LAW OFFICES
Messer, Caparello & Self
A Professional Association

Post Office Box 1876
Tallahassee, Florida 32302-1876
Internet: www.lawfla.com

Reply to: P.O. Box 1876
Tallahassee, FL 32302-1876

March 18, 2003

**BY HAND DELIVERY**
Ms. Blanca Bayó, Director
Division of Records and Reporting
Room 110, Easley Building
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Re: Docket No. 000121A-TP

Dear Ms. Bayó:

Enclosed for filing on behalf of the ALEC Coalition are an original and fifteen copies of the ALEC Coalition's Update to Simplified ALEC Severity Component and Comments on BellSouth Proposal in the above referenced docket.

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the same to me.

Thank you for your assistance with this filing.

Sincerely yours,

Tracy W. Hatch

TWH/amb
Enclosure
cc: Virginia Tate, Esq.

DOCUMENT NUMBER-DATE
02616 MAR 18 03
FPSC-COMMISSION CLERK

DOWNTOWN OFFICE, 215 South Monroe Street, Suite 701 • Tallahassee, Fl 32301 • Phone (850) 222-0720 • Fax (850) 224-4359
NORTHEAST OFFICE, 3116 Capital Circle, NE, Suite 5 • Tallahassee, Fl 32308 • Phone (850) 668-5246 • Fax (850) 668-5613

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

| | |
|---|---|
| In re: Investigation into the Establishment of Operations Support System Permanent Performance Measures for Incumbent Local Exchange Telecommunications Companies (BellSouth Track A) | Docket No. 000121A-TP<br>Filed: March 18, 2003 |

## UPDATE TO SIMPLIFIED ALEC SEVERITY COMPONENT PROPOSAL AND ALEC COALITION COMMENTS ON BELLSOUTH PROPOSAL

The ALEC Coalition[1] hereby files its updated version of the Simplified ALEC Severity Component Proposal.

## INTRODUCTION

In its July 29, 2002 Florida Public Service Commission ("Commission") Memorandum ("Memorandum"), the Commission Staff ("Staff") requested comments and suggestions related to incorporating the severity of a test failure into BellSouth's performance measures remedy plan referred to as the Self-Effectuating Enforcement Mechanism Plan ("SEEM"). The Staff requested comments and suggestions related to, but not limited to the following:

*Extent of Failure*

- Consider number of disparate transactions subject to penalty payments (e.g., For measures found to be out of compliance, use a 50% confidence level to achieve a statistically neutral result on the 2ndresult on the 2nd compliance test. Assess penalties on transactions estimated to be beyond the 50% confidence level.).
- Consider ratio, as opposed to the difference, of ALEC to ILEC means, proportions or rates

[1] For purposes of these comments, the ALEC Coalition consists of AT&T Communications of the Southern States, LLC ("AT&T"), WorldCom, Inc. ("WorldCom"), DIECA Communications, Inc. d/b/a Covad Communications Company ("Covad"), and Z-Tel Communications, Inc. ("Z-Tel").

*Remedy Payments*

- Modify remedy plan to incorporate the extent of disparity.
- Should the payments be linear or non-linear function, based on the extent of failure or severity?
- Possibly, revisit relative importance (weights) of submetrics or measures to determine the remedy amount.

On August 30, 2002, parties filed proposed changes to the Performance Assurance Plan ("Plan"), and an informal meeting was held on September 21, 2002 to discuss each party's proposal. Since that time, the ALECs have enhanced their Severity Component proposal. The ALECs' Severity Component proposal is shown in Attachment I.

## I. CURRENT ALEC PROPOSAL COMPLIES WITH THE COMMISSION STAFF GUIDELINES.

The Simplified ALEC Severity Component Proposal for the SEEM Plan, based on the directions of the Commission, consists of two primary components: 1) a definition of service *disparity* and 2) a payment function based on the disparity level and number of ALEC transactions. The disparity level quantifies the difference in service levels between BellSouth and the ALEC(s). For submetrics determined to be out of compliance using the current methodology, the payment function determines a remedy payment that ranges between a minimum payment and maximum payment depending on the disparity level.

This new, simplified ALEC proposal satisfies the guidelines of the Commission and Commission Staff as set forth in the Staff Memorandum (See Attachment 2). First, the ALEC proposal measures disparity from the 50% confidence level and uses average performance levels, two features that purge any statistical decision rule from the calculation. Second, the disparity measure is based on a ratio of means or proportions, not on a difference. Third, the actual remedy payment relates directly to the size of the disparity, which is an implied requirement of the severity guidelines. Fourth, the remedy payments account for the number of ALEC transactions. The Memorandum specifically says to "consider the number of disparate transactions". Finally, the plan is very simple and minimizes the number of inputs that require specification by the Commission. This proposal deviates substantially from earlier ALEC proposals in an effort to satisfy the Commission's concerns.

## II. BELLSOUTH'S CRITICISMS OF THE PREVIOUS ALEC PROPOSAL ARE INAPPROPRIATE.

On December 9, 2002, BellSouth filed a memorandum,[2] prepared by National Economic Research Associates (NERA) that criticizes the previous severity component proposal filed by the ALEC Coalition. The Commission should reject the criticisms raised in that memorandum. First, many of the premises of the NERA memorandum contradict the Commission Order[3] and Staff guidelines. Second, the simplified ALEC proposal renders void NERA's assertion that the ALEC proposal is too complicated and based on too many inputs. Finally, many of NERA's criticisms were based on a misrepresentation of the previous ALEC proposal.

### A. Remedies must be sufficient on low ALEC volumes to discourage anti-competitive behavior.

NERA argued that remedies should just offset the ILEC's expected gain from imposing the higher costs of inferior service and that this gain is best measured by the number of failed transactions. However, the gain to ILECs (or harm to ALECs) is not

[2] BellSouth Memorandum Prepared By National Economic Research Associates, Florida Public Service Commission, Docket No. 000121A-TP, December 9, 2002.

confined to failed transactions. For example, suppose that the ILEC never shows up for any appointments with ALEC customers. This would cost the ALEC not only those current customers, but also future ones due to loss of reputation for service quality. Thus, remedies must be sufficient at low ALEC volume levels to discourage any anti-competitive behavior.

Consider an example in which an ALEC has discussions with a firm with 1,200 sales agents throughout the state of Florida, and the firm decides to transfer all 1,200 home-office access lines to the ALEC. Upon hearing of the numerous difficulties ALECs have had with respect to ILEC service provisioning, the firm is reluctant to make the change. Already, the past performance of the ILEC is affecting the ability of the ALEC to acquire business. However, the firm finally agrees to transfer the lines, and schedules to have 100 lines migrated to the ALEC each month for 12 months. In the first month, none of the 100 orders are provisioned, and this continues for the two subsequent months. In all, 300 orders completely fail in three months. The business, now experiencing trouble with all migrations, decides to cancel the order with the ALEC. As a consequence, the ILEC keeps 1,200 access lines, though it only provided "discriminatory" service for 300. NERA recommends penalizing only for the 300 lines, not the 1,200. This hypothetical plainly shows that transactions, even if they could be measured, are not a reliable indicator of the financial incentive of the ILEC to provide discriminatory service. In this case, NERA's desire to set a plan where "...twice as many affected customers results in twice the penalty" (p. 3) is assuredly inappropriate.

B. The simplified ALEC plan only involves three inputs.

[3] In re: Investigation into the Establishment of Operations Support System Permanent Performance Measures for Incumbent Local Exchange Telecommunications Companies (BellSouth Track A), Order No. PSC-01-1819-FOF-TP, September 10, 2001, in Docket No. 000121-TP.

NERA complained that the previous ALEC proposal depended on eight parameters with no theoretical justification. The BellSouth proposal contains as many, or more, parameters than the previous ALEC proposal. Further, the simplified ALEC remedy payment function involves only three inputs: 1) a disparity level, 2) a minimum payment, and 3) a maximum payment.

The disparity level is defined as the percentage difference in average performance levels – an uncontroversial measure of how different two numbers are. The proposed minimum payment is based on the current fixed payments of the SEEM plan; thus no new assumptions or inputs are required to implement this portion of the proposal. Maximum payments are related in a straightforward manner to ALEC sample size (transactions), which is determined by ALEC activity and not by assumption. The only assumption that must be made is how the maximum payment relates to ALEC transaction size. Figure 1 illustrates each of the three components of the ALEC remedy payment function.

Figure 1. ALEC remedy payment function

$$Payment = P_{MIN} + (P_{MAX} - P_{MIN}) \times Disparity$$

Use Current Plan Levels

Percentage Difference in Means

$$P_{MAX} = \sqrt{n_{ALEC}} \times P_{MIN}$$

Transactions Based

C. NERA used the wrong equations to reach its conclusions about the ALEC penalty function.

Finally, NERA contended that the ALEC penalty function had a series of disturbing characteristics (listed on p. 9). However, all of NERA's conclusions result from an error in equation (4) of Attachment 1 to the NERA memorandum, where $\phi$ mistakenly multiples $-t_m f n_A^{0.25}$ instead of $t_x f n_A^{0.25}$. Upon correction of NERA's mistake, this particular criticism has no validity.

## III. BELLSOUTH'S PROPOSAL DISREGARDS THE FLORIDA COMMISSION ORDER.[4]

In response to the Commission Staff's request for comments and suggestions for incorporation of the severity of the failure into the remedy plan, BellSouth offered only two minor revisions to its previous proposal that had been rejected by the Commission. The revised BellSouth proposal[5] defines the parity gap as the difference between the truncated Z-score and zero, rather than as the difference between the truncated Z-score and the balancing critical value. Consequently, this new BellSouth proposal still uses a statistical decision rule to assess severity, a concept that was rejected plainly by this Commission in the Performance Measurement Order based on the testimony of BellSouth's *own* witness:

> *We agree with BellSouth's witness Taylor's assessment that the statistical decision rule is not helpful in assessing severity.* . . .Unfortunately, ... the BellSouth remedy plan ...

---

[4] In re: Investigation into the Establishment of Operations Support System Permanent Performance Measures for Incumbent Local Exchange Telecommunications Companies (BellSouth Track A), Order No. PSC-01-1819-FOF-TP, September 10, 2001, in Docket No. 000121-TP.

[5] The revised Bellsouth proposal was specified in an email message from Maryrose Sirianni to Sally Simmons and Cheryl Bursh on February 12, 2003.

appear[s] to do a poor job of estimating the extent of any discrimination. (Emphasis added. Order, p. 162).

Indeed, statistical decision rules alone cannot reliably measure service disparity. As again noted by BellSouth's *own* witness in this proceeding:

> . . .a z-score that is twice as distant from a critical value than another could easily be for reasons other than simply that one of the performance means is twice as large as the other. Order, pp. 161-162.

The Commission mandated the instant process to incorporate the extent of *disparity*, and as BellSouth's witness correctly recognizes, statistical decision rules such as the parity gap do not measure *disparity*. Indeed, the revised BellSouth proposal would produce remedies that are more sensitive to sample size than to the severity of the disparity.

Table 1 shows the sensitivity of BellSouth's parity gap to ALEC volume.[6] As illustrated in the table, identical disparities in the mean order completion interval (4.00 days for ALECs versus 3.00 days for BellSouth) would produce widely different parity gaps as a function of the ALEC sample size. Table 2 shows that the parity gap can *decrease* even as the service being provided to ALEC customers gets *worse*. Obviously, this is directly opposite the desired effect.

**Table 1**

**Parity Gap Does Not Measure Disparity**

| ALEC Mean OCI (in days) | ALEC Sample Size | Parity Gap (-Z score) |
|---|---|---|
| 4.00 | 25 | 1.61 |
| 4.00 | 50 | 2.19 |
| 4.00 | 75 | 2.60 |
| 4.00 | 100 | 2.91 |
| 4.00 | 200 | 3.70 |
| 4.00 | 300 | 4.15 |

Assumptions: BST volume = 320 orders; BST mean = 3.00 days; BST standard deviation = 3.00 days.

[6] All the examples in Tables 1-3 assume a single cell in order to simplify the calculations and presentation.

**Table 2.**

**Parity Gap Can Decrease with Increasing Disparity**

| ALEC Mean OCI (in days) | ALEC Sample Size | Parity Gap (-Z score) |
|---|---|---|
| 4.00 | 300 | 4.15 |
| 4.10 | 200 | 4.07 |
| 4.35 | 100 | 3.92 |
| 4.50 | 75 | 3.90 |
| 4.70 | 50 | 3.72 |
| 5.00 | 25 | 3.21 |

Assumptions: BST volume = 320 orders; BST mean = 3.00 days; BST standard deviation = 3.00 days.

The problems with BellSouth's proposal do not end there. As before, BellSouth's so-called "affected volume" is highly dubious. There is no theoretical justification for the factor of ¼ used to translate the parity gap calculation into a volume proportion, which is used to calculate the affected volume. Indeed, for mean measures, the basic concepts of affected volume and dollar harm per affected transaction are both ill conceived.

A simple example illustrates the major flaw in the parity gap calculations. Suppose that the mean order completion interval (OCI) for BellSouth customers is 3.00 days. Consider a pair of ALEC customers whose orders are completed in 5 days and 15 days, respectively. Assuming that it is possible to determine a dollar amount that is appropriate to account for that inferior service provided to the former customer (5 days), that amount would surely be inadequate for the latter customer (15 days). Yet, each customer is an "affected" transaction. Without accounting for the actual order completion intervals, the concept of affected transactions is hollow. Additionally, any given average level of performance could results from widely different distributions of disparity. An average service level of 5 days could results from 100 customers all getting service in 5 days or 50 getting service in 1 day and 50 getting service is 9 days. The parity gap clearly does not measure the number of affected transactions.

BellSouth further limits the sensitivity of remedies to the actual disparity in service performance by capping the remedies when the truncated Z score reaches -4.0. Table 3 illustrates this problem. For each row in the table, the BellSouth and ALEC volumes are fixed (at 320 and 80, respectively) as are the BellSouth mean and standard deviation (both at 3.00 days). The table shows the impact on the remedy payment under BellSouth's proposal as the mean OCI for ALEC customers increases from 3.5 days to 6.00 days. For an ALEC mean of 3.5 days, no payment occurs because the Z score is not as negative as the balancing critical value. For larger ALEC means, remedies would be paid, with the size of those remedies escalating until the ALEC mean reaches 4.50 days, where the Z score equals –4.00. Beyond 4.50 days, BellSouth caps the affected transactions, and consequently, the remedy amounts. There is no appropriate justification for capping remedies at such a low level of severity.

**Table 3**

**Remedies In BellSouth Proposal Stop Growing when Z Score Reaches –4.0**

| ALEC Mean OCI (in days) | Z | Remedy |
|---|---|---|
| 3.50 | -1.33 | $0 |
| 3.75 | -2.00 | $1,600 |
| 4.00 | -2.67 | $2,133 |
| 4.50 | -4.00 | $3,200 |
| 5.00 | -5.33 | $3,200 |
| 6.00 | -8.00 | $3,200 |

Assumptions: BST volume = 320 orders; ALEC volume = 80 orders; BST mean = 3.00 days; BST standard deviation = 3.00 days; Balancing critical value equals –1.43, based on above assumptions

Because BellSouth's proposal bases remedy payments more on ALEC volume than on the severity of disparate service, it provides inadequate incentives at small ALEC volumes. It allows penalties that can be dismissed as a cost of doing business--as low as $40 for ordering measures and $100 for provisioning measures. The BellSouth proposal fails to produce incentives to BellSouth to fix certain problems. Indeed, it provides BellSouth the perverse incentive to keep ALEC volumes down. Consequently, remedies may never reach a level that encourages fixing poor performance.

## IV. CONCLUSION

BellSouth's proposal is complicated and non-responsive to the Commission Order and Staff guidelines. The calculated remedies continue to depend directly on the test statistic developed for the statistical decision rule. BellSouth's concept of affected transactions is ill conceived and its implementation lacks justification, as do the per-affected transaction dollar amounts that multiply the computed number of affected transactions. Consequently, it provides inadequate incentives at small ALEC volumes. Finally, the remedy amounts in BellSouth's revised proposal inadequately account for severity, the primary objective of the Staff request.

In contrast, the Simplified ALEC Severity Component Proposal for the SEEM Plan incorporates severity in an easy-to-understand way with a minimum of parameters. This enhanced plan satisfies the guidelines of the Commission and Staff.

Respectfully filed this 18th day of March, 2003.

Tracy Hatch
Messer Caparello & Self
215 South Monroe Street, Suite 701
Tallahassee, FL 32301
(850) 222-0720

For:

AT&T Communications of the
Southern States, LLC and
TCG South Florida, Inc.

MCI WorldCom, Inc.

Z-Tel Communications, Inc.

DIECA Communications Company d/b/a
Covad Communications Company

ATTACHMENT I

ALEC Coalition

# Simplified ALEC Severity Component Proposal

The purpose of this document is to summarize the current ALEC Severity Component Proposal for the Florida SEEM. This updated proposal is similar to the previous ALEC Proposal, which was based directly on the guidelines of the staff and consistent with the requirements of the Commission's Order. This alternative, however, is considerably simpler than the previous ALEC Proposal already on the record, while still incorporating the desirable components of the earlier plan.

The following proposal incorporates both transactions and severity in determining the payment. Payments always increase with the degree of the severity of the discriminatory service, and are higher when the number of transactions is higher.

## I. Disparity

Disparity is computed as the percentage difference between the ALEC and BellSouth average performance levels. This disparity level contains no statistical components, other than sample means. For interval measures, disparity is measured as:

$$\text{Disparity Interval} = \frac{\text{ALEC Mean}}{\text{BellSouth Mean}} - 1$$ ,[1]

and for proportion measures is

$$\text{Disparity Proportion} = \frac{w \text{ - ALEC Mean}}{w \text{ - BellSouth Mean}} - 1$$ ,

where $w$ is 1.0 if performance closer to 100% is desirable and $w$ is 0.0 if performance closer to 0% is desirable. The "$w$" adjustment is required to normalize disparity for percent measures because such measures are inconsistently defined in that in some cases low values are desirable and in other cases high values are desirable.

For interval measures, if the ALEC mean is 3 days and the BellSouth mean is 2 days, the Disparity level is (3/2 = 0.50 which implies a 50% difference). For proportion measures, the calculation differs depending on the location of the performance on the unit interval. If the BellSouth mean (or benchmark) is 0.95 and the ALEC mean is 0.93 – a difference of 2 percentage points -- the disparity level is 0.40 [(1 - 0.93)/(1 – 0.95) = 0.40], which is a 40% difference in service quality. If the measure is defined such that small values are

[1] This equation is identical to (ALEC Mean – BellSouth Mean)/(BellSouth Mean), i.e., the percentage difference in means.

desirable, then the calculation is different but the resulting measure of disparity is consistent. For example, if the BellSouth mean is 0.05 and the ALEC mean is 0.07 – again, a 2 percentage point difference -- the disparity level is again 0.40 [0.07/0.05 = 0.40].

The most important feature of these disparity measures is that as the service provided to CLECs gets worse, the disparity level *always* gets larger. Also, the disparity level is unaffected by the statistical decision rule.

## II. Payment Plan

The payment plan is a hybrid plan, incorporating both severity and transactions. The plan consists of a minimum payment and a maximum payment, and payments between the two are based on the level of disparity. Minimum payments are equal to the current payments of the performance plan. Maximum payments are $\sqrt{n_{ALEC}}$ larger (the square root of ALEC sample size) than the minimum payment.[2] Thus, for an ALEC sample size of 100, the maximum payment is 10 times larger than the minimum payment. For both interval and proportion measures, the maximum payment is paid with a 100% disparity level.

**Table 1. Proposed Payment Levels**

| | Minimum Payment | Maximum Payment |
|---|---|---|
| Billing | $450 | $\sqrt{n_{CLEC}} \times \$450$ |
| Trunks | $1,150 | $\sqrt{n_{CLEC}} \times \$1{,}150$ |
| LNP | $1,700 | $\sqrt{n_{CLEC}} \times \$1{,}700$ |
| Maint. Repair | $1,500 | $\sqrt{n_{CLEC}} \times \$1{,}500$ |
| Maint. Repair UNE | $4,550 | $\sqrt{n_{CLEC}} \times \$4{,}550$ |
| Ordering | $450 | $\sqrt{n_{CLEC}} \times \$450$ |
| Provisioning | $1,150 | $\sqrt{n_{CLEC}} \times \$1{,}150$ |
| Provisioning UNE | $4,550 | $\sqrt{n_{CLEC}} \times \$4{,}550$ |
| Pre-Ordering | $250 | $\sqrt{n_{CLEC}} \times \$250$ |

In symbolic form, the payment function is:

$$Payment = P_{MIN} + (P_{MAX} - P_{MIN}) \times Disparity$$

where $P_{MIN}$ is the minimum payment and *Disparity* is the disparity level. The simplicity of the payment function is clear. Only 3 assumptions are required.

First, a minimum payment must be chosen. Because the current payment levels are used, no new assumptions are required with respect to this input. Second, a definition of *Disparity* is required. This plan measures disparity as the percentage difference in performance levels, which is a relatively non-controversial measure of differences in

2 The choice of the root can be evaluated at 6-month reviews.

performance levels. The proposed measure of *Disparity* is not based on a statistical decision rule, so it does not, as the Order requires, "confuse[] the degree of [statistical] certainty with the degree of severity (Order 000121-TP, p. 162)." Third, the plan specifies the maximum payment as a function of the square root of ALEC sample size. This assumption keeps the maximum payment from growing very large as ALEC sample size grows large. For example, while an ALEC sample size of 1,000 is 100-times larger than an ALEC sample size of 10, the maximum payment is only 10-times larger. Incorporating ALEC sample size in this manner gives the plan a "transactional" nature, in that the same level of disparity has a higher payment when more customers experience the poor performance. The payment is linear in disparity for any given month.

For repeated non-conformance, the payment levels (both minimum and maximum) increase by 50% per month (the average of the first month increase in the current performance plan in 40%). This constant percentage increase creates a non-linear relationship between repeated failure and the payment levels, where the payment levels increase at an increasing rate over time.

Payment levels return to their base level after 3 months of conformance. Upon second episode of non-conformance, payment levels return to their base level after 6 months of conformance (for third episode, 9 months of conformance and so forth).

These calculations will apply in a straightforward fashion to most measures. In some cases, such as co-location measures, special calculations may be required.

ATTACHMENT 2

State of Florida

ORIGINAL

# Public Service Commission
## -M-E-M-O-R-A-N-D-U-M-

**DATE:** July 29, 2002
**TO:** All Parties of Record
**FROM:** Jason K. Fudge, Senior Attorney, Office of the General Counsel
**RE:** Docket No. 000121A-TP
Six Month Review of BellSouth's Performance Assessment Plan

On July 9, 2002, all parties of record were informed that staff will hold an informal meeting to discuss proposed changes to the Performance Assessment Plan (Plan) at the following time and place:

1:00 p.m.
Wednesday, September 25, 2002
Room 166, Betty Easley Building
4075 Esplanade Way
Tallahassee, FL 32399

Any comments on the Plan should be filed by Friday, August 30, 2002, with the Division of the Commission Clerk & Administrative Services (an electronic version should also be provided to Lisa Harvey at lharvey@psc.state.fl.us).

The determination of whether a measure has failed or not appears to be well-grounded; however, the current remedy plan does not address the severity of a failure. While ackowledging that the severity of a failure is an important consideration, the Commission determined that both BellSouth's and the ALEC Coalition's remedy plans did a "poor job of estimating the extent of any discrimination" and had "fundamental flaws." (Order No. PSC-01-1819-FOF-TP, p. 162) In the same order, the Commission expressed interest in evolving to a transaction-based remedy system, with a minimum payment provision. At the same time, staff is open to other approaches, but we believe it is essential to incorporate the severity of a failure into the remedy plan.

Staff members involved in the statistical analysis and remedy plan aspects of the Plan seek specific comments and suggestions related to, but not limited to, the following:

Extent of Failure (Disparity)
* *Consider number of disparate transactions subject to penalty payments. (e.g., For measures found to be out of compliance, use a 50% confidence level to achieve a statistically neutral result on the 2nd compliance test. Assess penalties on transactions estimated to be beyond the 50% confidence level.)*
* *Consider ratio, as opposed to the difference, of ALEC to ILEC means, proportions or rates (as applicable) (e.g., The X-Plan (Hybrid Performance Assurance Plan for the Multi-State Workshop) - Late filed Exhibit 2, Part I).*

Remedy Payment(s)
Pursuant to the current Plan, Tier 1 payments vary by the type of measure and the duration of non-compliance. Tier 2 payments vary by the type of measure only.

* *Modify remedy plan to incorporate the extent of disparity*
* *Should the payments be a liner or non-linear function, based on the extent of the failure or severity?*
* *Possibly, revisit relative importance (weights) of submetrics or measures to determine the remedy amount (e.g., As a function of the number of transactions (A Transaction-Based Performance Plan for Florida) - Late filed Exhibit 2, Part II).*

Staff suggests that comments and suggestions be presented in a conceptual manner, and if possible, with applicable mathematical formulations. For further discussion or questions, please contact Breda A. Platt (Regulatory Analyst, Div. of Competitive Markets and Enforcement) at 413-6510 or via e-mail at bplatt@psc.state.fl.us.

AUS ___
CAF ___
CMP ___
COM ___
CTR ___
ECR ___
GCL ___
OPC ___
MMS ___
SEC 1
OTH ___

BAP

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been served upon the following parties by Hand Delivery (*) and/or U.S. Mail this 18th day of March, 2003.

Beth Keating, Esq.*
Division of Legal Services, Room 370
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Nancy B. White, Esq.
c/o Ms. Nancy H. Sims
BellSouth Telecommunications, Inc.
150 South Monroe Street, Suite 400
Tallahassee, FL 32301

David Tobin, Esq.
Florida Public Telecommunications Association
%Tobin & Reyes
7251 West Palmetto Park Road, #205
Boca Raton, FL 33433-3487

Charles J. Rehwinkel, Esq.
Susan Masterton, Esq.
Mr. F. Ben Poag
Sprint-Florida, Incorporated
MC FLTHO0107
P.O. Box 2214
Tallahassee, FL 32399-2214

Michael A. Gross, Esq.
Vice President, Regulatory Affairs
& Regulatory Counsel
Florida Cable Telecommunications Association, Inc.
246 East 6th Avenue
Tallahassee, FL 32303

Donna McNulty, Esq.
WorldCom, Inc.
1203 Governors Square Blvd, Suite 201
Tallahassee, FL 32301-2960

J. Jeffry Wahlen, Esq.
Ausley & McMullen
P.O. Box 391
Tallahassee, FL 32302

Peter M. Dunbar, Esq.
Pennington, Moore, Wilkinson, Bell &
Dunbar, P.A.
P.O. Box 10095
Tallahassee, FL 32302-2095

Ms. Carolyn Marek
Vice President of Regulatory Affairs
Southeast Region
Time Warner Communications
233 Bramerton Court
Franklin, TN 37069

Claudia E. Davant, Esq.
AT&T Communications of the Southern States, LLC
101 N. Monroe St., Suite 700
Tallahassee, FL 32301

Virginia C. Tate, Esq.
AT&T Communications of the Southern States, LLC
1200 Peachtree Street, Suite 8100
Atlanta, GA 30309

Kenneth A. Hoffman, Esq.
Rutledge, Ecenia, Purnell & Hoffman, P.A.
P.O. Box 551
Tallahassee, FL 32302

Mr. Dulaney L. O'Roark, III
WorldCom, Inc.
6 Concourse Parkway, Suite 3200
Atlanta, GA 30328

Kimberly Caswell, Esq.
Verizon Select Services, Inc.
P.O. Box 110, FLTC0007
Tampa, FL 33601-0110

William H. Weber
Senior Counsel
Covad Communications Company
1230 Peachtree Street, NE, 19th Floor
Atlanta, GA 30309

Richard Melson, Esq.
Hopping Law Firm
P.O. Box 6526
Tallahassee, FL 32314

Nanette Edwards, Esq.
Brian Musselwhite, Esq.
ITC^Deltacom
4092 South Memorial Parkway
Huntsville, AL 35802

Patrick Wiggins, Esq.
Charles Pellegrini, Esq.
Katz Kutter Law Firm
106 East College Avenue, 12th Floor
Tallahassee, FL 32301

Jonathan Canis, Esq.
Michael Hazzard, Esq.
Kelley Drye Law Firm
1200 19th Street, NW Fifth Floor
Washington, DC 20036

Mr. John D. McLaughlin, Jr.
KMC Telecom, Inc.
1755 North Brown Road
Lawrenceville, GA 30043

Joseph McGlothlin, Esq.
Vicki Kaufman, Esq.
McWhirter Law firm
117 S. Gadsden Street
Tallahassee, FL 32301

Laura L. Gallagher, P.A.
101 E. College Avenue, Suite 302
Tallahassee, FL 32301

Ms. Carol Paulsen
SBC Telecom, Inc.
130 E. Travis, 4-10-A
San Antonio, TX 78205

Wayne Stavanja, Esq.
Mark Buechele, Esq.
Supra Telecom
1311 Executive Center Drive, Suite 200
Tallahassee, FL 32301

Mr. John Rubino
Mr. George S. Ford
Z-Tel Communications, Inc.
601 S. Harbour Island Blvd.
Tampa, FL 33602-5706

Mr. Angel Leiro
Mr. Joe Millstone
IDS Telcom, LLC
1525 N. W. 167th Street, Second Floor
Miami, FL 33169-5131

Mr. David Woodsmall
Mpower Communications Corp.
175 Sully's Trail, Suite 300
Pittsford, NY 14534-4558

Suzanne F. Summerlin, Esq.
2536 Capital Medical Blvd.
Tallahassee, FL 32309

Tracy Hatch

Tracy W. Hatch