

ORIGINAL

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December 11, 2003

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

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Re: Docket No. 031072-TL

Dear Ms. Bayó:

Enclosed are an original and fifteen copies of BellSouth's Answer to CLEC Coalition's Petition to Develop Process to Evaluate BellSouth Telecommunications, Inc.'s Change Management Process and Motion to Dismiss, which we ask that you file in the captioned docket.

A copy of this letter is enclosed. Please mark it to indicate that the original was filed and return the copy to me. Copies have been served to the parties shown on the attached Certificate of Service.

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Jh
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Sincerely,

J. Phillip Carver

J. Phillip Carver (JA)

cc: All Parties of Record
Marshall M. Criser III
R. Douglas Lackey
Nancy B. White

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**CERTIFICATE OF SERVICE
DOCKET NO. 031072-TL**

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via Electronic Mail and FedEx this 11th day of December , 2003 to the following:

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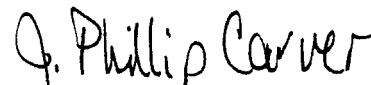
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J. Phillip Carver (EA)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of CLEC Coalition)	
To Develop a Process to Evaluate)	Docket No. 031072-TL
BellSouth Telecommunications, Inc.'s)	
Compliance with the 50/50 Plan, a)	Filed: December 11, 2003
Portion of the Change Management)	
<u>Process.</u>)	

**BELLSOUTH'S ANSWER TO CLEC COALITION'S
PETITION TO DEVELOP PROCESS TO EVALUATE
BELLSOUTH TELECOMMUNICATIONS, INC.'S CHANGE
MANAGEMENT PROCESS AND MOTION TO DISMISS**

BellSouth Telecommunications, Inc. ("BellSouth") hereby files its Answer to the CLEC Coalition's Petition to Develop Process to Evaluate BellSouth Telecommunications, Inc.'s Change Management Process and Motion to Dismiss and states in support thereof, the following:

1. As to paragraph 1 of the Petition, BellSouth is without knowledge of whether the information about the CLEC Coalition ("CLECs") set forth in this paragraph is accurate.
2. As to the allegations of paragraphs 2-16 of the Petition, BellSouth admits that a third party audit occurred, that the resulting KPMG report contained certain exceptions (including the subject exception 88), that BellSouth took action to address the exceptions, and that as a result of this process, the Commission entered the *Order Requiring Implementation of End-To-End Process Flow, Draft Version 2.1* (Order No. PSC-02-1034-FOF-TP) on July 30, 2002 in Docket No. 960786B-TL ("Order"). Beyond these facts, these paragraphs contain a variety of factual misstatements, half truths, strategic omissions, and baseless arguments that do not constitute factual allegations per se. Accordingly, BellSouth denies each and every factual allegation in these paragraphs.
3. As to paragraph 17 of the petition, this paragraph summarizes the CLEC's position, and does not contain facts to which a response is required.

Additional Response and Motion to Dismiss

4. The Petition by the CLECs represents a brazen attempt to circumvent a prior Commission Order. The Commission has fully considered Exception 88 in the process of a (now completed) Third Party Audit.¹ The Commission accepted BellSouth's proposal for addressing this exception (i.e., the 50/50 plan) and provided what BellSouth must do to implement this plan. BellSouth has complied fully with this Order. These facts, notwithstanding, the CLECs now ignore the substance of the Order (and BellSouth's compliance) and belatedly argue for the imposition of an onerous and unnecessary process that is not required by the Order resolving Exception 88. This Commission should not reward this sort of mischief by the CLECs. Instead, the Petition should be immediately dismissed, and all relief requested therein should be denied.

5. As a result of the third party audit, KPMG Consulting issued exception 88 in July of 2001. As the Commission stated in the above referenced order, KPMG found "that ALECs are unable to participate in a prioritization of change process that originates from internal BellSouth organizations". (Order, p. 4). In response to this and other findings, "BellSouth adopted a revised and broader definition of 'ALEC-affecting' to be used as system modifications move forward. In addition, BellSouth . . . responded with a new proposal known as the "50/50 Plan" (Order, p. 5). The Order described this plan as follows. "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." (Id., p. 6). AT&T responded to BellSouth's proposal by raising a number of objections that the Commission ultimately rejected. The Commission adopted BellSouth's proposal and ruled as follows:

¹ *See*, Order on Process for Third-Party Testing, *In re: Consideration of BellSouth Telecommunications, Inc.'s Entry into InterLATA Services Pursuant to Section 271 of the Federal Telecommunications Act of 1996*, FL PSC Docket No. 960786-TL (Aug. 9, 1999)("Third Party Audit").

Upon consideration, we find 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 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.

(Order, p. 7) (emphasis added)

6. On November 7, 2003, almost 16 months after the Commission entered the above-described Order on this matter, the CLECs filed a motion for a “Clarification of the Commission’s November 14, 2002 Order”. The reference in the Motion to the Order of November 14, 2002 was apparently a mistaken reference to a Georgia order entered on that date. The gist of the CLEC motion was that this Commission’s Order should be clarified to make clear that it requires a third-party “audit” (as opposed to merely a verification) and that the CLEC’s must be fully involved in this audit. Beyond this, the CLECs argued that the audit should include a number of substantive areas of inquiry.

7. The problem with the CLECs motion, of course, was not just that it referred to the wrong Order, but also that it requested the Commission to “clarify” its previous Order in a way that would engraft onto that Order provisions that are simply not there. Perhaps mindful of this, the CLECs withdrew the Motion on November 17, 2002. Then, four days later, the CLECs filed the instant Petition, in which they request precisely the same relief, and make precisely the same substantive arguments as in their original motion. In the Petition, however, the CLECs make only passing reference to the Order itself, and fail to acknowledge that the requirement that came from the Order (i.e., that BellSouth obtain third party verification that the 50/50 Plan) is being followed.

8. Given the history of this matter, and especially the recent procedural maneuvering by the CLECs, their filing of a Petition in this matter constitutes nothing short of an attempt to circumvent the Commission's previous Order. Exception 88 does, in fact, exist; the CLECs at least got this part right in their Petition. What the CLECs failed to note in their Petition, however, is that BellSouth developed a plan to respond to this exception, the Commission approved the plan, and the Commission noted that verification of the Plan will be conducted. The Order did not contain any requirement that this third party verification be a formal audit, and it contained no requirement that the CLECs participate in this verification in the manner in which they now claim that they should. If the CLECs disagreed with ruling in the Order, then they had the option (as all parties do) of filing a Motion for Reconsideration. Instead, they did nothing for sixteen months.

9. Shortly after the conclusion of the first quarter of 2003, and the publication of the capacity allocation report, BellSouth began the process of obtaining third party verification of its compliance with the 50/50 Plan, which went into effect on January 1, 2003. Only now, 16 months after the original Order was entered--and after BellSouth has begun the verification process, obtained initial reports, and provided these reports to the CLECs and filed them with the Commission--the CLECs file a Petition to request that an entirely new process, and a considerably more onerous one, be put into place. At the same time, the CLECs do not even acknowledge the substance of the previous Order, and ignore the fact that the Commission has already determined what is necessary to ensure BellSouth's compliance with the 50/50 Plan. Moreover, the CLECs also ignore the fact that BellSouth has done exactly as it was instructed to do under the terms of the Order, as will be explained further below.

10. Sixteen months after the entry of the above-referenced Order, the CLECs have apparently decided that they are displeased with what the Commission has required BellSouth to do. As a result, the CLECs have chosen to blatantly ignore the substance of the Order and are demanding that additional audit requirements be placed on BellSouth, i.e., they are acting as if the controlling Order does not exist. If the Commission allows the CLECS to prevail by using this improper stratagem, the result will be invitation to every party that decides at any point that they would prefer not to be bound by an Order of the Commission (no matter how long ago it was issued) to simply act as if the Order never occurred, and to file a new Petition to raise the same matter again. Clearly, this is not a process that the Commission should sanction generally, and it should not be allowed in this case.

11. As will be explained below, BellSouth has complied completely with the requirements of the Order. Beyond this, BellSouth will also respond to the substance of the CLECs' contentions that additional requirements should be added to the third party verification, and will set forth the reasons why these contentions have no merit.

12. As stated previously, the Commission stated in the subject Order that "BellSouth has committed to third-party verification of capacity used and remaining after each new software release". (*Id.*) The duty of BellSouth to obtain the verification that capacity is being allocated according to the 50/50 plan arises entirely from this portion of the Order. Thus, it is obvious that there was no requirement in the Order to perform a full fledged audit. This makes perfect sense, given the fact that BellSouth's change control process has been thoroughly audited on a global basis as a result of Third Party Tests under the authority of this and other State Commissions and as part of the process whereby BellSouth ultimately received 271 approval for every state in its

region.² Although the CLECs contend in their Petition that a full blown audit is required, they ignore the fact that an audit was not required by the Order, and they provide no reason that one more Audit (as compared to a verification process) is required. Moreover, it is also clear that the Order contains absolutely no requirement that CLECs play a part in designing or monitoring the verification process.

13. The 50/50 plan went into effect on January 1, 2003. The first data that reflected BellSouth's compliance with the plan was produced on May 15, 2003, for the first quarter of 2003. The 1st Quarter 2003 Monitoring and Post Release Capacity Utilization Report review process was completed and the PwC Attestation Report was filed with the Commission on September 25, 2003, slightly more than a month after the notification.³ The CLECs complain in their Petition about the structure of the verification, and state that it is more similar to a financial audit than a proper change management process audit. (CLEC Answer, ¶ 12, p. 1). Putting aside the fact that the verification process is not an audit, the structure of the process was largely the result of decisions made by the third party that reviewed the data, PriceWaterhouseCoopers ("PwC")⁴. Under the form suggested by PwC, BellSouth provided the first quarter results referred to above in the form of a Report entitled, "Monitoring and Reporting Post-Release Capacity Utilization", dated August 15, 2003 ("Capacity Report"), and made a series of representations concerning this Report. PwC then attested to the accuracy of these

² See Also, Order on Petition for Third-Party Testing, *In re: Investigation into Development of Electronic Interfaces for BellSouth's Operational Support Systems*, GA PSC Docket No. 8354-U (May 20, 1999); Memorandum Opinion and Order, *Joint Application by BellSouth Corporation, et al., for Provision of In-Region, InterLATA Services in Georgia and Louisiana*, 17 FCC Rcd 9018 (2002).

³ Further, the CLECs have been well apprised of this process. Conference calls were held to address Staff and CLEC questions on October 2, 2003 and November 12, 2003, and more discussions will occur in the future as the process progresses.

⁴ The CLECs make in passing the groundless claim that by selecting PwC to conduct the verification, BellSouth somehow controls "the outcome of the attestation". (Petition, ¶ 10). The CLECs, however, do not allege that PwC's performance has been deficient in any respect, nor is there any basis for the CLECs to make such a claim.

representations. (The first PwC Report is Attachment 1 hereto). The Capacity Report (which is Attachment 1 to the PwC Report) states that after capacity is utilized for maintenance, regulatory mandates, and defects, 8.9% of the total capacity was utilized by BellSouth during this time period, and 30.6% was utilized by the CLECs. In other words, the CLECs actually utilized approximately three times the capacity that BellSouth utilized.

14. It is noteworthy that the CLECs have not complained about the actual results of the process to date or about the content of the representations made by BellSouth, to which PwC has attested. Instead, the CLECs' Petition focuses primarily on six additional areas of inquiry that they say should have been reviewed in the verification process. Even a cursory review of these six items, however, reveals that they actually have nothing to do with the verification that BellSouth was ordered to obtain. Each of these six areas go to the general issue of forecasting the capacity that will be required to process individual change requests. As such, they are well beyond the scope of the Order's mandate to obtain "independent verification of capacity used". (Order, p. 7). (emphasis added). Further, BellSouth has recently expanded the scope of the verification process to include assertions regarding maintenance categorization, controls and unit sizing, which have been submitted to PwC for verification as well (a copy of these additional assertions is Attachment 2 hereto).

15. The total capacity devoted to make all changes is 3000 units. One unit equals approximately 100 Release Cycle Hours.⁵ Devoting this amount of capacity to changes costs BellSouth approximately 108 million dollars per year. The FCC specifically ruled in the context

⁵ Each release cycle hour equals one hour of time attributable to planning, analysis, design, code development, testing and implementation of a change request.

of BellSouth's Five-State 271 application, that this amount of capacity is adequate to allocate for all purposes.⁶

16. Again, all of the CLECs additional questions focus on forecasting of future capacity usage. For example, the CLEC questions address which systems are the possible subject of changes (Question 2), whether the capacity is different for different systems, (Question 3), and how BellSouth forecasts the capacity that will be required for each change. (Question 1) In other words, the CLECs are arguing for a review of the systematic process whereby BellSouth forecasts how capacity will be utilized on a going-forward basis. This, however, has nothing to do with the verification that BellSouth was required to do under the Order.

17. BellSouth was required by the Order to obtain verification that the 50/50 plan is being followed. To accomplish this, BellSouth issued a report, which demonstrates that the CLECs utilized three times as much capacity as BellSouth, and PwC verified the accuracy of this report. PwC did this by reviewing the records of time that vendors actually spent to implement changes requested by the CLECs and by BellSouth. There is nothing in this process, nor should there be, to address whether BellSouth is accurately forecasting changes that will be made in the future. In point of fact, if there is a problem with the forecast process, it would appear to work in favor of the CLECs. Although BellSouth is only required to devote the same capacity to the CLECs' changes as it uses for its own, for the first quarter of 2003, the CLECs used three times as much capacity for their changes as BellSouth used. The point, however, is that the capacity forecasting process is completely unrelated to the requirements of the Order, and it is unrelated

⁶ Memorandum Opinion and Order, *Joint Application by BellSouth Corporation, et al., for Provision of In-Region, InterLATA Services Alabama, Kentucky, Mississippi, North Carolina and South Carolina*, WC Docket No. 02-150, 17 FCC Rcd 17595, ¶ 185 (2002).

to the actual work that PwC appropriately did to verify that BellSouth is following the 50/50 plan.

18. The CLECs also raised three particular questions relating to defects, and they contend that BellSouth has taken some improper action in this area. The CLECs question whether time is properly being assigned to maintenance, and they also question what they allege is the “incorrect assignment of vendor hours”. Both of these issues, however, are within the scope of the verification process that is being performed by PwC. Therefore, no further action is needed.

19. Beyond this, the CLECs claim that the capacity needed for certain corrections “should not be taken from the percentage of capacity allocated to CLECs”. (Petition, ¶ 16). In other words, the CLECs claim that the time necessary to correct these defects should not be taken from the general pool of capacity before determining the portion that is available to be split 50/50 between BellSouth and the CLECs. Instead, the CLECs contend that the time attributable to this defect correction should be taken from BellSouth’s 50%. Again, the CLEC’s have raised an issue that is not within the scope of the ordered verification process. The Order made clear that it approved the process proposed by BellSouth, a process in which the time attributable to defect correction is taken from the general capacity before arriving at the remaining capacity, which is split between BellSouth and the CLECs. Obviously, a process in which BellSouth’s compliance with the Order is being verified is not the appropriate place for the CLECs to challenge a process approved by the Order, with which they apparently now do not agree. The CLECs’ decision to file a Petition that ignores the substance of the Order does nothing to change this fact.

20. Finally, the CLECs also contend that the verification process should address the question of how payments (in effect, rebates) from vendors for defective software have been applied. Specifically, the CLECs contend that they should receive a portion of these payments. (Petition, ¶ 16). Of all the CLEC issues that are beyond the scope of the verification that BellSouth was ordered to conduct, this one is perhaps farthest afield. The issue to which the CLECs refer is that, in a single instance, BellSouth was given a rebate by a vendor, and these funds will be appropriately applied to OSS costs that would otherwise be recoverable from the CLECs.⁷ If the CLECs actually believe that the funds were somehow misallocated, then they are free to file a complaint to this effect (although such a complaint would obviously have no merit). However, there is no basis to include this contention in the third party verification.

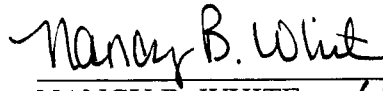
21. The CLECs' Petition fails to raise any valid reason why the Commission should depart from its previous Order and require increased CLEC participation in the verification process. Further, the CLECs have raised nothing that should be included in the verification process that BellSouth and PwC have not included. However, the CLECs Petition does vividly depict a compelling reason that they should not be more involved in the verification process: their proclivity for raising irrelevant issues and attempting to inappropriately expand the scope of the verification. If the CLECs were allowed to have, in effect, veto power over how a third party conducts its verification, then one can only assume, on the basis of their actions so far, that they would misuse this power to continue to interject inappropriate issues into the verification process ad infinitum. Again, the CLECs have no support for their demand for a full fledged audit in which they would have free rein to interfere and obfuscate the process, and they have raised no issues that can appropriately be added to the existing process.

⁷ These funds will be factored into the appropriate service ordering charges, which will be developed in future cost studies to determine recoverable OSS costs.

WHEREFORE, BellSouth respectfully requests the entry of an Order dismissing or summarily denying the CLECs Petition in its entirety.

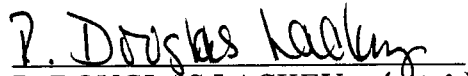
Respectfully submitted this 11th day of December, 2003.

BELLSOUTH TELECOMMUNICATIONS, INC.



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516197

BellSouth Telecommunications, Inc.
Examination Attestation of the
Monitoring and Reporting Post Release Capacity
Utilization Report
Released on August 15, 2003

Attachment 1

Report of Independent Accountants

To Management of BellSouth Telecommunications, Inc.:

We have examined BellSouth Telecommunication, Inc. (the "Company") management's assertion, included in the accompanying *Report of Management Assertions on BellSouth Telecommunication's Change Control Appendix 1 Reporting* that the Monitoring and Reporting Post Release Capacity Utilization Report (the "Report"), dated August 15, 2003, accurately reports, by category, the number of units dedicated to Change Requests (CRs) for the first quarter of 2003 as received by BellSouth from its vendors. Management is responsible for the Company's assertions. Our responsibility is to express an opinion on the Company's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting management's assertion and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

The Report also contains by category, the number of units dedicated to CRs for the second quarter of 2003 as received by BellSouth from its vendors. Management has not yet provided an assertion related to these amounts, therefore we do not express an opinion or any other form of assurance on the second quarter 2003 amounts at this time.

In our opinion, the Assertion related to the accurate reporting, by category, the number of units dedicated to CRs in the Monitoring and Reporting Post Release Capacity Utilization Report, dated August 15, 2003, for the first quarter of 2003 as received by BellSouth from its vendors is fairly stated, in all material respects, based on the criteria set forth in the Assertion.

This report is intended solely for the information and use of BellSouth Corporation and BellSouth Telecommunications, Inc. and appropriate regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and distribution is not limited.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
August 28, 2003

BellSouth Telecommunications, Inc.
675 West Peachtree Street, N.E.
Atlanta, GA 30375

*Report of Management Assertions on BellSouth Telecommunication's Change
Control Appendix I Reporting*

Management of BellSouth Telecommunications (BellSouth) asserts that the Monitoring and Reporting Post Release Capacity Utilization Report included as Attachment A, dated August 15, 2003, accurately reports, by category, the number of units dedicated to Change Requests (CR) for first quarter 2003 as received by BellSouth from its vendors based on the criteria below.

The following describes the terms "accurately" and "units" criteria:

Monitoring and Reporting Post Release Capacity Utilization Report Accuracy

BellSouth Management asserts that the Monitoring and Reporting Post Release Capacity Utilization Report accurately reports the category and number of units dedicated to the Change Requests for the first quarter 2003. As it relates to this assertion, "accurately" will be assessed according to the following processes:

- Accepting features and defects Change Request hours from BellSouth's vendors,
- Converting Change Request hours to Change Request units,
- Assigning Change Request units by Change Request category, and
- Summarizing units by Change Request category for inclusion in the Monitoring and Reporting Post Release Capacity Utilization Report.

As it relates to this assertion, "units" is defined as:

A unit is equal to 100 Change Request Development and Testing labor hours dedicated to Change Requests per the BellSouth Change Control Process Guide, dated August 26, 2003.



William Stacy
Operations Vice President

BellSouth Telecommunications, Inc.
675 West Peachtree Street, N.E.
Atlanta, GA 30375

September 10, 2003

PricewaterhouseCoopers LLP
1155 Peachtree Street, Suite 1100
Atlanta, Georgia 30309

We are providing this letter in connection with your examination of management's assertion, included as Attachment A, for the purpose of expressing an opinion as to whether the Monitoring and Reporting Post Release Capacity Utilization Report, dated August 15, 2003, accurately presents, in all material respects, by category, the number of units dedicated to Change Requests for the first quarter 2003 as received by BellSouth from its vendors, based on the criteria presented in Attachment A, as of August 15, 2002.

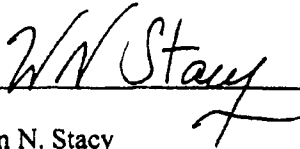
We confirm, to the best of our knowledge and belief, as of August 28, 2003, the date of your report, the following representations made to you during your engagement:

1. We are responsible for ensuring the accuracy of the Monitoring and Reporting Post Release Capacity Utilization Report, dated August 15, 2003.
2. We are responsible for the presentation of the assertions and the appropriateness of the measurement and disclosure criteria on which they are based.
3. We are responsible for establishing and maintaining effective internal controls over the reporting by category, the number of units dedicated to Change Requests in the Monitoring and Reporting Post Release Capacity Utilization Report, dated August 15, 2003.
4. We have performed an evaluation of the accuracy of the Monitoring and Reporting Post Release Capacity Utilization Report, dated August 15, 2003.
5. We have disclosed to you all known items that potentially affect the accuracy of the Monitoring and Reporting Post Release Capacity Utilization Report, dated August 15, 2003, for the first quarter 2003. Additionally, we have disclosed to you any written communications from regulatory agencies, internal auditors, and other practitioners concerning possible inaccuracies of the Monitoring and Reporting Post Release Capacity Utilization Report, dated August 15, 2003, for the first quarter 2003.

BellSouth Telecommunications, Inc.
675 West Peachtree Street, N.E.
Atlanta, GA 30375

6. We have made available to you all information that is relevant to the Monitoring and Reporting Post Release Capacity Utilization Report, dated August 15, 2003.
7. We have disclosed and provided all exceptions or issues related to the accuracy of the first quarter 2003 of the Monitoring and Reporting Post Release Capacity Utilization Report, dated August 15, 2003, and there are no matters contradicting the assertions, including all exceptions noted, or any written communications from regulatory agencies affecting the assertions.
8. All requested documentation was provided to you without any alteration of contents.

To the best of our knowledge and belief, no events have occurred subsequent to August 28, 2003, and through the date of this letter that have an effect on the completeness and accuracy of the assertion.



William N. Stacy
Operations Vice President

Attachment A



Change Control Process

Appendix I – Reporting Post-Release Capacity Utilization

Monitoring and Reporting Post-Release Capacity Utilization (August 15, 2003)¹

2003 Annual Release Capacity Utilization – YTD Quarterly Report										
Categories	1Q		2Q		3Q		4Q		YTD / EOY	
	Units	%	Units	%	Units	%	Units	%	Units	%
Maintenance	106.3 ^{a,b}	32.9	297.0	31.4	0	0	0	0	403.3	31.9
PSN Mandate	3	.9	14.7	1.6	0	0	0	0	17.7	1.4
Regulatory (Type 2)	40.3 ^c	12.5	0	0	0	0	0	0	40.3	3.2
Defects (Type 6)	31.3 ^d	9.7	275.7	29	0	0	0	0	307	24
Industry (Type 3)	0	0	0	0	0	0	0	0	0	0
BellSouth (Type 4)	0	0	113.1	12	0	0	0	0	113.1	8.9
CLEC (Type 5)	142.2	44	245.9	26	0	0	0	0	388.1	30.6

Please note revision to 1st Quarter Actuals. 1st Quarter Actuals were corrected to include the following modifications: (1) hours worked on items that were canceled prior to Release Implementation after work was performed and (2) corrected hours reported on two items. Those capacity units are now included in the revised 1st Quarter Actuals.

^aThree Maintenance items (one item in Release 11.1 and two items in Release 12.0) were canceled prior to implementation after work was performed, those units are now reflected in the 1st Quarter Capacity Units.

^bTwo Maintenance items were revised; one item in Release 11.0c and one item in Release 12.0. Maintenance was previously reported as 106.1.

^cA Type 2 item for Release 12.0 was canceled prior to implementation after work was performed (previously reported as 39.6), those units are now reflected in the 1st Quarter Capacity Units.

^dTwo Type 6 items for Release 11.1 were canceled prior to implementation after work was performed (previously reported as 30.4), those units are now reflected in the 1st Quarter Capacity units.

¹ Depicts capacity hours for 2nd Quarter calendar year 2003. Attached to this report is a list of all Type 2, 3, 4, 5, 6 change requests that were implemented.

BellSouth Telecommunications, Inc.
675 West Peachtree Street, N.E.
Atlanta, GA 30375

Report of Management Assertions on BellSouth Telecommunication's Change Control Appendix I Reporting

Management of BellSouth Telecommunications (BellSouth) asserts that:

- The Monitoring and Reporting Post Release Capacity Utilization Report included as Attachment A, dated February 15, 2004, accurately reports, by category (i.e., **maintenance, defects, etc.**), the number of units dedicated to Change Requests (CR) for 2003 as received by BellSouth from its vendors based on the criteria below, and that
- At least 50% of the total Post Release Development Units for Type IV and V Change Requests, per the Monitoring and Reporting Post Release Capacity Utilization Report for 2003, have been reported as CLEC Change Requests (Type V) for 2003, and that
- **BellSouth maintains internal controls over the process of accepting features and defect Change Request hours from vendors through to the creation of The Monitoring and Reporting Post Release Capacity Utilization Report, dated February 15, 2004, that are designed to provide reasonable assurance regarding the accurate preparation of The Monitoring and Reporting Post Release Capacity Utilization Report.**

The following describes the terms "accurately" and "units" and "Internal Controls" criteria:

Monitoring and Reporting Post Release Capacity Utilization Report Accuracy

BellSouth Management asserts that the Monitoring and Reporting Post Release Capacity Utilization Report accurately reports the category and number of units dedicated to the Change Requests for the first quarter 2003. As it relates to this assertion, "accurately" will be assessed according to the following processes:

- Accepting features and defects Change Request hours from BellSouth's vendors,
- Converting Change Request hours to Change Request units,
- Assigning Change Request units by Change Request category (i.e., **maintenance, defects, etc**), and
- Summarizing units by Change Request category for inclusion in the Monitoring and Reporting Post Release Capacity Utilization Report.

As it relates to this assertion, "units" is defined as:

A unit is equal to 100 Change Request Development and Testing labor hours dedicated to Change Requests per the BellSouth Change Control Process Guide, dated August 26, 2003.

As it relates to this assertion, "internal controls" are defined as:

Internal Controls are described in the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission,

William Stacy
Operations Vice President

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*Report of Management Assertions on BellSouth Telecommunication's Change
Control Appendix I-A Reporting*

The Management of BellSouth Telecommunications (BellSouth) asserts the following on unit sizing:

- The unit sizing determined for all CR types is and has been performed since July 2003 with a consistent, documented methodology common to all vendors and systems included within the scope of the CCP as stated in the process guide. •
- Since July 2003, a documented process has been consistently followed to monitor the accuracy of unit sizing, in both projected estimates and actual release implementation for CRs. •

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William Stacy
Operations Vice President