

Report of Independent Accountants

To The Management of
SBC Communications Inc.

We have examined Michigan Bell Telephone Company's (the "Company"), an indirect wholly owned subsidiary of SBC Communications Inc., compliance of reported performance measures with the Business Rules¹ for the Evaluation Period². Management is responsible for the Company's compliance with the Business Rules. Our responsibility is to express an opinion on the Company's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Company's compliance with the Business Rules and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Company's compliance with the Business Rules.

The Company has applied certain interpretations of the Business Rules to the generation and reporting of performance measures as described in Attachment B to this report.

Our examination also disclosed certain instances of material noncompliance with the Business Rules during the Evaluation Period as described in Attachment A to this report.

In our opinion, considering the Company's interpretations of the Business Rules discussed in Attachment B and except for the material noncompliance described in Attachment A, the Company complied, in all material respects, with the Business Rules during the Evaluation Period.

This report is intended solely for the information and use of the Company and the Michigan Public Service Commission and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

September 23, 2002

¹ "Business Rules" refer to Version 1.8_05_20_02 of the Ameritech Performance Measure User Guide as set forth in the Michigan Public Service Commission Order in Docket No. U-11830, as amended.

² The Evaluation Period refers to the months of March through May 2002.

Report of Independent Accountants

Attachment A

I. MATERIALITY DEFINITION

Exceptions to compliance with the Business Rules (i.e., errors) for the months of March, April, and May 2002 were considered to be material and disclosed herein if either of the following two criteria were met:

- a. The error, if corrected, would change the original reported performance measurement (“PM”) result by five percent or more, or
- b. The error, if corrected, would cause the PM’s original reported parity attainment/failure or benchmark attainment/failure to reverse.

II. RESTATEMENTS

During the Evaluation Period, the Company reported¹ data on approximately 1,100 retail and 1,500 wholesale PM submeasure results on a monthly basis. Posted restatements through the date of this report resulted in changes to the original parity or benchmark attainment/failure on 5 (less than one percent of wholesale PMs reported) of the March 2002 submeasures, 19 (1.3 percent of wholesale PMs reported) of the April 2002 submeasures, and 8 (less than one percent of wholesale PMs reported) of the May 2002 submeasures. Each restatement that had a material impact on the original PM result reported for March, April, or May 2002 is reported below in one of the following three categories:

- a. Restatements that changed the original parity or benchmark attainment/failure²
- b. Restatements that did not impact the original parity or benchmark attainment/failure but exceeded the five percent or more materiality threshold
- c. Pending restatements – The Company has indicated these restatements will be made subsequent to the date of this report

¹ As utilized throughout this document, reported numbers include only those submeasures in which the Company had activity and reported data during the Evaluation Period. The Company represented that they have processes in place to report approximately 3,400 wholesale PMs on a monthly basis.

² If the restatement impacted solely a diagnostic measure, it was not included in this section. A diagnostic measure is defined as one that does not require Tier 1 or Tier 2 remedy payments.

Restatements That Impacted Parity or Benchmark Attainment or Failure

The following PMs were originally reported in error during the Evaluation Period. These results have been restated (except as otherwise noted). E&Y verified that the process change was implemented.

- 1. PM 5 (*Benchmark Measure*) and PM 6 (*Diagnostic Measure*) – During the Evaluation Period, the Company reported on a monthly basis 90 wholesale submeasures for PMs 5 and 6. The issues described below were restated in either August or September 2002, and as a result of the restatements, 1 submeasure no longer met benchmark performance in April 2002 and 3 submeasures no longer met benchmark performance in May 2002.** The percent of firm order confirmations (“FOCs”) returned was incorrectly calculated for the simple residence and business electronically processed submeasures during April and May 2002 as a result of utilizing the manual rather than the electronic benchmark for one interface to calculate the percentage of FOCs processed that were returned on time. This was due to the implementation of new systems and processes in the Ameritech region. Additionally, the last two days of April 2002 data were incorrectly excluded from results. For PM 6 only, results for electronically submitted simple residence and business local number portability (“LNP”) only requests were reported on a combined basis instead of disaggregated between electronic and manual processing as required by the Business Rules.
- 2. Various Provisioning and Maintenance PMs (*Parity, Benchmark, and Diagnostic Measures*) – During the Evaluation Period, the Company reported on a monthly basis approximately 400 retail and 630 wholesale submeasures. The issues described below were restated in July 2002, and as a result of the restatement, 17 submeasures had either a change in parity attainment/failure or benchmark attainment/failure for the month of April 2002.**
 - a. April 2002 results for both wholesale and retail data were restated in July 2002 to correct certain Michigan wire centers that were originally reported in the wrong Michigan metro area.
 - b. The March and April 2002 retail comparisons for 8db loops and DSL line sharing were restated in July 2002 to exclude tickets processed through the Loop Maintenance Operations System (“LMOS”) coded as no access or delayed maintenance from the reported results as required by the Business Rules. For the delayed maintenance exclusion, Work Force Administration (“WFA”) excludes only the actual time of delay while LMOS excludes the entire ticket.
- 3. Various Provisioning and Maintenance PMs (*Parity, Benchmark, and Diagnostic Measures*) – During the Evaluation Period, approximately 425 retail and 670 wholesale submeasures were reported on a monthly basis. These issues were restated in August and September 2002, and as a result of the restatement, 1**

parity change occurred for May 2002 results related to geographic submeasures. Additionally, as a result of the restatements, there were 4 instances in May 2002 where the Company's original benchmark attainment/failure changed.

- a. April and May 2002 results were restated in August and September 2002 to include data from the Local Access Service Request system ("LASR") which was previously excluded in error as a result of implementing LASR. As of the date of this report, all restatements have been made except for April 2002 results for specials and UNE transactions.
 - b. April and May 2002 results were restated in August and September 2002 to report certain UNE-P and UNE Loop and Port transactions that were not originally identified due to a data entry error. These were a subset of all the UNE-P and UNE Loop and Port transactions reported. March 2002 results were incorrect but not restated.
 - c. May 2002 results were restated in September 2002 to correct certain DSL transactions that were improperly classified as 8db loop transactions. March and April 2002 results have not been restated as of the date of this report.
 - d. Incorrect setting of an indicator in the PM system led to the erroneous classification of xDSL loops as 8db loops. May 2002 results were restated. March and April 2002 results have not been restated as of the date of this report.
 - e. May 2002 results were restated in September 2002 to correct certain resale products that were previously classified as "unknown products" and not reported in the PM results. Additionally, certain products that have now been identified as specials have not yet been restated as of the date of this report.
- 4. PM 58 and 59 (*Parity Measures*) – During the Evaluation Period, 33 retail and 42 wholesale submeasures were reported on a monthly basis. This restatement was made in May 2002, and parity attainment/failure was changed for 3 submeasures.** March 2002 retail results were restated in May 2002 to include only orders installing circuits or lines in the result.
- 5. PM 73 (*Benchmark Measure*) – During the Evaluation Period, 2 wholesale submeasures were reported on a monthly basis. In August 2002, the Company restated 1 of the submeasures related to March and April 2002 results, and this restatement resulted in the benchmark being missed in both months.** March and April 2002 results were restated in August 2002 due to the improper exclusion of due date misses related to projects.

6. **PM 97 (*Benchmark Measure*) – During the Evaluation Period, 2 wholesale submeasures were reported on a monthly basis. This issue was restated in July 2002, and 1 of the submeasures missed the benchmark as a result of the restatement.** March 2002 results were restated to correct a coding error.

Restatements That Did Not Impact Parity or Benchmark Attainment/Failure

The following PMs were originally reported in error during the Evaluation Period. These results have been restated and E&Y verified that the process change was implemented.

1. **PM 7.1 (*Diagnostic Measure*) – During the Evaluation Period, 4 wholesale submeasures were reported on a monthly basis. This restatement was made in June 2002 and impacted 1 submeasure.** Results for March 2002 for the LNP level of disaggregation were appropriately calculated but were not displayed on the external website.
2. **PM 13 (*Parity/Benchmark Measure*) and 13.1 (*Diagnostic Measure*) – During the Evaluation Period, 12 wholesale and 11 retail submeasures were reported on a monthly basis. Various issues, as described below, were restated in June, July, August, and September 2002. The original parity or benchmark attainment/failure result did not change as a result of the restatements.**
 - a. Certain March transactions were incorrectly included in February results, and certain other transactions were erroneously excluded from the March 2002 results due to a data processing problem.
 - b. April and May 2002 affiliate results did not include certain records as a result of implementing new systems and processes (LASR).
 - c. March, April, and May 2002 results did not include resale orders considered to be “projects” in the denominator of PM 13.1.
 - d. For PM 13 only, the Company’s external website did not originally have results posted for the LNP level of disaggregation although they were calculated. Results for March, April, and May 2002 are now posted on the website
 - e. Due to a program error, the MOR system was excluding certain failed flow through transactions from the calculation because the programming logic was incorrect.
 - f. 7 “drop to manual” error messages were incorrectly reported as failed flow through transactions for PM 13 after one of the initial restatements. This error was restated in August and September 2002.

3. **PM 22 (*Parity Measure*) – During the Evaluation Period, 3 wholesale and 3 retail submeasures were reported on a monthly basis. This restatement was made in June 2002, and as a result of the restatement, the parity result was not impacted.** March 2002 results were restated in June 2002 to include all required service centers in the retail results. Although all 3 submeasures were impacted, only 1 error occurred as the same retail result is utilized for all 3 parity comparisons.
4. **PM 78 (*Benchmark Measure*) – During the Evaluation Period, 3 wholesale submeasures were reported on a monthly basis. The original benchmark attainment/failure result did not change as a result of the restatement.** March 2002 CLEC results were restated in May 2002 for 1 of 3 levels of disaggregation to count the number of orders instead of the number of items. Benchmark performance, which is 20 business days, was not impacted.
5. **PM 104.1 (*Diagnostic Measure*) – During the Evaluation Period, 1 wholesale submeasure was reported on a monthly basis. As this PM is diagnostic, the restatement did not impact parity or benchmark results.** May 2002 results were restated in September 2002 to correct data errors received from the external vendor (Intrado). March and April 2002 results were incorrect but not restated. Additionally, the Company is not excluding CLEC-caused delayed unlocks because it is not currently technically feasible given the current processes; thus it has not been restated.
6. **PM MI 2 (*Diagnostic Measure*) – During the Evaluation Period, 9 wholesale and 8 retail submeasures were reported on a monthly basis. This issue was restated in September 2002 and did not impact parity performance.** The program code utilized to calculate the denominator for this measure was changed in March 2002 causing results for the PM to be misstated. The program code was corrected with July 2002 reporting.
7. **PM MI 13 (*Diagnostic Measure*) – During the Evaluation Period, 4 wholesale submeasures were reported on a monthly basis. This issue was restated in August 2002 and impacted 1 submeasure in March 2002 resulting in the submeasure missing the diagnostic benchmark.** March 2002 results were restated in August 2002 to count the interval for resent line loss notifications from the time of the original send to the completion of the resend. Additional line loss issues are discussed elsewhere in this document.
8. **PM IN 1 (*Diagnostic Measure*) – During the Evaluation Period, 1 wholesale submeasure was reported on a monthly basis, and as a result of the restatement, the diagnostic benchmark was not met.** During the Evaluation Period, the Company was using a due date instead of the actual completion date to calculate the percentage of loop acceptance testing completed on or prior to the completion date. May 2002 results were restated from 100 percent to 79 percent. See interpretative matter regarding the completion date below. March and April 2002 results were not restated.

Pending Restatements – Impact on Parity or Benchmark Attainment/Failure Not Yet Determined

As of the date of this report the following PMs were originally reported in error during the Evaluation Period. The Company has indicated that it plans to restate the PMs for these issues, but restatements have not been made as of the date of this report.

1. **PM 5** (*Benchmark Measure*) – Due to the implementation of new systems and processes, a query to retrieve data from one of the source systems did not work as intended resulting in the exclusion of data from the submeasures that calculate the “tails” results. Additionally, April and May 2002 results misclassified certain loop orders processed through the LASR system as auto/auto instead of auto/manual.
2. **PM 29, 45, 58** (*Parity Measures*) – Cancels on no fieldwork orders were not being properly included in the results during the Evaluation Period.
3. **PM 55.2** (*Diagnostic Measure*) – March 2002 results were incorrect due to some valid transactions not being properly identified and categorized as coordinated hot cuts (“CHCs”) or frame due time (“FDT”) transactions. Beginning with April 2002 results, the Company properly identified and categorized these transactions.
4. **PM 99** (*Parity Measure*) – 1 submeasure was reported on a monthly basis. Results for the Evaluation Period did not appropriately exclude CLEC-caused misses from the calculation of average delay days. March and April 2002 results have not yet been restated. May results were restated in September 2002 with no impact on parity results.
5. **PM MI 13** (*Diagnostic Measure*) – Line loss notifications are not being reported when the winning CLEC originates the order through one ordering system and the Company sends the loss notification to the losing CLEC through a different ordering system. Additionally, the Company was not using the correct end date/time in one ordering system and was inaccurately capturing start times from previously transmitted loss notifications in another system.

III. PROSPECTIVE CHANGES

The following PMs were reported in error during the Evaluation Period. These results have not been restated but the error was corrected by the Company on a prospective basis prior to the date of this report, except as noted. E&Y has verified that the corrective action has been implemented.

1. **PM 5** (*Benchmark Measure*) – Certain data from one of the Company’s source systems (EXACT) was improperly overlaying certain FOC data within a PM reporting system resulting in some orders being reported with longer FOC durations than actually occurred. This error impacted the trunk FOC only and was corrected in April 2002.

2. **PM 7** (*Benchmark Measure*) – Certain orders contained an incorrect matching logic and therefore were improperly excluded from the results during the Evaluation Period. This error was corrected in May 2002.
3. **PM 15** (*Benchmark Measure*) – The Company did not have a process in place to accurately capture and report when a totaling, formatting, content, or syntax error was detected during the resale bill audit process. This process was revised for June 2002 reporting.
4. **PM 73** (*Benchmark Measure*) – March and April 2002 results did not properly capture all projects in this PM. Beginning with May 2002 results, the Company enhanced its method of capturing transactions related to projects which resulted in the proper inclusion of most projects in the PM. Additionally, the Company has identified additional project identifiers that will be tracked and reported but have not yet been implemented.
5. **PM 114 and 115** (*Benchmark Measures*) – The Company did not have a process in place to capture actual start times of coordinated cutovers during the Evaluation Period for the frame due time (“FDT”) level of disaggregation. Instead, the process utilized by the Company identified the start time as the scheduled due time which did not allow for premature disconnects or delayed coordinated cutovers to be properly identified and reported. The Company corrected this issue effective with July 2002 reporting.
6. **PM 114 and 115** (*Benchmark Measures*) **and 115.2** (*Diagnostic Measure*) – Prior to May 2002, the Company incorrectly aggregated multiple orders that occurred on the same date with the same CLEC in the denominator. Beginning with May 2002 results, these orders were no longer aggregated.
7. **PM MI 10 and MI 16** (*Diagnostic Measures*) – Prior to April 2002, transactions from the EDI LSOG 4/CORBA and Verigate systems were improperly excluded from results, and for PM MI 10, results were not reported by interface as required by the Business Rules. Beginning with July 2002 data, the Company properly reported this PM by interface.
8. **PM WI 1** (*Diagnostic Measure*) – Customer-caused no access reports were incorrectly included in the numerator of the calculation during March and April 2002 resulting in a published result worse than actual results. The Company corrected these issues for June and July 2002 reporting.
9. **PM WI 1 and WI 2** (*Diagnostic Measures*) – March and April 2002 results were not reported by geographic metro areas as required by the Business Rules.
10. **PM CWI 1** (*Diagnostic Measure*) – During the Evaluation Period, the average delay time was incorrectly calculated due to utilizing the wrong start time (i.e., the original FOC due date) on certain orders that were modified and by utilizing the

expected due date from the FMOD form instead of the actual completion date of the order.

IV. OTHER IDENTIFIED ISSUES

As of the date of this report the following performance measurements were reported in error during the Evaluation Period. These results have not been restated and have not been corrected by the Company as of the date of this report. Many of the issues described below are included in the Company's change management database and have been identified for future restatement.

- 1. PM 1.2 (Parity Measure)** – The denominator for this PM is not calculated in accordance with the Business Rules. The Business Rules state that the denominator should include the total actual loop make-up information responses. The actual denominator includes all DSL orders regardless of whether loop make-up information was obtained. Additionally for the numerator, the method of data collection for this PM does not guarantee that the order was identical to engineering work confirmations as required by the Business Rules. The numerator is calculated by subtracting the number of DSL orders with trouble reported within 10 days of DSL installation from total DSL orders.
- 2. PM 2 (Benchmark/Diagnostic Measure), MI 10, and MI 16 (Diagnostic Measure)** – The following issues impacted reported results during the Evaluation Period:
 - a. For EDI LSOG 1 transactions, the Company excluded certain address verification transactions during the Evaluation Period that were not matched to living units or street addresses.
 - b. Certain valid EDI LSOG 1 transactions were improperly excluded from the reported results of MI 10 and MI 16.
 - c. After the implementation of the LSOG 5 version of EDI (“LSOG 5”) in April 2002, the Company improperly reported LSOG 5 transactions in which a request for a customer service record and directory listing is made as one combined request in the Verigate CSR submeasure. However, this combined level of disaggregation is not listed in the Business Rules.
 - d. Additionally, after the implementation of LSOG 5, the Company improperly double-counted certain preorder queries in the reported results for the LSOG 4 customer service requests and telephone number submeasures only.
- 3. PM 5, 7, 93 (Benchmark Measures), 10.4, and 91 and MI 2 (Diagnostic Measures)** – Some xDSL loops with LNP were not captured in the reported results.

4. **PM 5.2** (*Diagnostic Measure*) – Certain transactions were improperly excluded from reported results during the Evaluation Period. These transactions related to new products and a jeopardy code that functioned like an unsolicited firm order confirmation. Additionally, the Company is unable to track the disaggregations for “Cancel Customer Order” and “Service Order Due Date Change” due to a system limitation which is currently being addressed.
5. **PM 7 and 8** (*Benchmark and Diagnostic Measures*) – Certain orders that did not contain service order completion dates or contained start dates with a null value were reported as meeting the one-hour completion timeline when no data was available to make that determination. Additionally, the Company excluded certain transactions from the results in error.
6. **PM 7.1, 91** (*Diagnostic Measures*), **and 93** (*Benchmark Measure*) – Results for the Evaluation Period did not exclude CLEC-caused misses from the calculation as required by the Business Rules. The net effect of applying this exclusion would most likely result in an improvement in the Company’s results.
7. **PM 9** (*Diagnostic Measure*) – The Company excluded certain transactions that should be included in reported results.
8. **PM 10.4 and MI 2** (*Diagnostic Measures*) – During the Evaluation Period, the Company incorrectly reported certain UNE loop orders as UNE loops with LNP when they were not LNP orders. Additionally, the Company did not properly report the percentage of orders given jeopardies when there were multiple due date changes by the CLEC. Additionally, the Company did not apply an exclusion for CLEC-initiated end user codes as stated in the Business Rules and excluded certain transactions from the results in error.
9. **PM 13 and 13.1** (*Parity/Benchmark and Diagnostic Measures*) – Certain supplemental and cancelled orders have had the ability to flow through the Company’s systems; however, the Company did not have the capability to identify and report this data. Additionally, certain line sharing orders were improperly excluded from reported results. A separate line sharing submeasure was added with June 2002 reporting.
10. **PM 14** (*Parity Measure*) – The process by which the Company performed bill audits to verify wholesale universal service ordering code (“USOC”) rates did not ensure all items in the audit sample were tested and did not obtain all the relevant information in all cases to accurately determine if the USOC rate was accurate. Additionally, for the retail comparison for both resale submeasures, the Company did not have a process in place to accurately capture and report when invalid USOC rates were identified in the bill audit process. Also, for the Resale Monthly Recurring/Non Recurring wholesale submeasure, the Company’s process does not compare the USOC rates per the rate tables to the actual bill sent. Utilizing the Company’s current process, a difference would not be identified.

11. **PM 17** (*Parity Measure*) – Retail data was included in the wholesale results in error during the Evaluation Period due to the counting of certain win back service orders entered by wholesale service representatives as wholesale results.
12. **PM 25** (*Parity Measure*) – Due to a manual calculation error, April 2002 retail data was improperly reported.
13. **PM 28** (*Parity/Benchmark Measures*) – The Company did not properly identify customer-requested due dates during the Evaluation Period. Instead of capturing the actual customer-requested due date, the Company-offered due date was utilized in the calculation.
14. **PM 28-33** (*Parity/Benchmark Measures*) – The Company incorrectly reported certain internal orders impacting the CLEC portion of a partially “won back” account as wholesale orders during the Evaluation Period.
15. **PM 43, 44, 55.1, 55.2, 56, and 56.1** (*Parity/Benchmark/Diagnostic Measures*) – During the Evaluation Period, the Company utilized the wrong field to determine the exclusion for customer-requested due dates in excess of the stated time period in the Business Rules. For PMs 55.1, 55.2, 56, and 56.1, only the DSL line sharing submeasure was affected.
16. **PM 54, 54.1, 65, and 65.1** (*Parity/Benchmark Measures*) – Certain products were classified as “unknown products” and not reported in the PM results.
17. **PM 55-63 and 65** (*Parity/Benchmark Measures*) – DSL transactions were not identified by geographic region as required by the Business Rules and, therefore, are not reported in the correct geographic region.
18. **PM 55.1 and 58** (*Parity/Benchmark Measures*) – During the Evaluation Period, certain orders involving the FMOD database were not properly identified as loops involving conditioning or were incorrectly identified as FMOD orders. Additionally, the Company did not count the start time correctly during the Evaluation Period resulting in inaccurate PMs.
19. **PM 55.2** (*Diagnostic Measure*) **and 56.1** (*Benchmark Measure*) – During May 2002, the Company experienced a problem with a source system which caused some CHC and FDT Michigan data to not be reported.
20. **PM 65, 65.1, 66, 67, 68, and 69** (*Parity/Benchmark Measures*) – The Company improperly calculated the wholesale numerator during the Evaluation Period for the line share submeasure. The Company only included trouble reports for the voice portion of the line and improperly excluded trouble reports related to the data portion of the line. Additionally, certain DSL trouble reports on circuits that the CLECs took “as is” were counted as Company troubles when they were not.

- 21. PM 71** (*Benchmark Measure*) – During the Evaluation Period, the Company posted an invalid retail comparison for this PM. The CLEC result was correct and will not change; however, a benchmark of 2% will be added and the retail result will be removed.
- 22. PM 74, 75, and 78** (*Benchmark Measures*) – During March and April 2002, the Company excluded certain transactions with a missed appointment code associated with a project from reported results. In May 2002, the Company excluded all projects from the reported results. The Business Rules do not allow for projects to be excluded from results.
- 23. PM 91** (*Diagnostic Measure*) **and 93** (*Benchmark Measure*) – Data related to the LASR system was not included in these PMs for April and May 2002, and certain transactions were included in or excluded from the results in error. Additionally for PM 91 only, March through May 2002 results did not include transactions associated with projects and also contained a coding error that excluded orders where the completion date was before the due date. Additionally, CLEC-initiated revisions were improperly excluded from results and Ameritech did not capture information by telephone number but instead captured the information by order number.
- 24. PM 95 and 99, MI 9, and MI 13** (*Benchmark/Parity/Diagnostic Measures*) – During the Evaluation Period, the Company excluded projects from these PMs although there is no exclusion allowed in the Business Rules.
- 25. PM 96 and 97** (*Benchmark Measures*) – For LNP with loop orders, the related order field is not always populated resulting in certain LNP with loop orders being reported as loop orders.
- 26. PM 105** (*Benchmark Measure*) **and 106 and MI 5** (*Diagnostic Measures*) – Testing of supporting documentation for the transactions that comprise these PMs revealed that start and stop times were not accurately calculated and that supporting documentation for transactions was not appropriately maintained. Additionally, certain transactions were recorded in the wrong month.
- 27. PM 115.2** (*Diagnostic Measure*) – The Company did not apply an exclusion for no access to the end user's location required by the Business Rules. The net effect would most likely result in an improvement in the Company's results.
- 28. PM 117 and 118** (*Parity Measures*) – The Company considers an NXX code request to be on time as long as it completes testing by the end of the week containing the due date, instead of by the actual due date as required by the Business Rules.

- 29. PM MI 4** (*Diagnostic Measure*) – The Company was utilizing an incorrect data field to calculate the numerator for this result. The date the quote was accepted was utilized instead of the construction start date resulting in inaccurate results.
- 30. PM MI 9** (*Diagnostic Measure*) – Projects were incorrectly excluded from the calculation of this measurement during the Evaluation Period, and the PM contained a coding error that counted rejects in the result.
- 31. PM MI 10 and MI 16** (*Diagnostic Measures*) – During the Evaluation Period, rejected and timed out pre-order transactions submitted through TCNet were improperly excluded from the numerators of MI 10 and MI 16. TCNet does not have the capability to capture the rejected and timed out status; therefore, these transactions cannot be reported in the numerator for these PMs.
- 32. PM MI 11** (*Diagnostic Measure*) – This PM was incorrectly calculated during the Evaluation Period as the Company counted all notifications instead of just the initial notifications in the results. Additionally, manual errors were noted in the recording of start and end times associated with this PM.
- 33. PM MI 12** (*Diagnostic Measure*) – The Company excluded retail transactions from reported results where the field cycle date was null and excluded wholesale transactions when a field identifying the CLEC was blank. This issue was isolated to one day in the month of May 2002.
- 34. PM MI 14** (*Diagnostic Measure*) – The Company was not able to identify electronic UNE-P transactions and as a result did not report the UNE-P level of disaggregation for electronically processed completion notifications. Additionally, the algorithm for tracking CLEC identifiers was not the same for LMOS and WFA.
- 35. PM MI 15** (*Diagnostic Measure*) – The Company did not appropriately capture the denominator for this PM during the Evaluation Period. Instead of using all changes implemented during the month as the denominator as stated in the Business Rules, the Company captures the number of notification letters sent during the month as the denominator to calculate the number of notifications issued on time. This impacted a minor number of transactions during the Evaluation Period.
- 36. C WI 5** (*Benchmark Measure*) – The Company did not report data for specials and UNEs during the Evaluation Period.
- 37. C WI 6, C WI 7, and C WI 8** (*Benchmark Measures*) – Due to errors in data collection by the reporting systems, the Company improperly excluded certain transactions from reported results.

- 38. C WI 9** (*Benchmark Measure*) – The Company excluded orders that were cancelled after Form C was sent although the Business Rules state that orders in which a Form C was sent should be included in the result.
- 39. Ordering PMs** (*Parity/Benchmark Measures*) – The Company is excluding certain orders that are processed through LASR when a data field identifies the particular CLEC as null. This exclusion is not allowed by the Business Rules.

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Attachment B – Interpretations

In implementing the Business Rules, certain interpretations of the proper application of the Business Rules are made. Below is a listing of interpretations made by management related to their application of the Business Rules. We have not considered these interpretations as exceptions to compliance with the Business Rules. Additionally, the Company has indicated that many of the interpretations indicated below have been preliminarily agreed to with the CLECs as part of the most recent six-month review process.

1. **PM 1.1, 105, CWI 6, CWI 7, CWI 8, CWI 9** (*Parity/Benchmark Measures*), **and 106** (*Diagnostic Measure*) – The Company excluded weekends and holidays from the calculation although not specifically stated in the Business Rules.
2. **PM 6** (*Diagnostic Measure*) – The electronically submitted DSL submeasures in the Business Rules required separate disaggregations for 1-49 loops and greater than 49 loops. The Company reported separate disaggregations for 1-19 loops and greater than 19 loops as the Company believes the Business Rules contain a typographical error.
3. **PM 7, 7.1, 10, 10.1, 10.2, 10.3, 11.1, 11.2** (*Benchmark Measures*), **8, and 11** (*Diagnostic Measures*) – The Company excludes system downtime and weekends and holidays although not stated in the Business Rules.
4. **PM 7** (*Benchmark Measure*), **7.1, and 8** (*Diagnostic Measures*) – For transactions processed through LASR which was implemented on April 20, 2002, the start time for calculating the numerator begins when the order is received by LASR to submit back to the CLEC instead of utilizing the time the order is actually completed within the ordering system.
5. **PM 10.4 and MI 2** (*Diagnostic Measures*) – The Company excluded retail jeopardy notices that were not sent within 24 hours of the due date from the results.
6. **PM 13 and 13.1** (*Parity/Benchmark and Diagnostic Measures*) – Effective with June reporting, the Company began reporting line sharing as a separate submeasure.
7. **PM 14** (*Parity Measure*) – The Business Rules state that the retail comparison for unbundled network elements should be “Access.” During the Evaluation Period, the Company utilized access services billed to AT&T only out of the Carrier Access Billing System as the retail comparison. Subsequent to the Evaluation Period, the Company changed its methodology for calculating the retail comparison for the Other UNE submeasure to be an average of the retail parity results for the other two submeasures (i.e., Resale Monthly Recurring/Non-Recurring and Resale Usage/Unbundled Local Switching).

8. **PM 15** (*Benchmark Measure*) – The Business Rules definition for this PM is “the percent of monthly bills sent to the CLECs via the mechanized AEBS process and the paper billing process that are accurate and complete.” However, the levels of disaggregation are only EDI and BDT. The Company has included bills transmitted and stored by means other than EDI and BDT in the PM result.
9. **PM 18** (*Benchmark Measure*) – Instead of utilizing the time bills are transmitted to the CLECs in the calculation of billing timeliness, the Company utilized the time the bill file was created and ready for transmission.
10. **PM 20** (*Diagnostic Measure*) – During the Evaluation Period, the Company did not include prior months’ carrier unbillable dollars in the numerator of PM 20 and also excluded certain carrier messages that were not considered to be “unbillable” usage by the Company. Effective with July reporting, the Company included all current carrier unbillable usage in the numerator.
11. **PM 27** (*Parity Measure*) **and 28** (*Parity/Benchmark Measure*) – The Company included Centrex orders in the retail comparison for business POTS and UNE-P.
12. **PM 27, 28, 29, 30, 31, 32, 33, 35, 37, 37.1, 38, 39, 40, 41, and 42** (*Parity/Benchmark Measures*) – The retail equivalent for UNE-P includes ISDN while the CLEC UNE-P result does not. ISDN should be excluded from the retail comparison of UNE-P.
13. **PM 28** (*Parity/Benchmark Measure*) – Although the exclusions listed in the Business Rules for PMs 27 and 28 are the same, the Company is applying the exclusions differently. The due date exclusions are not applied in PM 28 because the Company believes the definition of the PM as stated in the Business Rules is to measure orders completed within the due date when that date is later than or equal to the offered due date. As such, the Company does not believe it appropriate to exclude requested due dates beyond the offer date. Additionally, the denominator for PM 28 in the Business Rules states total orders not subject to exclusions; however, the Company is applying certain exclusions allowed by the Business Rules to the denominator.
14. **PM 29, 45, and 58** (*Parity/Benchmark Measures*) – The Company is excluding CLEC-caused misses from the numerator but not the denominator as stated by the Business Rules.
15. **PM 37.1** (*Parity Measure*) – The Company reports results for this PM by geographic region although the Business Rules do not specify to do so. The Company has indicated that this is a mistake in the published Business Rules.
16. **PM 40** (*Parity Measure*) – Although not stated in the Business Rules, the Company excludes customer-requested appointments (i.e., CLEC-extended commitments) and appointments in which the Company was not granted access (i.e., no access) from the calculation of this PM.

17. **PM 43, 44, 45, 46, 47, 48, 49, 50, 52, and 53** (*Parity Measures*) – The reported results for the Evaluation Period counted all T1 circuits instead of counting just the T1 pipe for ISDN and DS 1 submeasures.
18. **PM 44** (*Parity Measure*) – The Business Rules state that circuits that have a customer-requested due date greater than 20 business days should be excluded from results. The Company has represented that this exclusion relates to the prior version of the Business Rules and was not removed from the current Business Rules by mistake. As such, the Company did not take this exclusion during the Evaluation Period.
19. **PM 55-63, CWI 11** (*Parity/Benchmark Measures*), and **WI 9** (*Diagnostic Measure*) – ISDN orders are included in the retail comparison for both ISDN and POTS business with field work.
20. **PM 59, 60, 63, and 69** (*Parity/Benchmark Measures*) – Subsequent to the Evaluation Period, the Company made a determination to exclude certain “C” orders that did not have an “A” action code from reported results.
21. **PM 65, 65.1, and 69** (*Parity/Benchmark Measures*) – The Business Rules state that interconnection trunks should be excluded from the calculations of these PMs but also state that interconnection trunks should be reported as a separate level of disaggregation. The Company reported interconnection trunks as a separate level of disaggregation during the Evaluation Period.
22. **PM 68** (*Parity Measure*) – The Company excludes transactions coded as no access and delayed maintenance although not stated in the Business Rules.
23. **PM 55.3** (*Diagnostic Measure*) – During the Evaluation Period, the Company did not exclude line sharing transactions from the results as the Company considered line sharing transactions xDSL capable. Subsequent to the Evaluation Period, the Company agreed to exclude line sharing transactions from the PM based on a new interpretation of the intent of the Business Rules. Additionally, when line sharing transactions were included in PM 55.3, the Company did not exclude loops conditioned through the FMOD process or exclude loops under 12,000 feet due to the lack of system capabilities.
24. **PM 56** (*Parity/Benchmark Measure*) – For the DSL with line sharing level of disaggregation, the Company excluded broadband DSL line sharing transactions (i.e., DSL line sharing transactions in which the Pronto indicator is “1”) from the PM result. Additionally, the Company utilized three days (non-affiliates) and four days (affiliates) as the standard intervals for DSL with line sharing. Standard intervals were not provided for this level of disaggregation in the Business Rules.
25. **PM 78** (*Benchmark Measure*) – The Company excluded non-Ameritech-caused missed due dates from the PM although this is not provided for in the Business Rules.

- 26. PM 91** (*Diagnostic Measure*) – For purposes of applying the exclusion for CLEC-requested due dates outside of industry guidelines, the Company treats all NXXs as being as if they were previously opened. Thus the standard interval is three days. Therefore, anything outside of four days or more is considered a CLEC-requested due date outside the industry guidelines and is excluded from the PM.
- 27. PM 97** (*Benchmark Measure*) – The Company is excluding CLEC-caused misses from the calculation although this is not stated in the Business Rules.
- 28. PM 109** (*Benchmark Measure*) – The Company did not exclude weekends and holidays as stated in the Business Rules but instead followed the state rules of calendar days. Additionally, the Company reports applications received after 2:00 p.m. as being received on the next business day although this is not specifically stated in the Business Rules.
- 29. PM 110, 111, and 113** (*Benchmark Measures*) – The Business Rules for PMs 110 and 111 allow for the exclusion of weekends and holidays but the Company is only excluding weekends and the Company is excluding weekends for PM 113 but this is not stated in the Business Rules.
- 30. PM 114, 115** (*Benchmark Measures*), **115.1, 115.2, and MI 3** (*Diagnostic Measures*) – During the Evaluation Period, the Company excluded CHC and FDT orders in excess of 24 lines because they are considered projects although no exclusion for projects is allowed by the Business Rules. Additionally, the Company excludes coordinates that require field dispatch although not stated in the Business Rules.
- 31. PM 115.1** (*Diagnostic Measure*) – The Company is excluding non-measured trouble reports from the measure. Additionally, the Business Rules state to exclude reports for which the trouble is attributable to the Ameritech network, and the Company does not take this exclusion.
- 32. PM 117 and 118** (*Parity Measures*) – The Company excludes disconnects, rehomes and change code activation notifications (“CANS”), local number telephone portability, foreign NPA NXXs, and code requests from CLECs that do not have an interconnection agreement with the Company although this is not specifically stated in the Business Rules.
- 33. PM 121** (*Benchmark Measure*) – The Company interprets “when Ameritech receives the application” as when they receive the authorization from the CLEC to create a quote (called the authorized preliminary analysis). The Business Rules say the start time is when Ameritech receives the BFR application, which is the initial BFR form.
- 34. PM CWI 9** (*Benchmark Measure*) – The Company utilizes the date/time when the CLEC returns Form C requesting a quote as the start time to calculate the PM interval instead of utilizing the date Form C is issued to the CLEC as stated in the

Business Rules. Additionally, the Company excludes loop-qualified orders requiring modification from this PM. This is a stated exclusion in certain related PMs but not for PM CWI 9. The Company also excludes cancelled orders in which a Form C was issued from the denominator although this exclusion is not stated in the Business Rules.

35. **PM CWI 11** (*Parity/Benchmark Measure*) – The title of the measure is FMOD Forms B, C, D, Percentage of Due Dates Met; however, the calculation section of the Business Rules states that the numerator should be the number of FMOD orders with missed revised due dates. The Company is following the calculation section of the Business Rules and has noted this on the website.
36. **PM MI 2** (*Diagnostic Measure*) – After the Evaluation Period, the Company began excluding FMOD orders as the Company believes it obvious these orders will not be completed within 24 hours and should not be included in results.
37. **PM MI 3** (*Diagnostic Measure*) – The Business Rules contain an inconsistency regarding the name of the PM (“Coordinated Conversions Outside of Interval”) and the method of calculation. The Company is calculating the PM utilizing the number of cross connections started within one hour of the scheduled time as stated in the calculation section of the Business Rules. Additionally, the Company uses as the start time for this measure when a CLEC calls the Local Operation Center (“LOC”) as opposed to the time the central office/translation work begins. Using the CLEC call time should increase the interval for the Company.
38. **PM MI 6, MI 7, and MI 8** (*Diagnostic Measures*) – The Company did not report Z values for March and April 2002 as these PMs were diagnostic measures. The Company began reporting Z values for these PMs with May 2002 results.
39. **PM MI 10** (*Diagnostic Measure*) – The denominator used in the calculation includes all pre-order queries processed; however, the Business Rules require total system responses.
40. **PM MI 12** (*Diagnostic Measure*) – During the Evaluation Period, the Company utilized the number of cycles an order was in 3E status multiplied by 1.5 instead of utilizing the date the error was cleared minus the date the order went into error status due to system limitations.
41. **PM IN 1** (*Diagnostic Measure*) – In order to calculate the percent of loop acceptance testing completed on or prior to the order completion date, the Company counts the percentage of orders that were billed to determine the numerator for the calculation since they are unable to calculate the actual completion date of loop acceptance testing.
42. **Various PMs** (*Parity/Benchmark Measures*) – For parity PMs, the Company does not report affiliate or retail results for a particular level of disaggregation whenever there are no corresponding CLEC results to report for that month.

43. Provisioning PMs (*Parity/Benchmark Measures*) – In certain instances service orders completed at the end of the month are not reported until the following month due to delays in posting to the source systems.

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