



Public Service Commission

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-M-E-M-O-R-A-N-D-U-M-

DATE: JULY 15, 2002

TO: DIRECTOR, DIVISION OF THE COMMISSION CLERK &
ADMINISTRATIVE SERVICES (BAYÓ)

FROM: DIVISION OF COMPETITIVE MARKETS & ENFORCEMENT (HARVEY, *SH*
WINSON, DUFFEY) *AK FRB*
OFFICE OF THE GENERAL COUNSEL (KEATING, BANKS) *RD*

RE: DOCKET NO. 960786B-TL - CONSIDERATION OF BELLSOUTH
TELECOMMUNICATIONS, INC.'S ENTRY INTO INTERLATA SERVICES
PURSUANT TO SECTION 271 OF THE FEDERAL TELECOMMUNICATIONS
ACT OF 1996. (THIRD PARTY OSS TESTING)

DOCKET NO. 981834-TP - PETITION OF COMPETITIVE CARRIERS
FOR COMMISSION ACTION TO SUPPORT LOCAL COMPETITION IN
BELLSOUTH TELECOMMUNICATIONS, INC.'S SERVICE TERRITORY.

AGENDA: JULY 23, 2002 - REGULAR AGENDA - PROPOSAL TO RESOLVE TEST
EXCEPTION - PARTIES SHOULD BE ALLOWED TO PARTICIPATE AT
COMMISSION'S DISCRETION

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\CMP\WP\960786B.RCM

ATTACHMENT NAME AND LOCATION: Reference attachment to
recommendation filed on June 27, 2002, Document #06633-02, which is
in confidential lock up in Clerk's office.

CASE BACKGROUND

On December 10, 1998, the Florida Competitive Carriers
Association (FCCA), the Telecommunications Resellers, Inc. (TRA),
AT&T Communications of the Southern States, Inc. (AT&T), MCImetro
Access Transmission Services, LLC (MCImetro), Worldcom
Technologies, Inc. (Worldcom), the Competitive Telecommunications
Association (Comptel), MGC Communications, Inc. (MGC), and

DOCUMENT NUMBER: 02-07308

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FPSC-COMMISSION CLERK

Intermedia Communications Inc. (Intermedia) (collectively, "Competitive Carriers") filed their Petition of Competitive Carriers for Commission Action to Support Local Competition in BellSouth's Service Territory.

On December 30, 1998, BellSouth Telecommunications, Inc. (BellSouth) filed a Motion to Dismiss the Petition of the Competitive Carriers for Commission Action to Support Local Competition in BellSouth's Service Territory. BellSouth requested that the Commission dismiss the Competitive Carriers' Petition with prejudice. On January 11, 1999, the Competitive Carriers filed their Response in Opposition to BellSouth's Motion to Dismiss. By Order No. PSC-99-0769-FOF-TP, issued April 21, 1999, the Commission denied BellSouth's Motion to Dismiss. In addition, the Commission denied the Competitive Carriers' request to initiate a rulemaking proceeding to establish expedited dispute resolution procedures for resolving interconnection agreement disputes. The Commission also directed staff to provide more specific information and rationale for its recommendation on the remainder of the Competitive Carriers' Petition.

On May 26, 1999, the Commission issued Order No. PSC-99-1078-PCO-TP, which granted, in part, and denied, in part, the petition of the Florida Competitive Carriers' Association to support local competition in BellSouth's service territory. Specifically, the Commission established a formal administrative hearing process to address unbundled network elements (UNE) pricing, including UNE combinations and deaveraged pricing of unbundled loops. The Commission also ordered that Commissioner and staff workshops on Operations Support Systems (OSS) be conducted concomitantly in an effort to resolve OSS operational issues. The Commission stated that the request for third-party testing (TPT) of OSS was to be addressed in these workshops. These workshops were held on May 5-6, 1999. The Commission also ordered a formal administrative hearing to address collocation and access to loop issues, as well as costing and pricing issues.

On May 28, 1999, FCCA and AT&T filed a Motion for Independent Third-Party Testing of BellSouth's OSS. BellSouth filed its Response to this Motion by the FCCA and AT&T on June 16, 1999. That same day, FCCA and AT&T filed a Supplement to the Motion for Third-Party Testing. On June 17, 1999, ACI Corp. (ACI) filed a Motion to Expand the Scope of Independent Third-Party Testing. On June 28, 1999, BellSouth responded to the Supplement filed by FCCA

and AT&T. On June 29, 1999, BellSouth responded to ACI's Motion to Expand the Scope of Independent Third-Party Testing. By Order No. PSC-99-1568-PAA-TP, issued August 9, 1999, the Commission denied the motion. Upon its own motion, the Commission approved staff's recommendation to proceed with Phase I of third-party testing of BellSouth's OSS. Phase I of third-party testing required a third party, in this case KPMG Consulting LLC, to develop a Master Test Plan (MTP) that would identify the specific testing activities necessary to demonstrate nondiscriminatory access and parity of BellSouth's systems and processes.

By Order No. PSC-00-0104-PAA-TP, issued January 11, 2000, the Commission approved the KPMG MTP and initiated Phase II of third-party testing of BellSouth's OSS. On February 8, 2000, by Order No. PSC-00-0260-PAA-TP, the Commission approved interim performance metrics to be used during the course of testing to assess the level of service BellSouth is providing to ALECs. By Order No. PSC-00-0563-PAA-TP, issued March 20, 2000, the Commission approved the retail analogs/benchmarks and the statistical methodology that should be used during the OSS third-party testing.

By Order No. PSC-00-2451-PAA-TP, issued December 20, 2000, the Commission approved revised interim performance metrics, benchmarks and retail analogs to be used during the third-party OSS testing. The revised interim metrics were ordered to address several changes made to BellSouth's initial set of interim metrics approved by Order No. PSC-00-0260-PAA-TP. The revised interim metrics included corrections to the business rules used to calculate the metrics and additional levels of detail allowing the metrics to capture BellSouth's performance on newer services such as Local Number Portability (LNP). Since Order No. PSC-00-2451-PAA-TP, BellSouth has issued additional changes to its revised interim metrics in other jurisdictions. By Order No. PSC-01-1428-PAA-TL, issued July 3, 2001, the Commission approved additional changes to update metrics and retail analogs and provide additional levels of disaggregation.

On April 3, 2002, by Order No. PSC-02-0450-PCO-TP, the Commission revised the Master Test Plan for Testing BellSouth Telecommunications, Inc.'s Operations Support System to remove the Robotag interface from testing. On June 21, 2002, KPMG Consulting published the OSS Draft Final report. The report contained several open exceptions. This recommendation will assist in the resolution of one of those open issues.

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Staff filed a recommendation for the July 9, 2002 Agenda conference recommending a change to the BellSouth Change Control Process in order to resolve Exception 88 of the Third-Party OSS Test. On July 2, 2002, AT&T filed a request for deferral of the item. The request was approved. On July 11, 2002, AT&T filed a proposal with staff to address test Exception 88. This recommendation includes staff analysis of the AT&T proposal.

JURISDICTION

Section 271(a) of the Telecommunication Act of 1996 (Act) provides that a Regional Bell Operating Company (RBOC) may not provide interLATA services except as provided in Section 271. Section 271(d) of the Act provides, in part, that prior to making a determination under Section 271, the Federal Communications Commission (FCC) shall consult with the State commission of any State that is the subject of a Section 271 application in order to verify the compliance of the RBOC with requirements of Section 271(c). In addition, Section 120.80(13)(d), Florida Statutes, provides that the Commission can employ processes and procedures as necessary in implementing the Act. Therefore, this Commission has jurisdiction in evaluating BellSouth's OSS through third-party testing, which will enable it to consult with the FCC when BellSouth requests 271 approval from the FCC.

DISCUSSION OF ISSUES

ISSUE 1: In order to resolve the issues within Exception 88, issued by KPMG Consulting in the Florida OSS test, should BellSouth's proposed change control and software release management process entitled *End-to-End Process Flow, Draft Version 2.1*, dated June 2002, be implemented?

RECOMMENDATION: Yes. BellSouth's proposed change control and software release management process, entitled *End-to-End Process Flow, Draft Version 2.1*, should be implemented. (DUFFEY)

STAFF ANALYSIS: In July 2001, KPMG Consulting issued Exception 88. The exception states that the BellSouth Change Control Prioritization Process does not allow ALECs to be involved in prioritization of all ALEC-impacting change requests.

Change Requests originate from both external sources (ALECs, industry standards, and regulatory mandates) and internal BellSouth organizations. These Change Requests affect BellSouth's wholesale business and its ALEC customers. ALECs depend upon new functionality in the interfaces they use for increased efficiency in ordering, billing, launching of new marketing schemes and other vital business needs.

KPMG Consulting Exception 88

KPMG Consulting found that ALECs are unable to participate in the prioritization of change requests that originate from internal BellSouth organizations (Regulatory Team, Third Party Testing Team, the LCSC, and Project Managers) that affect BellSouth's wholesale business and, therefore, the ALEC community. According to KPMG's exception, the policy of not allowing prioritization of internal change requests inhibits one of the primary objectives of the CCP, which is "to allow for mutual impact assessment and resource planning to manage and schedule changes."

Further, KPMG Consulting stated that the impact of BellSouth's Internal Change Management Prioritization Process limited the ALEC community's participation in prioritization of all change requests, not only those originating internally but also those originated by ALECs. KPMG Consulting noted that the ALEC community's lack of participation in any change requests that affect ALEC businesses could result in change requests important to the ALEC community not being developed or implemented in a timely manner.

Exception 88 remains open and cannot be satisfied until a new process that allows mutual impact assessment and mutual resource planning is implemented. Staff notes that BellSouth has an established collaborative forum in which change control issues are addressed. To date, because of this collaborative process, BellSouth has not fully implemented a change to the external CCP

process because it has not had ALEC approval. On May 2, 2002, ALECs refused to vote on any changes to this plan in the Change Control Process Improvements Workshop. Had ALECs concurred, the proposal would have been presented to all ALECs doing business with BellSouth for a vote to amend the BellSouth Change Control Process document accordingly. ALECs refused to vote because they want to be able to prioritize BellSouth's changes to its own systems that may affect them in conjunction with changes they propose.

BellSouth Response to Exception 88

In its response to Exception 88, BellSouth stated that in its opinion, BellSouth's CCP has allowed ALECs to be appropriately involved in the prioritization of all ALEC-impacting change requests. However, in response to the exception, BellSouth adopted a revised and broader definition of "ALEC-affecting" to be used as systems modifications move forward. In addition, BellSouth has responded with a new proposal known as the "50/50 plan." It is included in Attachment 1.

At the FPSC OSS ALEC Commercial Experience Workshop on February 12, 2002, BellSouth proposed the concept of the "50/50 plan" to address KPMG Consulting and ALEC concerns. The *End-to-End Process Flow, Version 2.1* draft is based on the "50/50" release capacity plan in which, after all scheduled defects are corrected, all regulatory mandates implemented, and all needed updated industry standards are built, ALECs and BellSouth would share equally the remaining release capacity for the year. BellSouth would show ALECs the changes it had initiated (Type 4) and intended to implement. These change requests would have undergone analysis as to whether they impacted ALECs or not. The Type 4 or BellSouth-initiated changes would be slotted into two BellSouth releases during the year. ALECs would prioritize their change requests (Type 5 or ALEC-initiated), and these would be slotted for implementation in two announced ALEC releases during the year.

In the current "50/50" proposal, BellSouth agrees to provide the ALECs with an estimate of total capacity at the time of prioritization. BellSouth believes that the "50/50" proposal provides a means for both the ALECs and BellSouth to prioritize changes in accordance with their respective operational considerations.

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In its last response to Exception 88, BellSouth says that it has demonstrated a series of good faith efforts in the last few months to address: 1) The definition of "ALEC-affecting;" 2) The disclosure of available capacity; and 3) The desire of both parties to have their respective operational needs identified and included as part of the prioritization process. As previously noted, BellSouth's latest proposal has gone before the collaborative Change Control Process forum with attending ALECs where the "50/50 plan" was rejected by ALECs.

In a late submission filed with the Commission on July 11, 2002, AT&T offered its proposal to address Exception 88 issued by KPMG. AT&T states that "The ALECs strenuously disagree with the concept of separate ALEC and BellSouth production releases or "tracks." The establishment of a separate path for BellSouth's self-initiated change requests with a guaranteed 50 percent of the forecast capacity is unwarranted, wasteful of scarce programming resources, and counterproductive. Unified releases maximize the efficient utilization of BellSouth's programming resources. Given that the prioritization and order of implementation under the ALECs' proposal is jointly determined, it is logical that any changes thereafter should be jointly determined and, therefore, require ALEC concurrence."

Continuing, AT&T further contends that "Throughout BellSouth's proposed changes to the CCP reflected in Attachment 1, there are references to how BellSouth will manage the ALEC production releases, but not one mention of how it will manage the so-called BellSouth production releases. BellSouth states that its concept provides "parity" - "Estimated capacity for production releases is equal." However, there is nothing to suggest that a blind equal allocation of capacity has any validity. An analysis of the year 2003 capacity information that BellSouth made available beginning on May 10, 2002, reveals that it is not. In 2003, BellSouth's blind allocation has provided BellSouth with capacity beyond its own needs to the detriment of ALEC needs."

Staff believes that BellSouth has demonstrably legitimate proprietary business needs which it must meet in order to function properly. ALECs will have visibility into the impacts of changes on the systems they use. Further, BellSouth has committed to

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independent third-party verification of capacity used and remaining after each new software release. This information will permit ALECs to trend resource allocation by BellSouth over time and match individual ALEC-initiated change request sizes to available capacity.

Further, Staff has a serious concern that BellSouth may miss expected performance benchmarks if AT&T's proposal was adopted. If ALECs were to prioritize change requests only as they chose, certain changes needed to reach flow-through or other benchmarks might be delayed due to displacement of these changes by priorities ranked higher by ALECs.

Staff will make a recommendation to the Commission in the near future concerning the merits of the ALECs' call for a mandatory implementation cycle for ALEC-initiated change requests. In addition, Staff notes that nothing precludes ALECs and BellSouth from reaching agreement on any modification to the Change Control process. In addition, nothing precludes or preempts any other regulatory jurisdiction from any action on this topic which it deems appropriate. If, after 12 months, staff believes the Commission should reexamine its decision, staff will submit a report identifying areas of concern that the Commission may wish to revisit. Staff would observe key elements of BellSouth change control release development and implementation processes, including important meetings, service quality measurements, prioritizations, and ALEC participation.

CONCLUSION: Staff recommends that, at present, the "50/50" proposal, as reflected in the attached document entitled "*End-to-End Process Flow Draft, Version 2.1*" be implemented by BellSouth to resolve the Change Control Process impasse.

ISSUE 2: Should these dockets be closed?

DOCKET NOS. 960786B-TL and 981834-TP
DATE: July 15, 2002

RECOMMENDATION: No. These dockets should remain open pending further review and Commission consideration of the OSS test results. **(KEATING, BANKS)**

STAFF ANALYSIS: Staff believes these dockets should remain open pending further review and Commission consideration of test results.