

Robert A. Culpepper
General Attorney

BellSouth Telecommunications, Inc.
150 South Monroe Street
Room 400
Tallahassee, Florida 32301
(404) 335-0841

June 25, 2004

Mrs. Blanca S. Bayó
Director, Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 000121A-TP
**In Re: Investigation into the establishment of operations support
systems permanent incumbent local exchange Telecommunications
companies**

Dear Ms. Bayó:

Pursuant to the Notice of Staff Workshop dated June 10, 2004, please find enclosed BellSouth Telecommunications, Inc.'s presentation regarding the audit scope and methodology, which we ask that you file in the captioned docket.

Copies have been served to the parties shown on the attached Certificate of Service.

Sincerely,


Robert A. Culpepper

Enclosures

cc: All parties of record
Marshall M. Criser, III
Nancy B. White
R. Douglas Lackey

CERTIFICATE OF SERVICE
Docket No. 000121A-TP

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via
Electronic Mail and First Class U. S. Mail this 25th day of June, 2004 to the following:

Jason K. Fudge
Tim Vaccaro
Staff Counsel
Florida Public Service
Commission
Division of Legal Services
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
Tel. No. (850) 413-6181
Fax. No. (850) 413-6250
jfudge@psc.state.fl.us

AT&T
Virginia C. Tate
Senior Attorney
1200 Peachtree Street
Suite 8100
Atlanta, GA 30309
Tel. No. (404) 810-4922
vtate@att.com

Verizon, Inc.
Kimberly Caswell
P.O. Box 110, FLTC0007
Tampa, FL 33601-0110
Tel. No. (813) 483-2617
Fax. No. (813) 223-4888
kimberly.caswell@verizon.com

Nanette Edwards (+)
Regulatory Attorney
ITC^DeltaCom
4092 S. Memorial Parkway
Huntsville, Alabama 35802
Tel. No. (256) 382-3856
Fax. No. (256) 382-3936
nedwards@itcdeltacom.com

Peter M. Dunbar, Esquire
Karen M. Camechis, Esquire
Pennington, Moore, Wilkinson,
Bell & Dunbar, P.A.
Post Office Box 10095 (32302)
215 South Monroe Street, 2nd Floor
Tallahassee, FL 32301
Tel. No. (850) 222-3533
Fax. No. (850) 222-2126
pete@penningtonlawfirm.com

Brian Chaiken
Supra Telecommunications and
Information Systems, Inc.
2620 S. W. 27th Avenue
Miami, FL 33133
Tel. No. (305) 476-4248
Fax. No. (305) 443-1078
bchaiken@stis.com

Michael A. Gross
Vice President, Regulatory Affairs
& Regulatory Counsel
Florida Cable Telecomm. Assoc.
246 East 6th Avenue
Tallahassee, FL 32303
Tel. No. (850) 681-1990
Fax. No. (850) 681-9676
mgross@fcta.com

Susan Masterton
Charles J. Rehwinkel
Sprint
Post Office Box 2214
MS: FLTLHO0107
Tallahassee, Florida 32316-2214
Tel. No. (850) 599-1560
Fax. No. (850) 878-0777
susan.masterton@mail.sprint.com

Donna Canzano McNulty (+)
MCI WorldCom, Inc.
325 John Knox Road
The Atrium, Suite 105
Tallahassee, FL 32303
Tel. No. (850) 422-1254
Fax. No. (850) 422-2586
donna.mcnulty@wcom.com

Brian Sulmonetti
MCI WorldCom, Inc.
6 Concourse Parkway, Suite 3200
Atlanta, GA 30328
Tel. No. (770) 284-5493
Fax. No. (770) 284-5488
brian.sulmonetti@wcom.com

William Weber, Senior Counsel
Covad Communications
1230 Peachtree Street, N.E.
19th Floor, Promenade II
Atlanta, Georgia 30309
Tel. No. (404) 942-3494
Fax. No. (508) 300-7749
wweber@covad.com

John Rubino
George S. Ford
Z-Tel Communications, Inc.
601 South Harbour Island Blvd.
Tampa, Florida 33602
Tel. No. (813) 233-4630
Fax. No. (813) 233-4620
gford@z-tel.com

Joseph A. McGlothlin
Vicki Gordon Kaufman
McWhirter, Reeves, McGlothlin,
Davidson, Decker, Kaufman, et. al
117 South Gadsden Street
Tallahassee, Florida 32301
Tel. No. (850) 222-2525
Fax. No. (850) 222-5606
jmcglothlin@mac-law.com
vkaufman@mac-law.com
Represents KMC Telecom
Represents Covad
Represents Mpower

Jonathan E. Canis
Michael B. Hazzard
Kelley Drye & Warren, LLP
1200 19th Street, N.W., Fifth Floor
Washington, DC 20036
Tel. No. (202) 955-9600
Fax. No. (202) 955-9792
jacanis@kelleydrye.com
mhazzard@kelleydrye.com

Tad J. (T.J.) Sauder
Manager, ILEC Performance Data
Birch Telecom of the South, Inc.
2020 Baltimore Avenue
Kansas City, MO 64108
Tel. No. (816) 300-3202
Fax. No. (816) 300-3350

John D. McLaughlin, Jr.
KMC Telecom
1755 North Brown Road
Lawrence, Georgia 30043
Tel. No. (678) 985-6262
Fax. No. (678) 985-6213
jmclau@kmctelecom.com

Andrew O. Isar
Miller Isar, Inc.
7901 Skansie Avenue
Suite 240
Gig Harbor, WA 98335-8349
Tel. No. (253) 851-6700
Fax. No. (253) 851-6474
aisar@millerisar.com

Renee Terry, Esq.
e.spire Communications, Inc.
7125 Columbia Gateway Drive
Suite 200
Columbia, MD 21046
Tel. No. (301) 361-4298
Fax. No. (301) 361-4277


Mr. David Woodsmall
Mpower Communications, Corp.
175 Sully's Trail
Suite 300
Pittsford, NY 14534-4558
Tel. No. (585) 218-8796
Fax. No. (585) 218-0635
dwoodsmall@mpower.com

Suzanne F. Summerlin, Esq.
Attorney At Law
2536 Capital Medical Blvd.
Tallahassee, FL 32308-4424
Tel. No. (850) 656-2288
Fax. No. (850) 656-5589
summerlin@nettally.com

Dulaney O'Roark III (+)
WorldCom, Inc.
Six Concourse Parkway
Suite 3200
Atlanta, GA 30328
Tel. No. (770) 284-5498
De.OROark@mci.com

Claudia E. Davant
AT&T
State President Legislative and
Regulatory Affairs
101 N. Monroe Street
Suite 700
Tallahassee, FL 32301
Tel. No. (850) 425-6360
Fax. No. (850) 425-6361
cdavant@att.com

Wayne Stavanja/Mark Buechele
Ann Shelfer
Supra Telecommunications
1311 Executive Center Drive
Suite 200
Tallahassee, FL 32301
Tel. No. (850) 402-0510
Fax. No. (850) 402-0522



Robert A. Culpepper

**(+) Signed Protective
Agreement**

#237366



BellSouth Proposed >>
Florida Audit Plan



Objectives

The Florida Audit Plan in this document has been developed to meet the following objectives:

- To meet audit requirements of SQM manuals and SEEMS Administrative Plans for Florida. These audit requirements are outlined in the following pages.
- For all material aspects, the auditor will report whether BellSouth met the requirements of the Performance Measurements Quality Assurance Plan (PMQAP) as well as certify Tier 1 & Tier 2 Penalties were accounted for in accordance with GAAP standards and paid.

➤ Presentation Outline

- Slides 4 – 5 Current audit policy requirements for SQM and reports for Florida.
- Slides 6 - 8 BellSouth's Florida SQM Audit Policy Proposal
- Slide 9 Current Florida SEEM Audit Policy
- Slides 10 BellSouth's Florida SEEM Audit Policy Proposal
- Slide 11 BellSouth's Exception Resolution Proposal

>> Current Florida SQM Audit Policy (Appendix C1)

BellSouth's Internal Audit Policy

BellSouth's internal efforts to make certain that the reports produced by the PMAP platform are of the highest accuracy has been formalized into a Performance Measurements Quality Assurance Plan (PMQAP) that documents and augments existing quality assurance processes integral to the production and validation of Performance Measurements data. The plan consists of four sections:

1. Change Control addresses the quality assurance steps involved in the introduction of new measurements and changes to existing measurements.
2. Production addresses the quality assurance steps used to create monthly SQM reports.
3. Monthly Validation addresses the quality assurance steps used to ensure accurate posting of monthly results.
4. SEEMS Validation addresses the quality assurance steps used to ensure accurate SEEMS Remedy Payments.

The BellSouth PMQAP will ensure that BellSouth effectively and consistently provides accurate performance measurements data for the activities included in the SQM. **The BellSouth Internal Audit department will audit this plan and its quality assurance steps annually beginning in 4Q01.**

>>> Current Florida SQM Audit Policy (Appendix C2)

BellSouth's External Audit Policy

BellSouth currently provides many CLECs with audit rights as a part of their individual interconnection agreements. BellSouth has developed a proposed Audit Plan for use by the parties to an audit. If requested by a Public Service Commission or by a CLEC exercising contractual audit rights, BellSouth will agree to undergo a comprehensive audit of the current year aggregate level reports for both BellSouth and the CLECs for each of the next five (5) years (2001 - 2005), to be conducted by an independent third party auditor jointly selected by BellSouth and the CLEC. The results of audits will be made available to all the parties subject to proper safeguards to protect proprietary information. Requested audits include the following specifications:

1. The cost shall be borne by BellSouth.
2. The independent third party auditor shall be selected with input from BellSouth, the PSC, if applicable, and the CLEC(s).
3. BellSouth, the PSC and the CLECs shall jointly determine the scope of the audit.

These comprehensive audits are intended to provide the basis for the PSCs and CLECs to determine that the SQM and PMAP produce accurate data that reflects each States Order for performance measurements. Once this has been verified by an initial audit, the BellSouth PMAP will provide the basis for future audits.

>> BellSouth Audit Plan Proposal (Appendix C1)

The BellSouth Internal Audit department will audit this plan (PMQAP) and its quality assurance steps annually beginning in 4Q01.

- As described in the current SQM Manual Audit Policy Requirements, the PMQAP will be the basis for this component of the audit.
- BellSouth's adherence to the processes and methodologies as specified in the PMQAP document will be tested.
- BellSouth proposes to utilize an external auditor to conduct the audit.
- Auditor will determine appropriate testing procedures for the agreed upon scope of the audit in accordance with American Institute of Certified Public Accountants (AICPA) guidelines.
- BellSouth proposes to have auditor conduct audit at regional level to the greatest extent possible e.g: change control, production and validation.

>> BellSouth Audit Plan Proposal (Appendix C2)

- **These comprehensive audits are intended to provide the basis for the PSCs and CLECs to determine that the SQM and PMAP produce accurate data that reflects each State's Order for performance measurements. Once this has been verified by an initial audit, the BellSouth PMQAP will provide the basis for future audits.**
- Initial audit completed by BearingPoint.
- Audit of PMQAP per Appendix C1 will complete this requirement.

>> BellSouth Audit Plan Proposal (Appendix C2)

- An appropriate SQM materiality threshold to determine exceptions should be employed. The Florida Reposting criteria listed below should be used as a basis to determine this threshold:
 - “Performance sub-metric calculations that result in a shift in the performance in the aggregate from an “in parity” condition to an “out of parity” condition will be available for reposting.”
 - “Performance sub-metric calculations with benchmarks that are in an “out of parity” condition will be available for reposting whenever there is a $> 2\%$ deviation in performance at the sub-metric level.”
 - “Performance sub-metric calculations with retail analogues that are in an “out of parity” condition will be available for reposting whenever there is a .5 change in the z-score at the sub-metric level.”

>> Current Florida SEEM Administrative Audit Policy

SEEM Administrative Plan – Section 4.4.5

At the end of each calendar year, an independent accounting firm, mutually agreeable to the Florida Public Service Commission and BellSouth, shall certify that all penalties under Tier-1 and Tier-2 Enforcement Mechanisms were paid and accounted for in accordance with Generally Accepted Accounting Principles (GAAP). These annual audits shall be performed based upon audited data of BellSouth's performance measurements.

>> SEEMS Remedy Payment Certification

At the end of each calendar year, an independent accounting firm, mutually agreeable to the Florida Public Service Commission and BellSouth, shall certify that all penalties under Tier-1 and Tier-2 Enforcement Mechanisms were paid and accounted for in accordance with Generally Accepted Accounting Principles (GAAP).

- BellSouth's 2003 financial records have been audited and reported to the financial community. We are now prepared to certify Tier 1 & Tier 2 remedy payments were accounted for in accordance with Generally Accepted Account Principles (GAAP) standards and paid.
- Auditor will determine appropriate audit procedures.
- BellSouth proposes to use same auditor for PMQAP and SEEM audits.

>> BellSouth's Exception Resolution Proposal

- Any exceptions identified by the auditor will be addressed in the final report. If resolution activity is beyond the end of the audit period, BellSouth will provide continuing reports to the PSC until all exceptions have been resolved.