

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's own motion, )  
to consider **AMERITECH MICHIGAN'S** compliance ) MPSC Case No. U-12320  
with the competitive checklist in Section 271 of )  
the federal Telecommunications Act of 1996 )  
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**XO MICHIGAN, INC.'S COMMENTS WITH RESPECT TO THE ERNST AND  
YOUNG REPORT AND SBC AMERITECH MICHIGAN'S PERFORMANCE  
MEASUREMENT DATA**

**I. INTRODUCTION**

XO Michigan, Inc. ("XO") is a full service provider of communication services, dedicated to world class customer care and to providing communication solutions to all of its customers. XO is a facilities-based competitive local exchange carrier ("CLEC"). In 1998, XO received its license from the Michigan Public Service Commission ("Commission") and, in 1999, XO began providing services in certain SBC Ameritech Michigan ("Ameritech") exchanges. As a result, XO is very familiar with Ameritech's treatment of CLECs and urges the Commission to reject Ameritech's claim that it is in compliance with the 271 checklist.

In an effort to support its 271 application, Ameritech has submitted a report from Ernst & Young LLP ("E & Y") in an attempt to show that: (1) Ameritech has effective controls over the accuracy and completeness of its reported data in accordance with the Business Rules and (2) it is reporting the performance measures in compliance with the Business Rules. The E & Y report, however, reveals an opposite conclusion. The E & Y report clearly states that "our examination disclosed

that certain processes used to generate performance measurements, primarily related to the manual collection and processing of data and computer program coding and modifications, did not include certain controls to ensure the accuracy of the reported performance measurements.” In addition, the E & Y report concluded that “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.” Attachment A contains voluminous instances where Ameritech failed to comply with the Business Rules. The E & Y report offers no support to Ameritech’s claim that it is in compliance with the Business Rules. Instead, the E & Y report establishes that Ameritech does not yet have effective controls over the accuracy and completeness of its reported data and that Ameritech is not yet in compliance with the Business Rules.

Also in an effort to show compliance with the 271 checklist, Ameritech has filed three months worth of performance measurement data. Yet, the E & Y report raises great concerns as to the accuracy of the data and any claim by Ameritech that such flawed and unreliable data could be used to satisfy any performance benchmarks must be rejected. One certainly would expect that, if all the errors reported by E & Y were actually corrected, Ameritech’s performance would be far worse than currently shown in its flawed performance measurement data.

In its comments, XO will discuss the performance measurements that are important to it as a facilities-based provider. These include: pre-ordering/ordering, billing, provisioning – UNEs, interconnection trunks and coordinated conversions. A review the E & Y report and Ameritech’s performance measurement data

demonstrates that Ameritech is not providing nondiscriminatory access in these important areas and therefore its claim that it is in compliance with the 271 checklist should be rejected.

## **II. ANALYSIS**

### **A. PRE-ORDERING/ORDERING**

It is of critical importance for a CLEC to be able to efficiently order unbundled network elements from Ameritech. It is beyond dispute that Ameritech must make this type of operations support system (OSS) available to CLECs on a nondiscriminatory basis to comply with checklist item #2. Yet, the E & Y report and Ameritech's performance measurement data raise substantial concerns relating to this important element of OSS.

In its report, E & Y lists 22 performance measures relating to pre-ordering/ordering. (Appendix A, Testing Universe of PMs.) With respect to 16 of these 22 performance measurements, the E & Y report states that these performance measurements "were reported in error during the Evaluation Period." (Attachment A, p.11) Even more troubling is the fact that these errors have neither been restated nor corrected by Ameritech. The E & Y report unequivocally states that "these results have not been restated and have not been corrected by the Company as of the date of this report." (*Id.*) As a result, the E & Y report clearly establishes that Ameritech has significant and unresolved issues with respect to reporting its performance measures in compliance with the Business Rules for pre-ordering/ordering.

With respect to the performance measure data actually presented by Ameritech relating to checklist item #2 (access to network elements, including OSS),

Ameritech asserts that it has an overall 84% success rate for all submeasures for these performance measures. On its face, an 84% success rate should not be satisfactory to show compliance with the 271 checklist. Furthermore, the claimed 84% success rate is totally unreliable given the substantial outstanding issues relating to Ameritech's compliance with the Business Rules relating to pre-ordering/ordering. As a result, there is insufficient evidence for any claim that Ameritech Michigan is in compliance with checklist item #2 with respect to providing nondiscriminatory access to pre-ordering/ordering.

## **B. BILLING**

Another significant impediment to CLECs' ability to compete in Michigan is that Ameritech's wholesale bills are inaccurate. Performance measure PM 14 is the performance measurement that addresses billing accuracy. With respect to this important performance measurement, the E & Y report states:

**PM 14** (*Parity Measures*) - 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 and 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. (E & Y Attachment A, p. 12, Item 9)

Again, this error relating to Ameritech's compliance with the Business Rule has not been restated and has not been corrected by Ameritech. (Attachment A, p. 11).

In order to engage in meaningful business planning and for efficient operation of its business, a CLEC must receive accurate bills from its vendors. There is no more important vendor to a CLEC than Ameritech. Ameritech's inability to provide accurate bills is a significant impediment to competition in Michigan. To date, XO continues to have significant difficulties auditing the bills received from Ameritech and this significantly impedes XO's ability to engage in meaningful business planning and operations in Michigan.

### **C. PROVISIONING - UNBUNDLED NETWORK ELEMENTS**

With respect to the provisioning of unbundled network elements, the E & Y report identifies 12 performance measurements relating to this item. (Appendix A, Testing Universe of PMs, p.2-3). With respect to each and every one of these performance measurements, the E & Y report establishes that Ameritech was not in compliance with the Business Rules. Again, the E & Y report states that these errors have not been restated and have not been corrected by Ameritech. (Attachment A, p. 11). Thus, little confidence should be placed in the data that Ameritech has provided with respect to provisioning of unbundled network elements.

Even more troubling than Ameritech's inability to comply with these Business Rules, is the fact that Ameritech's own flawed data shows it has missed benchmarks with respect to 4 of these important performance measurements. These include PM 55 (Average Installation Interval), PM 55.1 (Average Installation Interval-DSL), PM 56 (Percent Installations Completed Within the Customer Requested Due Date) and PM 59 (Percent Trouble Reports within 30 days of Installation). All of these misses are significant to facilities-based providers and harms their business reputations. When

Ameritech fails to meet installation dates or when trouble is reported within 30 days of installation, this failure of Ameritech reflects poorly on XO's ability to provide adequate services to its customers. It is blatant discrimination for Ameritech not to meet its obligations regarding the provisioning of UNEs. It is even more troubling when Ameritech's own flawed performance measurement data establishes unacceptable levels of service by Ameritech. As a result, there is insufficient evidence for any claim that Ameritech is in compliance with the checklist item requiring nondiscriminatory provisioning of UNEs.

#### **D. INTERCONNECTION TRUNKS**

The E & Y report shows that with respect to PM 74, (Average Delay Days For Missed Due Dates - Interconnection Trunks), PM 75 (Percentage of Ameritech Caused Missed Due Dates > 30 Days - Interconnection Trunks) and PM 78 (Average Interconnection Trunk Installation Interval), Ameritech reported its results in error. Once again, with respect to these performance measurements, the E & Y report states that these results have not been restated and have not been corrected by Ameritech. (Attachment A, p. 11.)

Even though it is not properly measuring its performance with respect to PM 74, PM 75, and PM 78, Ameritech missed the benchmark for these performance measures or submeasure(s) for each. In addition, Ameritech has also missed the benchmark for PM 73 (Percentage Missed Due Dates-Interconnection Trunks). Ameritech's inability to make available interconnection trunks is not only borne out by its own data, this conclusion is also borne out of XO's experience in attempting to obtain interconnection trunks from Ameritech. As a result, there is insufficient

evidence for any claim that Ameritech is in compliance with the checklist item requiring nondiscriminatory access to interconnection trunks.

#### **E. COORDINATED CONVERSIONS**

The only good news with respect to coordinated conversions is that the E & Y report did not identify any errors with respect to Ameritech's compliance with the Business Rules. Unfortunately, Ameritech's performance data shows that Ameritech has missed the benchmark for PM 114 (Percentage of Premature Disconnects - Coordinated Cutovers). Again, this is another critical performance measure for facilities-based providers. When customers convert their service from Ameritech to XO and are prematurely disconnected, they are needlessly left without service. Clearly, this type of mishap discourages customers from switching their service to a CLEC. Again, this demonstrates that Ameritech is not in compliance with an important aspect of the 271 checklist.

#### **III. CONCLUSION**

The E & Y report and Ameritech's performance measurement data does not allow this Commission to reach a conclusion that Ameritech is in compliance with the 271 checklist. The E & Y report raises substantial questions with respect to Ameritech's control over the accuracy and completeness of its reported data and its compliance with the Business Rules. In fact, the E & Y report establishes that Ameritech does not yet have the ability to accurately measure and report its performance in compliance with the Business Rules. As a result, the performance measurement data submitted by Ameritech are unreliable. Nevertheless, this unreliable data shows significant issues with regard to provisioning of unbundled

network elements (PMs 55, 55.1, 56, and 59). Also it shows significant difficulties with Ameritech provisioning interconnection trunks (PM 73, 74, 75, and 78). Also, it shows that Ameritech failed to properly coordinate conversions (PM 114). As a result, the E & Y report and Ameritech's data does not show that Ameritech is in compliance with the 271 checklist. Instead, this data shows the need for further and more rigorous testing of Ameritech's OSS. As a result, XO requests that this Commission find that Ameritech is not in compliance with the 271 checklist.

Respectfully submitted,

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