

## Outline of Covad presentation

Title: Why the audit should look at BellSouth's incremental changes of performance measures since 2002.

- I. Overview
  - a. BellSouth has modified measures over 1,000 times since April 2002
  - b. Almost every measure has been modified
  - c. Changes have the affect of improving performance (and reducing penalties) without actually improving performance
  - d. SEEM payments have been decreasing without any noticeable improvement in performance
- II. Procedures do not allow examination of methodology
  - a. Notice of minor changes
  - b. CLEC objections specific to minor change
  - c. BellSouth unilateral answer
  - d. Possible appeal to PSC limited to minor change
  - e. Allows for "Death by 1000 cuts"
- III. There is no transparency
  - a. How are changes developed? We don't know.
  - b. How are changes prioritized? We don't know.
  - c. How are changed implemented? We don't know.
  - d. Are projected impacts to measures accurate? We don't know.
  - e. Are backward-applied reimburses of penalty payments by BellSouth to itself applied accurately and fairly? We don't know.
  - f. Has BellSouth identified upward adjustments but not made them? We don't know.
- IV. What the audit should examine
  - a. The process BellSouth uses to identify, prioritize and implement changes to measures
  - b. Whether those processes are properly documented
  - c. Whether changes were implemented accurately
  - d. The accuracy of BellSouth's projections about the impact to measures
  - e. Whether BellSouth has fairly and accurately applied backward reimbursements to itself
  - f. Whether BellSouth has identified any appropriate changes but not made them

Presentation time: 30 minutes

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