

kpmg Consulting

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|---------------------------|--|----------------|------|--------------|-----------------|
| Observation Report | 576 | Version | 2 | Owner | KPMG Consulting |
| Issued | July 24, 2002 | Test | PMR5 | Role | Test Manager |
| Applicability | Michigan, Illinois, Indiana, Ohio, Wisconsin | | | | |

KPMG Consulting has been unable to replicate SBC Ameritech's January 2002 reported results for Performance Measurement 9 ("Percent Rejects").

Issue

As part of the PMR5 (Metrics Calculations and Reporting) test, KPMG Consulting is attempting to replicate SBC Ameritech's published performance measurement reports for certain months.

KPMG Consulting has been unable to replicate SBC Ameritech's posted results for Performance Measure 9 for January 2002. Exhibit 1 below contains the KPMG Consulting and SBC Ameritech results for Performance Measurement 9.

Exhibit 1: KPMG Consulting Results vs. SBC Ameritech Reported Results

| State - Geographic Disaggregation | Levels of Disaggregation: | Numerator | | Denominator | |
|-----------------------------------|---|-----------------|---------------|-----------------|---------------|
| | | KPMG Consulting | SBC Ameritech | KPMG Consulting | SBC Ameritech |
| IL - All | CLEC Caused Reject | 31,459 | 32,616 | 139,750 | 144,114 |
| IL - All | Ameritech Caused Rejects (Re-flowed Orders) | 381 | 211 | 139,750 | 144,114 |
| IN - All | CLEC Caused Reject | 3,030 | 3,112 | 12,797 | 13,160 |
| IN - All | Ameritech Caused Rejects (Re-flowed Orders) | 68 | 68 | 12,797 | 13,160 |
| MI - All | CLEC Caused Reject | 39,219 | 40,684 | 171,644 | 177,951 |
| MI - All | Ameritech Caused Rejects (Re-flowed Orders) | 409 | 184 | 171,644 | 177,951 |
| OH - All | CLEC Caused Reject | 6,558 | 6,808 | 28,255 | 29,464 |
| OH - All | Ameritech Caused Rejects (Re-flowed Orders) | 157 | 116 | 28,255 | 29,464 |
| WI - All | CLEC Caused Reject | 4,318 | 4,472 | 21,969 | 22,306 |
| WI - All | Ameritech Caused | 142 | 77 | 21,969 | 22,306 |

This observation report is for discussion purposes only and is subject to change without notice.

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| State - Geographic Disaggregation | Levels of Disaggregation: | Numerator | | Denominator | |
|-----------------------------------|----------------------------|-----------------|---------------|-----------------|---------------|
| | | KPMG Consulting | SBC Ameritech | KPMG Consulting | SBC Ameritech |
| | Rejects (Re-flowed Orders) | | | | |

Assessment

CLECs and state public service commissions rely on SBC Ameritech's performance measure results to assess the quality of service provided by SBC Ameritech. KPMG Consulting's inability to replicate report values indicates that SBC Ameritech's calculations for this performance measure may be inaccurate.

Version 2: July 24, 2002

As part of the PMR5 (Metrics Calculations and Reporting) test, KPMG Consulting is attempting to replicate SBC Ameritech's published performance measurement reports for certain months.

KPMG Consulting continues to be unable to replicate SBC Ameritech's posted results for Performance Measure 9 for January 2002. Exhibit 2 below contains the KPMG Consulting and SBC Ameritech updated results for Performance Measurement 9.

Exhibit 2: KPMG Consulting Results vs. SBC Ameritech Reported Results

| State - Geographic Disaggregation | Levels of Disaggregation: | CLEC Numerator | | CLEC Denominator | |
|-----------------------------------|---|-----------------|---------------|------------------|---------------|
| | | KPMG Consulting | SBC Ameritech | KPMG Consulting | SBC Ameritech |
| IL - All | SBC Ameritech Caused Rejects (Re-flowed Orders) | 383 | 211 | 144,136 | 144,114 |
| MI - All | SBC Ameritech Caused Rejects (Re-flowed Orders) | 410 | 184 | 177,958 | 177,951 |
| OH - All | SBC Ameritech Caused Rejects (Re-flowed Orders) | 158 | 116 | 29,464 | 29,464 |
| WI - All | CLEC Caused Reject | 4,407 | 4,472 | 22,312 | 22,306 |
| WI - All | SBC Ameritech Caused Rejects (Re-flowed Orders) | 142 | 77 | 22,312 | 22,306 |

This observation report is for discussion purposes only and is subject to change without notice.

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|---------------------------|--|----------------|------|--------------|-----------------|
| Observation Report | 577 | Version | 1 | Owner | KPMG Consulting |
| Issued | July 18, 2002 | Test | PMR5 | Role | Test Manager |
| Applicability | Michigan, Illinois, Wisconsin, Indiana, Ohio | | | | |

KPMG Consulting has been unable to replicate SBC Ameritech's January 2002 reported results for Performance Measurement 22 ("Local Service Center (LSC) Grade of Service (GOS)").

Issue

As part of the PMR5 (Metrics Calculations and Reporting) test, KPMG Consulting is attempting to replicate SBC Ameritech's published performance measurement reports for certain months.

KPMG Consulting has been unable to replicate SBC Ameritech's posted results for Performance Measure 22 for January 2002. Table 1 below contains the KPMG Consulting and SBC Ameritech results for Performance Measurement 22.

Table 1: KPMG Consulting Results vs. SBC Ameritech Reported Results

| State - Geographic Disaggregation | Levels of Disaggregation: | CLEC Value | | Retail Value | | Z - Value | |
|---|------------------------------|--------------------|------------------|--------------------|------------------|--------------------|------------------|
| | | KPMG Consulting | SBC Ameritech | KPMG Consulting | SBC Ameritech | KPMG Consulting | SBC Ameritech |
| IL, IN, MI, OH, WI | DSL | 93.00% | 93.00% | 52.25% | 52.25% | 0.00619 | -66.038 |
| IL, IN, MI, OH, WI | Resale | 91.00% | 91.00% | 52.25% | 52.25% | 0.00023 | -77.924 |
| IL, IN, MI, OH, WI | UNE | 92.02% | 92.02% | 52.25% | 52.25% | 0.00022 | -82.092 |

Assessment

CLECs and state public service commissions rely on SBC Ameritech's performance measure results to assess the quality of service provided by SBC Ameritech. KPMG Consulting's inability to replicate report values indicates that SBC Ameritech's calculations for this performance measure may be inaccurate.

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|---------------------------|----------------|----------------|------|--------------|-----------------|
| Observation Report | 591 | Version | 1 | Owner | KPMG Consulting |
| Issued | August 6, 2002 | Test | PMR5 | Role | Test Manager |
| Applicability | Michigan, Ohio | | | | |

KPMG Consulting has been unable to replicate SBC Ameritech's January 2002 reported results for Performance Measurement PM13.1 ("Total Order Process Percent Flow Through").

Issue

As part of the PMR5 (Metrics Calculations and Reporting) test, KPMG Consulting is attempting to replicate SBC Ameritech's published performance measurement reports for certain months.

KPMG Consulting has been unable to replicate SBC Ameritech's posted results for Performance Measure PM13.1 for January 2002. Table 1 below contains the KPMG Consulting and SBC Ameritech results for Performance Measurement PM13.1.

Table 1: KPMG Consulting Results vs. SBC Ameritech Reported Results

| State - Geographic Disaggregation | Levels of Disaggregation: | CLEC Numerator | | CLEC Denominator | |
|-----------------------------------|---------------------------|-----------------|-----------|------------------|-----------|
| | | KPMG Consulting | Ameritech | KPMG Consulting | Ameritech |
| MI | LNP | 24 | 25 | 308 | 318 |
| OH | LNP | 62 | 63 | 205 | 213 |
| OH | LSNP | 0 | 0 | 1073 | 1088 |

Assessment

CLECs and state public service commissions rely on SBC Ameritech's performance measure results to assess the quality of service provided by SBC Ameritech. KPMG Consulting's inability to replicate report values indicates that SBC Ameritech's calculations for this performance measure may be inaccurate.

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|-------------------------|--|----------------|------|--------------|-----------------|
| Exception Report | 113 | Version | 1 | Owner | KPMG Consulting |
| Issued | May 21, 2002 | Test | PMR5 | Role | Test Manager |
| Applicability | Michigan, Illinois, Indiana, Ohio, Wisconsin | | | | |

Ameritech’s calculation of Performance Measure 2 (“Percent Responses Received within ‘X’ Seconds – OSS Interfaces”) for January - March 2002 does not follow the approved metrics business rules.

Issue

The approved business rules for Performance Measure 2 (“Percent Responses Received within ‘X’ Seconds – OSS Interfaces”) state that SBC Ameritech’s pre-order time measurement should be constructed as follows:

“The clock starts on the date/time when the request is received by Ameritech, and the clock stops on the date/time when Ameritech has completed the transmission of the response to the CLEC. The measurement is taken at the SWBT Ameritech side of the ECN (Electronic Commerce Network). This is just inside the Ameritech firewall.”

The following steps describe, in business language, the “flow” of a CLEC pre-order and SBC Ameritech’s timestamp placement.

1. The pre-order arrives through SBC Ameritech’s firewall at the Interactive Agent (after a process called a “handshake”).
2. SBC Ameritech translates the pre-order into EDI format.
3. The translated pre-order is sent to EDI Services.
4. At EDI Services, the pre-order receives an “Receive Time” timestamp.
5. The pre-order sent to and processed by SBC Ameritech’s back-end systems.
6. The pre-order is returned to EDI Services and receives an “Response Time” timestamp.
7. The pre-order passes back through the EDI translator.
8. The pre-order is passed to SBC Ameritech’s Interactive Agent.
9. SBC Ameritech’s Interactive Agent initiates a “handshake” with the CLEC’s Interactive Agent.
10. SBC Ameritech completes transmission of the pre-order response to the CLEC.

According to the approved business rules for Performance Measure 2, SBC Ameritech is required to timestamp an inbound pre-order “just inside the Ameritech firewall,” which would be at its Interactive Agent (Step 1). However, SBC Ameritech places its inbound timestamp later in the process when the pre-order is received at EDI Services (Step 4).

This exception report is for discussion purposes only and is subject to change without notice.

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Likewise, the approved business rules call for SBC Ameritech to timestamp an outbound pre-order “when Ameritech has completed the transmission of the response to the CLEC” (Step 10). However, SBC Ameritech places its outbound timestamp when the pre-order is returned to EDI Services (Step 6).

Assessment

SBC Ameritech’s placement of the pre-order timestamps understates the actual duration of pre-order transactions as experienced by CLECs and defined in the approved business rules. Additionally, as a result of SBC Ameritech’s placement of inbound and outbound timestamps, KPMG Consulting has concluded that SBC Ameritech is not calculating Performance Measure 2 according to the approved business rules. Consequently, SBC Ameritech is currently misreporting Performance Measure 2 to CLECs and regulatory agencies, which negatively affects these parties’ abilities to accurately assess SBC Ameritech’s service quality and any monies due via remedies.

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|-------------------------|--|----------------|------|--------------|-----------------|
| Exception Report | 113 | Version | 2 | Owner | KPMG Consulting |
| Issued | July 1, 2002 | Test | PMR5 | Role | Test Manager |
| Applicability | Michigan, Illinois, Indiana, Ohio, Wisconsin | | | | |

Ameritech's calculation of Performance Measure 2 ("Percent Responses Received within 'X' Seconds – OSS Interfaces") for January - March 2002 does not follow the approved metrics business rules.

Issue

The approved business rules for Performance Measure 2 ("Percent Responses Received within 'X' Seconds – OSS Interfaces") state that SBC Ameritech's pre-order time measurement should be constructed as follows:

"The clock starts on the date/time when the request is received by Ameritech, and the clock stops on the date/time when Ameritech has completed the transmission of the response to the CLEC. The measurement is taken at the SWBT Ameritech side of the ECN (Electronic Commerce Network). This is just inside the Ameritech firewall."

The following steps describe, in business language, the "flow" of a CLEC pre-order and SBC Ameritech's timestamp placement.

1. The pre-order arrives through SBC Ameritech's firewall at the Interactive Agent (after a process called a "handshake").
2. SBC Ameritech translates the pre-order into EDI format.
3. The translated pre-order is sent to EDI Services.
4. At EDI Services, the pre-order receives an "Receive Time" timestamp.
5. The pre-order sent to and processed by SBC Ameritech's back-end systems.
6. The pre-order is returned to EDI Services and receives an "Response Time" timestamp.
7. The pre-order passes back through the EDI translator.
8. The pre-order is passed to SBC Ameritech's Interactive Agent.
9. SBC Ameritech's Interactive Agent initiates a "handshake" with the CLEC's Interactive Agent.
10. SBC Ameritech completes transmission of the pre-order response to the CLEC.

According to the approved business rules for Performance Measure 2, SBC Ameritech is required to timestamp an inbound pre-order "just inside the Ameritech firewall," which would be at its Interactive Agent (Step 1). However, SBC Ameritech places its inbound timestamp later in the process when the pre-order is received at EDI Services (Step 4).

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Likewise, the approved business rules call for SBC Ameritech to timestamp an outbound pre-order “when Ameritech has completed the transmission of the response to the CLEC” (Step 10). However, SBC Ameritech places its outbound timestamp when the pre-order is returned to EDI Services (Step 6).

Assessment

SBC Ameritech’s placement of the pre-order timestamps understates the actual duration of pre-order transactions as experienced by CLECs and defined in the approved business rules. Additionally, as a result of SBC Ameritech’s placement of inbound and outbound timestamps, KPMG Consulting has concluded that SBC Ameritech is not calculating Performance Measure 2 according to the approved business rules. Consequently, SBC Ameritech is currently misreporting Performance Measure 2 to CLECs and regulatory agencies, which negatively affects these parties’ abilities to accurately assess SBC Ameritech’s service quality and any monies due via remedies.

Version 2: July 1, 2002

The information provided by SBC Ameritech to date does not change the analysis outlined in this Exception. Therefore, the conclusion that SBC Ameritech’s calculation of PM 2 does not follow the published business rules is affirmed.

kpmg Consulting

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|-------------------------|--|----------------|------|--------------|-----------------|
| Exception Report | 113 | Version | 2 | Owner | KPMG Consulting |
| Issued | July 1, 2002 | Test | PMR5 | Role | Test Manager |
| Applicability | Michigan, Illinois, Indiana, Ohio, Wisconsin | | | | |
| Closure Date | September 10, 2002 | | | | |

Ameritech's calculation of Performance Measure 2 ("Percent Responses Received within 'X' Seconds – OSS Interfaces") for January - March 2002 does not follow the approved metrics business rules.

Issue

The approved business rules for Performance Measure 2 ("Percent Responses Received within 'X' Seconds – OSS Interfaces") state that SBC Ameritech's pre-order time measurement should be constructed as follows:

"The clock starts on the date/time when the request is received by Ameritech, and the clock stops on the date/time when Ameritech has completed the transmission of the response to the CLEC. The measurement is taken at the SWBT Ameritech side of the ECN (Electronic Commerce Network). This is just inside the Ameritech firewall."

The following steps describe, in business language, the "flow" of a CLEC pre-order and SBC Ameritech's timestamp placement.

1. The pre-order arrives through SBC Ameritech's firewall at the Interactive Agent (after a process called a "handshake").
2. SBC Ameritech translates the pre-order into EDI format.
3. The translated pre-order is sent to EDI Services.
4. At EDI Services, the pre-order receives an "Receive Time" timestamp.
5. The pre-order sent to and processed by SBC Ameritech's back-end systems.
6. The pre-order is returned to EDI Services and receives an "Response Time" timestamp.
7. The pre-order passes back through the EDI translator.
8. The pre-order is passed to SBC Ameritech's Interactive Agent.
9. SBC Ameritech's Interactive Agent initiates a "handshake" with the CLEC's Interactive Agent.
10. SBC Ameritech completes transmission of the pre-order response to the CLEC.

According to the approved business rules for Performance Measure 2, SBC Ameritech is required to timestamp an inbound pre-order "just inside the Ameritech firewall," which would be at its Interactive Agent (Step 1). However, SBC Ameritech places its inbound timestamp later in the process when the pre-order is received at EDI Services (Step 4).

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Likewise, the approved business rules call for SBC Ameritech to timestamp an outbound pre-order “when Ameritech has completed the transmission of the response to the CLEC” (Step 10). However, SBC Ameritech places its outbound timestamp when the pre-order is returned to EDI Services (Step 6).

Assessment

SBC Ameritech’s placement of the pre-order timestamps understates the actual duration of pre-order transactions as experienced by CLECs and defined in the approved business rules. Additionally, as a result of SBC Ameritech’s placement of inbound and outbound timestamps, KPMG Consulting has concluded that SBC Ameritech is not calculating Performance Measure 2 according to the approved business rules. Consequently, SBC Ameritech is currently misreporting Performance Measure 2 to CLECs and regulatory agencies, which negatively affects these parties’ abilities to accurately assess SBC Ameritech’s service quality and any monies due via remedies.

Version 2: July 1, 2002

The information provided by SBC Ameritech to date does not change the analysis outlined in this Exception. Therefore, the conclusion that SBC Ameritech’s calculation of PM 2 does not follow the published business rules is affirmed.

Disposition

The information provided by SBC Ameritech within its response to Exception Report 113, Version 2 dated August 19, 2002 does not change the analysis outlined in this Exception Report. As there is no further work for KPMG Consulting to perform regarding the issue outlined within Exception Report 113, KPMG Consulting is closing this Exception Report.

This exception report is for discussion purposes only and is subject to change without notice.