BS	No Orders

Q. PLEASE DESCRIBE SOME OF THE BILLING TEST RESULTS.

Not Satisfied – OTHER (PMR6-3-1)

Billing

A. Item 1 compared the Usage Data Delivery Completeness for the test CLEC to the regional results for BellSouth. The January 2000 results were approximately a 1 percent difference between the test CLEC at 99 percent and BellSouth retail at 100 percent. The same difference existed in the February 2000 data but due to the smaller sample size was given an "at standard" rating. In July 2001, the CLEC aggregate results exceeded the BellSouth retail analogue with a 99.93 percent for the CLEC and 99.91 percent for the BellSouth analogue.

Items 4 – 6 compared the timeliness of the data delivery. This measure tracks the percentage of usage data delivered within six days for both BST retail and the CLEC aggregate. While the CLEC measurement shows less than the fixed critical value, it is only 2 percent less than the BST retail value. Both measurements show greater than 96.5 percent delivery timeliness that provides the CLECs a meaningful opportunity to compete. In exchanging data between local providers for meet point billing and third-party billing of end user's calls, a benchmark of 95 percent is generally used in the industry to measure performance. BellSouth's CLEC results on this usage measure exceed this generally accepted benchmark.

Items 7 and 8 compare the average interval for that delivery. July 2001 shows that BellSouth met the performance standard for both the CLECs and the retail analogue. (PMR6-3-1).

Item	SQM	July 2001 Data
1	Usage Data Del Comp	99.94% CLEC / 99.78% BST
4/5/6	Usage Data Del Time	98.21% CLEC / 97.33% BST
7/8	Mean Time to Del Usage	3.83 day CLEC / 3.37 day BST

If these tests were rerun with July 2001 data as the basis for the results, 45 of the 53 below standard tests would be considered at standard. Those 45 tests would have satisfied the Resale Provisioning (PMR6-1-2) and UNE Ordering (PMR6-2-1) sections. Of the remaining 6 tests, 3 would be satisfied with the OCI change to the due date calculator and "L" coding. These changes would satisfy the UNE Provisioning (PMR6-2-2) criteria.

Q. PLEASE DESCRIBE THE USE OF THE RSIMMS ENVIRONMENT IN THE THIRD-PARTY TEST.

A. As part of the third-party test, KPMG conducted normal volume and peak volume tests in the Reengineered Services, Installation and Maintenance Management System ("RSIMMS"). RSIMMS emulates the production environment in interoperability and end-to-end (flow-through) testing in support of the functionality that facilitates a CLEC's ability to process the following transaction types on BellSouth's OSS: submit Local Service Requests, receive Functional Acknowledgements, receive Firm Order Confirmations, receive Completion Notices, and receive Rejects, Clarifications, and Service Jeopardies.[19] The purpose of the volume tests was to evaluate BellSouth's OSS associated with specified volumes of pre-ordering and ordering activities. By performing these volume tests, KPMG evaluated BellSouth's ability to accurately and quickly process pre-orders and orders using the EDI and TAG interfaces under "normal" and "peak," year-end 2001 projected transaction load conditions. These volume

[19] BellSouth's production environment is called "ENCORE."

tests and KPMG's results are detailed in the MTP Final Report in the sections for TAG Normal Volume Pre-Order Performance Test (PRE-4), TAG Peak Volume Pre-Order Performance Test (PRE-5), EDI/TAG Normal Volume Performance Test (O&P-3), EDI/TAG Peak Volume Performance Test (O&P-4), EDI/TAG Production Volume Performance Test (O&P-10).

The decision to perform the volume tests in RSIMMS was made in mid-1999 during the development of the MTP. The language describing these tests and the evaluation of the RSIMMS environment against the production environment first appeared in version 2.0 of the MTP (filed with the Georgia Commission in August 1999). This decision was adopted and incorporated into the Introduction section of the MTP. On page II-3, the final version of the MTP states that:

> Normal and peak volume tests will be run against a volume test environment (RSIMMS) developed by BellSouth to support the transaction volumes specified by the test. KPMG will evaluate this environment to determine if the hardware and software configurations mirror those of BellSouth's production systems, except where additional hardware or software resources have been created to support the specified test volume. The entire volume test bed except CRIS is a duplicate of the production system. RSIMMS does access production CRIS.[20]

As directed by the MTP, KPMG compared the RSIMMS environment with the production environment. KPMG described its objective on page 1 of the Appendix to the MTP Final Report of March 20, 2001:

> The objective of the RSIMMS and ENCORE Systems Review was to evaluate the Volume test environment developed by BellSouth – the Reengineered Services, Installation and Maintenance

[20]The Customer Records Information System ("CRIS") billing system principally produces bills for non-UNE services.

> Management System (RSIMMS) – to determine if the hardware and software configurations mirrored those of BellSouth's production system (ENCORE), except where additional hardware or software had been created to support the specified test volume.
>
> This review was conducted in parallel to the planning and execution of the volume tests associated with the BellSouth – Georgia OSS Evaluation described in the *Master Test Plan* (PRE-4, PRE-5, OP-3, and OP-4).

Based on its evaluation of RSIMMS and the production environment, KPMG reported in the Appendix to the MTP Final Report, at 5, that

> …except for specific, preauthorized changes that were made in RSIMMS to support the requirements of the volume test, the applications implemented in the RSIMMS environment mirrored those of BellSouth's ENCORE production system.
>
> Specific changes were made to the RSIMMS environment to support the business volumes required to accomplish KCI's volume test. KCI is not aware of any reasons, and is satisfied, that these same changes could be made to the production environment such that it could support the same volumes as were tested in KCI's volume evaluation.

There are some differences between the hardware used by RSIMMS and that used by the production environment. These differences, as well as the hardware components that are the same, are detailed in the Appendix to the MTP Final report. The RSIMMS and production environments, however, are not defined by their hardware, but by the software applications, such as LENS, TAG, EDI, that run on the hardware. Both the RSIMMS and production environments contain copies of these applications. The sameness of the applications used in both environments was validated by KPMG in its report.

The MTP Final Report directed KPMG to perform five volume tests: two normal volume tests in RSIMMS (PRE-4, O&P-3); two peak volume tests in RSIMMS (PRE-5, O&P-4), and one volume test in the production environment (O&P-10).

The TAG/EDI "normal" volume test evaluated BellSouth's performance by sending approximately 35,000 orders with 118,000 associated pre-orders on two occasions over a ten-hour period through RSIMMS. The pre-ordering volume test (PRE-4) and ordering volume test (O&P-3) were executed concurrently.[21] The TAG/EDI "peak" volume test evaluated BellSouth's performance by sending approximately 43,000 orders with 118,000 associated pre-orders on two occasions over an eight-hour period through RSIMMS. The pre-ordering volume test (PRE-5) and ordering volume test (O&P-4) were also executed concurrently.[22]

Using the production environment, KPMG tested BellSouth's ability to accurately and quickly process orders and their associated pre-orders using EDI and TAG using the projected year-end 2001 transaction mix in the production environment at then-current system capacity.[23] KPMG sent approximately 7,400 orders with 24,600 associated pre-orders combined with actual live production activity to produce transaction levels of 21,600 orders and 73,400 pre-orders over an eight-hour period. After completing the test, KPMG found that BellSouth had satisfied each of the 21

[21] See MTP Final Report at V-C-6.
[22] See Version 1.0 Master Test Plan Final Report at V-C-6.
[23] See Version 1.0 Master Test Plan Final Report at V-J-1 (describing ordering volume test (O&P-10)).

evaluation criteria associated with this EDI and TAG production performance test. KPMG's production testing confirmed that BellSouth's EDI and TAG interfaces provide timely Functional Acknowledgements, timely and accurate Firm Order Confirmations, timely and accurate pre-order responses, and accurate order errors and clarifications.

KPMG used the exact same test scenarios for all five volume tests. The common set of scenarios produced a common set of performance results in both the RSIMMS and production environments, thus validating the sameness of functionality between the RSIMMS and production environments.

There was a 38 percent difference in magnitude of volume levels between the production volume test and normal volume tests. The transaction levels of the production volume test were set at the stated capacity level for BellSouth's production environment at the time of the test. These volume levels prove that the production environment was able to handle this load and satisfy all evaluation criteria associated with the third-party test.

Since the third-party test in Georgia concluded, BellSouth has increased the capacity of its production environment. Because of current projections, BellSouth recently has increased the capacity of its production environment. BellSouth has performed routine, ongoing, internal normal, peak, and stress volume tests that have shown that BellSouth's production environment has sufficient capacity. BellSouth's production environment provides CLECs with sufficient capacity to process current and projected volumes. The following table shows RSIMMS at the time of the third-party test, the production environment (ENCORE) at the end of 2000, and the production environment on June 30, 2001.

Type	Application	RSIMMS2 Georgia 3PT	Production on 12/31/2000	Production on 06/30/2001
Midrange	TAG	3-HP K580	2-HP K570	3-HP K570 1-HP K580 4-HP N4000
	LESOG	2-HP K580	2-HP K370 2-HP N4000	2-HP K370 2-HP N4000 1-HP K580
	LEO/UNIX	1-HP K580	Retired. Functionality moved to Leo/Mainframe	N/A
	LNP	1-HP K360 2-HP K580	3-HP K460	3-HP K460
Mainframe	LEO/Main-frame	(U4SY-Test) Hitachi Skyline – 625 620 Mips - 24% Share	(B2SY) Hitachi CMOS P9-89S 1078 Mips – 35% Share	(B2SY) IBM Freeway 2064-109 1552 Mips – 33% Share
	SOCS, ATLAS, DSAP, RSAG	(U4SY-Test) Hitachi Skyline – 625 620 Mips - 24% Share	(O1SY) Hitachi Skyline – 727 878 Mips – 100% Share	(O1SY) IBM Freeway – 2064-1C8 1615 Mips - 83% Share
	BOCRIS, COFFI	(O1SY-Production) Hitachi Skyline – 727 878 Mips – 100% Share	(O1SY) Hitachi Skyline – 727 878 Mips – 100% Share	(O1SY) IBM Freeway – 2064-1C8 1615 Mips - 83% Share
	P/SIMS	(D2SY-Production) Hitachi (HDS) P8-98S 846 Mips – 60% Share	(D2SY) Hitachi CMOS P8-98S 846 Mips – 60% Share	(D2SY) IBM Freeway – 2064-108 1443 Mips - 35% Share

Q. PLEASE PROVIDE A COMPARISON OF THE GEORGIA THIRD-PARTY TEST WITH OSS TESTS FROM OTHER STATES.

A. To be sure, the test conducted in Georgia is different in scope from third-party OSS tests conducted in other states, as the CLECs have pointed out. Such differences, however, are expected, as is evident from the FCC's Section 271 decisions, wherein the FCC has rejected any "cookie cutter" approach to third-party OSS tests. (*See Texas Order* ¶103 rejecting argument that Southwestern Bell Telephone Company's 271 application is "inadequate" because "the third-party test in Texas was less comprehensive than the test executed by KPMG in New York, with respect to the Bell Atlantic Section 271 process".) The scope of the third-party OSS test in New York was different from the scope of the Texas test, which was different from the scope of the third-party test in Massachusetts. In short, that the Georgia test was different by design from other third-party OSS tests does not detract from the usefulness of the Georgia test.

Nevertheless, the Georgia test is comparable in scope to the third-party tests conducted in New York and Texas, both of which received 271 approval. The similarities and differences between the Georgia test and those in New York and Texas can be seen in Exhibit MM-8. The Georgia test included the same functionality review of OSS Business processes as New York and Texas. In addition, all three tests assess OSS scalability. All three tests included normal volume and peak testing of the interfaces. Moreover, the Georgia test reviewed all documentation for maintenance, updates and communication, as did New York and Texas. Like New York and Texas, the Georgia test assessed change management (including the notice and completion intervals), release versioning policy, defect management process, and OSS interface development review. All three tests included functional testing of pre-ordering and ordering. All three tests provisioned orders, evaluated provisioning processes, and tested the performance of specific provisioning measures. Georgia and New York tested basic functionalities of Maintenance and Repair (M&R), and included an M&R process parity evaluation. In some cases, the Georgia test went beyond the tests in New York and Texas. For example, the Georgia test included manual ordering for xDSL loops while the New York test did not. Moreover, the Georgia test included a more extensive performance metrics evaluation than tests from either New York or Texas.

The Georgia test meets all of the criteria established by the FCC in its decision on Bell Atlantic's New York application. Specifically, in the Georgia test, like the New York test, KPMG was an independent tester, conducted a military-style test, made efforts to place itself in the position of an actual market entrant, and made efforts to maintain blindness when possible. In compliance with FCC decisions, the Georgia test is a focused test that appropriately concentrates on the specific areas of BellSouth's OSS that had not experienced significant commercial usage.

Q. PLEASE PROVIDE A COMPARISON OF THE GEORGIA AND FLORIDA THIRD-PARTY TESTS.

A. In state 271 proceedings throughout the BellSouth Region, some of the CLECs have made a number of allegations concerning the results of KPMG's report on the independent third-party test in Georgia. I will discuss these allegations here. In addition, some parties have raised issues related to the exceptions and observations from the third-party test in Florida. Descriptions of the open Florida exceptions and BellSouth's responses are found in Exhibits MM-9. Exhibit MM-10 is a summary of the status of all observations and exceptions, open or closed, from the third-party test in Florida. Below, I will also discuss certain Florida Exceptions that have been closed.

The CLECs, particularly AT&T, complained extensively about the scope of the third-party test in Georgia, often comparing it with tests that have or are taking place in other states. When reading these witnesses' statements, it is easy to forget that the test that was ordered by the Georgia Commission was the test that was executed by KPMG – and that the very CLECs that are now complaining had ample opportunity to participate in the design and execution of this Georgia test, as I discussed earlier.

A number of the witnesses, especially AT&T and MCI/WorldCom, spend considerable time comparing the observations and exceptions from the Florida test with the exceptions and finds of the Georgia test. In making these comparisons, these witnesses have made a number of generalizations in which they allege that many of the exceptions that were satisfied in the Georgia Test, were then re-opened in the Florida Test. These statements are wrong when applied to some of the observations and exceptions, and misleading applied to others.

These witnesses implied that the differences between Florida and Georgia, in and of themselves, make the Georgia test invalid. This is not the case. Instead, the differences merely reflect that the scope of the Georgia test differs from the scope of the Florida test. A comparison of the Georgia and Florida tests can be seen in Exhibit MM-11. As I discussed earlier, the Commission has specifically rejected the suggestion by CLECs that third-party tests should follow a “cookie cutter” pattern. KPMG completed and concluded the test in Georgia based upon the scope of that test as ordered by the Georgia Commission. Exhibit MM-11 provides a review of the processes, systems and procedures used by BellSouth to support CLEC wholesale activities across Tennessee, Georgia and Florida. The only system difference is one between the Direct Order Entry (“DOE”) and Service Order Negotiation (“SONGS”) systems, and that difference will be discussed in depth in the Regionality section later in this testimony.

It is important to note that, between February 2000 and January 2001, BellSouth made many changes due to the Georgia third-party test. In many instances, KPMG opened observations and exceptions in the Florida test after auditing code and documentation that dated from February 2000 through January 2001, before BellSouth had implemented the changes to satisfy the Georgia Exception. After

KPMG opened an observation or exception in Florida that was based on old information, BellSouth asked KPMG to review current information.

Q. PLEASE DESCRIBE PARITY OF PERFORMANCE.

A. In other state 271 proceedings, CLECs complain that the Georgia third-party test did not measure BellSouth's parity of performance. The Georgia Commission and the FCC have established that parity is evaluated by reviewing the RBOC wholesale performance results against its retail analogs. If the performance results show that an RBOC serves its CLECs with same level of service as it serves itself or its retail customers, then a further process parity evaluation would be irrelevant. This is the same method of proof that was used in the New York, Texas, and Massachusetts third-party tests.

The Georgia test has the most comprehensive performance metrics evaluation of all the tests performed so far by any state. It contains 430 evaluation criteria against 48 in New York and 126 in Massachusetts. Moreover, and most importantly, the BellSouth's performance measurement plan reports on over 1700 sub-metrics, significantly more detail than that provided by all other RBOCs. As a result, this Authority will have an enormous amount of actual commercial data by which to correctly evaluate BellSouth’s position of parity to CLECs.

Q. PLEASE DESCRIBE THIRD-PARTY TESTING OF INTERFACES.

A. Allegations are made by the CLECs, primarily AT&T, that the Georgia test is incomplete as it related to electronic interfaces testing because it reviewed versions that pre-dated the OSS99 release and did not review any versions of certain other interfaces. This complaint exemplifies the fact that the CLECs will never agree that it is time to review BellSouth's compliance with the Act. Instead, the CLECs will always argue that there is some change in the industry that necessitates delay. From the CLECs' perspective, this is a foolproof strategy because the telecommunications industry is always changing – new technology, new products, and new competitors. BellSouth's (and other RBOCs') interfaces and systems are constantly evolving. Internal, regulatory, and even CLEC-driven changes are incorporated into the systems to increase system functionality and performance. To argue that the Authority should wait for the change to stop is to argue that the Authority should never move forward.

A third-party test, by its nature, must test a snapshot in time. BellSouth enhanced its OSS during the Georgia test, and is enhancing its OSS during the Florida test. The fact that things change during or after the test does not alleviate the probative value of the test – that BellSouth provides adequate access, functionality, and performance to CLECs. The fact that the systems have evolved since the Georgia test should not impact this Authority's use of the test. Otherwise, no third-party test would ever have value.

Moreover, with respect to OSS99, KPMG tested the OSS99 change management pursuant to the STP in the Georgia test. Among other things, the STP was designed to assess the electronic interface change control process as applied to the implementation of OSS99. KPMG examined the methods and procedures that BellSouth used to develop and release the OSS99 applications package and supporting documentation (CM-2). KPMG found that BellSouth satisfied all of the test criteria for change management, including OSS99.

In addition, as I described earlier, BellSouth and AT&T conducted a successful carrier-to-carrier test of OSS99 in the fourth quarter of 1999. AT&T would have this Authority believe that the carrier-to-carrier beta test of OSS99 was unsuccessful.

AT&T further complains that BellSouth did not test LENS or RoboTAG™. The Georgia Commission did not order the testing of LENS, because there was commercial usage for LENS at the time the test began in May 1999. 153 CLECs were using LENS region-wide. This usage proves the accessibility and functionality of LENS better than a third-party test evaluation could. RoboTAG™ was not available at the time the Georgia test was developed. In addition to this, RoboTAG is a stand-alone product, which BellSouth sells to CLECs that choose not to develop applications to interact with the TAG gateway on their own. Currently, there are 337 CLECs/OCNs using LENS and 6 CLECs using RoboTAG™.

AT&T also complains that KPMG did not evaluate the ability of CLECs to build interfaces based on BellSouth's documentation. Once again, the significant commercial usage of BellSouth's CLEC interfaces obviates the need for third-party testing in this area. In July 2001, 35 CLECs/OCNs using EDI and 60 CLECs/OCNs using TAG sent 117,650 non-LNP electronic LSRs in July 2001. [24] Because CLECs are using these interfaces in commercially significant numbers, additional verification of a CLEC's ability to build the interface is unnecessary.

Finally, as demonstrated throughout this testimony, there is significant commercial usage of the electronic interfaces, including the OSS99 versions, throughout BellSouth's region. For the *12 months* ending July 2001, CLECs submitted 375,174 LSRs through EDI, 830,418 through TAG, and 2,330,370 through LENS.

Q. PLEASE DESCRIBE TESTING OF MANUAL SUPPORT SYSTEMS.

A. In other state 271 proceedings, the CLECs, particularly AT&T, have complained that the Georgia test did not include a test of manual processes. The Georgia test did indeed include functional testing of BellSouth's performance on partially mechanized orders that are submitted electronically but fall out for manual handling. KPMG tested partially mechanized orders for, among other things, timeliness and accuracy. In addition, the Georgia Commission added a manual order process evaluation for xDSL and manual loop makeup in the STP, which included evaluation of the xDSL Work Center and Capacity Management

[24] These totals based on Operating Company Numbers ("OCNs").

evaluation. Using the numbers that the CLECs' mentioned in the state proceedings, 65% of manual orders were indeed included in this testing process.

Moreover, there is significant commercial usage of BellSouth's manual OSS. As the Commission has repeatedly stated, actual commercial usage, not third-party testing, is the most probative evidence of compliance. Through July 2001, the LCSC processed an average of 113,107 manual and partially-mechanized LSRs per month. Because the commercial usage is so high, BellSouth is relying on commercial data and performance data to demonstrate its compliance with the Act for most manual orders.

Q. PLEASE DESCRIBE RELATIONSHIP MANAGEMENT PRACTICES.

A. The Georgia third-party test did not include a test of "relationship management" practices, simply because neither the Master Test Plan nor the Supplemental Test Plan, which were approved by the Georgia Commission, called for such a test. Further, as defined by the Georgia Commission, the original intention of the Georgia test was to focus on BellSouth's OSS systems. In Georgia, commercial usage of relationship management was not included as part of the Georgia test because many CLECs were already in operation and using the interfaces when the test was developed. "Relationship management" practices were not tested during the third-party test in Texas.

Q. PLEASE DESCRIBE BELLSOUTH'S AND KPMG'S ROLES IN THE GEORGIA THIRD-PARTY TEST.

A. The Georgia third-party test was fully independent. The Georgia Commission ordered BellSouth to hire credible and reputable firms to conduct the process. As I stated earlier, BellSouth hired KPMG, the firm that conducted the third-party tests in both New York and Massachusetts. KPMG acted at all times as required by independent auditing standards.

Although KPMG's contract is with BellSouth, KPMG has made clear that it is working for the Commission as well as BellSouth. (See MTP Final Report at II-1). Furthermore, although KPMG was compensated by BellSouth for its work on the third-party test, this was hardly an arrangement unique to Georgia. Importantly, KPMG's compensation in Georgia was based solely on the time spent on the project, and there is no suggestion, let alone evidence that KPMG's conclusions were in anyway influenced by the fact that BellSouth paid KPMG's bills for its third-party testing.

It is important to remember that the test plan for the Georgia test was mandated by the Georgia Commission and drafted based on the parameters set by the Commission. The test managers, first Hewlett-Packard, and then KPMG, wrote both of the core test documents, the MTP and the STP, and other documentation for the test. Both the Georgia Commission and the CLECs viewed the MTP and the STP. Every version of the plan was filed at the Georgia Commission.

Q. PLEASE DESCRIBE KPMG'S PROCEDURES.

A. In other state 271 proceedings, CLECs have complained about the analyses that KPMG performed during the Georgia test. More specifically, CLECs have complained about the alleged subjectivity of KPMG's analyses, KPMG's use of aggregations, KPMG's statistical analysis, KPMG's use of professional judgment, and KPMG's reliance on BellSouth's performance measurements and the Georgia Commission's penalty plan.

The CLECs' complaints about KPMG's statistical procedures – specifically those of AT&T – also are without merit. I have attached, as Exhibit MM-12, KPMG's *Motion for Leave to Articulate Basis for Statistical Analysis in the GA 271 Test Final Reports*, filed on June 25, 2001 in the Louisiana Public Service Commission 271 proceeding, Docket No. U-22252-E, in which KPMG describes its use of statistical analysis during the third-party test in Georgia. The statistical test used by KPMG in Georgia is the same that was used by KPMG in the New York third-party test of Verizon.

As stated by KPMG in Exhibit MM-12, the methods that KPMG used were appropriate:

> The Georgia 271 OSS test was designed and implemented to cover a wide range of products and services. In total, well over 1,000 test points were reported in the eight major test categories: Pre-Ordering, Ordering and Provisioning, Billing, Maintenance and Repair, Capacity Management, Change Management, Metrics, and Flow-Through Evaluation.

> In many cases, the measures related to these test points were quantitative, and statistical testing was performed. However, the sample sizes for each specific service or transaction type were not designed for statistical precision. Instead, the timeliness and accuracy issues were generally evaluated at an aggregate level, while functionality was evaluated at the specific level. Functionality tests, for example, do not determine how quickly or how accurately the system is performing a particular service or transaction type. Instead, functionality tests determine whether the system has the capability of performing the required service.
>
> When statistical tests were used, the purpose was to *inform* KPMG Consulting's professional judgment, rather than to *determine* KPMG Consulting's professional judgment. The statistical test informed KPMG Consulting whether an observed difference could have been the result of random variation, or whether that difference was statistically significant. KPMG Consulting used professional judgment to determine, when a difference was statistically significant, if that difference was substantial enough to have an adverse impact on competition. Thus, the statistical test result, while often a key component in the Satisfied/Not Satisfied decision, was not the only consideration in that decision.
>
> The purpose of the Georgia 271 OSS test was not to determine, for the specific data created by KPMG Consulting, whether standards were being met. The purpose of on-going monitoring efforts is to determine whether BellSouth is performing below a standard for a specific set of data. The Georgia 271 OSS test sought to determine whether the test outcomes were consistent with an OSS that is generally operating at or above an acceptable level, in order to provide CLECs with non-discriminatory service or a meaningful opportunity to compete. As such, random variations in test outcomes were necessarily considered, via statistical testing, during the OSS test, regardless of whether the appropriate standards were benchmarks or parity measures.

Additionally, on page 5 of Exhibit MM-12, KPMG stated:

> KPMG Consulting tested an extremely broad array of products and services for functionality. A functionality test addresses whether a particular aspect of the OSS is

> functioning. Statistical analysis tests are primarily used in areas where timeliness and accuracy are an issue. For that part of the test, rolling up the data to an aggregate level is appropriate, because the system operating on the data is not substantively different for every disaggregation. On this basis, KPMG Consulting did not believe that every disaggregation needed to be subject to statistical analysis.

KPMG's exercise of professional judgment in conducting the Georgia test is consistent with the process used in all of the third-party tests conducted by KPMG in the other states that have been approved by the Commission. In each instance where KPMG has been involved in OSS testing, KPMG has used its professional judgment, and it is absurd to suggest that KPMG should have avoided doing so in Georgia. Test targets and their corresponding evaluation criteria provided the basis for KPMG's test. Standards for these evaluation criteria were established by the Georgia Commission in its Order of July 5, 2000, or, where a standard did not exist, results were evaluated by KPMG using its professional judgment. KPMG also used "its professional judgment with respect to passing or failing, when its judgment is different from what the performance standard states." (Exhibit MM-12, page 7)

Q. PLEASE DESCRIBE THIRD-PARTY TESTING OF DOCUMENTATION.

A. KPMG has raised various levels of documentation and process issues in both the Georgia and Florida test. To put this in perspective, however, consider that the four volumes of the Local Exchange Ordering ("LEO") Guides, the business rules for TCIF 7.0 interfaces, contain approximately 1200 pages, and the BellSouth Business Rules for Local Ordering, the business rules for TCIF 9.0 interfaces, contains approximately 1800 pages. The accuracy and usability of these business rules have been demonstrated by the fact that many CLECs are using these rules to submit orders successfully in BellSouth’s region, as evidenced by the commercial data on UNE and Resold services in BellSouth’s region.

In other state 271 proceedings, the CLECs, specifically AT&T, have claimed that BellSouth provides inconsistent and contradictory information, although they have offered no specifics or substantiation of these claims. The CLECs have made a number of generalized allegations that numerous exceptions that were satisfied in the third-party test in Georgia were then opened during the test in Florida. Florida Exception 33, for example, is specifically identified by the CLECs an exception that was opened during the Florida test after having been satisfied during the Georgia test.

The Florida test looked at products that were different from the products that were available at the time of the test in Georgia. Florida Exception 33 relates specifically to the Flow-Through Ordering Matrix in the BellSouth Business Rules and the LSR Flow-Through Matrix from BellSouth's Service Quality Measures (“SQM”) as of October 2000. In response to Florida Exception 33, BellSouth agreed to synchronize the flow-through information between the documents. New products and services and changes to flow-through occur through the natural evolution of BellSouth’s development of its business, and CLECs’ requests for such changes. BellSouth addressed the issues raised in Florida Exception 33, and it has been closed. CLECs have also made inferences that

BellSouth's general support of the CLECs is insufficient because KPMG did not do a thorough test of the EDI specifications and other documentation that BellSouth provides to the CLECs. That these were not tested to the CLECs' satisfaction does not automatically make the third-party test in Georgia insufficient. As stated in this testimony, BellSouth provides extensive support to the CLECS through documentation and training for the electronic interfaces and its OSS. As I described earlier, for example, BellSouth provides the CLECs with complete and accurate information on the EDI specifications. CLECs easily may access this information on BellSouth's Interconnection web site.[25] BellSouth strives to make such training and documentation complete, accurate, and up to date in order to meet the CLECs' business needs.

Q. PLEASE DESCRIBE THE THIRD-PARTY TESTING OF CHANGE MANAGEMENT IN GEORGIA.

A. As discussed earlier, KPMG's exercise of professional judgment in conducting the Georgia test is consistent with the process used in all of the third-party tests conducted by KPMG in the other states and has been approved by the Commission. Thus, it is absurd to suggest that KPMG should have avoided doing so in Georgia, as the CLECs have regarding three of the eight evaluation criteria, CM 1-1-2, CM 1-1-3, and CM 1-1-5, which are related to change management and were satisfied (See MTP Final Report at III-3-1 to III-E-3.). KPMG's judgment has been consistently relied upon by the Commission in its 271 decisions, notwithstanding the CLECs' criticisms.

[25] http://www.interconnection.bellsouth.com/guides/html/guides_leo4.html

Evaluation criteria CM 1-1-2 focused upon the essential elements of the change management process and its documentation. In state proceedings, AT&T has complained that KPMG used its professional judgment to determine that it was satisfied without retesting it. On March 23, 2001, the BellSouth Change Control Process ("CCP") was revised to ensure the efficiency of providing notification of Type 1 system outages. The following actions and processes were put in place

- All administrative responsibilities are managed by one member of the EC Support team. Also, the organization has identified a back-up person to assist when needed. Both the primary and the secondary contact are fully trained on responsibilities. The Administrator adheres to a template detailing necessary information for each e-mail notification.
- The Administrator with primary responsibility for E-mail notification submits a daily report to the Manager of EC Support. This ensures that procedures are being followed as expected.
- Every e-mail delivery failure is investigated immediately. The e-mail is re-sent regardless of whether the outage has been cleared. Text is added to the re-sent E-mail identifying that it is a re-send.

CM 1-1-3 focused upon the change management process framework to evaluate, categorize, and prioritize proposed changes. In state proceedings, AT&T has complained that criterion CM 1-1-3 was "satisfied" before the CLECs voted on the balloted items. The CLECs, however, voted on items related to CM 1-1-3 before the test in Georgia ended. During the CCP Improvement meeting of February 21, 2001, 29 items were added to the ballot subject to the results of a formal vote before being incorporated in the actual CCP document. The CLECs voted using an e-mail ballot that was distributed to CLECs on March 1, 2001. BellSouth and a CLEC volunteer prepared and reviewed the ballot. The results of this ballot were distributed on March 15, 2001, and the changes were incorporated into CCP document on March 26, 2001. KPMG issued its reports on March 20, 2001. The bottom line is that the required changes have been voted on and are included in the CCP.

CM 1-1-5 states that, "the change management's process has clearly defined reasonable intervals for considering and notifying customers about proposed changes." In other state 271 proceedings, AT&T has complained that KPMG found CM 1-1-5 'satisfied' before the draft process for intervals was implemented. As discussed earlier, on February 21, 2001, BellSouth presented its "proposed" release cycles to the CLECs. The CLECs made several recommendations that BellSouth agreed to add to the document. On March 14, 2001, BellSouth again discussed the release management process with the CLECs. On April 25, 2001, BellSouth presented the release management process package to the CLECs. Several of the CLECs' recommendations were incorporated into the final document, and re-distributed to CLECs. On May 10, 2001, the CLECs reached consensus on the release management package. As I discussed earlier, the CLECs approved this release management schedule in June 2001, and the schedule was incorporated into the CCP document in July 2001.

Additionally, the CLECs have complained that CM 1-1-3 and CM 1-1-8, which were concerned with prioritization and release management, were closed "prematurely." As discussed above, BellSouth has met with the CLECs on several occasions to discuss prioritization and release management. This has taken place both in face-to-face meetings and on conference calls. BellSouth made a presentation to the CLECs on February 21, 2001 regarding this process. On March 14, 2001, the Release 9.4 Package Meeting was held and these issues were discussed. Contrary to the CLECs' assertions that KPMG did not participate, three (3) representatives from KPMG did indeed attend that meeting. On May 10, 2001, the CLECs reached consensus on the Release Management/Schedules document. As I discussed earlier and just above, this schedule has been approved by the CCP participants in June 2001 and incorporated into the CCP in July 2001.

To reiterate, the majority of the CLECs' complaints stem from the fact that the scope of the tests in Georgia and Florida are different. As discussed above, there is no inherent fault in that fact. It does indicate that BellSouth's change management plan continues to evolve, and there is nothing particularly new or controversial about an evolving change management process. The requirements of the change management will continue to evolve. New intervals and processes to improve change management will be developed and implemented.

During the state proceedings, the CLECs' witnesses have asserted that Florida exceptions 12, 23, and 26, which relate to change management, serve as "persuasive evidence" that BellSouth is not offering CLECs a meaningful opportunity to compete, and that the observations and exceptions found in the Florida test demonstrate that there are inadequacies in BellSouth's change management process that were not discovered during the Georgia test. BellSouth disagrees and believes that this opinion resulted from a sketchy review and comparison of the observations and exceptions from the Georgia and Florida tests.

Florida Exception 12 states, "BellSouth does not adhere to the procedures for System Outages (Type 1) established in the BellSouth Change Control Process document, Version 2.0." These procedures were implemented by the CCP in March 2001. Soon after their introduction, KPMG found that the e-mail notifications were not sent in a timely manner. BellSouth posts all outage notifications to its Interconnection Web site. In addition to posting them on the Web, BellSouth also sends outage notification by e-mail to the CLECs that have requested e-mail notification.

BellSouth investigated the exception and agreed with the initial audit results. As a result, KPMG retested. BellSouth has disputed some of KPMG's findings from the retest based on when the e-mail outage notifications are sent. The BellSouth Change Control Process guidelines dictate that if the system outage is not resolved within 20 minutes a notification will be provided via e-mail and posted to the website within 15 minutes from the time the outage is verified. BellSouth’s investigation shows that 84% of the outage notifications were sent in a timely manner. BellSouth has implemented changes to address other obstacles, and to improve progress to achieve the 97% benchmark level. KPMG will retest this issue as it works through the exception process.

Below, I discuss each issue in Florida Exception 23, which is concerned with the distribution of carrier notification letters associated with the CCP. Please note, however, that the issues in Florida Exception 23 have been remedied. KPMG closed Florida Exception 23 on August 2, 2001.

Florida Exception 23 first identified that the BellSouth CCP document did not clearly define when CLECs are to receive notification of documentation updates, or when they are to receive the actual documentation for system and non-system affecting changes. BellSouth disagreed with KPMG's findings because the CCP document that was current at the time of KPMG's review contained a clear and defined process for documentation updates. The version of the CCP document that KPMG reviewed stated that

- Software Release Notifications will be provided 30 days or more in advance of implementation date;
- Documentation changes for business rules will be provided 30 days or more in advance of implementation date; and
- CLEC notification of documentation updates (non-system changes) will be posted 5 (five) business days in advance of documentation posting date

As I have discussed above several times, a new release management schedule, as part of the process improvements, which incorporates more explicit language regarding notifications of documentation updates, was incorporated into the CCP document in July 2001. Additionally, there are no user requirements for maintenance releases.

Florida Exception 23 also stated that BellSouth did not issue unique Carrier Notification. BellSouth corrected this last year. On November 1, 2000, Carrier Notifications for updates to the Local Exchange Ordering Guide, Volume 1 and BellSouth Business Rules for Local Ordering began advising whether the change pertained to documentation only or to electronic and/or manual ordering processes. The specifics of the change are contained in the Summary of Changes that is provided in the CCP document. Also on November 1, 2000, the

Summary of Changes began to be provided to the CCP on the same day the Carrier Notification is posted. Electronic interface documentation changes are listed in the Carrier Notification letters for Releases. This notification occurs 30 calendar days before the Release implementation date.

Florida Exception 23 stated that the original Carrier Notifications did not remain on the BellSouth Interconnection Web site after revisions have been made. BellSouth disagreed with KPMG that this was a problem. BellSouth's policy has been that when a Carrier Notification letter is revised, an additional letter is generated with a new Carrier Notification number announcing the revision, and detailing items that have been changed. BellSouth's intent was to maintain only current and accurate information on the Carrier Notification site so that CLECs would not be confused by viewing old or out-of-date information.

To address this issue, however, BellSouth developed a table that is attached to the carrier notification letters. The table includes the language of the original version of the carrier notification letter that has been changed, its scheduled release dates, and an itemization of all of the release features. When any information is revised on a carrier notification letter, the information is added to the table attached to the letter.

Florida Exception 23 also stated that carrier notification letters did not reference change request numbers for tracking purposes. BellSouth has corrected this. In January 2001, carrier notifications began to reference change request numbers for tracking purposes and change request numbers began to be included in the “Summary of Changes” that is provided to CLECs through the CCP.

Finally, Florida Exception 23 stated that carrier notifications of documentation updates did not state whether the documentation changes would be system or non-system affecting. BellSouth corrected this last year. On November 1, 2000, Carrier Notifications for updates to the LEO Guide, Volume 1 and the BBR began advising whether the change pertained to documentation only or to electronic and/or manual ordering processes. The specifics of the change are contained in the “Summary of Changes” that is provided to the CCP for distribution to CLECs. Also on November 1, 2000, the “Summary of Changes” began to be provided to the CCP on the same day the Carrier Notification is posted. As I explained earlier, Florida Exception 23 has been closed.

In other state 271 proceedings, CLECs also complained about Florida Exception 26. This Florida exception was closed on June 14, 2001. Florida Exception 26 stated: “BellSouth does not have a clearly defined process for addressing the expedited release of BellSouth documentation defects.“ BellSouth disagreed with this assessment. The CCP document at the time of KPMG’s review included a process for handling defects. The current process is described in the CCP document and above in my testimony. This exception is merely another illustration that the CCP has evolved and will continue to do so.

Contrary to the CLECs’ predictions, the few remaining open issues will be resolved, and the CCP will benefit as a result of the third-party tests in both

Georgia and Florida. The very nature of the CCP allows leeway to correct, via consensus vote, any problems that arise between BellSouth and the CLECs, as the Commission envisioned when it sanctioned the evolutionary process of an active CCP.

Q. PLEASE DESCRIBE THIRD-PARTY TESTING OF THE TEST ENVIRONMENTS.

A. In state proceedings, the CLECs have complained that CAVE (CLEC Application Verification Environment) was not tested by KPMG in the Third-Party Test in Georgia. CAVE was not tested during KPMG's test because it did not exist when the Georgia PSC approved the Master and Supplemental Test Plans for the third-party test. BellSouth and a CLEC vendor did not began carrier-to-carrier beta testing of CAVE until April 7, 2001, after the third-party test in Georgia, which tested TCIF 7.0 interfaces, ended. Importantly, BellSouth offered CLECs an open and stable testing environment even before CAVE was implemented.

As part of the third-party test in Georgia, KPMG evaluated this environment and found it satisfactory. (MTP Final Report, CM-2-1-6 to CM-2-1-8, at VII-A-23 to VII-A-28) KPMG evaluated BellSouth (evaluation criterion CM-2-1-6) to determine if "[f]unctioning testing environments were made available to customers for all supported interfaces." KPMG evaluated BellSouth (evaluation criterion CM-2-1-7) to determine if "[c]arrier-to-carrier test environments were stable and segregated from [BellSouth] production and development environments." KPMG evaluated BellSouth (evaluation criterion CM-2-1-8) to determine if "BellSouth provided telephone customer support for interface testing to the CLECs (with on-call support available 24 hours a day, seven days a week for emergencies)." In this environment, CLECs perform required testing, such as those that occur when a CLEC is shifting from a manual to an electronic environment, or when the CLEC is upgrading its electronic interface from one industry standard to the next.

In other state 271 proceedings, AT&T's witnesses have claimed that the testing available to CLECs before CAVE has been subject to observations and exceptions in the Florida third-party test. Florida Exception 6 was issued to address the availability of an adequate EDI test environment for CLECs to use when establishing new or new industry standard EDI interfaces, not the CAVE environment. BellSouth has provided KPMG with extensive documentation about the technical details on the environment in an effort to satisfy the exception and resolve the issue. BellSouth believes that the environment as it currently exits provides CLECs allows them a full opportunity to test new releases that impact the processing of their LSRs.

Although KPMG issued this exception in Florida, CLECs certainly are able to build and use their EDI interfaces, as I described earlier in my testimony.

Q. PLEASE DESCRIBE PRE-ORDERING DUE DATES.

A. In other state 271 proceedings, CLECs have complained about Exception 116 of the Georgia third-party test. BellSouth has corrected the problems identified in

Georgia Exception 116, and, as a result of KPMG’s re-test and in concurrence with the Georgia PSC, KPMG closed Georgia Exception 116.

Q. PLEASE DESCRIBE THIRD-PARTY TEST EVALUATION OF FLOW-THROUGH.

A. In the other state 271 proceedings, the CLECs have complained about the results of KPMG’s flow-through evaluation, which is described in Exhibit MM-5. CLECs have criticized KPMG’s analysis of BellSouth's flow-through data. In their testimony, CLECs have taken excerpts from Exhibit MM-5, and have distorted the meaning. Exhibit MM-12, *KPMG’s Motion for Leave to Articulate Basis for Statistical Analysis in the GA 271 Test Final Reports*, which I discussed earlier, describes KPMG’s use of statistical analysis during the third-party test in Georgia. In compliance with the Georgia PSC’s order, KPMG conducted a flow-through evaluation. When KPMG's flow-through replication did not accurately match the BellSouth results, KPMG issued an exception, and BellSouth corrected any problems identified in the exception. KPMG was very much concerned with accuracy, which prompted the following changes to BellSouth's flow-through reporting:

- January 2000 - pending supplement LSRs - were counted as CLEC errors, moved to BellSouth errors. Then, after further KPMG review, in September 2000, these pending supplements were more correctly categorized as neither a CLEC error nor a BellSouth error; they are excluded from the flow-through calculation.

- February 2000 and April 2000 - the requirement that the LSR must also have received a FOC and CN was added to the flow-through requirement.
- October 2000 - the LSR count was corrected by using the correct company code table for the LSR count. The auto clarification count was corrected by a change in the code used to count auto clarification. BellSouth responded to KPMG that the October 2000 report had been corrected, and was available to the CLECs upon request.

KPMG started its flow-through audit in Georgia by using BellSouth’s flow-through reports September through November 1999, because they were the most current reports at the time the audit began. As KPMG indicated, they also used BellSouth's flow-through reports of February 2000 and October 2000,which contained the changes that BellSouth had made in response to KPMG's findings.

KPMG did not evaluate the accuracy of BellSouth's "retail" flow-through rate because it was not within the scope of the evaluation, which was designed to assess the degree to which LSRs submitted by CLECs would flow through.

In state proceedings, the CLECs have also quoted KPMG’s caveat that "[c]ertain information and assumptions (oral and written) have been provided to KPMG by the management of BellSouth and other third parties . . . " (Exhibit MM-5). The CLECs have also quoted KPMG’s statement that it "has not independently verified to the accuracy or completeness of the information provided . . .” (Exhibit MM-5). The CLECs have implied that KPMG did not conduct an audit to determine if the BellSouth Percent Flow-through Service Requests report were accurate. The key word in the KPMG's statement is "certain." The CLECs have failed to consider the evaluation methods, the analysis methods, and the evaluation criteria used by KPMG to conduct the audit. The report (Exhibit MM-5) makes it clear that, although certain information may have been gathered without an independent verification, KPMG used extreme efforts to ensure the accuracy of the report and the data used to evaluate the report.

In state proceedings, CLECs have inaccurately stated that KPMG did not independently verify the accuracy of BellSouth's raw data. KPMG did state that "certain" data had not been independently verified, but the CLECs, particularly AT&T, interpreted "certain" data to mean BellSouth's raw data. The CLECs had no evidence that KPMG did not verify the raw data used in the evaluation. To the contrary, KPMG has very explicitly stated what data it used and how it was used to perform the evaluation. Please see "Table 3: Data Sources for Flow-through Evaluation" in Exhibit MM-5.

In summary, KPMG complied with the Georgia Commission's Order when it conducted its evaluation of BellSouth's flow-through report. After BellSouth made KPMG's recommended changes, KPMG found that the BellSouth flow-through report satisfied the evaluation criteria.

Q. PLEASE SUMMARIZE YOUR COMMENTS ON THE GEORGIA TEST?

A. The Georgia Test met its objective of providing – in conjunction with extensive commercial usage in Georgia – a comprehensive, independent third-party test of the readiness of BellSouth’s Operational Support Systems, related interfaces, documentation and processes to support local market entry by CLECs. Contrary to CLEC comments, BellSouth resolved issues identified by KPMG through the exception process in an appropriate manner while KPMG conducted a thorough series of volume tests, extensively tested xDSL pre-ordering and ordering to ensure BellSouth provides parity of service, comprehensively audited the change control process for over a year, and ensured that CLECs had a meaningful opportunity to participate. This test was adequate and its results were both independently attained and based upon facts.

BELLSOUTH’S REGIONALITY

Q. PLEASE DESCRIBE THE INDEPENDENT THIRD-PARTY AUDIT OF BELLSOUTH’S REGIONALITY.

A. BellSouth engaged PricewaterhouseCoopers (“PwC”) to examine BellSouth's assertions on the regionality of its OSS. PwC’s examination was conducted in accordance with “attestation standards” established by the American Institute of Certified Public Accountants (“AICPA”). An “attest engagement” occurs when a practitioner, such as PwC, is engaged to issue a written communication that concludes whether or not the written assertion of another party, such as BellSouth, is reliable. Under the AICPA attestation standards, an examination is the highest level of assurance that can be provided on an assertion and, if positive, results in an opinion by the practitioner, PwC, that the assertions presented are fairly stated in all material respects.

PwC's attestation is modeled after the SBC's Five-State Regional OSS Attestation Examination that is attached as Exhibit MM-13. Because the Commission viewed this model positively, BellSouth has used it as a roadmap to establish the same burden of proof. The only difference between the attestation examinations of SBC and BellSouth is that BellSouth added a second assertion for two of its manual order input systems used by its Local Carrier Service Center. PwC validated the following "Management Assertions," which are included in Exhibit MM-14.

First, BellSouth uses the same pre-order and order OSS throughout its nine-state region to support wholesale CLEC activity. This validation is based on the criteria established in the *Report of Management Assertions and Assertion Criteria on BellSouth Telecommunication's Operational Support Systems* (Exhibit MM-14).

As it relates to the first assertion, "sameness" is defined as the following:

> The applications and interfaces implemented and available are identical across the nine-state region. "Identical" is defined as one unique set of software coding and configuration ("version") installed on either one or multiple computer servers ("instances") that support all nine-states in an equitable manner.

> The processes, personnel and work center facilities are consistently available and employed across the nine-state region and there are no significant aspects to the processes, personnel or work center facilities that would provide one state a greater service level or benefit than the other states in the nine-state region.

Second, BellSouth's DOE (Direct Order Entry) and SONGS (Service Order Negotiation) systems have no material differences in the functionality or performance for service order entry by the LCSC, based on the criteria established in the Report of Management Assertions and Assertion Criteria on BellSouth Telecommunication's Operational Support Systems. PwC examined functionality and performance. The Functionality assertion was based on the following criteria:

- The same LSRs, created from a single set of business rules are used for order entry
- The Service Order Communications System ("SOCS") requires the same LSR screening and validating procedure
- Similar processes are used for creating a Service Order
- SOCS requires checking for and clearing order entry or initiation errors.
- Both systems output must adhere to the service order edits housed in SOCS.

BellSouth also asserted that there was no material difference in performance of order entry between DOE and SONGS based on the following criteria:

- Orders that are input through both DOE and SONGS are created in SOCS on a real-time basis upon submission
- Similar orders from throughout the nine-state region can be input within reasonably similar timeframes, regardless of whether DOE or SONGS is used.
- Service Representatives are cross-trained on both DOE and SONGS and utilize both systems on a regular basis dependent upon the relative volume and type of transactions by state.

PwC concluded that its examination provided a reasonable basis for its opinion, in which it determined that the BellSouth management assertions were fairly stated, in all material respects, as of May 3, 2001, based on the criteria set forth in the Affidavit of Robert L. Lattimore of May 21, 2001, and the *Report of Management Assertions and Assertion Criteria on BellSouth Telecommunication's Operational Support Systems* (Exhibit MM-14). The PwC Report provides data and validated factual assertions that this Authority can rely upon to establish the regionality of BellSouth's OSS.

There are no material differences between the way data is input in DOE and SONGS. In some state proceedings, CLECs have commented on PwC's remarks regarding how data is input into DOE and SONGS, and differences in the way commands, function keys, and procedures for the two systems. PwC, however, validated that these differences were trivial and certainly not material in nature as it relates to the performance of either system.

PwC did address performance. In fact, PwC completed a performance comparability examination for DOE and SONGS with the following testing approach:

- Observed transactions input into DOE and SONGS and ensured that the process was not materially different. Transactions included each service type (i.e., Resale, Complex, and UNE) and were for each state
- Observed DOE and SONGS data validation controls and ensured that they were not materially different (i.e., required fields). LSRs are created from a single set of business rules for the purposed for submitting transactions. LSRs are submitted to SOCS in the same format and subject to the same SOCS validations
- Ensured that there are no material differences between DOE and SONGS based on the end-user state. This was completed via observation of LSRs from all states within the BellSouth region and ensuring the process for submission is consistent
- Ensured that there are no material differences between DOE and SONGS launch, logon and navigational commands via observation of service representatives completing daily work
- Observed the process for submitting orders to SOCS and ensured that consistent processes are followed for DOE and SONGS and for each state in BellSouth's region.

Following an informal conference held on May 10, 2001, with the Kentucky PSC during which the PwC report was discussed, BellSouth requested that PwC perform a statistically based evaluation of the time it takes to input orders in DOE versus SONGS along with an analysis of downstream errors. As described below, PwC has completed this evaluation and re-substantiated BellSouth's original assertion that there are no material performance differences in DOE and SONGS.

The specifics are contained in PwC's DOE and SONGS Comparability Accuracy and Timeliness Report of July 20, 2001, which is Exhibit MM-15. Exhibit MM-15 also contains the Affidavit of Mr. Robert L. Lattimore of July 20, 2001. In his affidavit, Mr. Lattimore describes the report along with an overview of the level of involvement of PwC professionals. He identifies that the engagement was performed under the Consulting Standards of the American Institute of Certified Public Accountants (AICPA) and then describes standards of professional competence, due professional care, planning and supervision, and sufficient relevant data. PwC completed the timeliness assessment using a statistically based methodology. In its report, PwC defined how it reached its sample determination using a confidence level of 95%, a tolerable rate of 1% and an expected rate of 0%. PwC's report defines these terms and expresses the significance of why these levels were selected since PwC's objective was to yield a high confidence level and to minimize the risk of the sample not being representative of the entire population. PwC defined its scope, methodology and procedures used for the timeliness assessment for the transaction input in DOE and SONGS. PwC measured (via a stopwatch) the amount of time it took LCSC service representatives to successfully submit orders into SOCS via DOE and SONGS. PwC found that based on a statistically valid sample, the average input time for DOE was 8 minutes and 22 seconds, while the SONGS input time was 5 minutes and 26 seconds. The less-than-3-minute difference between the two input times is not material. PwC depicted the relationship and the relative materiality of the time incurred inputting an order into DOE and SONGS compared to the FOC timeliness for the partially mechanized orders standard of 18 hours and for the manual orders standard of 36 hours. This depiction can be seen on pages 5 and 6 of the PwC report of July 20, 2001 (Exhibit MM-15). The pie charts demonstrate that the average time to process an order through either system is less than 1% of the overall process for the FOC interval for either partially mechanized or manually submitted orders. There is no material difference for this order input activity particularly when you consider the FOC Timeliness Service Quality Measure ("SQM") standard in which this component process resides. The current standards established by the Georgia Public Service Commission are 18 hours for partially mechanized and 36 hours for non-mechanized service requests. This report validates the results from the original May 3, 2001 PwC report (Exhibit MM-14).

Additionally, PwC defined its scope, methodology and procedures used for the accuracy assessment for the transaction input in DOE and SONGS. This assessment can also be seen in the July 20, 2001 report (Exhibit MM-15):

To determine the accuracy of orders input into DOE and SONGS, PwC reviewed the history log files maintained in SOCS. PwC documented the orders that experienced downstream system edit errors, which had to be subsequently corrected by a BellSouth service representative. PwC was unable to review SOCS history log files for some orders due to a change in the original order due date which resulted in an earlier completion of the order. The completed order history is purged from SOCS the day after an order completes. In these cases, PwC observed the final status of the order within the Mechanized On-line Billing System ("MOBI"). This allowed them to determine if the order had completed, was in pending status or had been cancelled. PwC did review the SOCS history log files for 239 orders that had been input through DOE and 220 that had been input through SONGS. A distribution across product types and by types of errors can be found in its July 20, 2001 report (Exhibit MM-15). A description of each downstream system edit error type along with examples of what caused the edit errors can also be found in the report. BellSouth utilizes strong edit checks within its systems to help eliminate potential downstream provisioning errors. PwC determined that 19.7% of the orders submitted through DOE and 20.0% of the orders submitted through SONGS experienced downstream system edit errors. Again, PwC was able to validate that BellSouth's assertion that there is no material difference in performance for service order entry by the LCSCs through the DOE and SONGS systems is accurate and correct.

PwC has now completed two independent assessments on the two BellSouth assertions on regionality. These assessments have concluded that BellSouth's systems are regional and that there are no material differences between DOE and SONGS.

Q. HAS BELLSOUTH IDENTIFIED ANY PROCESSES, SYSTEMS OR PROCEDURES USED IN TENNESSEE THAT ARE DIFFERENT FROM THOSE USED IN GEORGIA AND FLORIDA?

A. Yes. DOE (used in Georgia and Florida, and the other original Southern Bell states) and SONGS (used in Tennessee and the other original South Central Bell states) are different, and those differences – and the materiality of those differences – have been thoroughly audited by PwC, as I have just discussed at length.

Q. HAVE ANY ISSUES ASSOCIATED WITH PREFERENTIAL TREATMENT TO CLEC REQUESTS FROM GEORGIA AND FLORIDA ARISEN?

A. Yes. AT&T has referenced the PwC report and claims that the PwC report provides little useful information regarding the Regionality of BellSouth's OSS and that BellSouth provided preferential treatment to requests submitted by CLECs in Georgia and Florida.

PwC found this issue during its April 2001 investigation into whether BellSouth's operational support systems used to provide pre-ordering and ordering functions to CLECs are regional in nature. During its examination, PwC conducted numerous interviews with personnel in the Local Carrier Service Centers located in Atlanta, Birmingham and Jacksonville. As a result of these interviews, PwC prepared notes of the substance of the interviews as a part of its backup material. These notes were provided to AT&T and others pursuant to discovery requests in the North Carolina 271 proceeding.

In the summer of 2000, the Georgia Public Service Commission adopted a set of performance standards in its OSS Docket No. 8354-U. Also during this time, the Georgia Commission was in the process of hearing and deciding the performance metrics and standards that would be applied on a permanent basis in Docket No. 7892-U. Earlier in 2000, the Florida Public Service Commission had adopted performance standards to be applied to all CLEC performance in connection with the Florida Third-party Test. These orders included tighter targets for the timeliness of many items, such as FOCs and Rejects that are worked by the LCSC personnel.

As a result, BellSouth took steps to increase the workforce in the LCSCs in order to be able to satisfy these tighter standards. Throughout the late summer and into the fall of 2000, BellSouth was training and deploying new service representatives into the LCSCs. In addition, and in order to meet the benchmarks for all CLECs in Georgia and Florida, for a short period of time, priority was given to manually submitted requests from these two states.

Priority was given only to requests submitted manually, using fax machines. Mechanized requests are handled through the electronic systems and are handled on a first come, first served basis for the region. For partially mechanized requests, which are those that fall out for handling, these requests are also processed using electronic systems. This treatment for manual requests from Florida and Georgia was started in August 2000 and was to have ended in December 2000. This priority applied to all manually submitted (faxed) CLEC requests in these two states.

In the course of the PwC examination during April, they interviewed personnel at the Birmingham LCSC who had not yet ceased the priority treatment for Georgia and Florida manual requests. This was noted in the minutes of the interview, and produced to AT&T in response to data requests. BellSouth took action to correct this process in the Birmingham LCSC. PwC validated the correction and closed the issue. This issue itself is not contained in the PwC Regionality Reports. The reason is quite simple; this preferential treatment issue was found and resolved with no impact on the scope or reporting of their Attestation on the Regionality of BellSouth's systems.

Q. HOW CAN STATES ASSESS THE IMPACT OF PREFERENTIAL TREATMENT FOR MANUALLY SUBMITTED LSRS FOR CLECS OPERATING WITHIN THEIR JURISDICTION?

A. In its applications and testimony filed in support of its 271 applications, BellSouth has urged all authorities and commissions to adopt performance measures and performance standards adopted by the Georgia Public Service Commission in January of this year, and to judge BellSouth's performance by the very same performance standards that are applied by the Georgia Public Service Commission. These measures and performance standards have been programmed into BellSouth's systems, and the adoption of these by the states will allow every state to directly compare the performance in that state with BellSouth's performance in the other states.

BellSouth publishes measures results on its interconnection website (**http://www.interconnection.bellsouth.com/mss/index.html**) for all nine states utilizing the Georgia measurements and standards. The results for Tennessee along with the other states served by BellSouth can be found on this website. Priority treatment for manual requests in the LCSC for Georgia and Florida would primarily impact two measurements, Reject Timeliness and FOC Timeliness for manually submitted LSRs. The results for these two measures for all nine states can be seen in Exhibit MM-16. For the period July 2000 through July 2001, the results show a consistent improvement in all nine states beginning in October of 2000. For the four disaggregation categories with very significant volumes, resale residence and business non-mechanized requests, UNE analog loops non-mechanized requests, and UNE-P combinations non-mechanized requests, the data shows that, beginning in the January-March 2001 time period, BellSouth's performance has been consistent across all nine states, with all states exceeding the relevant benchmark on both measures for nearly every month. In short, the actual performance in all of BellSouth's states through July 2001 clearly demonstrates that the priority given to Georgia and Florida manual requests was very short-lived and caused very little disparity in the actual performance between or among states.

Q. PLEASE SUMMARIZE YOUR COMMENTS ON REGIONALITY TESTING.

A. BellSouth adopted the roadmap that SBC used to provide the proof and gain the support and approval of state and federal commissions. PwC examined BellSouth's assertions on the regionality of BellSouth's OSS in accordance with attestation standards established by the American Institute of Certified Public Accountants and PwC concluded that its examination provided a reasonable basis for its opinion that the BellSouth management assertions were fairly stated, in all material respects. This Authority can rely on the PwC report as a component of BellSouth's evidence in this proceeding.

PwC concluded that the:

> Applications and interfaces implemented and available are identical across the nine-state region. "Identical" was defined as one unique set of software coding and configuration ("version") installed on either one or multiple computer servers ("instances") that support all nine states in an equitable manner. (<u>See</u> the Affidavit of Lattimore of May 21, 2001, which is Exhibit MM-14.)

Q. DO YOU HAVE ANY FINAL COMMENTS TO SUMMARIZE YOUR TESTIMONY?

A. Yes. BellSouth provides CLECs with nondiscriminatory access to its OSS. BellSouth believes that the third-party test combined with its actual performance data and the modifications to its systems and processes made in connection with the test, confirms this. Over 95 percent of the criteria that KPMG tested passed. Many of the deficiencies have been addressed by actual commercial usage. In addition, BellSouth has taken the necessary action to improve performance in those areas where results were unsatisfactory. BellSouth's recent actual performance, as reflected in its performance reports, shows that BellSouth is currently meeting a very high percentage of the benchmarks and standards adopted by the state commissions and authorities. Finally, this Authority will be able to monitor these issues through these same performance measures as well as the penalty plans that are already in place.

This concludes my testimony.

AFFIDAVIT

STATE OF: Georgia
COUNTY OF: Fulton

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Milton McElroy, Jr.- Director, Interconnection Services, BellSouth Telecommunications, Inc., who, being by me first duly sworn deposed and said that:

He is appearing as a witness before the Tennessee Regulatory Authority in Docket No. 01-00362 on behalf of BellSouth Telecommunications, Inc., and if present before the Authority and duly sworn, his testimony would be set forth in the annexed testimony consisting of 115 pages and 16 exhibit(s).

Milton McElroy Jr.

Milton McElroy, Jr.

Sworn to and subscribed
before me on October 22, 2001

Vicki L. Wright
NOTARY PUBLIC

Notary Public, Cobb County, Georgia
My Commission Expires June 19, 2005