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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition of Competitive Carriers for Commission action to support local competition in BellSouth Telecommunications, Inc.'s service territory	)	Docket No. 981834-TP
In Re: Consideration of BellSouth Telecommunications, Inc.'s entry into interLATA services pursuant to Section 271 of the Federal Telecommunications Act of 1996	)	Docket No. 960786-TL
	)	Filed: 02/04/00

AT&T's Comments Concerning
Benchmarks and Retail Analogs

AT&T Communications of the Southern States, Inc. ("AT&T"), hereby files its comments concerning the interim performance measures for the Third Party Test to be conducted by the Florida Public Service Commission ("Commission").

AT&T participated in the workshop held on January 28, 2000 regarding statistical benchmarks and retail analogs. As discussed at the workshop, AT&T offers these post-workshop comments, which are presented in the following attachments:

Attachment 1: AT&T's Response to the Most Recent Benchmark Proposal;

Attachment 2: AT&T's Comments Pertaining to KPMG's Proposal for Making Parity Determinations; and

Attachment 3: AT&T Position on Statistical Benchmarks.

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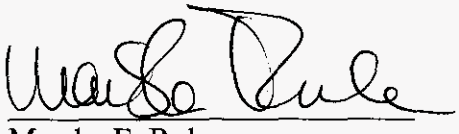
Conclusion

The Commission and its Staff clearly have shown their continuing commitment to development of a robust third party test. AT&T urges Staff to consider these comments when making decisions regarding benchmarks and analogs, and parity assessments, all of which are essential to continue the quality and usefulness of the test.

RESPECTFULLY SUBMITTED this 4th day of February, 2000.



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ATTACHMENT 1

AT&T'S RESPONSE TO THE MOST RECENT BENCHMARK PROPOSAL

1. BellSouth's most recent proposal deteriorates its previous inadequate proposal.

On December 22, 1999 AT&T filed comments outlining its concerns as well as recommendations with BellSouth's proposed analogs and benchmarks, as well as KPMG's recommendations. These comments remain current[1] and therefore relevant. Although AT&T will not repeat those comments and recommendations herein, AT&T believes that BellSouth's previous proposal was inadequate.

BellSouth's most recent proposal is a step backward. It is designed to provide even easier performance targets and less detail than its previous proposals.[2] It eliminates much disaggregation, which will result in masking performance differences for specific product or activity types. For example, BellSouth proposes to compare loop/port combinations to all POTS orders combined, no matter what the volume or whether or not dispatch was involved. While the CLEC ordering mix will no doubt vary, it is likely that many combination orders will be migrations and will not require a dispatch.[3]. In any event, as is illustrated in footnote 3 below, grouping disparate activities will not allow for detection of differences in treatment among product types, nor will it allow meaningful comparisons to be made.

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[1] The status of KPMG's previous recommendations is unclear.

[2] On a positive side, BellSouth did add thresholds to some benchmark proposals.

[3] A closer look reveals the absolute absurdity of this proposal. While BellSouth's data, provided via e-mail on February 1, 2000 by Dave Coon, shows that BellSouth's order completion interval **overall** for POTS residential was 11.0 days and 11.4 days for POTS business, BellSouth's interval for **non-dispatch** for December was less than one day for POTS residence and only 1.89 days for POTS business. Clearly, combining these order of magnitude differences prevents any opportunity for meaningful comparisons.

Other instances abound of stacking the deck in BellSouth's favor, with the truth about the CLEC experience being eradicated as a consequence. For example, BellSouth's proposal calls for UNE Design to be compared to a combination of retail residence and business, and retail design. Applying that proposal to provisioning troubles[4] yields the following result: BellSouth figures indicate a retail design provisioning trouble rate of only 1.2%, while its provisioning trouble rate for UNE design is 4.5% -- not a favorable outcome for BellSouth. However, one can mask this poor comparison by grouping the low retail design trouble rate with the higher trouble rates for retail residence and business (8.4% and 6.9%, respectively). Suddenly BellSouth's treatment of CLECs appears much better. AT&T is confident that this out-of-touch with reality approach is not what this Commission intends for this test, or for CLECs in the actual marketplace.

As a further example, BellSouth recommends that it only be required to clear its held orders before 90 days, which allows for weeks of undetected discrimination, and clearly is not necessary when BellSouth's performance in this area is analyzed. For example, in December, BellSouth held 228 UNE design orders, with approximately 50% being held over 15 days, but only one order held more than 90 days. Its results for non-design orders are similar, with 44% of its orders held for greater than 15 days, but less than 2% held for greater than 90 days.[5] The Commission can gain no insight regarding the CLEC experience from this sort of data.

[4] Information from e-mail from Dave Coon of BellSouth, provided to 3PT test participants on February 1, 2000.

[5] Regional data was used for this analysis because the Florida specific data on BellSouth's web-site for this measure does not provide adequate information.

2. BellSouth provides no support for its recommendation.

BellSouth has provided this Commission no support for its recommendations. When supporting information was requested by AT&T at the January 28 workshop, BellSouth provided only minimal information on a few measures for some UNE analogs and none for benchmarks. However, even this minimal information serves to undermine BellSouth's justification for use of this data, as the examples provided by AT&T in this filing demonstrate.

Further, the rationale BellSouth voiced in the workshop (that since there was little or no data for certain product types, less disaggregation was required and was even appropriate) is seriously misguided. First, it is AT&T's understanding that the Florida Commission intends to conduct a robust and comprehensive test that will evaluate all the products that BellSouth currently offers, irrespective of current ordering patterns. Second, AT&T is confident that statistical techniques employed by KPMG can adequately care for any issues of small sample sizes.

3. BellSouth's LNP Measures

AT&T only received BellSouth's LNP measures two days ago and has not had an opportunity to review them adequately. However, as stated at the workshop, AT&T requires the same level of quality for LNP orders as it does for the loop orders with which many are associated. Further, BellSouth's measure for LNP disconnect timeliness appears to miss a critical service issue. While the measure does capture the interval between CLEC activation of a port to BellSouth's disconnect order, it does not address the critical instances when BellSouth prematurely removes translations prior to the CLEC

activating the port (see measure 96 of Texas measures). Further, BST's decision to exclude L appointment codes is completely illogical. The start time of this measure begins well after the due date interval is established, and customers are entitled to a timely conversion, regardless of the due date they chose. However, for this measure BellSouth has committed to this due date, but excludes it from the measure. Finally, it is unclear to AT&T what role these measures will play in the test, as the adopted SQM called for LNP disaggregation, not LNP measures. AT&T does, however, believe that additional LNP measures are needed, and is anxious for the opportunity to participate in the forum in which those are developed.

4. Minimum Acceptable Alternative

AT&T continues to support its recommended levels of disaggregation and standards submitted in its previous filings in this docket and encourages the Commission to adopt these pro-competitive recommendations.

However, since the Commission has voiced concerns regarding timing on several occasions, and BellSouth repeatedly states that any changes to its existing tracking will require lengthy intervals to implement, AT&T offers the following proposal as a minimum alternative if the Commission feels it must continue, despite the timing obstacles proposed by BellSouth.

The Commission should require BellSouth to comply with its previous order by disaggregating in compliance with the SQM included in the MTP, not only in terms of

product disaggregation, but also by dispatch and non-dispatch as appropriate, and by < 10 lines or circuits, and > 10 lines or circuits.[6]

The retail analogs for such disaggregation should be as follows:

1. BST SQM Product Level Disaggregation	2. Retail Analog	3. < 10 lines/> 10 lines	4. Dispatch/Non Dispatch*
1. POTS – Residence	1. Retail POTS Residence	As applicable to columns 1 and 2.	As applicable to columns 1 and 2
2. POTS – Business	2. Retail POTS Business		
3. PBX	3. Retail PBX		
4. CENTREX	4. Retail Centrex		
5. ISDN	5. Retail ISDN		
6. DESIGN	6. Other non-POTS retail		
7. UNE 2 Wire Loop with NP—Design	7. Retail POTS/Res and Bus.		
8. UNE 2 Wire Loop with NP--Non-Design	8. Retail POTS/Res and Bus.		
9. UNE 2 Wire Loop without NP—Design	9. Retail POTS/Res. and Bus.		
10. UNE 2 Wire Loop without NP --Non-Design	10. Retail POTS/Res. and Bus.		

[6] AT&T does recommend one deviation from this minimum compromise proposal. Given the level of scrutiny of xDSL indicated as necessary in the FCC's BA-NY order, AT&T recommends that BellSouth also be required to disaggregate xDSL for the test as a separate product.

11. UNE Loop Other with NP (Design	11. Retail DS1		
12. UNE Loop Other with NP--Non-Design)	12. Retail DS1		
13. UNE Loop Other without NP (Design	13. Retail DS1		
14. UNE Loop Other without NP--Non-Design	14. Retail DS1		
15. UNE Other—Design	Please identify services in 15 & 16 given LNP measures/disaggregation		
16. UNE Other--Non-Design	17. Retail DS1		
17. xDSL	18. Retail POTS**		
18. Switching	19. Retail DS1 or 3 as appropriate		
19. Local Transport	20. Analogous retail		
20. Combos	21. LNP without loop---POTS non dispatch---LNP with Loop, same as associated loop		
21. NP	22. ILEC dedicated trunks		
22. Local Interconnection Trunks			

**Further switching disaggregation would allow for more precise analogs.

AT&T further recommends that these analogs be applied to all provisioning and maintenance and repair measures (except OSS and speed of answer measures). AT&T recommends that for all other measures, the standards outlined in its December 22, 1999 filing be implemented.

ATTACHMENT 2

AT&T COMMENTS PERTAINING TO KPMG'S PROPOSAL FOR MAKING PARITY DETERMINATIONS

The appropriate statistical testing methodology is critical for the OSS testing so that the results produced in the future will be reliable predictors of actual market experiences. During the December 17, 1999 workshop, Dr. Colin Mallows (AT&T) and Dr. Ed Mulrow (Ernst & Young) were requested to present the joint work done in Louisiana pertaining to statistical methodologies. AT&T had hoped that KPMG would use the Mallows & Mulrow the methodologiesin the Florida Third Party Test. AT&T also had the understanding that the Master Test Plan required parity determinations to be made based on commercial data[1].

During the January 28, 2000 workshop, KPMG suggested that the parity determinations would compare BST retail data to pseudo-CLEC test data only, and that no comparison would be made to actual CLEC data. The use of pseudo-CLEC results alone creates the need for assurance that the test bed is properly designed. AT&T does not currently have sufficient information on the test bed design to comment on the appropriateness of KPMG's complete approach for making parity determinations during the test.

To allow more time to focus on the questions being asked about the proposed statistical methodology, a conference call was scheduled for February 3, 2000 to include all interested parties. AT&T participated on that call, as did KPMG, MCI/Worldcom, and the Florida Commission staff.

The conference call did not resolve important questions about the details required to make credible parity determinations for the OSS test. These questions remain unanswered, and as a result, AT&T is unable to analyze KPMG's proposal. AT&T has two primary concerns. First, what data is to be collected (types, number, geographic diversity)? And second, how will that data be analyzed? If the test is well-designed, the analysis of results should be straightforward. However, if the test design is flawed, the results produced in testing will not be useful.

To obtain the necessary information to verify the soundness of the proposal, AT&T requests a dialogue with KPMG to expeditiously acquire responses to the following questions:

1. What is KPMG's definition of the term "pseudo-CLEC" as used in the Master Test Plan? In what mix of activities will the pseudo-CLEC be involved?

[1] AT&T believes that statistical analysis for purposes of making parity determinations should be conducted using commercial data, and urges the Commission to either include this in the test, or conduct such analysis as part of any 271 proceeding. This is critical as no controlled environment such a third party test is completely blind and unbiased and as such its findings need to be compared to actual CLEC experience. (Also see page 15 of the Florida MTP for KPMG comments on use of CLEC data and test bias.)

2. Will the test enable the CLECs to study how different CLECs (with different mixes of service offerings, locations, etc.), would be affected?

3. What stratifications will be used?

4. In choosing sample sizes to achieve some desired power, how will the alternatives (at which this power is calculated) be chosen? Also, what values of size and power will be assumed?

AT&T suggests that responses to these questions will enable the staff to better understand and to improve upon KPMG's approach to parity determinations.

ATTACHMENT 3

AT&T'S POSITION ON STATISTICAL BENCHMARKS

The Telecommunications Act and associated FCC Orders make it clear that the standard for BellSouth performance in support of CLECs is parity when a reasonable retail analog exists, and a minimum performance level that offers a meaningful opportunity to compete (or benchmark) in all other cases. When benchmarks serve as the performance standard, it is possible to establish a performance failure directly and assess the degree to which performance departs from the standard. The measure result (mean, proportion or rate) for the CLEC measure must be compared and a determination made that the CLEC result is no worse than the benchmark performance level.

AT&T does not support the implementation of statistical benchmarks. AT&T recommends adoption of absolute benchmarks to further ensure that non-compliant performance is detected.

AT&T ASOLUTE BENCHMARK METHODOLOGY

In the context of the above paragraph, a measure benchmark is set to define the performance that is judged essential to permit competition to develop on a going forward basis. The benchmark on a measure has two components: its level and its proportion. The benchmark level is determined by what customers in a market need to support their applications of their telecommunications systems. A viable competitive support process should be capable of delivering this level on a routine basis[1], otherwise the process does not meet the market need. However, because even the most tightly controlled process will produce performance outside the expected range, some margin of error is typically provided for the incumbent. Thus the performance may be expressed in terms of a

[1] Under normal operating conditions, because the benchmark level is a minimum, routine delivery is interpreted as "without fail" or 100% of the time.

supplementary proportion: "X% meet or exceed the benchmark level" where X is a figure set less than 100% in order to account for random variation and all other normal factors. Accordingly, a performance failure should be declared if the resulting performance is not equal to or better than the "X%" proportion. For example, if the measured proportion result for a month was 94.5% of all orders completed within a minimum performance level of 3 days, but the benchmark required 95% within 3 days, then a performance failure occurred. No subsequent application of a statistical test is appropriate or necessary.

CLEC Data Set Size	Benchmark Percentage Adjustments for Small Data Sets (Applicable to Data Sets < 30)		
	85.0%	90.0%	95.0%
5	80.0%	80.0%	80.0%
6	83.3%	83.3%	83.3%
7	85.0%	85.7%	85.7%
8	75.0%	87.5%	87.5%
9	77.8%	88.9%	88.9%
10	80.0%	90.0%	90.0%
20	85.0%	90.0%	95.0%
30	83.3%	90.0%	93.3%

As a final practical issue, because some measures may only contain a small number of data points in a given month, some adjustment is warranted. This need arises because of the graininess of small sample sizes (e.g., one data point out of five collected for a measure represents 20% of the total.) The table above shows, for some small data set sizes and benchmark proportions, how the benchmark could be adjusted downward to the nearest integer. The results are easily generalized, almost by inspection, for other data set sizes and benchmark proportions.

STATISTICAL BENCHMARK APPROACH

When analogs cannot be identified, the statistical benchmark approach would require establishing a "target" value that represents an approximate value that could, for example, possibly represent what the ILEC analog would be. This can be thought of as stating what level of long-run performance would meet the standard of the Act. The approach attempts to determine if actually observed CLEC performance is consistent with this "target." Next, a Type I error would be established[2] which means that a decision on how many observations can fail to meet the target is made, when in fact the benchmark proportion is met by the measure. In both the establishment of the "target" value and designation for Type 1 error, considerations are made for random variation.[3]

FLAWS IN STATISTICAL BENCHMARK APPROACH

It is AT&T's view that statistical benchmarks allow too much leeway for measures with small sample sizes to pass. This is significant because measures with small sample sizes sometimes need tighter scrutiny because they often describe new technology or embryonic market entries. In fact, the recent investigation by Dr. Mallows and Ernst & Young, of performance data from BellSouth has revealed that observations/data at the lowest levels of disaggregation for an individual CLEC are often, if not usually, very small.

We have not seen data to indicate that the complexities associated with statistical methods are necessary. In addition, multiple concessions for random variations, described above, are inappropriate. The benchmark proportion already takes into account all forms of mitigation for random variation, and to use a target approach only gives

[2] This value would need to be ultimately set by methods outside the statistical analysis.

multiple mitigation for this effect. Finally, without extensive actual data analysis in establishing statistical benchmarks, they could be construed as a method for obtaining unjustified further concessions.

[3] A balancing of Type 1 and Type 2 error probabilities could be performed. However, there would now be a need to establish the parameters of the alternative hypothesis.