

September 5, 2002

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Via Hand Delivery

Dorothy Wideman
Executive Secretary
Michigan Public Service Commission
6545 Mercantile Way
Lansing, MI 48909

**Re: In the matter, on the Commission's own motion, to consider Ameritech Michigan's compliance with the competitive checklist in Section 271 of the federal Telecommunications Act of 1996.
Case No. U-12320**

Dear Ms. Wideman:

Please find enclosed for filing the original and 15 copies *SBC's Request For Commission To Direct KPMG Consulting To Issue A Draft Final Report And To Schedule The Review Process Of Such Report and Proof of Service.*

If you should have any questions, please contact me. Thank you.

Very truly yours,



William J. Champion III

WJC/mds
Enclosures
cc: Parties of Record

C o u n s e l l o r s A t L a w

DETROIT BLOOMFIELD HILLS LANSING GRAND RAPIDS ANN ARBOR
WASHINGTON, D. C.

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's own motion,)
to consider Ameritech Michigan's compliance)
with the competitive checklist in Section 271 of) Case No. U-12320
the federal Telecommunications Act of 1996.)
_____)

PROOF OF SERVICE

STATE OF MICHIGAN)
) ss.
COUNTY OF INGHAM)

Mindy D. Smith, being first duly sworn, deposes and says she is employed at Dickinson Wright PLLC; and that on September 5, 2002, she served a copy of SBC's Request For Commission To Direct KPMG Consulting To Issue A Draft Final Report And To Schedule The Review Process Of Such Report upon the attached service list via email and first class mail by depositing the same in a United States postal depository, enclosed in an envelope, bearing postage fully prepaid in Lansing, Michigan.

Mindy D. Smith (handwritten signature)

Mindy D. Smith

Subscribed and sworn to before me,
a Notary Public in and for said County,
this 5th day of September, 2002.

Deann Baillargeon (handwritten signature)

Deann Baillargeon, Notary Public
Ingham County, Michigan
My Commission Expires: 2/16/03

SERVICE LIST – MPSC CASE NO. U-12320

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STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's own motion,)
to consider Ameritech Michigan's compliance)
with the competitive checklist in Section 271 of) Case No. U-12320
the federal Telecommunications Act of 1996.)
_____)

**REQUEST FOR COMMISSION TO DIRECT KPMG CONSULTING TO
ISSUE A DRAFT FINAL REPORT AND TO SCHEDULE THE
REVIEW PROCESS OF SUCH REPORT**

On July 30, 2002, Michigan Bell Telephone Company, d/b/a SBC Ameritech Michigan ("SBC"), filed a Notice of Intent ("July 30th Notice") with the Michigan Public Service Commission ("MPSC" or "Commission") to request a draft final KPMG Consulting ("KPMG") test report with respect to all portions of its Michigan Operations Support System ("OSS") test. SBC further informed the parties in its July 30th Notice that it would also request that a schedule be established for review of KPMG's OSS test results pursuant to the process agreed to by the parties on July 30, 2001, and subsequently approved by the Commission in its December 20, 2001 Opinion and Order.

Consistent with its July 30th Notice, SBC hereby requests the Commission or its Staff to direct KPMG to issue a draft final report with respect to all aspects of its Michigan OSS test. It is SBC's understanding that KPMG could prepare a draft report in approximately two weeks, or by September 20, 2002. Accordingly, SBC further requests that the Commission or Staff schedule the review process of KPMG's OSS test results for October 7 to 10, 2002.

I. BACKGROUND AND EXECUTIVE SUMMARY

Over two and one half years ago, the Commission opened this Section 271 investigation and established specific requirements and detailed procedures for the Commission's review of SBC's compliance with the competitive checklist in the federal Telecommunications Act of 1996. (See, February 9, 2000 Opinion and Order, "February 9 Order".) The purpose of the Commission's review in this proceeding is to fulfill its obligation to consult with the Federal Communications Commission ("FCC") pursuant to Section 271(d)(2)(B) of the federal Act when SBC files a Section 271 application at the FCC. SBC expects to file its application at the FCC later this year.¹

SBC has fully satisfied all of the requirements established by the Commission's February 9 Order, with only two remaining items to be reviewed by the Commission: third party OSS testing results and three months of actual performance results. SBC seeks the opportunity to demonstrate that it meets all Section 271 requirements and that the local market in Michigan is open to competition.

In fact, since the Commission opened this proceeding, local competition in Michigan has increased dramatically. According to SBC data, at the end of the year 2000, CLECs served about 820,000 lines, or 13% of the access lines in SBC's service area in Michigan. As of June 2002, CLECs have more than doubled their market entry to over 1,750,000 lines, or 28% market coverage. The level of CLEC entry in Michigan far exceeds that in any one of the 15 applications that the FCC has granted under section 271.

¹ See "SBC Ameritech Michigan's Supplemental Notice of Intent to File Application Under Section 271 of the Telecommunications Act of 1996," filed in this docket on July 30, 2002 indicating it planned to file at the FCC in the fourth quarter of this year.

The conclusion is clear. The time has come to bring full telecommunications competition, and its undisputed benefits, to Michigan businesses and consumers. CLECs are offering and actively promoting “one stop” calling plans that bundle local, toll, and long-distance service. SBC seeks the opportunity to do the same. SBC is confident that in early 2003, Michigan consumers will see the benefits of even more robust competition for both local and long distance services. SBC’s long distance entry could save Michigan consumers over \$1 billion in long-distance and toll charges.² Every day of delay is another day Michigan businesses and consumers pay more for long distance service than they should, and another day they are deprived of competitive choices they should otherwise enjoy.

Accordingly, based on the significant progress made in this case, this Request for a KPMG draft report, and to schedule the collaborative review process of that report, is timely and appropriate. In anticipation of the CLECs predictable refrain that this Request is premature and that testing should go on for years and years to come, SBC provides the Commission with a detailed description of why the time is ripe to evaluate KPMG’s findings, and bring this investigation to closure by the end of this year.

This Request is organized as follows:

First, we summarize the status of the Commission’s February 9 Order, and the two remaining items that require Commission review in this case: third party testing and actual performance results.

Second, we detail the significant local competitive entry, and the resulting commercial volumes supported by SBC’s OSS in Michigan. As the FCC has consistently held, the “best

² See TeleNomic Research, LLC’s January 26, 2001 Long Distance Study, estimating long distance savings for interstate and intrastate interLATA calling.

evidence” of operational readiness are commercial volumes and results based on actual CLEC use of the OSS under review.

Third, we summarize the FCC’s Section 271 analytical framework and the applicable legal standards regarding access to OSS, and the use of third party testing. The Commission’s review of SBC’s OSS and its review of KPMG’s report and test conclusions must be assessed based on these Section 271 legal standards.

Fourth, we provide a detailed overview of the current status of KPMG’s testing status in Michigan. We address each of the six business processes that KPMG is evaluating: Relationship Management and Infrastructure, Pre-Order/Order, Provisioning, Maintenance and Repair, Billing and Performance Metrics. For each of these six test areas we summarize current status, open exceptions in retesting, open exceptions where further retesting is not required, and the current status of open observations, none of which are significant or material, for that test area. This detailed analysis clearly demonstrates that SBC’s request for a draft final report at this time is appropriate.

Finally, after discussing current test status, we describe a compliance process for items that the Commission may determine require future enhancements or monitoring.

II. STATUS OF COMPLIANCE WITH FEBRUARY 9 ORDER

To put this near-final step of a long and detailed process in context, SBC has fully satisfied all but two of the requirements established by the Commission’s February 9 Order. (See Attachment A.). The only two items remaining to be reviewed by the Commission are: 1) third party OSS testing results and 2) three months of actual performance results. That remaining

review will further demonstrate that SBC meets all Section 271 requirements and, as a result, SBC's local market in Michigan is wide open to competition.

A. OSS Testing

The first of the two remaining items to be reviewed in this case deals with KPMG's third party OSS testing. (See February 9 Order, at ¶ 9.) Portions of KPMG's testing are still on-going, but as described in detail in this Request, this is an appropriate time for the Commission to review the significant OSS testing results that have been completed to date.³

KPMG began active testing activities for the State of Michigan in January 2001. Their OSS Evaluation Project included three major components: a Processes and Procedures Review (PPR) test; a Transaction Verification and Validation (TVV) test; and a Performance Metrics Audit Review (PMR). KPMG's PPR testing is complete at this time. KPMG has substantially completed all material aspects of the TVV testing; any remaining open issues should not delay the 271 review process in Michigan, including the issuance of a draft report at this time. In other words, even if each of the individual open TVV issues were found to be "not satisfied" or "inconclusive" by KPMG, the evidence as a whole will show that SBC's OSS interfaces meet the legal standards established by the FCC. With regard to the PMR, SBC has provided to KPMG all the documentation and information that KPMG needs to complete its evaluation for PMR-1

³ In a July 16, 2002 letter to the Collaborative, the Commission advised the parties that SBC may request a report from KPMG prior to the completion of all testing, and that SBC may request the Commission to commence the final phase of review in this proceeding based on that report. The Commission stated: "We have advised Ameritech that it may request such a report but that we cannot at this time reach any conclusion as to its sufficiency for any affirmative S271 recommendation and it retains the responsibility of justifying to the PSC/FCC compliance with S271..."

(Data Collection and Storage), PMR-2 (Metrics Definitions and Standards Development and Documentation), and PMR-3 (Metrics Change Management). KPMG is in the process of validating this documentation. Although there is steady progress for the two remaining portions, PMR-4 (Metrics Data Integrity) and PMR-5 (Metrics Calculations and Reporting), SBC does not expect that KPMG will complete these sections of review in the near term. However, as discussed in Section B below, that on-going work should not delay the 271 process in Michigan, including the issuance of a report as requested.

As this Request demonstrates, SBC, KPMG, and Hewlett Packard Consulting (“HPC”), with the assistance of the Commission Staff, have successfully engaged in one of the most comprehensive OSS tests in the nation, with full CLEC participation. For its part, SBC has expended tens of millions of dollars, has provided thousands of pages of documentation and has made its employees available for hundreds of interviews on all aspects of its wholesale operational processes and systems. During the course of KPMG testing, SBC responded to over 500 Observations and Exceptions involving Michigan, generally with system, process and/or documentation enhancements.

In addition to this comprehensive third party test, the Commission’s review of SBC’s OSS has the benefit of assessing significant commercial OSS volumes in Michigan. These real world marketplace “test results,” which are the best evidence of compliance with Section 271 requirements, conclusively demonstrate that SBC’s OSS are working at exceptional levels, and supporting significant commercial volumes in Michigan. As noted above, during the course of KPMG’s testing, CLECs operating in Michigan have dramatically increased their level of competitive entry and activity. For example, during the average business day in June 2002, SBC’s wholesale systems successfully processed more than 86,700 pre-orders, and 27,300 orders

on behalf of competitors each and every single business day on a regional basis, and 18,300 and 10,300, respectively for Michigan CLECs. These commercial volumes simply would not be possible if SBC's OSS were not available and operationally ready.

SBC's operational readiness is further demonstrated by AT&T's local entry in Michigan. When AT&T announced on June 11, 2001 that it had plans to enter Michigan's local phone market, AT&T said it could not provide an actual entry date until it first evaluated "the quality of Ameritech's back-office systems." AT&T was uncertain of SBC's OSS performance, it said, and "would not enter on a large scale until it can assure customers that Ameritech's systems will allow customer data to be exchanged quickly and accurately." Based on its own evaluation of SBC's OSS performance, AT&T announced on February 13, 2002 that it was entering the local market full scale. According to AT&T, it won more than 100,000 customers in just three months after entering Michigan's residential local phone service market in February. AT&T's commercial success in the marketplace, which speaks far louder than any of its regulatory rhetoric, is compelling evidence as to the availability and operational readiness of SBC's OSS. (See AT&T Press releases dated June 11, 2001, February 13, 2002 and June 11, 2002.)

B. Actual Performance Results

The final remaining item for Commission review, prior to SBC filing a Section 271 application at the FCC, is an evaluation by the Commission of actual performance results to verify SBC's compliance with the performance standards required by the Commission's orders in Case No. U-11830. (See February 9 Order, at ¶ 13.) Although KPMG's performance metric review is not complete, and may not be complete for some time, the Section 271 review process established in this case can, and should, proceed as KPMG continues its metrics review. The

status of each of KPMG's metrics tests is described below, but it is important to place that review in proper context for the purposes of this case. The remaining portions of KPMG's metric review have no material impact on competitive entry and, therefore, can proceed on a separate track. SBC plans to demonstrate in a subsequent filing (planned for this October) that its performance results are nondiscriminatory, accurate and reliable. Accordingly, SBC expects to update the record in this case with three consecutive months of actual performance results in October of this year. SBC also intends to supplement the record at that time with an independent third party audit from Ernst & Young that will address SBC's compliance with the Commission's approved performance measures business rules, and SBC's performance measurement reporting systems and controls.⁴ That is, the Ernst & Young audit report will provide an assessment to the Commission and interested parties on the reliability of SBC's reported performance measures results.

III. COMPETITIVE ENTRY AND COMMERCIAL USAGE IN MICHIGAN

When the Commission initiated this case in February 2000, the competitive telecommunications landscape in Michigan was much different from what it is today. In February 2000, SBC provided: 69,000 unbundled loops, and 145,000 resold lines.

According to SBC's estimates, competitors' access lines have increased 114% in the 18-month period between the end of 2000, when KPMG's OSS testing in Michigan began in earnest, and the end of the second quarter of 2002. As of June 2002, SBC provided over 750,000

⁴ See "SBC Ameritech's Notice of Intent to Supplement the Record," filed in this case on July 30, 2002. SBC's plan with respect to submitting three months of actual performance results was discussed at an industry collaborative on August 21, 2002.

UNE-P combinations to over 30 CLECs, of which almost 638,000 were for residential customers; SBC provided over 181,000 unbundled loops; and resold lines in service have decreased to about 75,000, reflecting the increasing reliance on UNE-P. For example, in the first half of 2002, the majority of CLEC competition in Michigan came through an increase in UNE-P lines, which grew at a rate of 78%. As of June 2002, competitors serve an estimated 1,750,000 access lines, or 28% of the access lines in SBC's service area in Michigan. In fact, based on CLEC market share, there is more local competition in Michigan than in almost any other state at the time in which the other 271 approved states were granted long distance relief. See the table below.

CLEC Market Share at Time of FCC Section 271 Approval and as of 12/31/01⁵

STATE	Date of FCC 271 Approval	CLEC Market Share at Time of Approval	CLEC Market Share as of 12/31/01
NY	12/99	9%	25%
TX	06/00	7%	16%
KS	01/01	7%	9%
OK	01/01	5%	8%
MA	04/01	11%	15%

A detailed description of the significant competitive entry in the local market in Michigan, as of June 2002, is provided in Attachment B.

The recent reports of the Commission Staff show the same competitive growth, even though SBC believes they are understated. During 2000, Competitive Local Exchange Carrier ("CLEC") lines (as reported by CLECs who chose to comply with the request for information) jumped almost 70%. During 2001, CLEC lines grew over 100%. In the two years since the Commission initiated this docket, using just the annual data collected, the Michigan local

⁵ FCC Report on Local Telephone Competition Released July 23, 2002.

exchange marketplace has seen CLEC lines grow by 234%. The Commission Staff reports that as of the end of 2001 CLEC lines comprised 12.8% of all access lines in Michigan - that is considering all incumbent LEC and all CLEC lines across the entire state. Given that most CLECs concentrate their efforts in SBC's territory, that market share jumps to 15%. The 2001 Survey Results further show that in Michigan there were 14 CLECs with over 10,000 lines, and 12 CLECs with between 1,001 – 10,000 lines. The Commission Staff concluded its most recent report by noting that the regulatory process under the guidelines of the Michigan Telecommunications Act is working to provide a smooth transition of the telecommunications market for basic local exchange service in Michigan to a viable competitive one.

In addition, the FCC has published data on the extent of competition in Michigan. In its most recent "Local Telephone Competition" Report, the FCC reported that as of December 31, 2001, there were 865,182 End-User Switched Access Lines serviced by reporting CLECs in Michigan. (627,703 lines represent Unbundled Network Elements). This is 48% higher than the figure of 583,653 that the FCC reported just six months earlier. The FCC further reported that the CLEC share of end-user switched access lines in Michigan, for the period ending December 2001, was 13%, up from only 3% in December of 1999, or 400% growth over two years. The FCC data for the percentage of zip codes with CLECs in Michigan, as of December 31, 2001, demonstrated that 99% of the zip codes in the entire State of Michigan have at least one CLEC that is operational and serving at least one local customer. This significant geographic market penetration is the highest in the entire nation (MI is tied with three other States for a 99% zip code penetration rate). For comparison purposes, 62% of the zip codes across the U.S. have at least one CLEC operational and serving at least one customer. This same number for Texas is 83% and for New York it is 94%.

Clearly, SBC's, this Commission's and the FCC's data demonstrate the significant, exponential growth of local telecommunications competition in Michigan. Quite simply, local competition is flourishing in Michigan and Michigan businesses and consumers are the direct beneficiaries.

This significant local entry was made possible in part by SBC's OSS, which CLECs have tested and are using in commercial volumes.⁶ For example, the number of orders that SBC has processed in the Ameritech region on a monthly basis has increased 412% from February 2000 through June 2002. The same/greater growth can also be seen in the number of pre-order transactions processed. The number of pre-order transactions that SBC has processed in the Ameritech region on a monthly basis has increased 124% from January 2002 through June 2002.

Currently, in the five state SBC Ameritech region, wholesale systems are operating at commercial volumes and are being provided at high levels of quality. From January 2002 through July 2002, SBC's wholesale systems processed more than 12.2 million pre-order transactions and 4.4 million orders from competitors every month. On a business daily basis this amounts to 79,000 pre-orders and 28,000 orders on an average business day. During the same time period, SBC's systems processed over 3.29 million pre-order and 1.7 million order transactions for the state of Michigan. (On a daily basis this amounts to over 21,000 pre-order and 11,000 orders per day.)

⁶ Of course, SBC's performance levels will be the subject of a separate filing of three consecutive months of performance results. That filing, planned for October 2002, will be subject to a comment proceeding pursuant to the process agreed to by the parties and approved by the Commission.

In short, the sheer number of successful pre-order transactions and orders processed by SBC provides the best evidence that its OSS are available and operationally ready, and that the local telecommunications market in Michigan is open to competitive entry.

IV. FCC'S SECTION 271 OSS EVALUATION APPROACH

A. Burden of proof

SBC, as a Section 271 applicant, bears the burden of proof of compliance with section 271.⁷ In demonstrating its compliance, SBC must show that it is currently furnishing, or is ready to furnish, each checklist item, including access to OSS, in quantities that competitors may reasonably demand and at an acceptable level of quality.⁸ As part of its statutory obligation to provide nondiscriminatory access to OSS functions, SBC must provide access that sufficiently supports each of the three modes of competitive entry envisioned by the 1996 Act – competitor-owned facilities, UNEs, and resale. For OSS functions that are analogous to those that SBC provides to itself, its customers or its affiliates, the nondiscrimination standard requires SBC to offer requesting carriers access that is “substantially the same” in terms of quality, accuracy, and timeliness. For OSS functions that have no retail analogue, SBC must offer access “sufficient to allow an efficient competitor a meaningful opportunity to compete.”

⁷ See *SWBT Texas Order*, 15 FCC Rcd at 18374, ¶46; *Bell Atlantic New York Order*, 15 FCC Rcd at 3972, ¶46.

⁸ See *Bell Atlantic New York Order*, 15 FCC Rcd at 3973-74, ¶52.

B. FCC's Two-step Approach to OSS Review

The FCC analyzes whether a BOC has met the nondiscrimination standard for each OSS function using a two-step approach. First, the FCC determines “whether the BOC has deployed the necessary systems and personnel to provide sufficient access to each of the necessary OSS functions and whether the BOC is adequately assisting competing carriers to understand how to implement and use all of the OSS functions available to them.”⁹ Under the second inquiry, the FCC examines performance measurements and other evidence of commercial readiness to ascertain whether the BOC’s OSS is handling current demand and will be able to handle reasonably foreseeable future volumes. Under this second inquiry, the FCC assesses “whether the OSS functions that the BOC has deployed are operationally ready, as a practical matter.”¹⁰

C. Commercial volumes and Test results

The FCC has consistently held that the most probative evidence, in other words, the best evidence, that OSS functions are operationally ready is actual commercial usage based on CLECs’ use of the OSS under review. Absent sufficient and reliable data on commercial usage, the FCC will consider the results of carrier-to-carrier testing, independent third-party testing, and internal testing in assessing the commercial readiness of a BOC’s OSS. Although the FCC does not require third party OSS testing, a persuasive test provides the FCC with an objective means

⁹ *Id.* at 3992, ¶87; *Ameritech Michigan Order*, 12 FCC Rcd at 20616; *see also Second BellSouth Louisiana Order*, 13 FCC Rcd at 20654; *BellSouth South Carolina Order*, 13 FCC Rcd at 592-93. *Ameritech Michigan Order*, 12 FCC Rcd at 20615; *see also Second BellSouth Louisiana Order*, 13 FCC Rcd at 20654 n.241.

¹⁰ *See Bell Atlantic New York Order*, at ¶ 88.

by which to evaluate a BOC's OSS readiness where there is little to no evidence of commercial usage, or may otherwise strengthen an application where the BOC's evidence of actual commercial usage is weak or is otherwise challenged by competitors.¹¹

Therefore, this Commission, like the FCC, should determine whether SBC provides non-discriminatory access to its OSS functions primarily by relying on evidence of the actual commercial use of those systems by Michigan CLECs.

D. Applicable Legal Standard for Section 271 Compliance

The determination of whether SBC has demonstrated compliance with the statutory standards of Section 271 is ultimately a judgment the FCC must make based on its expertise in promoting competition in local markets and in telecommunications regulation generally.¹² The FCC has not established, nor does it believe it appropriate to establish, specific objective criteria for what constitutes "substantially the same time and manner" or a "meaningful opportunity to compete." Whether this legal standard is met can only be decided based on an analysis of specific facts and circumstances. Therefore, the FCC looks at each application on a case-by-case basis and considers the totality of the circumstances, including the origin and quality of the information in the record, to determine whether the statutory criteria, including the nondiscrimination requirements of the Act, are met.

¹¹ See *Ameritech Michigan Order*, at ¶ 138; *Bell Atlantic New York Order*, ¶ 89; *Second BellSouth Louisiana Order*, at ¶ 86; *BellSouth South Carolina Order*, at ¶ 97; *SBC Kansas and Oklahoma Order* at ¶ 105; *Verizon Pennsylvania Order* at ¶ 24; and the FCC's most recent 271 approval *Verizon New Jersey Order*, at ¶ 31, Appendix C.

¹² *SWBT Texas Order*, 15 FCC Rcd at 18374, ¶ 46; *Bell Atlantic New York Order*, 15 FCC Rcd at 3972, ¶ 46.

In contrast to this legal standard, KPMG’s test methods are limited to an evaluation in accordance with the provisions of the Master Test Plan, and KPMG’s findings are based upon the facts within the test scope as to whether a particular test item was either satisfied, not satisfied or inconclusive at the time of KPMG’s evaluation. While KPMG’s overall assessment is clearly helpful to the Commission, it needs to be placed in proper context, and evaluated along with the commercial volumes that are the more probative evidence of operational readiness. Likewise, KPMG has not been asked, nor do they have the qualifications or authority, to determine whether SBC’s OSS meet the statutory requirements of Section 271, or this Commission’s orders. Rather, those judgments are reserved for this Commission and the FCC based on the “totality of the circumstances.”¹³

V. CURRENT STATUS OF MICHIGAN OSS TESTING

A. Master Test Plan

In accordance with the Commission’s February 9 Order, SBC has undertaken a comprehensive third-party evaluation of its OSS, which has been administered by KPMG. KPMG performed its evaluation of SBC’s OSS in accordance with a Master Test Plan (“MTP”). The MTP was developed during industry collaborative meetings with active participation by CLECs, KPMG, and SBC, under the direction of the Commission Staff. The baseline MTP was established in April 2000, with the First Release MTP published in August 2000, and was updated on April 2, 2002 (Version 3.0). KPMG began active testing activities in Michigan in

¹³ See *SWBT Kansas/Oklahoma Order*, 16 FCC Rcd at 6252, ¶ 31.

January 2001. SBC believes that the PPR and TVV testing is complete in all material respects. PMR testing is not as advanced and remains largely “inconclusive” at this time.

The baseline MTP includes test points that are assessed by KPMG using the following results: “satisfied”, “not satisfied” or “inconclusive”. The Michigan MTP is a military style test, as described in Section II, F. “Test Until Pass Approach.” (MTP p. 6.) KPMG identifies issues encountered during the test by releasing “exceptions”¹⁴ and “observations.”¹⁵ It is important to note however, that military style testing does not require that every exception result in immediate corrective actions, or automatic re-testing. Rather the MTP provides a process to review each exception, and provides participants an opportunity to recommend next steps. The ultimate decision as to which next steps are appropriate is then up to the Commission. The vast majority of SBC’s responses to KPMG’s exceptions have been modifications by SBC, and re-testing by KPMG. As the Michigan MTP provides: “If Ameritech has made a change to a process, system, document, or performance measure in response to an Exception, KPMG Consulting will retest as appropriate unless otherwise directed by the MPSC.” (MTP at pg 6.) On the other hand, some exceptions and observations may not require immediate modifications by SBC. Other exceptions and observations may be immaterial or may be due to interpretative issues, and again do not require further testing because no changes are required to a “process, system, document or performance measure”. These situations are addressed below under the sub-heading “open exception, no retesting required.” The Commission has the authority under the MTP to decide that future remedial actions are acceptable or that an issue can be closed

¹⁴ An exception is issued if KPMG feels that one of SBC’s practices, policies or system characteristics is not expected to satisfy one or more evaluation criteria defined for the test.

¹⁵ An observation is issued if KPMG feels that a test reveals that one of SBC’s practices, policies or system characteristics might result in a negative finding in the Final Report.

without further testing. The MTP provides: “KPMG Consulting and MPSC will be responsible for determining when to close an Exception. If the issue raised by the Exception is not resolved, the cycle will continue to iterate until closure is reached, no further action is warranted, or the MPSC specially exempts the exception from further testing.”(MTP at pg 6). The MTP also provides that “at the conclusion of this test, there may be some issues raised by Exceptions that remain open. The MPSC will decide how to proceed with such exceptions.” (MTP at pg 6). As described below, SBC believes there are a handful of Open Exceptions that should be closed without further retesting.

Therefore, the MTP itself contemplates that the test may end with open Exceptions, and that the final call with respect to those open issues is for the Commission. The Commission’s review of SBC’s OSS, including its evaluation of KPMG’s report, should be guided by, and consistent with, the legal standards and analytic approach used by the FCC in evaluating compliance with the Section 271 checklist.

B. Current status, by Test Family

PPR: The PPR test family includes sixteen distinct test target areas and provides a detailed evaluation of the business processes which define the CLEC/SBC business relationship. SBC believes that the PPR test is complete and “satisfied.” The PPR results demonstrate that SBC’s processes and procedures fully support an effective, competitive environment for use by CLECs.

TVV: The TVV test family includes nine distinct test target areas and provides a detailed evaluation of OSS: application-to-application, GUI, and manual transactions. SBC has satisfied all material aspects of the TVV test. The few remaining open TVV issues are being addressed

with specific action plans described below. However, even if each of the open TVV issues were found to be “not satisfied” or “inconclusive” by KPMG, SBC is confident that it has satisfied the overall test objectives, and that its OSS interfaces meet the legal standards established by the FCC.

PMR: The PMR test family comprises five distinct test target areas and provides a detailed evaluation of systems and processes associated with support for performance metric data collection, calculation, and reporting. SBC has provided KPMG with sufficient documentation and information for it to find that three of the five PMR target areas (PMR 1, 2 and 3), which address data collection and storage, metrics documentation and metric change management; are “satisfied,” or at least “inconclusive” at this point in time.

As previously noted, two PMR test target areas (PMR 4 and 5), which cover data integrity and replication of results, are not substantially complete. However, SBC is committed to support the business objective of the PMR test, and will continue with KPMG testing as defined, subject to future direction or change from the Commission or Commission Staff. Moreover, the areas addressed by these two PMR tests will be supplemented by an independent performance audit.

All open issues on all five test target areas are being addressed with specific action plans and are described below. SBC does not believe that the status of PMR testing should delay the Section 271 process, including the issuance of KPMG’s OSS report as requested herein.

C. Test Results, by Business Process

Based on its review of KPMG’s reports issued in other regions, SBC understands that the KPMG Final Report for the Michigan OSS Test will relate the results of the three test families

(PPR, TVV and PMR) to six business processes, which have been defined as critical to the SBC/CLEC business relationship. These business processes are: Relationship Management and Infrastructure, Pre-Order/Order, Provisioning, Maintenance and Repair, Billing, and Performance Metrics.

The balance of this section reviews in more detail each of these six test areas. For each of these six test areas we summarize current status, and then discuss, if applicable, all open exceptions in retesting, all open exceptions where further retesting is not required, and the current status of open observations for that test area. This detailed analysis clearly demonstrates that SBC's request for a draft final report at this time is appropriate.

1. Relationship Management and Infrastructure

The Relationship Management and Infrastructure ("RMI") tests evaluate the systems, processes, and other operational elements associated with SBC'S establishment and maintenance of business relationships with the CLECs. Additionally, the tests assess SBC'S methods and procedures for developing, providing, and maintaining OSS interfaces for pre-ordering, ordering, maintenance & repair, and billing. The RMI test family is comprised of five (5) test target areas, a summary of KPMG's Exceptions for RMI, as of September 4, 2002, is shown below.

Table 1. Relationship Management and Infrastructure Exceptions

	Description	Total	Closed	Open	
				Retest	No Retest
PPR 1	Change Management Practices Verification and Validation Review	0	0	N/A	N/A
PPR 2	Account Establishment and Management Verification and Validation Review	0	0	N/A	N/A
PPR 3	OSS Interface Help Desk Functional Review	0	0	N/A	N/A
PPR 4	CLEC Training Verification and Validation Review	0	0	N/A	N/A
PPR 5	OSS Interface Development Verification and Validation Review	2	2	N/A	N/A
TOTAL RM&I		2	2	0	0

As shown above, there were two exceptions associated with RMI, and both successfully closed. Likewise, the six observations issued in the RMI area have been closed in a satisfactory manner. This is a clear indication that SBC/CLEC business relationship processes are robust, and fully supportive of a competitive environment.

2. Pre-Order / Order (Order Management)

The Order Management (OM) tests are reviews of the functional elements associated with pre-ordering and ordering. The OM test family is comprised of five (5) test target areas, a summary of KPMG’s exceptions for OM, as of September 4, 2002, is shown below.

Table 2. Pre-Order / Order (Order Management) Exceptions

	Description	Total	Closed	Open	
				Retest	No Retest
PPR 7	POP Manual Order Processing Review	1	1	N/A	N/A
PPR 8	POP Work Center Support Evaluation	0	0	N/A	N/A
TVV 1	POP Functional Evaluation	19	11	2 ¹⁶	6 ¹⁷
TVV 2	POP Volume Performance Tests	22	21	N/A	1 ¹⁸
TVV 3	Order "Flow Through" Evaluation	3	2	1 ¹⁹	N/A
TOTAL PRE-ORDER / ORDER		45	35	3	7

a. Open Exceptions in retest

As shown above, there are three open exceptions (29, 159 and 160) in retest. Each of these remaining open Exceptions has a specific retest plan, and it is anticipated that successful results will be provided through the normal test process. Each is summarized below.

Mechanized Completions (Exception #29)

- KPMG reported that SBC returned 84.1% of mechanized Service Order Completion (SOC) transactions to the Test CLEC within one day of work completion as compared with a 97% benchmark for this function.
- In 2002, SBC has processed a monthly average of over 150,000 mechanized SOC transactions, and the 97% benchmark has been consistently met (except April 2002, due to the Plan of Record (“POR”) software release—a one-time event). In each of the last three months (May – July 2002), SBC has provided SOC’s within one day for over 99.7% of all UNE-P orders, which represents approximately 90% of all CLEC commercial order activity in Michigan

¹⁶ Exceptions 29 and 159.

¹⁷ Exceptions 30, 38, 44, 48, 97 and 116.

¹⁸ Exception 112.

¹⁹ Exception 160.

- KPMG is currently retesting to validate a change made by SBC to improve processing of the mechanized SOC for UNE orders that have a reuse number included. Although this type of order is a relatively small portion of actual commercial activity, this fix addresses almost half of the late SOCs identified by KPMG in the previous retest.
- Given SBC's performance on commercial orders and having made this system change, SBC expects to successfully complete the retest of mechanized completions currently in progress.

LSC Speed of Answer (Exception #159)

- During the period March through May 2002, KPMG tested the speed to answer of SBC's Local Service Center (LSC). The reported test results show that 27% of all calls were answered within 20 seconds versus a parity benchmark of 47% for the same period.
- Performance measurement data on actual CLEC calls during the first seven months of 2002 show that Ameritech's speed-of-answer for CLEC calls in the measured categories clearly exceed parity requirements by a significant margin.
- A controlled test with KPMG of SBC's Grade of Service ("GOS") reporting capabilities, conducted on August 14th, verified the accuracy of SBC's reporting system. During that test, 100% of the 49 test calls were answered within the 20-second benchmark.
- KPMG discovered a timing problem in one of their computers, which resulted in inaccurate start/stop times to be listed on a number of the reported failures. Also, SBC discovered a number of other discrepancies with the reported failures, such as the inclusion of time during which a call was placed on hold.
- SBC believes KPMG's initial reported results are an inaccurate representation of true performance, that reliable measurements show SBC's actual commercial performance to be satisfactory, and has requested that KPMG rerun its initial test.

Flow Through (Exception #160)

- Flow through rates for designed-to-flow through orders reported by KPMG for Michigan are 90.2% for Resale, 88.81% for UNE-P, and 90.74% for LNP versus a KPMG test benchmark of 95%. UNE-Loop results were not reported as part of this Exception because KPMG judged those results satisfactory.
- Over the twelve months through July 2002, SBC flowed through 96.9% of all Michigan CLEC orders eligible for flow through. This means service representatives were involved in processing fewer than 45,000 out of over 1.4 million flow through eligible orders.

- SBC had an overall total flow through rate of 82% for UNE-P, Resale, LNP, and UNE-Loops commercial orders it received from CLECs in Michigan between July 2001 and July of 2002. In addition to the designed-to-flow through rate, total flow through rates are evidence of effectiveness of flow through enhancement efforts.
- SBC's overall flow through rate of 82% matches or exceeds the overall flow through rates of other LECs at the time of their application to the FCC. Qwest had a combined overall flow through rate of 55% in the states of Colorado, Idaho, Iowa, Nebraska, and North Dakota between July of 2001 and June of 2002.²⁰ Verizon's overall flow through rate in Virginia immediately prior to its application to the FCC ranged between 78.65% and 90.84% during January - June 2002. BellSouth flowed through 85% of its orders in Georgia and Louisiana during the year prior to its approval of its 271 application by the FCC.²¹
- Specific software enhancements have and will be made in response to KPMG findings on Exception 160. SBC anticipates these enhancements will produce a satisfactory conclusion to the September 9 retest by KPMG, and also will produce further improvement to already satisfactory commercial PM results.

b. Open Exceptions, no retesting required

There are seven open exceptions (30, 38 & 97; 44, 48, & 116; and 112) that SBC does not believe require further testing. SBC has provided its Response to each of these open issues as part of the normal testing process.

Mechanized Rejects (Exception #30)

- In its initial test, KPMG reported that 92% of Mechanized Reject Responses were received within one hour versus a KPMG test benchmark of 97%. Upon retest, 94.7% of the Mechanized Reject Responses were received within one hour.
- KPMG's assessment was based upon PM 10.1, which contained a benchmark of 97% for responses received within one hour. A new, revised benchmark (PM 10), which has been agreed to in principle with CLECs, changes the response timeframe to two hours, which is equivalent to the present benchmark for Firm Order Confirmation responses.

²⁰ See Qwest Performance Results (ROC 271 PID 4.1)

²¹ See BellSouth's Georgia and Louisiana 271 Filing dated October 2, 2001

- KPMG's retest data indicates that SBC returned responses within the proposed benchmark timeframe for 98.5% of all Reject Responses observed.
- SBC believes that KPMG should close this Exception given the satisfactory performance based on the proposed benchmark.

Non-Mechanized Firm Order Confirmations (Exceptions #38 & #97)

- Per KPMG, SBC returned 88% of manually-processed Firm Order Confirmations (FOCs) for UNE-Loop orders and 88.2% for UNE-xDSL orders within five hours and six hours, respectively, versus a KPMG test benchmark of 95%.
- All failures noted were due to service representative errors. Individual coaching sessions with involved personnel have been conducted.
- Actual results for both UNE-Loop and UNE-xDSL orders processed over the last ten months indicate that SBC is routinely meeting or exceeding the benchmark for timeliness of non-mechanized FOCs.
- SBC's measured commercial performance demonstrates that it reliably returns FOCs to CLECs without need for further testing by KPMG.

Non-Mechanized Reject Responses (Exceptions #44, 48 & 116)

- Non-Mechanized Reject Responses for both electronic and manually-submitted orders were reported by KPMG as returned within the five hour timeframe were 86.5% for WebLEX GUI orders, 94.9% for EDI orders and 84.2% for manual orders versus a KPMG test benchmark of 97% which was based on the benchmark currently contained in performance measures 10.2 and 10.3.
- Proposed revised benchmarks for PM 10 require that 95% of all reject responses on manually-processed orders be returned within 8 hours for electronically-submitted orders and within 24 hours for manually-submitted orders.
- KPMG's test data indicates that SBC is exceeding the proposed benchmark by returning 96.8% of WebLEX GUI orders, 97.4% of EDI orders and 95.6% of manual orders submitted within the required period.
- The issue identified in this Exception should be considered resolved based on both SBC's commercial performance and its tested performance relative to the proposed benchmark for non-mechanized reject responses.

Volume Testing (Exception #112)

- The volume testing performed by KPMG was assessed according to two components: functionality, (i.e., complete responses provided by SBC systems); and timeliness, (i.e., responses provided in a timely manner).
- During the course of volume testing, SBC made system enhancements that addressed all of the functional issues and most of the timing issues. Most of these enhancements were retested by KPMG in subsequent volume test iterations; KPMG’s most recent analysis has confirmed that there are presently no unsatisfied determinations for the functionality evaluation criteria, and few issues with timeliness.
- SBC has noted, and KPMG acknowledges,²² that it has consistently used pre-order transaction timings taken from outside SBC Ameritech’s premise, or ‘firewall’, which is inconsistent with Commission-approved performance measurement business rules. Whether one uses the data recorded by KPMG or that recorded by SBC Ameritech’s systems during the same period, when the proper allowances are made for the points at which measurements are taken (i.e., inside, rather than outside the firewall), and the fact that KPMG’s time intervals include protocol translation processing time that is not included in the existing PM2 performance benchmarks,²³ SBC ’s pre-order transaction timeliness is satisfactory based on the approved performance benchmarks, and should be found to meet the testing requirements.
- For the remaining timing issues, in its most recent response, SBC has provided detailed information as to why there are no volume-related problems with order timeliness, and no capacity concerns or “potential choke points”
- The primary remaining issue, EDI pre-order timeliness, continues to be addressed by SBC in response to related Observations and Exceptions issued by KPMG based on TVV1 transaction testing. Regardless, this Exception should be closed given the lack of evidence of any *volume-related* capacity concerns.

c. Open Observations

During the course of the test, there have been 240 Observations opened in the Order Management area. Of these, 219 have been successfully closed and only 21 remain open. SBC

²² See footnote 1 to Exception 112, where KPMG acknowledges that its timestamp is taken in a different place than provided for in PM2.

²³ The fact that the existing performance benchmarks for PM2 do not include protocol translation processing time is fully documented in SBC Ameritech’s responses to Exception 113.

continues to work with KPMG toward resolution of 20 of these open Observations, and has requested no retesting on the remaining one. None of the issues identified in the open Observations has significant impact on users of SBC OSS, or should delay the Section 271 process.

3. Provisioning

The Provisioning tests are designed to evaluate the processes, systems, and interfaces that are used to provision CLEC orders. The tests are also designed to provide verification that orders submitted have been properly provisioned and meet applicable benchmarks. The Provisioning test family is comprised of three (3) test target areas. A summary of KPMG’s Exceptions for Provisioning as of September 4, 2002, is shown below.

Table 3. Provisioning Exceptions

	Description	Total	Closed	Open	
				Retest	No Retest
PPR 6	Collocation and Network Design Verification and Validation Review	0	0	N/A	N/A
PPR 9	Provisioning Process Evaluation	0	0	N/A	N/A
TVV 4	Provisioning Verification and Validation	9	5	4 ²⁴	N/A
TOTAL PROVISIONING		9	5	4	0

²⁴ Exceptions 33, 52, 74 and 76.

a. Open Exceptions in retest

As shown above, there are four open exceptions (33, 52, 74 and 76) in retest. Each of these remaining open exceptions has a specific retest plan. It is anticipated that all of the Exceptions will close through the normal test process. Each is summarized below.

CSR Accuracy (Exception #33)

- KPMG has reported that SBC updates its customer service records (CSR) accurately 90.8% of the time for Michigan CLEC orders versus a benchmark of 95%.
- All system issues identified in the first iteration of this test have been corrected and verified. No system issues have been identified in subsequent testing.
- Certain errors identified by KPMG were for zero-rated (no charge) features being added in error to Centrex accounts; other similar errors with minimal or no impact on the CLEC or the end customer were among those identified.
- The results from the last retest - 90.8% accuracy - exceed the 90% found satisfactory by KPMG in its final report on testing in Georgia.
- SBC has addressed the issues identified in the prior retest. A similar retest for Indiana has concluded successfully with 96.8% of CSRs updated accurately.
- KPMG has reported that 96% (97 of 101) of orders correctly updated the CSR as part of the retest in progress. Consequently, SBC anticipates a successful completion of this retest.

Directory Listing Accuracy (Exception #52)

- KPMG has reported that 92% of directory listings sent electronically by the Test CLEC, and 67.5% of those sent manually, accurately updated the SBC Directory Assistance database versus a KPMG test benchmark of 95% electronic and 97% manual.
- Many of the errors identified by KPMG would have limited or no impact on the CLEC or its end customer, e.g., exclusion of the designator “RD” (for “Road”) as part of an address.
- CLECs have the ability to monitor the accuracy of the listings provided to their customers through their ability to access the post-order customer service record.

- SBC continues to take steps to monitor and improve the quality of manual Directory Assistance database updates. SBC also notes that 99% of Directory listings orders are submitted electronically by commercial CLECs.

Test CLEC Line Loss (Exception #74)

- On August 12, 2002, KPMG issued version 2 of Exception 74 which states that 33 out of 169 line loss notifications were either late (past the one hour 95% benchmark stated in PM MI 13) or missing, constituting a success rate of 80.5%. After a series of discussions, KPMG has agreed that only 27 of 169 actually failed, for a success rate of 84%.
- Twelve transactions were reported as failures because of an EDI format error, although they were sent on time and with correct information. This EDI format problem had been previously reported by HPC as Observation 560, was fixed on 8/8/02, and was reported as corrected by HPC on August 27, 2002.
- Thirteen of the reported orders, due to an ordering system error, were incorrectly translated, processed, and provisioned as orders for new service instead of as migrations. The existing service was not disconnected, so no line loss notification was created. If the orders had correctly been processed as migrations, line loss notifications would have been sent. The ordering system error was corrected August 16, 2002.
- SBC requested a retest on August 23, and expects to complete this retest successfully.

Disconnect Telephone Numbers (Exception #76)

- KPMG reported that SBC did not properly disconnect telephone numbers as requested by the Test CLEC. The latest results issued by KPMG show that 94% of telephone numbers are disconnected properly.
- Initial responses (to Versions 1 & 2) acknowledged mechanical and human errors, and detailed the steps taken to resolve them. Initial responses (to Versions 1 & 2) acknowledged mechanical and human errors, and detailed the steps taken to resolve them. Version 3 and subsequent information provided by KPMG, along with SBC's investigations, have confirmed improvement in performance. Repeated retests by KPMG have resulted in a 94% success rate, which is a service level that should be deemed satisfactory.

b. Open Exceptions, no retesting required

There are no open exceptions for which SBC requested no further testing.

c. Open Observations

During the course of the test, there have been 16 Observations opened in the Provisioning area. Of these, 15 have been successfully closed and only 1 remains open. SBC continues to work with KPMG toward resolution of this open Observation. The issue identified in the open Observations does not have significant impact on users of SBC OSS, and should not delay the issuance of a draft final report by KPMG.

4. Maintenance and Repair (M&R)

The Maintenance and Repair tests reviewed SBC's systems and processes used in creating or entering a trouble report, modifying a trouble report, and closing or canceling a trouble report. The Maintenance and Repair test family is comprised of six (6) target test areas. A summary of KPMG's exceptions for M&R as of September 4, 2002 is shown below.

Table 4. Maintenance and Repair Exceptions

	Description	Total	Closed	Open	
				Retest	No Retest
PPR 14	End-to-End M&R Process Evaluation	1	1	N/A	N/A
PPR 15	M&R Work Center Support Evaluation	2	2	N/A	N/A
PPR 16	Network Surveillance Support Evaluation	0	0	N/A	N/A
TVV 5	M&R Functional Evaluation	1	1	N/A	N/A
TVV 6	M&R Performance Evaluation	2	2	N/A	N/A
TVV 7	End-to-End Trouble Report Processing	6	4	1 ²⁵	1 ²⁶
TOTAL M&R		12	10	1	1

a. Open Exceptions in retest

As shown above, there is one open Exceptions (131) in retest. This remaining open Exception has a specific retest plan, and it is anticipated that it will close through the normal test process. It is summarized below.

Trouble Report Closure Codes (Exception #131)

- KPMG reported that SBC technicians correctly coded the Cause Code on Test CLEC trouble tickets at performance levels of 71.76% for Resale, 73.95% for UNE, and 73.24% for Special Circuits versus a KPMG test benchmark of 95%. In addition to recording a Disposition Code, which is a code indicative of what the technician did to fix the trouble, technicians are asked to include a Cause Code when possible to indicate the cause of the trouble.
- Many of the reported errors are based on KPMG’s misinterpretation of SBC’s internal Methods and Procedures. SBC has since clarified its M&P. If SBC’s original M&P had been correctly interpreted by KPMG, SBC’s performance results improve dramatically to levels of 93.1%, 91.6% and 80.3% for Resale, UNE and Special Circuits, respectively.

²⁵ Exception 131.

²⁶ Exception 115.

- KPMG has applied a standard to the coding of closed trouble reports that is neither included in the Ameritech Performance Measurement User Guide nor approved by the Michigan Public Service Commission.
- SBC uses the same closure coding techniques for its Retail trouble reports as for CLEC-initiated trouble reports. The recording and coding of trouble cause on closed trouble reports has little or no impact on CLEC repair accuracy or customer billing.
- SBC has requested that KPMG retest, and expects significantly improved results. Regardless, SBC's performance, based on a process which is identical for wholesale and retail trouble reports, should be considered satisfactory considering the lack of impact on CLECs.

b. Open Exceptions, no retesting required

There is one open Exception (115) that SBC does not believe requires further testing.

SBC has provided its Response to this open issue as part of the normal testing process.

Accuracy of Repair (Exception #115)

- KPMG inserted specific faults into each test line at the central office or outside plant location. After SBC technicians cleared each problem, KPMG verified the completeness of the repair.
- In Michigan, KPMG reported 94.5% (188 of 199) of Resale repairs completed accurately, 96.8% (211 of 218) of UNE repairs, and 91.5% (97 of 106) of Special repairs versus a KPMG-established benchmark of 95%.
- The weighted average repair performance for the period July 2001 through July 2002 for repairs (based on repeat trouble reports within 10 calendar days) on CLEC Resale and Special lines are 9.4% and 8.7% respectively versus 14.4% and 13.0% respectively for equivalent performance on Retail lines.
- Since SBC's commercial wholesale performance exceeds its retail performance, (that is, wholesale repeat troubles occur less than retail repeat troubles), and its tested performance is near or exceeds KPMG's standard for all categories of repair, this Exception should be considered resolved satisfactorily.

c. Open Observations

During the course of the test, there have been 27 Observations opened in the Maintenance and Repair area. Of these, 25 have been successfully closed and only 2 remain open. SBC continues to work with KPMG toward resolution of these two open Observations. The issues identified in the open Observations do not have significant impact on users of SBC OSS, and should not delay the Section 271 process.

5. Billing

The Billing tests are designed to review the systems, processes, and other operational elements associated with SBC's support for billing its wholesale customers. The Billing test family is comprised of six (6) test target areas. A summary of KPMG's exceptions as of September 4, 2002, related to Billing is shown below.

5. Billing Exceptions

	Description	Total	Closed	Open	
				Retest	No Retest
PPR 10	Billing Work Center/Help Desk Support Evaluation	0	0	N/A	N/A
PPR 11	Daily Usage Feed Returns - Process Evaluation	0	0	N/A	N/A
PPR 12	Daily Usage Productions and Distribution - Process Evaluation	0	0	N/A	N/A
PPR 13	Bill Production and Distribution - Process Evaluation	2	0	2 ²⁷	N/A
TVV 8	Billing Functional Usage Evaluation	0	0	N/A	N/A
TVV 9	Functional Carrier Bill Validation	0	0	N/A	N/A
TOTAL BILLING		2	0	2	0

a. Open Exceptions in retest

As shown above, there are two open Exceptions (119 and 122) in retest. Each of these remaining open Exceptions has a specific retest plan. It is anticipated that these Exceptions will close through the normal test process. Each is summarized below

Accuracy/Formatting of CABS Bills (Exception #119)

- Based upon interviews with SBC personnel, KPMG concluded that, unlike resale bills, CABS bills do not undergo an ongoing, systematic verification process before being distributed to wholesale customers, nor is there a check performed for format errors.
- In its responses, SBC provided detailed information and supporting documents on its CABS release test system that showed that all new products and services are fully tested for rating and formatting correctness prior to activation.

²⁷ Exceptions 119 and 122.

- In addition, SBC described its monthly sampling techniques to ensure that the billed rates match the contract rates.
- SBC is confident that it has demonstrated that a process does indeed exist and expects this exception to close successfully after KPMG has reviewed the answers and supporting information provided by SBC.

CABS Rate Table Documentation (Exception #122)

- KPMG asserted that Ameritech did not have a documented timeline for uploading CLEC contract rates into the rate tables for the Carrier Access Billing System (CABS).
- Within SBC, two separate groups, Contract Management and CABS Product Support, share the responsibility for updating the tables.
- Contract Management does have a documented process which states that the pricing schedule will be prepared and transmitted to CABS Product Support within four business days of receiving notification that an agreement is effective.
- CABS Product Support has a stated goal to up-load the contract rates within 15 days of receipt of the pricing schedule from Contract Management.
- Based upon this new information received from SBC, KPMG has advised SBC of their intentions to submit an additional interview request, as well to submit additional clarifying questions.
- SBC is confident that the additional information supplied to KPMG, combined with the results of the additional interview(s), will prove that the necessary documentation does exist and that this exception can be closed.

b. Open Exceptions, no retesting required

There are no open Exceptions for which SBC requested no further testing.

c. Open Observations

During the course of the test, there have been 13 Observations opened in the Billing area. Of these, 10 have been successfully closed and only 3 remain open. SBC continues to work with KPMG toward resolution of one of these open Observations, and has requested no retesting on the remaining two. None of the issues identified in the open Observations has significant impact on users of SBC OSS, or should delay the Section 271 process.

6. Performance Metrics (PMR)

The Performance Metrics tests are designed to evaluate SBC's systems, processes, and procedures used in the development and calculation of all Michigan performance measures that SBC is currently reporting. The PMR test family is comprised of five (5) test target areas. A summary of KPMG's Exceptions as of September 4, 2002, for PMR is shown below.

Table 6. Performance Metrics Exceptions

	Description	Total	Closed	Open	
				Retest	No Retest
PMR 1	Data Collection and Storage Verification and Validation Review	3	0	3 ²⁸	N/A
PMR 2	Metrics Definitions and Standards Development and Documentation Verification and Validation Review	2	1	1 ²⁹	N/A
PMR 3	Metrics Change Management Verification and Validation Review	7	2	5 ³⁰	N/A
Sub-Total PMR 1 - 3		12	3	9	0
PMR 4	Metrics Data Integrity Verification and Validation Review	3	1	2 ³¹	N/A
PMR 5	Metrics Calculations and Reporting Verification and Validation Review	2	0	2 ³²	N/A
Sub-Total PMR 4-5		5	1	4	0
TOTAL PERF. METRICS		17	4	13	0

As shown above, PMR falls into two categories: PMR 1-3 (which deal largely with documentation and processes supporting the creation and calculation of performance measures results) and PMR 4-5 (which deal with data integrity and actual calculation of the performance measures results). Looking at each target test area individually or as a group, it is clear that the remaining open Exceptions are not competition impacting, nor should they delay the Section 271 review process in this proceeding.

²⁸ Exceptions 19, 47 and 20.

²⁹ Exception 157.

³⁰ Exceptions 26, 41, 108, 129 and 133.

³¹ Exceptions 134 and 169.

³² Exceptions 111 and 113.

SBC's roles for PMR 1 is largely done with the bulk of the work now in KPMG's hands. SBC has delivered a massive amount of documentation and information that KPMG will now validate by reviewing this documentation, conducting interviews, and submitting data requests to SBC to substantiate SBC's data retention processes. This validation process has begun, but it is anticipated to take some months to complete; it cannot conclude quickly due to the sheer volume of information provided. SBC believes its performance measurement data retention architecture meets regulatory requirements. Further, it is clear that internal documentation that simply supports metrics is not competition impacting and can be dealt with outside of the 271 review process.

PMR 2 is substantially complete; its open issue deals with timely posting of metrics business rule documentation. Although important, it does not impact a CLEC's ability to analyze its metrics results. Furthermore, a successful retest cannot be concluded until implementation of changes from the current six-month review process, which will likely not occur until late this year or early next. Clearly, the benefits of competition should not be delayed while waiting for the retest to occur.

PMR 3 addresses change management and its open issues deal, again, with documentation, as well as internal controls and execution of the same. For example, Exception 26 relates to inadequate notification to parties regarding restatements. Similarly, Exception 108 relates to inaccurate notices of restatements. SBC has implemented a report which details which performance measures have changed as a result of recalculations. SBC is now awaiting KPMG's validation of this enhancement, which can only be performed when SBC restates. Again, these are not competition-impacting and can be dealt with outside of the 271 process. As noted previously, SBC is committed to continuing these sections of the KPMG OSS Test; however, it

is reasonable that these items be completed outside of the 271 process given that these items are not competition impacting, but administrative in nature.

In addition, there are other “double checks” of SBC’s commitment to address these issues: the continuing six-month performance measurement collaborative reviews with CLECs and, the Commission’s requirement from Case No. U-11830 that SBC’s performance measures results be subject to an annual audit. If SBC fails to properly document or fails to properly adhere to their internal controls, the results will be identified in a subsequent annual audit of results. Further, if CLECs have concerns regarding performance measures, the issues may be raised at the six-month review sessions. Thus, these issues will have continual oversight past the end of KPMG’s execution of the MTP.

As to PMR 4-5, resolution of these open issues do not have to be completed in order for the 271 process to proceed as SBC will be supplementing the record in this docket with the Ernst & Young audit report of its performance measures results, that report will address the requirements of PMR 4-5. SBC has committed to continuing these sections of the KPMG OSS Test, subject to future direction from the Commission or Commission Staff. Thus, as with PMR 1-3, any open issues associated with PMR 4–5 can be handled outside of the 271 review process.

a. Open Exceptions in retest

As discussed above, there are three open Exceptions (19, 20 and 47) in retest for PMR 1. There is one open Exception (157) in retest for PMR 2. There are five open Exceptions (26, 41, 108, 129 and 133) in retest for PMR 3. Each of these remaining open exceptions is summarized below. PMR 4 and PMR 5 findings are not included in this analysis, as they will be addressed via the results of the Ernst and Young audit.

Data Retention – PMR 1 (Exception #19)

- Exception 19 focuses on SBC’s data retention architecture and the specific degree to which data elements must be maintained. KPMG believes data elements must be retained in their original, unmodified form for a minimum of three years.
- SBC engaged in a dedicated six-month effort involving hundreds of subject matter experts and thousands of person-hours to enhance its documentation of data retention policies and architectures for all 153 performance measurements, and its plans for the enhancement of a small number of systems to support increased retention periods.
- In its response, SBC reported that 96.2 % of all source system data elements were being retained as required (for three years). Of the remaining, 1.3% of the elements are being retained for at least two years, 1.6% are being retained for at least one year, and less than one percent (.8%) are retained for less than one year.
- SBC will, by October 2002, develop architecture improvement plans for each of the three areas where data elements were not currently being retained for the requisite three years, and will report to the Commission its proposed course of action relating to these systems.
- KPMG is currently reviewing this documentation, conducting interviews, and making data requests of SBC in order to substantiate SBC’s response. SBC believes that its performance measurement data retention architecture meets regulatory requirements and that KPMG’s continued testing will validate this premise.

Metrics Process Documentation – PMR 1 (Exception #20)

- KPMG reported that 1) documentation for some performance measures was not sufficient, 2) SBC’s technical documentation did not completely and accurately trace the data flow to the performance measure reporting system, and 3) SBC personnel, when interviewed, did not possess all required knowledge to describe how performance measurement data is processed.
- In response, SBC provided to KPMG over 5,000 documents that cover every performance measure and every system involved in the collection, calculation and retention of performance results, including business and technical documentation, data flows, data element maps, processing documentation and data retention documentation, and “system of record” information.
- SBC’s subject matter experts (SMEs) have demonstrated their requisite knowledge of SBC’s performance systems and results by participating on hundreds of calls with KPMG and answering thousands of KPMG’s documented inquiries.
- KPMG suggests up to 36% of the performance measures are being restated on a monthly basis, while SBC’s more complete and detailed analysis shows that only

5.50% of the total disaggregated measures reported³³ were restated from February through July of 2002, with less than half of one percent (0.49%) of those restatements resulting in a change in the parity determination (from pass to fail or fail to pass).

- SBC believes the procedures, documentation, and controls for calculating and reporting performance measures are adequate to ensure that the results reported are materially accurate and complete and that KPMG, through completing the review of documentation and interviews of subject matter experts currently underway, will validate the adequacy of existing procedures, documentation and controls.

Controls and Edits (Exception #47)

- As part of the PMR 1 (Data Collection and Storage) test, KPMG has identified a number of systems that it suggested had inadequate edits and controls in place to ensure that records used in the calculation of performance metrics are transferred error free.
- SBC implemented a number of controls on the data throughout its performance measurement environment wherever data transfers take place in a mechanized fashion. These controls generally consist of the implementation of header and trailer records that allow SBC to ensure that it is receiving all of the files and all of the data that the data provider has sent.
- SBC believes that it has resolved these issues and its environment has improved controls on the transfer of performance measurement data, and that retesting by KPMG will provide verification of these controls.

Timely Posting of Metrics Business Rule Changes (Exception #157)

- KPMG asserts that SBC did not update the Metrics Business Rules on a timely basis from September 2001 through February 2002.
- KPMG's review was conducted to determine whether the commission-approved documentation changes were made by the implementation dates referenced in various commission orders, and the length of time it took SBC to correct any differences, e.g., omitted wording, typographical errors, etc.
- SBC has put procedures in place via its Change Management Policy and Procedures to ensure that published implementation schedules are either met or, if necessary, that any changes are communicated in a timely fashion to all impacted parties.

³³

This analysis included restatements that occurred for the posting period of February 2002 through August 2002 for the data months of January 2001 through July 2002.

- The omissions cited in this Exception were primarily typographical in nature. These omissions did not inhibit the ability of a CLEC or regulator to perform timely and accurate analysis of the metrics results.

Notices of Restatement (Exception #26)

- SBC has implemented several modifications in its process for performance measurement results restatements in order to make very specific notices of which performance measures have been restated.
- The most recent improvement is a report that can be accessed by CLECs and regulators which details the specific performance measure disaggregations where previously reported values have changed as a result of recalculation and reposting of data for a specific month. The report provides detailed data at both the individual CLEC and aggregate CLEC level.
- KPMG is currently retesting to validate that this report provides accurate notice of only those performance measure disaggregations, which have been modified. SBC is confident that this retesting will produce a positive resolution to this Exception.

Communication of System Changes (Exception #41)

- KPMG has suggested that SBC's performance measurement change management process does not provide for the monitoring and communicating of changes made to upstream data systems that impact metrics. (Upstream systems are the systems that provide data to metrics reporting systems.)
- SBC has addressed this issue by implementing a formal process that integrates this communication into its performance measurement change management process. This process identifies business owners for each performance measurement category, and requires that each business owner facilitate the communication of changes to relevant parties.
- SBC has implemented several changes that demonstrate that it is effectively executing this process at this time, and KPMG is currently retesting.

Notices of Restatement (Exception #108)

- KPMG reviewed the March 5, 2002 issue of the Website News Page, SBC's primary vehicle for notifying CLECs and regulators of changes to performance measurements. The review indicated that several of the notices of restatement posted by SBC were inaccurate.
- Exception 108 is similar to Exception 26 described above. This Exception focuses on inaccurate or misleading notices of restatements for performance measurement results, while Exception 26 addresses missing notices.

- The implementation of the report, described above with Exception 26 is part of the resolution of this issue. This report details those performance measure disaggregations that actually changed. For Exception 108, SBC has also implemented a review process whereby the draft notices are reviewed and approved at the Director level for completeness, accuracy and readability.
- SBC believes that it adheres to its notification policy and informs CLECs and regulators of restated results in accurately, and that this will be confirmed by KPMG through its current retesting.

Tracking of Changes to Documentation (Exception #129)

- KPMG asserts that SBC does not consistently track changes to its performance measurement technical documentation in violation of its stated procedures.
- SBC has identified valid Enhancement Requests (ERs) that document changes to performance measurement business and technical documentation for 24 of the 26 documentation changes that KPMG has identified as not being tracked. . The two items not found were identified as human errors while transcribing data into the change management data base and were otherwise tracked through the system.
- KPMG may be misinterpreting the procedure or the data in SBC's Change Management database.
- SBC is confident that its response to KPMG's questions will result in the closure of this exception.

Testing of Metrics Changes (Exception #133)

- KPMG Consulting determined that adequately defined and documented procedures do not exist to test changes to any of the three metrics reporting systems/formats and that test environments do not exist for SBC systems RRS and MOR/Tel.
- SBC has provided documentation to KPMG relating to the existence of test environments for its RRS and MorTel systems.
- Enhancements that are being made to ensure additional quality assurance in SBC 's implementation of performance measurement modifications focus on the utilization of a two month release cycle. This will allow for the introduction of integration and regression type testing into the current process.
- Neither the level of testing that SBC engages in, nor the existence of a separate test environment has any impact on competition in the local market. These processes are non-operational in nature and occur after the actual performance.

b. Open Exceptions, no retesting required

There are no open exceptions for which SBC requested no further testing.

c. Open Observations

During the course of the test, there have been 155 Observations opened in the performance metrics area. Of these, 103 have been successfully closed and 52 remain open. SBC continues to work with KPMG toward resolution of 51 of these open Observations, and has requested no retesting on the remaining one. None of the issues identified in the open Observations has direct impact on users of SBC OSS, or should delay the Section 271 process.

VI. ITEMS TO BE ADDRESSED IN COMPLIANCE PLANS

SBC recognizes the importance of future assurance of continued compliance with the requirements of Section 271. Therefore, SBC proposes a compliance process, in the form of a Compliance Audit Plan, to provide the Commission assurance that future technical or operational concerns that that have a material impact on SBC's compliance with the competitive checklist will be quickly and appropriately resolved. Such operational concerns may arise either during the upcoming review process of KPMG's draft report, or during the subsequent portions of the 271 approval process either in Michigan or at the FCC.

For example, this process could be used to address SBC's resolution of an open exception that the Commission deems significant and that is not resolved through the KPMG's OSS

evaluation or review process. This process is appropriate for a post-271 approval environment for the following reasons:

1. The process utilizes an independent 3^d party to review open observations and exceptions deemed critical by the Commission, and enables specific verification of SBC commitments.
2. The process establishes a framework for addressing issues that arise during the Commission's review of SBC's 271 application process and specifically the KPMG OSS Test workshops.

SBC's proposed Compliance Audit Plan process is structured as follows. First, SBC will utilize an independent, qualified, 3rd party to validate specific SBC assertions regarding its response to future operational concerns. The firm or firms selected would be expert in the area of operational concern. Next, the Compliance Plan process requires SBC to define management assertion statements that specify the corrective action(s) that the Company plans to implement to satisfy Commission specified operational concern. These assertion statements would then be provided to the selected independent, 3rd party to generate and execute the appropriate audit work steps. The results of this audit are used to validate SBC's assertions related to the resolution of the selected exceptions and observations. A compliance audit report is then issued by the independent 3rd party and distributed to this Commission, the FCC or other appropriate parties as directed by the Commission.

VII. CONCLUSION

The local market in Michigan is open and competitors have gained approximately 28% of the access lines in SBC's service area. Because SBC's OSS have supported that dramatic increase in market share, and based on the significant commercial OSS volumes in Michigan, and the current status of KPMG's OSS evaluation, it is time to give SBC its opportunity to

demonstrate that it is providing nondiscriminatory access to its OSS consistent with the requirements of Section 271. Therefore, SBC requests the Commission or its Staff to direct KPMG to issue a draft final report with respect to all aspects of its Michigan OSS test. SBC further requests that the Commission or Staff schedule the review process of KPMG's OSS test results for October 7 to 10, 2002. It is now time to begin the process agreed to by the collaborative and approved by the Commission, as the part of the final phase of this investigation.

Respectfully submitted,

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ATTACHMENT A

**SBC Ameritech’s Compliance Status
Case No. U-12320 – February 9, 2000 Order**

Order Provision	SBC Ameritech Michigan’s Compliance	Current Status
<p><u>2/9/00 Order, ¶ 1</u> Within 7 days of this order, Ameritech Michigan shall serve a copy of the order on every competitive local exchange carrier (CLEC) licensed to provide basic local exchange service in Ameritech Michigan’s service territory and upon all telecommunications providers with which it has interconnection agreements.</p>	<ul style="list-style-type: none"> • SBC completed service as directed on 2/16/00. 	<ul style="list-style-type: none"> • Completed.
<p><u>2/9/00 Order, ¶ 3¹</u> As soon as possible following issuance of this order but at least 2 months prior to filing its next Section 271 application with the FCC, Ameritech Michigan shall file a notice of intent to file such application with this Commission and shall serve a copy of the notice on all CLECs, telecommunication providers with which it has interconnection agreements, and any other persons who filed a notice of intent to participate in this proceeding.¹ The notice must set forth the status of Ameritech Michigan’s conformance with the Section 271 check-list, including the commitments necessary to reach full compliance. The notice should be similar to the ‘Prefiling Statement’ submitted by Bell Atlantic to the New York Public Utilities Commission in Case No. U-97-C-0271.</p>	<ul style="list-style-type: none"> • SBC filed its Notice of Intent (“NOI”) on 5/9/01. <ul style="list-style-type: none"> • SBC’s 5/9/01 NOI described, in part, the remaining steps it would take to demonstrate full compliance with § 271 and the MPSC’s 2/9/00 Order, and also recommended a proposed course of action in anticipation of its § 271 Application filing with the FCC. • SBC filed its Supplemental NOI on 7/30/02 to update the anticipated filing date. • Additionally, SBC filed NOIs on 7/30/02 on its intention to request the MPSC/Staff to direct KPMG to issue its draft final report on the OSS Test and its intention to supplement the record with Ernst & Young audit report on SBC’s performance measures. 	<ul style="list-style-type: none"> • Completed. • MPSC issued order on 5/15/01 setting comment schedule for SBC’s Checklist Informational Filing.

¹ Paragraph 2 of the 2/9/00 Order set requirements for parties who wished to participate.

**SBC Ameritech's Compliance Status
Case No. U-12320 – February 9, 2000 Order**

Order Provision	SBC Ameritech Michigan's Compliance	Current Status
<p><u>2/9/00 Order, ¶ 4</u> As soon as possible following issuance of this order, Ameritech Michigan shall commence a collaborative process with the Commission Staff (Staff) and CLECs to assure Section 271 checklist compliance.</p>	<ul style="list-style-type: none"> • Collaborative meetings commenced on March 2, 2000. • Several dozen collaborative meetings (face-to-face and via conference call) were held, facilitated by the MPSC Staff, to address OSS Test, Performance Measures, OSSs and Product/Tariff Issues. <ul style="list-style-type: none"> • The collaboratives, held in Michigan and the other four SBC Ameritech states, were successful in resolving many issues that have since enhanced the CLECs' ability to provide their services in Michigan's local telecommunications market. • Hundreds of issues regarding OSS enhancements, process improvements, new product introductions, and performance measurement refinements have been resolved via the collaborative process. • Collaborative work continues in 2002. This year's efforts addressed: "A-AA" Issues, Line Splitting, E&Y Audit Scope, and Combinations. 	<ul style="list-style-type: none"> • Commencement completed. • Effort on-going.

**SBC Ameritech’s Compliance Status
Case No. U-12320 – February 9, 2000 Order**

Order Provision	SBC Ameritech Michigan’s Compliance	Current Status
<p><u>2/9/00 Order, ¶ 5</u></p> <p>Within 30 days of this order, Ameritech Michigan shall file in this docket an initial proposal with respect to third-party testing of its operations support systems (OSS). Ameritech Michigan shall serve copies of its proposal on all parties in Cases Nos. U-11104, U-12143, and U-11830. The precise details of the OSS testing program shall be determined in collaboration with the Staff and the CLECs. In the event that the parties are not able to resolve differences regarding the details of the OSS testing program in a timely manner, they shall jointly submit a petition to the Commission that sets forth all areas of agreement and that highlights all areas of disagreement. The joint petition shall include the positions of all parties regarding the areas of disagreement as well as the Staff’s recommendation on each disputed issue. Following the filing of the joint petition, the Commission may without further proceedings issue an order resolving all disputes regarding details of the OSS testing program.</p>	<ul style="list-style-type: none"> • SBC filed its Initial Proposal on the third party test with the MPSC on 2/16/00. • Collaboration commenced on 3/2/00. The parties arrived at agreement on Master Test Plan (MTP) on 8/9/00. <ul style="list-style-type: none"> • Since 8/9/00, CLECs periodically proposed changes to the MTP. Additionally, the issue of statistical methodology was addressed. These items were discussed via collaborative and comments were submitted by CLECs, SBC, and KPMG to the MPSC Staff. • Collaborative reached agreement on process/schedule to address results of the OSS Test Report (i.e., the “end game”); filed on 7/30/01. • A-AA Issues <ul style="list-style-type: none"> • On 12/27/00, SBC, MPSC Staff, and several other parties filed <i>Joint Report of the Participants Regarding Resolved OSS Enhancements and Process Improvements</i>, detailing items agreed to by the collaborative participants; these agreements were imported from Wisconsin collaborative work. <ul style="list-style-type: none"> • One issue remained in dispute (OIS Voting Quorum); comments/replies were filed on 1/10/01, 1/24/01, 3/13/01, and 3/22/01. • On 3/27/01, the <i>Supplement</i> to the Joint Report was filed. • On 5/16/02, the Second Supplement to the Joint Report was filed; this filing represented a matrix showing whether each item was KPMG tested or Commission determined. • On 7/5/02, SBC filed demonstration of compliance for the A-AA issues that are under Commission determination. Comments were filed on 7/22/02 and replies on 8/6/02. 	<ul style="list-style-type: none"> • Completed. • Staff provided the MTP to the MPSC and placed it in the docket on 8/16/00. • All MTP change disputes were resolved by the MPSC Staff and implemented by KPMG; one dispute regarding statistical methodology was resolved by the MPSC in its 5/15/01 Order. • MPSC issued order 12/20/01 approving agreed to process. • MPSC issued order resolving the one minor disputed item (OIS Voting Quorum) on 6/5/01.

**SBC Ameritech’s Compliance Status
Case No. U-12320 – February 9, 2000 Order**

Order Provision	SBC Ameritech Michigan’s Compliance	Current Status
<p><u>2/9/00 Order, ¶ 6</u></p> <p>Within 30 days of this order, Ameritech Michigan shall file tariffs that demonstrate its full compliance with state and federal statutes, rules, and previous Commission orders on unbundled network element (UNE) offerings, including Commission orders addressing the availability of the UNE platform discussed in the February 9, 2000 order in Cases No. U-11104 and U-12143. If any party believes that Ameritech Michigan’s tariff filings are insufficient or inconsistent with the Commission’s prior orders regarding the UNE platform, questions regarding the sufficiency of the tariffs should first be addressed in the collaborative process established by this order. If the parties reach an impasse during the collaborative process, any party having a disagreement with Ameritech Michigan’s tariff filings may file an application and complaint pursuant to Section 203 of the Michigan Telecommunication Act, MCL 484.2101 et seq.; MSA 22.1469(101) et seq., (MTA) in a separate docket. Ameritech Michigan’s failure to file acceptable tariffs addressing the availability of the UNE platform will have a significant influence on the timely completion and the outcome of this proceeding.</p>	<ul style="list-style-type: none"> • SBC filed the following tariffs in compliance with this provision: <ul style="list-style-type: none"> • Advice No. 2960 on 3/10/00 to introduce the Existing UNE-P tariff and the requirements of the FCC’s UNE Remand Order as of that date. • Advice No. 2970 on 5/16/00 to introduce the remaining requirements of the FCC’s UNE Remand Order. • Advice No. 2973 on 6/5/00 to introduce Line Sharing. • Advice No. 2990 on 9/7/00 to introduce Shared Transport. • Collaborative sessions on tariff (or product) issues commenced on March 30, 2000 and continued through September 2000. • Unresolved issues related to UNE Combinations were moved to a comment cycle proceeding in this docket for Commission resolution. <ul style="list-style-type: none"> • Staff identified 13 issues for comment. Comments filed 9/25/00; Responses filed 10/23/00; and Replies filed 11/13/00. • Compliance tariffs filed on 3/29/01 (Advice No. 3059). • Further UNE Combinations collaborative discussions and dispute resolution are addressed under Paragraph 14 (a) and (b) below. • Unresolved issues related to new products from the FCC’s UNE Remand and Line Sharing Orders were handled in a separate docket – U-12540. <ul style="list-style-type: none"> • SBC filed an application on 8/9/00 for approval of cost studies and resolution of disputed issues. • Compliance tariffs filed 4/6/01 (Advice No. 3061 / Transmittal 00070), 5/11/01 (Advice No. 3071 / Transmittal 00073) and 8/24/01 (Advice No. 3101). 	<ul style="list-style-type: none"> • Completed. • MPSC issued Order on 1/4/01 and Rehearing Order on 3/19/01; approved Michigan 271 Amendment (“Mi2A”). • MPSC issued Order on 3/7/01 and Rehearing Order on 7/25/01.

SBC Ameritech's Compliance Status
Case No. U-12320 – February 9, 2000 Order

Order Provision	SBC Ameritech Michigan's Compliance	Current Status
<p><u>2/9/00 Order, ¶ 6</u> (continued)</p>	<ul style="list-style-type: none"> • Unresolved issues related to “long term” Shared Transport were handled in a separate docket – U-12622. • SBC filed application on 9/18/00 for approval of cost studies and resolution of disputed issues. • Compliance tariffs filed 3/29/01 (Advice No. 3059). 	<ul style="list-style-type: none"> • MPSC issued Order on 3/19/01.
<p><u>2/9/00 Order, ¶ 7</u> As a part of the collaborative process, Ameritech Michigan shall develop a comprehensive “customer-friendly” manual for all aspects of resale, interconnection, UNE provisioning, and OSS. Further, Ameritech Michigan’s provisioning and constant updating of such manual shall be subject to third-party OSS testing.</p>	<ul style="list-style-type: none"> • SBC’s CLEC OnLine website, https://clec.sbc.com, provides an online, “customer friendly” manual for CLECs covering all aspects of a CLEC’s relationship with SBC. • “A-AA” Collaborative worked through a number of issues related to the on-line “manual”, including use of accessible letters, change management for non-OSS issues, and the account manager’s handbook. • Further, the CLEC Users Forum (“CUF”) was implemented to provide a monthly forum for CLECs and SBC to share information, including recommendations for updates to CLEC OnLine. The website also has feedback function for CLECs to provide input. • SBC documentation for CLECs is subject to review by KPMG as part of the OSS Test. 	<ul style="list-style-type: none"> • Completed.
<p><u>2/9/00 Order, ¶ 8</u> As part of the approval process, Ameritech Michigan must demonstrate parity for all OSS between CLECs and Ameritech Michigan. Additionally, Ameritech Michigan must demonstrate nondiscriminatory access to all interconnection services delineated in Section 271's checklist provision.</p>	<ul style="list-style-type: none"> • SBC will demonstrate full compliance with this requirement subsequent to issuance of third party OSS test results and the submission of performance results. • SBC requested the MPSC or its Staff to direct KPMG to issue a draft final report on 9/5/02. 	<ul style="list-style-type: none"> • Awaiting issuance of KPMG draft final report and “end game” process. • Awaiting issuance of Ernst & Young PM Audit Report.

**SBC Ameritech’s Compliance Status
Case No. U-12320 – February 9, 2000 Order**

Order Provision	SBC Ameritech Michigan’s Compliance	Current Status
<p><u>2/9/00 Order, ¶ 9</u> In order to be successful, third-party OSS testing must demonstrate the capability of Ameritech Michigan’s OSS at commercial volumes. The methods by which Ameritech Michigan shall demonstrate OSS capability and commercial volumes shall be subject to definition in the collaborative process.</p>	<ul style="list-style-type: none"> • SBC will demonstrate full compliance with this requirement subsequent to issuance of third party OSS test results; the MTP includes volume tests at “normal”, “peak”, and “stress” levels and was developed via the collaborative process. • SBC requested the MPSC or its Staff to direct KPMG to issue a draft final report on 9/5/02. 	<ul style="list-style-type: none"> • Awaiting issuance of KPMG draft final report and “end game” process.
<p><u>2/9/00 Order, ¶ 10</u> The performance measures and standards described in the May 27 and September 3, 1999 orders in Case No. U-11830 shall be implemented immediately. Moreover, through the collaborative process, Ameritech Michigan shall adopt measures to ensure continuing parity for all OSS between CLECs and Ameritech Michigan and nondiscriminatory access to all interconnection services delineated in the checklist provisions.</p>	<ul style="list-style-type: none"> • SBC had substantially implemented the required performance measures (PMs) as directed in U-11830 at the time of the 2/9/00 Order, with continuing implementation work in 2000. • SBC filed on 3/7/00 to update the requirements to a standard set of PMs to work toward uniform PMs across the SBC region. <ul style="list-style-type: none"> • Collaborative commenced on 3/17/00 to discuss SBC’s motion and to work to see if agreement could be reached. • On 7/7/00, parties filed a Joint Motion to approve the multitude of changes to PMs agreed to, which served to change out the “base line” PMs to those more uniform with PMs across the SBC region and to approve a PM Change Management Process; no issues remained in dispute. • On 11/6/00, parties filed a Joint Motion and Joint Petition relating to “Phase II” collaborative work, asking the MPSC to approve PM changes agreed to and to resolve remaining disputes; supplement filed 1/12/01 resolving open disputes. • On 6/8/01, parties filed a Joint Motion to amend PMs to address new OSS interfaces introduced with “LSOG 4” and to address “Frame Due Time” (an alternative hot cut procedure introduced as a result of collaborative work). • Parties agreed to do “six month reviews” of PMs via collaborative meetings. 	<ul style="list-style-type: none"> • Completed. • MPSC approved Joint Motion on 7/17/00. • MPSC approved Joint Motion as supplemented on 2/22/01. • MPSC approved Joint Motion on 7/11/01. • On-going.

**SBC Ameritech’s Compliance Status
Case No. U-12320 – February 9, 2000 Order**

Order Provision	SBC Ameritech Michigan’s Compliance	Current Status
<p><u>2/9/00 Order, ¶ 11</u> CLECs should contribute information regarding general market conditions and competition issues in the Section 271 checklist proceeding. In its August 19, 1997 order in FCC Docket No. 97-137, which involved Ameritech Michigan’s initial application for in-region Section 271 authority, the FCC indicated that an important aspect of the review of a Section 271 application includes an investigation by state commissions of the status of local competition. In so doing, the FCC stated that:</p> <p>[A]n analysis of the state of local competition in Michigan . . . will be valuable to our assessment of the public interest. . . . Accordingly, in future applications, we suggest that the relevant state commission develop, and submit to the Commission, a record containing the state of local competition as part of its consultation. . . . We recognize that carriers may view much of this information as proprietary. . . . Nevertheless, we encourage states to develop and submit to the Commission as much information as possible. August 19, 1997 order, FCC Docket No. 97-137, ¶ 34.</p> <p>The Commission is persuaded that the information to be filed by all CLECs in response to this requirement should be developed as a part of the collaborative process. As soon as possible after issuance of this order, the parties to the collaborative process shall finalize a list of the information to be filed by CLECs and procedures for protecting proprietary data contained in that information. When the list of information has been finalized, all CLECs shall file the required information regarding the state of local competition in Michigan within 45 days.</p>	<ul style="list-style-type: none"> • On 3/13/00, SBC filed its proposals regarding “General Market Conditions.” • On 3/20/00, MPSC Staff issued its proposal (based on SBC’s suggestions) to the collaborative. Based on comments received, MPSC Staff then circulated a revised proposal. • On 4/12/00, the collaborative convened to review Staff’s proposals and comments made. <ul style="list-style-type: none"> • Agreement was reached among the parties on survey content and handling of confidential information submitted in response to Staff’s survey. • On 6/1/00, SBC and other carriers submitted data in response to the agreed upon “Market Conditions Survey. SBC submitted a supplement on 6/2/00. • On 5/1/01, SBC and other carriers submitted data in response to Staff’s Second Market Conditions Survey. • On 2/15/02, SBC and other carriers submitted data in response to Staff’s Third Market Conditions Survey. SBC submitted an update on 3/26/02. 	<ul style="list-style-type: none"> • Completed. • MPSC Staff issued its First Market Conditions Report on 8/15/00. • MPSC Staff issued its Second Market Conditions Report on 5/23/01. • MPSC Staff issued its Third Market Conditions Report on 4/25/02.

SBC Ameritech's Compliance Status
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Order Provision	SBC Ameritech Michigan's Compliance	Current Status
<p><u>2/9/00 Order, ¶ 12</u></p> <p>The collaborative process should be used to develop specific performance assurance measures, including a self-effectuating system to prevent backsliding. Ameritech Michigan's performance enforcement plan shall include the key elements discussed in the December 22, 1999 order in CC Docket No. 99-295, FCC 99-404 involving Bell Atlantic's Section 271 order. In particular, the performance enhancement plan shall include provisions for Ameritech Michigan to make self-executing performance payments in the event its performance does not meet standards.</p>	<ul style="list-style-type: none"> • SBC submitted its proposal for a self-effectuating performance assurance plan (i.e., a performance remedy plan) with all requirements on 8/16/00. • Collaborative discussion commenced on 8/25/00. <ul style="list-style-type: none"> • Disputed issues remained from collaborative discussion and a comment cycle was established, including the submission of alternative proposals by all parties. • Proposals filed on 10/16/00; comments filed on 11/15/00; and replies filed on 12/15/00. (Case No. U-11830) • Pursuant to MPSC 2/25/02 Order, SBC filed its report related to the "multiplier" on 3/18/02; discussed remedy payments made to date. <ul style="list-style-type: none"> • Parties provided comment on 4/1/02. 	<ul style="list-style-type: none"> • Completed. • MPSC issued order on 4/17/01 and rehearing order on 7/25/01 resolving issues and defining remedy plan. (U-11830) • MPSC issued order on 2/25/02 requiring SBC to file a report re: remedy payments; allowed parties to comment. (U-11830)
<p><u>2/9/00 Order, ¶ 13</u></p> <p>Ameritech Michigan shall complete a minimum of three consecutive months of data reporting its compliance with all performance measures required by the Commission's orders in Case No. U-11830.</p>	<ul style="list-style-type: none"> • In the 4th quarter, SBC will file 3 months of performance results demonstrating excellent performance (i.e., providing parity or benchmark performance on at least 90% of the PMs for 2 of the three months). • Pursuant to agreed to "end game" process, 15-day / 15-day comment and reply cycle will commence upon filing. (Joint filing reflecting process/schedule agreement filed on 7/30/01 and approved by MPSC on 12/20/01.) 	<ul style="list-style-type: none"> • Await issuance of final Ernst & Young Audit Report to file PM results and to commence comment cycle.

**SBC Ameritech’s Compliance Status
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Order Provision	SBC Ameritech Michigan’s Compliance	Current Status
<p><u>2/9/00 Order, ¶ 14 (a) and (b)</u></p> <p>a. When Ameritech Michigan believes that it has satisfied a particular competitive checklist item, the company shall file the information with the Commission and should serve such information on all parties who have filed a notice of interest in this proceeding. In the event that Ameritech Michigan believes that the information required to support its position is confidential, the company shall complete the necessary protective arrangements prior to filing the information.</p> <p>b. Parties shall have 15 days to file replies or comments related to Ameritech Michigan’s filings. Those replies or comments shall be served on Ameritech Michigan and all other parties. Ameritech Michigan shall have 15 days to respond to the comments of other parties.</p>	<ul style="list-style-type: none"> • SBC proposed, and then worked collaboratively with parties’ counsel, to develop a standard protective agreement to facilitate the sharing of confidential information in the docket. • On 5/15/01, SBC submitted its Checklist Informational Filing, which included a brief supported by 19 affidavits. The checklist filing detailed the full array of SBC’s product and service offerings, the commitments made via the collaborative process, and demonstrated that SBC met the requirements of the items in the Section 271 checklist, subject to the results of independent testing of SBC’s OSS and analysis of its PM data. <ul style="list-style-type: none"> • Pursuant to the MPSC’s 5/15/01 Order, comments were filed 6/29/01 and replies were filed 7/30/01. • Supplemental Comments were filed 7/24/01, with supplemental replies filed 8/23/01. • SBC addressed each of the six (6) issues raised in the MPSC’s 12/20/01 Order. <ul style="list-style-type: none"> • Collocation at Remote Switches: SBC supplemented the record on 1/29/02; comments filed on 2/13/02; replies filed 2/28/02. • Line Loss Notifications: <ul style="list-style-type: none"> • SBC filed its Interim Report on 1/9/02, five Update Reports (1/29/02, 2/28/02, 4/1/02, 5/1/02, and 6/3/02) and its Final Report on 7/2/02. • Additionally, SBC filed responses to comments filed by WorldCom and Z-Tel on three occasions (2/8/02, 3/8/02, and 8/1/02) when the issues raised were not addressed in an Update Report. • SBC also worked collaboratively with CLECs on this issue on a regional basis via workshops and conference calls. 	<ul style="list-style-type: none"> • Generally completed; Final OSS Test Report & Performance Measures Results filing (with end game processes) will provide final input as to checklist item 2. • MPSC issued order on 5/15/01 setting comment schedule different from paragraph 14(b). • MPSC issued order on 12/20/01 and rehearing order on 3/29/02 directing SBC to address six issues.

**SBC Ameritech’s Compliance Status
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Order Provision	SBC Ameritech Michigan’s Compliance	Current Status
<p><u>2/9/00 Order, ¶ 14 (a) and (b) (continued)</u></p>	<ul style="list-style-type: none"> • The six (6) issues: <i>(continued)</i> <ul style="list-style-type: none"> • Line Splitting: <ul style="list-style-type: none"> • Collaboratives reconvened on 1/31/02, 2/22/02, 3/20/02, and 4/19/02. Issues could not be resolved; four scenarios identified for comment to prepare for Joint Progress Report. • Parties submitted comments on 4/30/02 and replies on 5/9/02; Joint Petition to resolve open issues on the four scenarios filed 5/13/02. • At 6/6/02 collaborative, parties agreed to comment on impact of <i>USTA</i> decision on the four scenarios. Parties submitted comments on 6/17/02 and replies on 6/24/02; Supplement to Joint Petition filed on 6/26/02. • Directory Assistance Listings: SBC submitted compliance tariff on 4/29/02 via Advice No. 3177. • OS/DA “SPID-based” Branding Charges and CNAM Download Charges: <ul style="list-style-type: none"> • SBC filed compliance tariff on 1/23/02 via Advice No. 3131. • SBC submitted application (U-13347) for approval of cost studies; comment cycle established; comments filed 5/30/02 and replies filed 6/7/02. • SBC filed compliance cost studies and tariff on 7/22/02 via Advice No. 3229. • Compliance with 5/16/02 MPSC Order regarding UNE combinations. <ul style="list-style-type: none"> • SBC filed compliance tariff on 5/23/02 via Advice No. 3190. • Collaborative convened on 6/6/02 and 7/10/02. • SBC filed updates to new UNE combinations on 7/18/02 via Advice No. 3218 based on collaborative discussion. • SBC supplemented its Checklist Informational Filing as to UNE combinations on 7/25/02; comments filed on 8/9/02 and replies filed 8/26/02. 	<ul style="list-style-type: none"> • MPSC issued Order on 6/21/02 in U-13347 approving cost studies as amended by order. • MPSC issued Order 5/16/02 requiring tariffing of new UNE combinations and commencement of the collaborative, and approving withdrawal of extension request for Mi2A.

**SBC Ameritech’s Compliance Status
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Order Provision	SBC Ameritech Michigan’s Compliance	Current Status
<p><u>2/9/00 Order, ¶ 14 (c) and (d)</u></p> <p>c. Parties may file other information, but the Commission advises the parties that it will be interested only in comments reflecting new or different data rather than a repetition of previous positions or arguments. The Commission stresses that it is more interested in the quality of the information than the quantity.</p> <p>d. Parties may file any information that they believe necessary for the Commission’s decision at any time during the pendency of this matter. The Commission cautions the parties to be cognizant of the severe time constraints of this process. Last minute filings may limit the ability of the Commission to give full, or any, consideration to the information in those filings.</p>	<ul style="list-style-type: none"> • Since established on 2/9/00, various parties have submitted additional information the party deemed appropriate as to SBC’s compliance with the Section 271 checklist. Topics have included 900/976 blocking, Line Loss Notifications, “Market Entry Test”, and the CNAM Database Download. SBC has responded as appropriate. • Based on the MPSC’s 12/20/01 Order addressing checklist issues to date, only WorldCom issues related to the CNAM Database Download tariff remain potentially open. 	<ul style="list-style-type: none"> • On-going until docket closed.

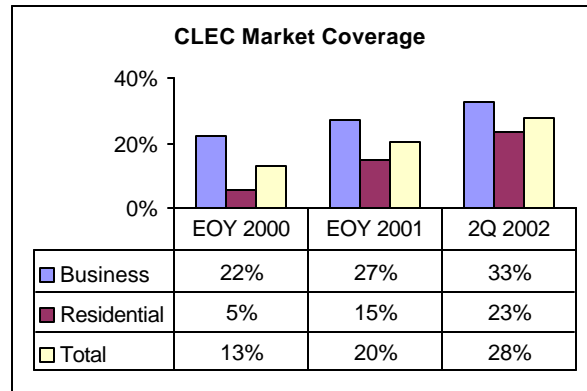
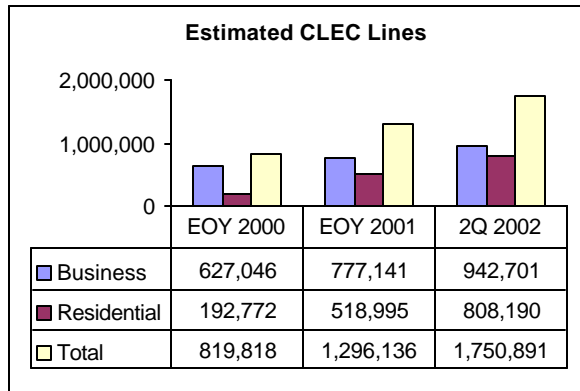
ATTACHMENT B



SBC's Local Market in Michigan Is Open to Competition

Competitors serve about 1.7 million, or 28 percent, of the access lines in SBC's service area in Michigan.¹

- As of June 2002, Competitive Local Exchange Carriers (CLECs) serve about 1,750,000 business and residential access lines in SBC's local service area in Michigan.
- Competitors' access lines have increased 114 percent in the 18-month period between end-of-year 2000 and the end of second quarter 2002, reflecting an estimated average increase of more than 51,700 CLEC lines per month.
- CLECs continue to target the lucrative business market, serving more than 942,000 business lines or about 33 percent of SBC's business access lines in Michigan. However, CLECs also serve more than 808,000 or about 23 percent of the residential lines in SBC's service area in Michigan.
- CLEC estimated target market coverage has increased from 13 percent to 28 percent in the Michigan service area since EOY 2000.



CLECs in Michigan are increasing their reliance on the use of SBC's network.

In the 1st half of 2002 in Michigan, the majority of CLEC competition came through an increase in UNE-P lines, which grew at a rate of 78 percent.

AT&T and MCI had more than half of the UNE-P growth during this time period.

¹ Calculations of CLEC lines in this report use the methodology explained on the last page as Estimate 1. (For comparison, the number of CLEC lines resulting from use of another methodology, designated as Estimate 2, also is provided in the explanations on the last page.)

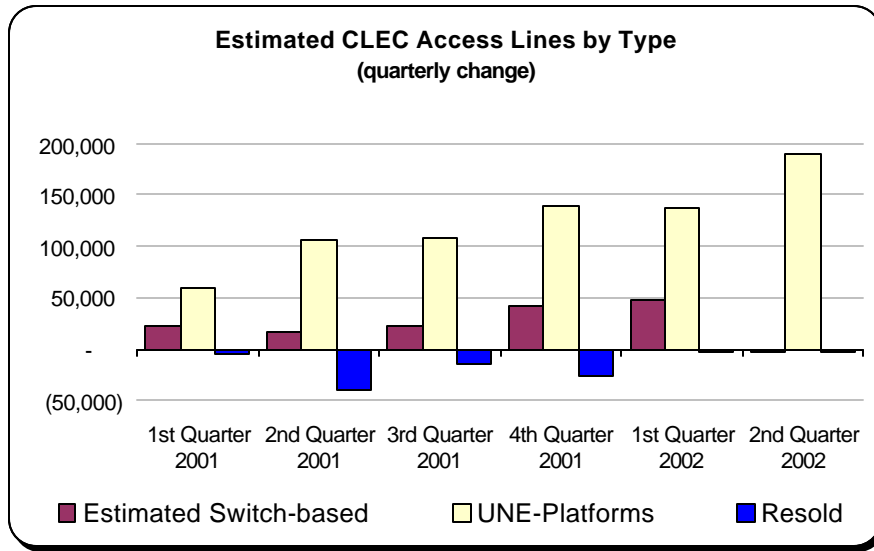
- CLECs compete with SBC Michigan in three ways:
 - Using SBC's Unbundled Network Elements (UNEs and UNE-Ps) to compete;
 - Using their own switches and facilities connected to SBC's interconnection trunks; and/or
 - Reselling SBC's retail service.
- As shown in the table below, in the first half of 2002 the clear majority of CLEC competitive growth was through use of UNE-P lines.

Michigan Estimated CLEC Access Lines by Type		EOY 2000	EOY 2001	1Q 2002	2Q 2002	3 - Month Change	6 - Month Change
UNE-P Combos	Residence	1,323	361,080	471,219	637,919	35%	77%
	Business	6,945	61,201	89,181	112,976	27%	85%
	Total	8,268	422,281	560,400	750,895	34%	78%
Estimated Switch-based Lines² (excludes UNE-P)	Residence	102,515	118,601	132,846	131,949	-1%	11%
	Business	538,205	671,422	752,792	792,813	5%	18%
	Total	640,720	789,745	885,638	924,762	4%	17%
Resold Lines	Residence	88,934	39,314	40,226	38,322	-5%	-3%
	Business	81,896	44,796	39,490	36,912	-7%	-18%
	Total	170,830	84,110	79,716	75,234	-6%	-11%
Total Estimated CLEC Access Lines	<i>Residence</i>	<i>192,772</i>	<i>518,995</i>	<i>644,291</i>	<i>808,190</i>	<i>25%</i>	<i>56%</i>
	<i>Business</i>	<i>627,046</i>	<i>777,141</i>	<i>881,463</i>	<i>942,701</i>	<i>7%</i>	<i>21%</i>
	Total	819,818	1,296,136	1,525,754	1,750,891	15%	35%

- This table demonstrates that in the 2nd quarter 2002:
 - UNE-P lines have increased by **34 percent**
 - CLEC switch-based access lines have increased by **4 percent**.
 - Resold lines have decreased by *6 percent*.
 - Total estimated CLEC access lines have increased by *15 percent*.
- This table also demonstrates that over the last 6 months:
 - UNE-P access lines have increased dramatically, growing by **78 percent**.
 - CLEC switch-based access lines have increased only an estimated *17 percent*.
 - Resold access lines have decreased by **11 percent**.

² Calculations of CLEC lines in this report use the methodology explained on the last page as Estimate 1. (For comparison, the number of CLEC lines resulting from use of another methodology, designated as Estimate 2, also is provided in the explanations on the last page.)

- CLECs in Michigan rely on UNE-P's to service almost half or *43 percent* of their access lines, switch-based facilities to serve *53 percent* of their lines, and resold SBC lines to serve the remaining *4 percent*.
- The quarterly changes in CLECs' UNE-P combos have been dramatic as demonstrated in the next graph:



- Overall, in SBC's service area in Michigan, an estimated *42 percent* of all CLEC access lines do not use Ameritech network elements³.

Other measures also demonstrate that competition exists and is increasing in Michigan.

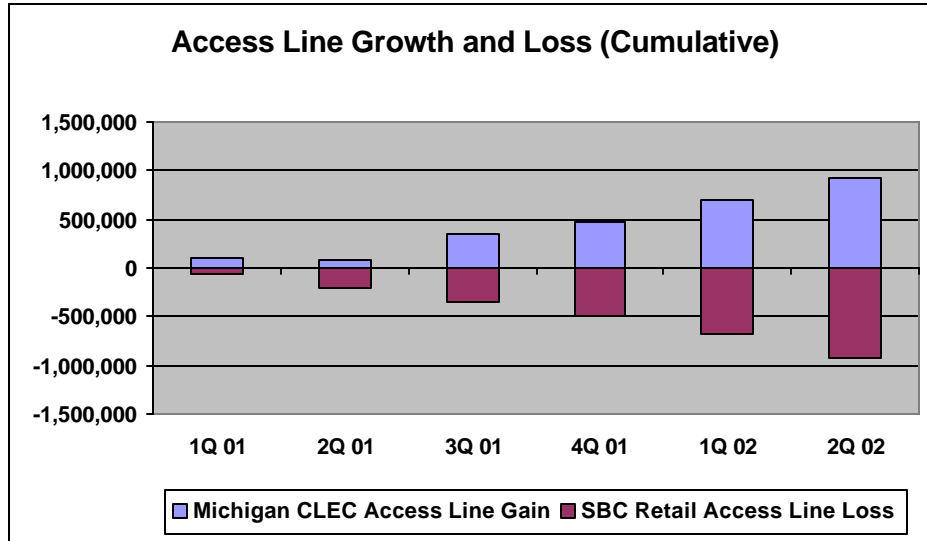
- The typical measures of CLEC activity shown below all indicate significant growth in the period covered in this report.

CLEC Activity	EOY 2000	EOY 2001	2Q 2002	18-Month Change
Interconnection Trunks	232,989	287,180	336,277	44%
Stand-alone Loops	113,648	160,775	181,274	60%
Number of CLECs Passing Orders	58	71	59	2%
Numbers Ported to CLECs	176,931	299,677	385,204	118%
Numbers Assigned (millions)	10.89	13.8	13.79	27%

³ Calculation method = (Estimated Switch Based Lines – Stand-Alone Loops)/Estimated Total CLEC Lines.

CLECs have achieved this level of market share through rapid growth, while SBC Michigan's market share has declined.

- CLECs have significantly affected SBC's local service market in Michigan. In the 18-month period ending second quarter 2002, CLECs' total lines served have grown by more than 930,000 while SBC's retail access lines in Michigan have decreased by more than 928,000, as shown below. This trend clearly demonstrates the intense competition that has developed in SBC's Michigan region.



The conclusion is clear. SBC's local market in Michigan is open to competition, and that competition is increasing rapidly through an increased use of UNE-P lines.



CLEC Access Line Estimate Methodology

Because it does not have access to an exact accounting of access lines served by CLECs in its local service areas (only the CLECs themselves have such data), SBC estimates the number of CLEC access lines using two different methodologies, one based on interconnection trunks, and the other based on E911 database listings.¹ These are the same conservative methodologies used by SBC and reviewed by the FCC in connection with the Texas, Kansas/Oklahoma and Missouri/Arkansas 271 Applications.

Estimate 1: (Interconnection Trunks * 2.75) + UNE-Ps + Resold Lines

Interconnection Trunks are used by switch-based CLECs to connect their network to SBC's network for the purpose of passing traffic. Thus, CLEC end users are able to connect with SBC end users, and vice versa.² Interconnection trunks have the capacity to serve multiple CLEC access lines. SBC uses a conservative 2.75:1 access line-to-trunk ratio³ to estimate the number of access lines served by CLECs using interconnection trunk capacity purchased from SBC.

Because UNE-P arrangements and resold lines are served via SBC switching facilities, no interconnection trunks are required to transport CLEC UNE-P and resale traffic to the SBC network. Accordingly, SBC adds UNE-P and resold lines to the access line-to-trunk ratio to estimate the total access lines served by CLECs in SBC's local service areas.

The business/residence split for access lines served by CLECs using SBC interconnection trunks is estimated using the same ratio of business-to-residence lines as that appearing in the E911 database listings for switch-based CLECs.

Estimate 2: E-911 Listings + UNE-Ps + Resold Lines

CLECs using their own switching facilities to provide service to end users are responsible for establishing and maintaining the telephone number listings for those customers in SBC's E911 databases, and for designating whether the service provided to those telephone numbers is business or residential in nature.⁴ Switch-based CLEC E911 listings therefore provide another method of estimating CLEC access lines.

The E911 listings utilized in this estimate are only those listings served by switch-based CLECs, as input and updated by those CLECs themselves. As noted above, UNE-P and resold lines are not served using a CLEC switch. SBC therefore adds UNE-P and resold lines to the switch-based E911 listings to estimate the total access lines served by CLECs in SBC's local service areas. Because SBC's E911 databases do not reflect all access lines served by switch-based carriers, the E911 estimate of CLEC access lines is very conservative.⁵ The matrix below lists the estimated CLEC lines and market coverage using Estimate 2.

Michigan 2Q 2002 – Estimate #2	Estimated CLEC Lines	Estimated CLEC Market Coverage
Business	550,491	22%
Residential	742,914	22%
Total	1,293,405	22%

¹ All numbers quoted and data used in estimating competition are the most accurate numbers available as maintained in SBC's internal systems. Various factors involved in the data collection process - including manual processes and reliance on CLEC data - may result in fluctuation of the numbers.

² Interconnection trunks carry traffic from access lines served using the CLECs own loop facilities, as well as those served using unbundled loops purchased from SBC. Both types of service provided by switch-based CLECs therefore are included in this estimate.

³ See, e.g., UNE Fact Report at III-14, attached to Comments of the United States Telecom Association, Implementation of the Local Provisions in the Telecommunications Act of 1996, CC Docket No. 96-98 (FCC filed May 26, 1999) (observing that "based on ILEC engineering experience, a single trunk can support up to approximately 10 facilities-based lines" and conservatively assuming that "CLEC trunks are serving between 2.5 and 5 facilities-based lines per trunk"); and US LEC Legal Information (May 3, 2000), utilizing an access line to trunk ratio of 5:1 to estimate the "equivalent access lines" served by its network.

⁴ The switch-based CLEC E911 listings used in this estimate include access lines served by such CLECs over their own loop facilities, as well as those served using unbundled stand-alone loops purchased from SBC.

⁵ For example, SBC's E-911 databases generally do not include listings for "inbound only" access lines used by call centers, reservation agencies telemarketing centers, and other such entities. CLECs presumably have won a significant number of these lines because they target them under the reciprocal compensation regime. In addition, SBC's databases do not include lines reported in competing E-911 databases.