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Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 000121-TP

Dear Ms. Bayo:

Enclosed for filing in the above-referenced docket are an original and fifteen copies of Late Filed Exhibit 1 to the deposition of Cheryl Bursh.

Copies of the foregoing are being served on all parties of record in accordance with the attached Certificate of Service.

Thank you for your assistance with this matter.

Sincerely,

Marsha Rule

Enclosures

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RESPONSE TO COMPROMISE PLAN

The Florida Public Service Commission requested a response to questions concerning the appropriateness of combining certain aspects of BellSouth's enforcement plan with certain aspects of the plans proposed by the joint ALEC Coalitions.

QUESTIONS 1: Please consider the following enforcement plan. Suppose that the enforcement measures are those proposed by BellSouth with compliance determined by the truncated Z test statistic, in which individual cell level compliance is aggregated up to the sub-measure level. Further, suppose that the measures based penalty mechanism proposed by the Joint ALEC Coalition is used to calculate any penalty payments resulting from non-compliant service at the sub-measure level. Under this hybrid plan, do you see any theoretical inconsistencies from combining the proposals as just described? Please explain.

RESPONSE 1: It is the ALECs' position that the Performance Incentive Plan recommended by the ALECs would be the most effective plan to motivate BellSouth to provide compliant support such that the Florida consumers are not harmed. Nevertheless, I do not see any inconsistencies in the hybrid plan proposed in Question 1.

However, with respect to the part of the plan that is designed to identify the violations, that methodology would have the same problems that have previously been addressed in the testimony and other filings made in this docket, namely the proper implementation of aggregation and the value of delta. As previously stated in testimony, BellSouth inappropriately aggregates dissimilar items, such as products. The aggregation currently exists in BellSouth's SEEM and would need to be extensively reviewed to ensure that aggregation implemented is correct.

Further, BellSouth's recommended value for delta would result in too great a percentage of ALEC customers receiving non-compliant support before a determination of non-compliance could be made. Lastly, the omission of key measures from the remedy plan still allows poor customer impacting performance to go undetected.

An additional consideration is the fact that the ALEC payment formulas were derived based upon certain assumptions regarding which sub-measures and as well as how many measures would be included in the remedy plan. Therefore, the payment formula would have to be revisited if it was combined with the existing BellSouth submeasures. Nevertheless, utilizing the ALEC remedy payment mechanism would address the major ALEC concerns about the flawed BellSouth remedy calculation.

QUESTIONS 2: Would such a hybrid plan eliminate the need for a Competitive Entry Volume Adjustment and a Market Penetration Adjustment? Why or Why not?

RESPONSE 2: The hybrid plan, proposed by Staff would not base remedies solely on the transaction volume. Therefore, the Competitive Volume Adjustment would not be essential for addressing small sample sizes. The Market Penetration Adjustment, however, would still be required given the monopoly position BellSouth occupies in the local market. Unless adequate incentives are in place at the market or industry level, ALECs will probably never fully get in the market. The Market Penetration Adjustment was essential in the ALEC plan which included a more appropriate set of monitoring. The significantly reduced set of submeasures that are subject to remedies in the hybrid plan would further increase the need for Market Penetration Adjustment to motivate BellSouth to provide compliant support to the industry.

QUESTION 3: Provide what you believe to be are the appropriate levels of aggregation.

RESPONSE 3: As the ALECs have consistently stated in this proceeding, actual data would be required to make valid aggregation decisions. BellSouth has ignored ALEC requests concerning aggregation and has made independent decisions concerning aggregation for compliance determinations. At a minimum, products with dissimilar processes, volumes, and revenue potential should not be aggregated together.

QUESTION 4: Consider that an example in which BellSouth's proposed transaction-based plan is augmented to include a minimum payment provision at the submeasure level. Under this plan, do you see any theoretical inconsistencies?

RESPONSE 4: Yes. This hybrid plan would undoubtedly be significantly less of an intensive to motivate compliant performance on the part of Bellsouth. Performance monitoring would still be insufficient. The number of submeasures that are even subject to remedies in the BellSouth SEEM is very reduced. Establishing the adequate minimum payment amounts would be an improvement to the BellSouth SEEM. However, appropriate detection of non-compliant performance would continue to be difficult for the reasons previously identified in the testimony and other filings made in this docket. It is also unclear how this hybrid plan could vary remedies based on the severity of the violation.

CERTIFICATE OF SERVICE
DOCKET NO. 000121-TP

I HEREBY CERTIFY that a true and correct copy of the foregoing was furnished

via U.S. Mail to the following parties of record on this 27th day of April 2001:

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