

Source Systems Information

As of June 5, 2002, BearingPoint believed it possessed complete SBC Ameritech data flow diagrams for 21 percent of the reported performance metrics. The following is a review of how BearingPoint had worked to secure this necessary information.

BearingPoint held a series of interviews between May 2001 and July 2001 to ascertain SBC Ameritech's source and reporting data reporting systems and other relevant baseline information. Prior to and during each of these meetings, the purpose of the meeting was explained, and a brief description of the information required by each test was provided to the SBC Ameritech participants. In nine out of 24 (38 percent) of these meetings, either the participants did not have the requisite knowledge or those with the requisite knowledge were not present.

Prior to these meetings, SBC Ameritech delivered data flow diagrams intended to describe the flow of data from source to reporting systems. BearingPoint was subsequently informed that these data flow diagrams were not up-to-date. Subsequently, SBC Ameritech delivered more current data flow diagrams in an iterative fashion, completing this process in September 2001. On February 14, 2002 and again on June 7, 2002, SBC Ameritech provided supplemental attachments that altered SBC Ameritech's original response. KPMG Consulting continued to attempt to verify the completeness and accuracy of this information.

"SBC Ameritech's inability to provide timely information regarding performance metrics source systems to KPMG Consulting has resulted in delays in PMR1 (Data Collection and Storage) and PMR4 (Data Integrity) testing. KPMG Consulting cannot complete testing associated with any of the PMR1 evaluation criteria until the source

systems have been definitively identified. KPMG Consulting likewise cannot conduct the CLEC aggregate portion of the PMR4 test until the source systems associated with all data elements in the sample have been identified.” (Attachment “B”, pages 20-21). This delay activity on the part of SBC has further delayed the progress of the testing.

Restatements

Restatements are a critical part of the metrics process. The fact that a restatement has been made means that SBC has discovered a problem with its calculations, its data collection, or the way in which it applies exclusions. Both BearingPoint and Ernst & Young found that the frequency of SBC’s restatements is extremely high and does not appear to be improving. This is direct evidence that the metrics process is broken and continues to be broken. Once SBC has obtained 271 authority, the metrics will be the Commission’s only way to ensure that parity is and continues to be provided. Without a working metrics process, the Commission will not have any gauges on their dashboard on which it can rely to manage SBC. This would be totally unacceptable.

BearingPoint’s “. . . testing efforts have been impeded by the frequency and quantity of SBC Ameritech’s restatements of reported performance metrics results. KPMG Consulting’s analysis indicates that 35 percent of performance metrics have been restated at least once for each reporting month between April 2001 and March 2002. The following changes show the percentage of performance metrics that have been restated one or more times for each reporting month between April 2001 and March 2002.” (Attachment “B”, p. 21).

Percentage of Restated Performance Metrics By Reporting Month

Reporting Month	Performance Metrics Reported	Performance Metrics Changed	Percentage Changed
April 2001	165	61	37 percent
May 2001	165	80	48 percent
June 2001	165	66	40 percent
July 2001	165	59	36 percent
August 2001	151	67	44 percent
September 2001	151	66	44 percent
October 2001	153	98	64 percent
November 2001	153	41	27 percent
December 2001	153	32	21 percent
January 2002	153	40	26 percent
February 2002	153	30	20 percent
March 2002	153	27	18 percent

BearingPoint “. . . is impeded from completing metrics calculation testing if reported metric values are constantly changing. Each instance of restatement causes KPMG Consulting to acquire new data and/or alter its calculation programs and begin replication efforts on the restated metric again. Also, KPMG Consulting cannot complete the CLEC aggregate portion of PMR4 (Data Integrity) without stability in the reported metrics values and their underlying data sets.” (Attachment “B”, pages 21-22). This points to a fundamental weakness in SBC’s systems which has caused SBC to issue a high number of restatements which has further led to the length of the present test.

Also, the testimony in the present docket further shows that the quantity of restatements by SBC has been significant. This indicates that there have been fundamental problems with the SBC systems, and the restatements also slow down the test.

MS. LICHTENBERG: In general, in your experience with a number of companies where you've done the performance metrics audit, does Ameritech restate more, the same, fewer of their performance metrics on an ongoing basis?

MR. ERINGIS: I don't think that we have a precise tabulation but I believe it's been our observation that more restatements have been done in the SBC Ameritech region during the time that we were evaluating than we observed in general with other companies with which we've worked.

* * *

MS. LICHTENBERG: So if I could just summarize that, you can restate as often as you want. In this case the company is restating more than you've seen in some other companies, and it is because there is a higher level of problems or a lower level of controls, or both?

MR. ERINGIS: Well, I think I agree with the first two points. The third point, I think we would say that the level and frequency of restatement activity is correlated with the level of problems that are found or brought to the attention of the company.

MS. LICHTENBERG: O.K. So more restatements, more problems, and vice versa?

MR. ERINGIS: Generally speaking, yes.
(Tr 4891 - 4893)

FUNDAMENTAL WEAKNESS IN THE BEARINGPOINT TEST WHICH NEEDS TO BE CORRECTED

In an attempt to be focused on pointing out only a limited portion of the BearingPoint test which needs to be corrected, WorldCom notes that BearingPoint, for preorder transactions, has not tested to current version of EDI 5.1, but instead tested on version EDI 4.01 and 4.02. For ordering transactions, BearingPoint tested on EDI 4.0 and 4.01 for preordering. Exceptions (and resolutions to exceptions) relate to systems which were tested - which may or may not be the current systems. WorldCom is experiencing many substantive problems building to the SBC-Ameritech version 5. It only makes

sense that BearingPoint should now be testing to that as proper implementation of version 5 is what CLECs now need to effectively place pre-order and order transactions (and this is particularly so with the planned shut down of the version 4 systems). Also, all GUI testing was on a GUI that no longer exists so all results for this portion of the testing are meaningless. Since many CLECs use the GUI almost exclusively, the on-going problems and outages of the untested GUI have been customer impacting.

COMMENTS ON SBC'S SEPTEMBER 5, 2002, FILING

SBC in its September 5, 2002 filing (the "SBC September Filing") addresses three basic issues: the Commission requirements for obtaining a favorable review on a 271 filing, the level of local competition, and OSS testing. Each of these issues are addressed in this section.

The Requirements of this Commission for a Favorable 271 Review

In its listing of what it must take to obtain a favorable 271 review from this Commission, SBC did not include at least two other issues. First, as set forth in the Commission's orders in Case No. U-11830 of May 27, 1999 (at page 11) and of April 17, 2002 (at page 15), SBC must have an annual audit of its performance remedy payments. SBC has failed to even start any process to set forth the scope of any such audit. The necessity of that this annual audit begin promptly was set forth in the April 1, 2002 joint CLEC comments filed in Case No. U-11830. It would make no sense to state that an appropriate performance remedy plan is in place if there has been no review to show that the proper payments being paid under that plan are correct. SBC has no excuse for ignoring the Commission's orders regarding the necessity of the annual remedy payment audit in this regard, and SBC should not be rewarded with a favorable 271 finding where

SBC has ignored these pertinent Commission orders which impact the opening of the local market to competition.

Additionally, the CNAM download issues have not yet been resolved. This issues were certainly made part of the 271 review in the December 2001 order in this matter. Numerous issues are still pending regarding the CNAM download issue as set forth in WorldCom's April 12, 2002, filing in this matter on the CNAM download issues. This April 12, 2002, filing demonstrates the unlawful restrictions which SBC places on the CNAM download.

The Level of Local Competition

The number of local CLEC customers is but one factor to be considered in determining whether the market is open to local competition.⁵ As stated by the FCC, to obtain authorization to provide in-region, interLATA services under section 271, where the BOC claims (as in the case here) compliance with the competitive checklist, it must have "fully implemented the competitive checklist" and that approval is "consistent with the public interest, convenience, and necessity". (New York 271 order, par. 18). Pertinent issues are whether CLEC's are being discriminated against or being treated below benchmark levels in providing service to local customers. If SBC has failed to demonstrate that it accurately measures its performance, then it has not carried its burden of proof to show that it is providing an acceptable level of service. Further, as set forth in other filings in this matter, even if the SBC performance numbers are accurate, these show that SBC is not providing access that is "substantially the same" in terms of quality, accuracy, and timeliness (or, where there is no retail analogue "sufficient to allow an

⁵ The Commission, in assessing the number of CLEC customers should use the Staff's reported numbers or the numbers from the FCC, not the numbers which SBC makes up.

efficient competitor a meaningful opportunity to compete”). These factors go the heart of the present BearingPoint test.

In addition to performance measurement issues, as set forth above SBC has defiantly failed to implement appropriate policies and systems with respect to line splitting. SBC profits by making it so that a significant segment of its voice customers are 75% more likely not to be able to exercise their choice in a local voice provider. SBC has not opened the market to local competition.

In summary, while CLECs have made progress in bringing some measure of competition to Michigan consumers, this progress has been fraught with problems (including missing line losses, incorrect provisioning of orders, delayed orders, and incorrect billing). CLECs have had to address these problems internally through inefficient and manual processes because SBC continues to be unwilling to correct its manual processes and deficient systems, and this prevents the Michigan market from being appropriately opened to competition.

OSS Testing

SBC states that the Ernst & Young report would show that it has accurate performance measurements and that SBC would produce three months of data showing non-discriminatory service to CLECs. These assertions were addressed and shown to be false in the November 5, 2002, filings by WorldCom and other CLECs.

Despite SBC’s other arguments, the BearingPoint test has not been successfully completed for all material areas. As set forth in BearingPoint’s October 30, 2002, Report (the “BearingPoint October 30 Report”), for Performance Measurements Reporting (PMR), SBC has only satisfied 30 of the applicable 274 criteria. For Processes and Procedures Review (PPR), SBC has satisfied 299 of the 303 applicable criteria. For

Transaction Verification and Validation (TVV), SBC has satisfied 166 of the 195 applicable criteria.

When this is broken down by domain (and excluding the 303 PMR evaluation criteria since the PMR criteria span all functional domains) for Pre-Ordering/Ordering, SBC has satisfied only 87 of the 105 applicable criteria. For Provisioning, SBC has satisfied 78 of the 84 applicable criteria. For Billing, SBC has satisfied 93 of the 95 applicable criteria. For Maintenance and Repair, SBC has satisfied 76 of the 81 applicable criteria. For Relationship Management, SBC has satisfied 131 of the 133 applicable criteria.

In certain areas where BearingPoint has closed an exception, this does not mean that SBC has successfully addressed the exception. For example, Exception 113 is addressed on page 25 of the SBC September Filing and this exception has now been closed by BearingPoint. But the disposition report for this exception (attached as Attachment "C") shows that it was only closed because of an impasse to testing where SBC stonewalled the process and refused to comply with making necessary changes to its systems. Additionally, SBC stonewalled BearingPoint on Exception 112 (see, attachment "D") and this shows that this was only closed because SBC failed to work further with BearingPoint so as to allow SBC to pass this portion of the test. SBC is has also stonewalled BearingPoint on Exception 49 (see, attachment "E") and this shows that this was only closed because SBC failed to work further with BearingPoint so as to allow SBC to pass this portion of the test. Additionally, SBC stonewalled BearingPoint on Exception 111 (see, attachment "F") and this shows that this was only closed because SBC failed to work further with BearingPoint so as to allow SBC to pass this portion of the test.

Exception 49 is particularly important, because it again points to problems caused by SBC's continued errors in handling electronically submitted orders that fall to manual in its work centers. Rather than correct these problems, SBC continues to point to vague plans to "retrain" its staff and provide still more manual checklists and touch points to attempt to use sheer muscle to fix systems problems, but this approach has not provided a solution.

BearingPoint has also made it clear in the workshops that all exceptions are material.

MR. ERINGIS: All of the things that are noted as exceptions to us we believe are material. So with respect to any specific issue that is cited in an exception, in general if something remains unresolved it would either be -- unless it was addressed in some other fashion, we think it would be a problem in some respect going forward. Either the Commission wouldn't be able to rely on the performance measures in this case in a way that it was intended or there would be some other adverse impact to some degree. (Tr 4905)

Thus, where an exception is still open, or has been closed because of SBC stonewalling, there are material issues which must be resolved and SBC must successfully pass these portions of the test.

While exception 112 was closed by virtue of the SBC stonewalling as set forth above, SBC is incorrect when it states in the SBC September Filing at page 25 addressing this exception that "KPMG acknowledges that its timestamp is taken in a different place than provided for in PM2." At the workshops, KPMG stated as follows:

MS. LICHTENBERG: Thank you. That was the question I was asking.

And the reason for the stalemate, can you help me understand and have you agreed that you are looking at the time stamp in the wrong place? Or are you at stalemate on this one?

MR. ERINGIS: Well, let me describe what I think you're referring to when you use the term "stalemate." There has been a

pretty-well-documented difference of opinion on the interpretation of the business rule. There has also been a related issue that was brought up during the course of testing that had to do with whether the way that we were actually capturing the data and in fact using that data to then measure against the benchmark of performance, whether that was something that was in fact appropriate.

So the place where I think you -- if you want to call it a stalemate, that there is a stalemate, we stand by our position that our test was relevant and an appropriate way to measure for the purposes of this test. SBC I think maintains a different position on that. And we thought that the interpretation of the business rule that SBC had applied was inconsistent with the one that was documented, and SBC has noted that it thought it was doing something that was consistent with the business rule.

So on those two questions, I think there was a different interpretation and there was a different assessment of appropriateness.

MR. DENNISTON: So, Robert, just to follow up then, you would disagree with the -- John, I'm sorry.

You would disagree with the statement, then, in the SBC September 5 filing where it says KPMG acknowledges that the time stamp was taken at a different place than that provided for in MP 2, you would disagree with that statement, correct?

MR. ERINGIS: Well, yes. I think we would -- we wouldn't disagree that PM 2 as designed is measuring a different thing. PM 2 is -- our interpretation of business rules is that the time stamps are internal time stamps to SBC, whereas the measurements that we're taking are outside. So we don't disagree that, yes, the time that we were using in order to report our result was based on data that was not exactly what was in PM 2. That is a true statement.

We did say that we thought it was an appropriate measure, that it was informative, and that it did tell you something about what the experience was. (Tr 5326-5328)

Accordingly, for the open exceptions (as well as those which have been closed due to SBC stonewalling as set forth above), there are clearly material deviations from what it takes to appropriately open the market to competition. These material exceptions cause problems for consumers and force CLECs to develop their own manual and

systems workarounds to compensate for internal SBC problems. This is not the definition of a “level playing field.”

PMR Exceptions 19 and 20 (referred to in the SBC September Filing at pages 39-40), as of October 28, 2002, were still open. Additionally, Exceptions 41, 47, and 133 (referred to in the SBC September Filing at pages 40-42), as of October 28, 2002, were still open. Short summaries of these open PMR exceptions are as follows:

Exception 19 - SBC’s data retention policies regarding source data do not enable thorough and complete audits to be conducted or facilitate the resolution of potential disputes which may arise between the CLECs, SBC and the regulatory agencies regarding the correct reporting of performance measurement results.

Exception 20 - The procedures and controls SBC has in place for performance measurement calculation and reporting are inadequate.

Exception 41 - SBC’s metrics change management process does not require the identification of changes to source data systems that impact metrics reporting and the communication of those changes to relevant parties.

Exception 47 - Several SBC Performance Measurement reporting systems lack the controls and edits to ensure that data is received and successfully loaded into these Performance Measurement reporting systems.

Exception 133 - SBC does not have adequately defined procedures or tools to test changes to calculation programs, processes and systems involved in the production and reporting of performance metrics.

SBC (at pages 38-43 the SBC September Filing which discuss the open PMR exceptions) fails to mention the following PMR exceptions which are still open: 134, 169, 174, 175, and 176. Short summaries of these exceptions are as follows:

Exception 134 concerns the issue where SBC Ameritech incorrectly populated the product name field in the Regulatory Reporting System (RRS). The product name is populated as “UNKNOWN” for as many as 29,662 records in the January 2002 RRS “install_hicap_substrate_detail” table. This table supports the reporting of 29 performance measures, all of which may have been affected by this error.

Exception 169 concerns the issue of SBC Ameritech missing the January, February, and March 2002 performance metrics data for eleven percent of the transactions requested by BearingPoint. These performance metrics data are used in the calculation of the ten Ordering Performance Measurements.

Exception 174 is the issue of SBC Ameritech using incorrect data in the calculation of Performance Measurement MI 11 (Average Interface Outage Notification).

Exception 175 is the issue of SBC Ameritech using incorrect data in its calculation of Performance Measurements 114 and 115 for the months of January through June 2002.

Exception 176 is the issue of SBC Ameritech’s March 2002 performance measurement data missing daily usage feed (DUF) records used in the calculation of Performance Measure 19 (“Daily Usage Feed Timeliness”).

For the TVV or PPR Exceptions the SBC September Filing at pages 21-34 references the following exceptions which as of October 28, 2002 (per the BearingPoint web site) are still open: 29, 30, 33, 44, 48, 52, 97, 116, 115, 119, and 131. Exception 74 (referenced in the SBC September Filing at page 28) addressed line losses, and although this exception has been closed, there are still problems with line losses as set forth in the section below. Short summaries of these open TVV or PPR exceptions are as follows:

Exception 29 - The Test CLEC received late Mechanized Completion Responses from Ameritech EDI Systems.

Exception 30 - SBC EDI systems returned an unacceptable level of late Mechanized Reject Responses.

Exception 33 - BearingPoint has observed instances where Ameritech has failed to accurately update the Customer Service Inquiry (CSI) records.

Exception 44 - SBC's WebLEX GUI system returned late Non-Mechanized Reject responses for electronically submitted, manually processed orders.

Exception 48 - SBC EDI systems returned late Non-Mechanized Reject responses for orders.

Exception 52 - BearingPoint has observed instances of incorrect updates to Ameritech's directory assistance database.

Exception 97 - SBC EDI systems returned late manually-processed Unbundled Network Elements (UNE) xDSL Capable Loop Firm Order Confirmations (FOC) for electronically submitted orders.

Exception 115 - SBC has not met accuracy of repair benchmarks on end-to-end trouble faults.

Exception 116 - SBC Ameritech returned late manual reject responses to orders submitted by the Test CLEC.

Exception 119 - SBC Ameritech does not follow a systematic process for verifying the accuracy and ensuring proper formatting of bills produced by the Carrier Access Billing System (CABS).

Exception 131 - SBC Ameritech has not met accuracy of close out coding benchmarks on end to-end trouble faults.

Also, the SBC September Filing fails to mention Exception 171 which is also open per the BearingPoint web page as of October 28, 2002. (This exception was opened on September 11, 2002, after the SBC September Filing). Exception 171 addresses the issue of SBC EDI and WebLEX GUI systems returning late Order Status- Provisioning Query (POSQ) pre-order responses.

In short, SBC still needs to make significant progress in its OSS and performance measurement testing in order to obtain 271 approval.

NOVEMBER 2002 LINE LOSS UPDATE

During the line loss workshop in March 2002, SBC committed to work with interested CLECs to reconcile customer balances due to the significant errors in the SBC line loss process. SBC agreed to review its databases (including MOR, ACIS, and the actual switch provisioning records) to determine which customers belonged to which CLECs. This reconciliation process was necessitated by SBC's numerous software, hardware and manual errors uncovered at SBC that resulted in missing line loss notifications, line loss notifications sent in error and discrepancies between SBC's internal data bases.

Some progress has been made on the reconciliation of the WorldCom database with the corresponding SBC database showing which lines belong to WorldCom, but further work remains to be done. This section updates the Commission as to certain developments since the WorldCom October 7, 2002, filing on the line loss issue. After meeting with SBC, WorldCom has discovered that it will need to remove 8,160 lines (1,642 of which are in Michigan) from its internal database because SBC failed to send a line loss for these accounts. Prior to the reconciliation effort, WorldCom continued to bill

these customers because WorldCom had not received a line loss from SBC. Additionally, WorldCom will need to reactivate billing to end users for 1,521 lines (781 in Michigan) for which SBC had previously erroneously submitted a line loss. These customers have not been billed since the erroneous line loss was received and may have had problems in obtaining service and support, since WorldCom's records (based on SBC's line loss transactions) showed that the customer had left WorldCom for another carrier.

After this reconciliation is complete, WorldCom will request a second snapshot from SBC for lines in the Ameritech region as of November 30, 2002. WorldCom will again compare this snapshot to what the WorldCom records show regarding which lines should be WorldCom lines as of that date. We are hopeful that the discrepancies found in the second round of reconciliation will be minimal, restoring our faith in the line loss process. Given the on-going problems with the line loss process, this hope may prove to be false.

Despite SBC's protestations that they have corrected the line loss issues found by KPMG and CLECs in Michigan, this problem continues to recur. On November 12 and 13, SBC transmitted Accessible Letters CLECAM02-122 and -123 to CLECs (together, Attachment "H") stating that SBC had found still another problem with their line loss process. As a result of an unannounced change to the SBC systems, CLECs began to receive line losses with no effective date. While the letters state that "As a result of the software release implemented November 9, 2002, errors have been noted on EDI 836 LLNs sent to the few customers using the EDI version 5.02", they also state that *all* CLECs using LSOG 4 were impacted by this problem for all line losses. The majority of CLECs in the SBC-Ameritech region are using LSOG 4, so this problem is much bigger than SBC suggests in its notification. Interestingly, this problem was reported to CLECs

only after WorldCom contacted its Account Team at SBC to inform them that several transactions had been sent to WorldCom with missing information. Clearly, despite its protestations otherwise, SBC continues to be unable to correct its line loss problems or to proactively monitor the process and notify CLECs of problems until thousands of customers are impacted.

Negotiations with SBC as to a monetary settlement have resumed. We will advise the Commission if the parties reach resolution on this monetary issue.

WorldCom also needs to respond to certain matters set forth in SBC's October 24, 2002, response to WorldCom's October 7, 2002, Line Loss filing. First, the tone of the SBC filing is troubling. On this issue, one would expect SBC to set forth a somewhat conciliatory or contrite tone, instead of the blustery and arrogant approach apparent in its filing. For example, on the issue of the 14,000 missing line losses, SBC ignores the underhanded method it tried to use to sneak the late line losses to WorldCom. WorldCom's October filing actually attempted to go somewhat easy on SBC and intentionally omitted the fact that after WorldCom noticed a drop off in line losses followed by a spike in line losses it contacted its account team at SBC and inquired as to whether there was a problem with line losses. The SBC account team responded that there was no issue that they were aware of, even though in fact (and now in hindsight to WorldCom) SBC was already aware of the problem and was already sending the past due line losses (the recoveries) without giving any notification to WorldCom.

SBC's statement that its systems are fine and that it gave appropriate notice to CLECs is the type of arrogant argument which this Commission should not tolerate. Timely notification to CLECs must be defined as notification to CLECs as soon as the problem is identified and before the recovery files are sent. Not only did SBC fail to

inform CLECs of the problem of the 14,000 missing line losses until BearingPoint raised it as an exception, but SBC apparently did not even inform the SBC Account Team for WorldCom, which caused the account team to give WorldCom false information that there was no line loss problem even after SBC had admitted in response to the BearingPoint exception that there was a problem.

CLECs need a heads up before any recoveries are sent so that CLECs can monitor and control the volume of line losses received and the internal posting of these losses. Most importantly, however, SBC should proactively monitor its own processes (particularly those that have caused problems in the past) to ensure that they continue to work and that CLECs are immediately informed of any problems. Clearly, despite the on-going line loss discussions, SBC fails to do this.

SBC also states that the delayed line loss notifications will be “properly reflected” (SBC October 24 filing, p. 3) or “reflected appropriately” (last page of Attachment “A” to the SBC October 24 filing), but SBC fails to describe exactly how or when these late line losses will be reported. Given the questions about SBC’s “interpretations” of the metrics business rules (and BearingPoint’s inability to replicate metrics) SBC’s definition of “proper” or “appropriate” may well differ from proper calculation of these metrics.

COMMENTS ON THE SBC PROPOSED POST-271 COMPLIANCE PLAN

As set forth above, there are a large number of Michigan open exceptions and observations, with 29 exceptions which have not been closed (out of a total of 92 Michigan exceptions which have been issued) and 72 observations which have not been closed (out of a total of 487 Michigan observations which have been issued). Out of all of these adverse findings from BearingPoint, SBC in its compliance plan seeks to address

only 2 exceptions. Further, even if its proposed compliance plan would have addressed other exceptions or observations, the entire approach in the compliance plan is wrong.

A fundamental premise of the third party testing in this matter as demonstrated in the Master Test Plan is the military style “test until you pass approach.” A fundamental goal with this type of testing is to allow SBC to pass and to recognize that it has passed as soon as it passes. This is designed to help expedite resolution to problems with the SBC systems and to attain this resolution prior to the time that SBC is granted Section 271 authorization. The promise of 271 approval is supposed to be the motivation for SBC to actively pursue successful completion of the third party test. However, as shown above, SBC has previously been an impediment to the testing process in this matter and this delay set back the clock on SBC’s progress and is why there are still so many unresolved issues. If SBC has not been steadily motivated to pass the third party test prior to obtaining Section 271 approval, then SBC would have even less of an incentive to pass any sort of rigorous testing after Section 271 approval would be granted. It would clearly be perverse to reward SBC with Section 271 approval where it has still not complied with multiple open exceptions and observations.

If any sort of compliance plan is to be considered, it should be worked out as part of a collaborative in this matter, and the development of the compliance plan should be an open process such as that used to develop the Master Test Plan. The collaborative should work out the details on what should be tested, under what standard the testing should be done, who should do the testing, and what consequences or incentive payments would be due if testing is not passed by a certain point in time. The “secret” compliance process that SBC has proposed provides CLECs with no confidence that problems will even be addressed, let alone resolved.

It would be important that the “attestation” standard which SBC has proposed here not be used. First, the “attestation” standard is not clearly defined, and does not refer to any sort of auditor or consulting standard. Second, the last time that SBC for Michigan retained an organization to use an “attestation” standard of review in this matter was for the review conducted by Ernst & Young. As detailed by the empirical analysis set forth in WorldCom’s November 5, 2002, submission in this matter, an Ernst & Young type of attestation is fundamentally flawed as it takes an Ernst & Young type of “attestation” review up to two years or more to spot issues, and it still misses a large number of issues over this time frame, and this type of “attestation” review even ignores publicly available information showing non-compliance. This Commission should expect more from a compliance audit, and the customers in this state and CLECs serving this state need a substantially more thorough review which actually finds the problems and fixes problems.

The company which SBC has chosen for this, H-P, is a technology company, not an audit or consulting company. Further, it has a demonstrably poor track record of doing its review in Texas, including refusing to follow Commission directives and apparently changing the report (apparently to the benefit of SBC) at the request of SBC. While H-P has been successful at sending transactions to SBC during the SBC 3rd party test, they did so at the request of and under the direction of BearingPoint. They do not have the expertise or the experience to monitor the compliance that SBC promises at some vague date and time. It is WorldCom’s understanding that AT&T will likely be addressing these problems in more detail in its comments in this matter.

CONCLUSION

SBC is closer now to completing the BearingPoint test, but still probably a few months away as long as it continues to be properly motivated to finish the test before being rewarded with 271. Giving SBC the reward first would only prolong the time period before they have sufficiently passed the test. SBC should finish its meal before it gets desert. Any delays in SBC progressing in the test are a direct result of the impediments and constraints which SBC has imposed on the testing process.

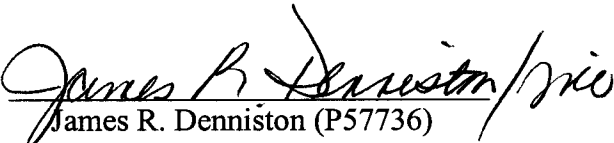
Given that SBC has defiantly refused to follow the October Order with respect to line splitting, for this reason alone SBC's request for a positive 271 review must be denied. But, independently of the line splitting issues, the BearingPoint testing should continue and SBC should be ordered to successfully complete the testing, including successfully completing all exceptions (including those which have previously been closed out due to SBC's stonewalling of the process) and should test SBC's LSOG 5 GUI and LSOG 5.1 EDI systems.

SBC's post-271 compliance plan must be rejected. The Commission should order collaboratives, with dispute resolution, on the issues of line splitting and on the post-271 compliance plan. SBC still must resolve the line loss notification issues.

In support of the facts set forth herein, WorldCom attaches the affidavit of Sherry Lichtenberg as Attachment "T".

Respectfully submitted,

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