

further, SBC relied upon the seriousness of the *Merger Condition* deadlines in support of arguments to the OSS POR Arbitration Panel that CLEC interpretation of the scope of arbitration of disputes was too broad and that individual issues on their merits should be denied to the extent any resolution might enlarge upon SBC's view of the work already committed to be undertaken in the OSS Plan of Record. "SBC cannot be expected to implement changes to those interfaces under the rigorous deadline established in Phase 3 if the parameters of those interface changes have not previously been established. In fact, SBC is subject to liability in the millions of dollars under the Merger Conditions if the OSS interfaces are not implemented within the target date set for Phase 3. . . . [U]nresolved issues must be balanced with the recognition that the more changes to the interfaces and OSS that are mandated, the more difficult it would be for SBC to deliver stable OSS systems that are production ready in the required timeframe (by March 22, 2002)." *Position of SBC Communications Inc. with Respect to Issues Identified by CLECs for Arbitration on Uniform and Enhanced Operational Support System Interfaces*, Dec. 13, 2000, p. 10, 12.

The necessity that SBC meet the prescribed deadlines also has been relied upon to postpone the implementation of CLEC OSS change requests, enhancements that have had to stand in line behind roll out of the OSS POR releases. Those pending CLEC change requests which remain to be approved and scheduled, as well of those assigned to particular future releases, presumably all hang in the balance pending successful introduction of the POR releases.

Impact on CLECs

SBC's position up until several days before implementation that it would meet published release dates aggravated an otherwise difficult situation. Curiously, SBC waited until after the time expired for CLECs to call for a "go/no go" vote before making its announcement about the delay. This timing raises questions as to whether SBC put off disclosing the postponement, hoping a CLEC-driven effort to delay implementation might spare SBC from admitting that the releases were not ready. AT&T, and we presume other CLECs as well, already were in the final stages of preparation for transitions to the new releases by the time SBC made its announcement. As a result, the impact from the delay and its late disclosure extends well beyond the postponement of functionality intended to be delivered with implementation of the LSOG5 releases.

Validity of Release Testing and Ongoing Operational Concerns. Little is known at this juncture about the nature of the problems that SBC detected and that caused the rescheduling to occur. As a result, CLECs have no way of knowing whether the results of joint carrier testing already commenced or completed before the announcement remain valid. Because the problems SBC detected were identified "through further internal and joint testing with CLECs over the past week" (*SBC February 25, 2002 Letter*, p. 1), AT&T has many fundamental concerns. First, it appears that SBC had not completed internal testing prior to commencement of joint carrier testing, which was scheduled to be conducted from December 18, 2001 through February 10, 2002. See, e.g., *SBC Accessible Letter No. CLECCS01-086* ("Final Requirements for the Pre-Ordering LSOG 5 Version of Uniform DataGate"), Nov. 5, 2001. In AT&T's experience, the continuation or resumption of internal testing once the joint carrier testing window is open seriously jeopardizes the purpose and validity of joint testing. Any adjustments made as a result of internal testing would, under sound testing tenets, require that joint testing be re-run. Second,

the extent to which testing results obtained before the announcement of delay are reliable predictors of anticipated production performance is unknown at this point because of the lack of detail as to the problems SBC detected and the fixes or work arounds being implemented. Third, SBC's failure to communicate the nature of problems detected in joint testing is indicative of a broader problem. AT&T has urged and continues to urge that SBC publish to CLECs a complete description of issues detected in release testing and the status or resolution of the issues. Without this information, CLECs whose own test cases have not uncovered the identical problem, but whose operations will nonetheless be negatively impacted by the issue, are left in the dark. The need for SBC to share with CLECs issues that are detected in testing also extends to an equally critical need to distribute to CLECs details of any post-implementation problems encountered by any CLEC when the transition is made to the new releases. In short, SBC's request for extension provides no assurance that these operational concerns will be addressed in conjunction with testing and implementation of the rescheduled releases.

Marketing Impact from Scheduled System Shut Downs. SBC's letter ignores the full range of impacts CLECs experienced as a result of SBC's last minute cancellation of the February release implementation dates. Most significantly, SBC fails to deal with the lost sales opportunities CLECs suffered, losses which might have been avoided had SBC made its announcement earlier. Prior to SBC's announced delay of the releases, AT&T by necessity already had in place an adjusted marketing plan based on the four-day system shut down that SBC had scheduled in order to load the releases. SBC's position that a four-day, rather than the more typical two-day shut down would be needed to transition to the new releases was itself controversial. SBC's late announcement that the implementations would not occur as scheduled left insufficient time to return to a business as usual, full-scale marketing schedule for the impacted time frame from February 23 to 26, 2002. Thus, the rescheduling has multiplied the days over which AT&T customer generation and support capabilities will be curtailed, with no comparable impact on SBC's retail operations. The fact that this impact could have been mitigated had SBC made its announcement earlier underscores the necessity that SBC be required to share with the FCC and CLECs full details as to when the problems were first detected. SBC thus far has provided no information as to when the decision was made internally to postpone the release, and when the problems justifying the delay were discovered.

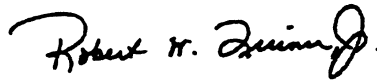
Delayed Delivery of Other Enhancements and Functionalities. As noted above, SBC has relied upon the necessity to meet OSS POR release deadlines to delay the scheduling of requested enhancements outside the scope of the OSS POR. The scheduling of those enhancements, which SBC committed to introduce following implementation of the OSS POR releases, has now been bumped, further delaying the delivery of critical improvements CLECs have been promised additional functionality for too long to allow SBC to introduce yet additional delay without providing any explanation rising to the level of good cause.

Conclusion

The rescheduling which SBC put in place following the grant of its earlier request for extension brought the planned OSS POR release dates in close alignment with the end dates provided in the *Merger Order and Conditions*, increasing the potential that SBC would face serious compliance issues if the release dates were not met. Paragraph 382 of the *Merger Order* specifies that SBC

shall "make voluntary incentive payments to the U.S. Treasury of \$10,000 per business day per state, or up to \$110,000 per day across all 13 states, for a missed target date." SBC has made no showing that would excuse it from payment of those fines called for in the *Merger Order*. As to when such fines should be announced, AT&T urges caution that the timing not create an incentive on SBC's part to implement releases before their quality is assured. To this end, AT&T respectfully requests that the Bureau require SBC to provide information, discussed herein, to determine whether CLECs and their customers will be further negatively impacted once the rescheduled releases are implemented. AT&T further requests that any information SBC provides to the FCC also be shared with CLECs.

Sincerely,

Handwritten signature of Robert H. Quinn in cursive script.

cc: Anthony Dale