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September 1, 2004

**Via Hand Delivery**

Ms. Blanca S. Bayo  
Florida Public Service Commission  
4075 Esplanade Way  
Tallahassee, FL 32399

Re: Docket No. 031072-TL

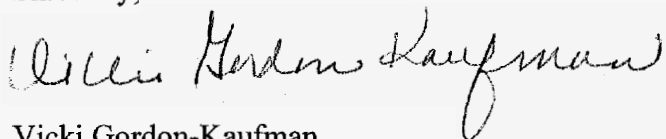
Dear Ms. Bayo:

On behalf of AT&T Communications of the Southern States, LLC, DIECA Communications, Inc. d/b/a Covad Communications Company, ITC^DeltaCom Communications, Inc., MCImetro Access Transmission Services, LLC and MCI WorldCom Communications, Inc., enclosed for filing and distribution are the original and 15 copies of the following:

- ▶ CLEC Coalition's Comments on PWC Audit.

Please acknowledge receipt of the above on the extra copy of each and return the stamped copies to me. Thank you for your assistance.

Sincerely,



Vicki Gordon-Kaufman

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FPSC-COMMISSION CLERK

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

Petition of CLEC Coalition [AT&T Communications of the Southern States, LLC, DIECA Communications, Inc., d/b/a Covad Communications Company, ITC^DeltaCom Communications, Inc., MCImetro Access Transmission Services, LLC, and MCI WorldCom Communications, Inc., for Development of a process to evaluate BellSouth Telecommunications, Inc.'s Compliance with the 50/50 plan, a Portion of the Change Management Process.

Docket No. 031072-TL

Filed: September 1, 2004

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**CLEC COALITION'S COMMENTS ON PWC AUDIT**

The CLEC Coalition (AT&T Communications of the Southern States, LLC, DIECA Communications, Inc., d/b/a Covad Communications Company, ITC^DeltaCom Communications, Inc., MCImetro Access Transmission Services, LLC, and MCI WorldCom Communications, Inc., and Network Telephone Corporation) files its comments on the Price Waterhouse Coopers (PwC) audit submitted by BellSouth Telecommunications, Inc. (BellSouth) on July 15, 2004.

**INTRODUCTION**

1. On November 21, 2003, the CLEC Coalition filed a petition asking the Commission to evaluate BellSouth's compliance with the "50/50 plan"<sup>1</sup> related to the Change Management Process. BellSouth had engaged the services of PwC to assess compliance but had not opened the PwC audit for participation by the Commission, Commission Staff, the CLEC Coalition or other interested parties. In addition, the CLEC

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<sup>1</sup> The "50/50 plan" had its genesis in Docket Nos. 960786B-TL and 981834-TP in which KPMG conducted a third party test of BellSouth's OSS. In response to KMPG Exception # 88, in which prioritization of change control requests was criticized, BellSouth adopted the "50/50 plan" and committed to independent third party verification of the capacity used and remaining after each new software release. See Order No. PSC-02-1034-FOF-TP.

Coalition noted that the scope of the PwC audit was too narrow. Through its petition, the CLEC Coalition sought to open the audit to all interested parties and to broaden its scope.

2. Following the filing of the CLEC Coalition Petition, a face-to-face meeting was held among the parties. The parties made additional filings and the CLEC Coalition then agreed to await the PwC audit report and file comments, if necessary. The CLEC Coalition's Comments on the PwC Audit follow.

### COMMENTS ON AUDIT

3. The CLEC Coalition has reviewed the PwC Final Reports and Affidavit cited below:

- Report of Management Assertions on BellSouth Telecommunications' Change Control Appendix I Reporting (Change Control Report);
- Report of Management Assertions on BellSouth Telecommunications' Application of its Unit Sizing Process (Unit Sizing Report).

The CLEC Coalition will take each report and discuss the items of concern listed in the attachment to each report. It will also provide recommendations for next steps the Florida Commission should require.

4. The Change Control Report (which discusses what is known as the 50/50 capacity process) appears to be a comprehensive report. PwC documented several issues that concern the CLEC Coalition. These issues are found in Attachment B to the Change Control Report, attached hereto. Of particular interest are the items listed below, followed by the CLEC Coalition's Comments.

- **Attachment B, Item 2:** During the assessment of first quarter 2004 Maintenance CRs, PwC found five maintenance items that were CLEC impacting and should have been categorized as Type IV or VI.

The PwC report did not cite the cause of this breakdown. The CLEC Coalition continuously falls victim to changes to systems/software that BellSouth unilaterally determines do not impact the CLECs. The CLEC Coalition requests that the Commission explore further with PwC the cause of the BellSouth's failure to identify the five CRs as CLEC impacting. This will determine if this is a systemic problem caused by several employees or a mistake made by one employee/vendor that can be addressed by additional training or better documentation.

- **Attachment B, Item 3:** BellSouth did not compare defect hours reported by Telcordia for Appendix I to final estimates for first quarter 2004. BellSouth did not compare feature and defect hours reported by Accenture for Appendix I to final estimates received for the first quarter 2004.

BellSouth's failure to compare defect hours for a true accounting of estimated capacity to the actual capacity used by BellSouth vendors has a direct impact on the validity of the audit. The CLEC Coalition requests that the Commission investigate the reason BellSouth failed to conduct this critical true-up of estimated to actual hours used by BellSouth vendors.

- **Attachment B, Item 4:** For 58% of the features and defects, BellSouth failed to provide a full explanation of CLEC impact and its impact on category assignment implemented in the first quarter 2004, despite the fact that BellSouth uses the Harvest application to document an audit trail.

The Commission should require BellSouth to provide an explanation as to why the majority of features and defects did not have complete information included in the Harvest applications. Also, the Commission should require BellSouth to document the steps it is taking to remedy this poor performance.

- **Attachment B, Item 5:** PwC has found numerous deficiencies in the management of the Harvest application.

If this application is going to be used as an audit trail, then BellSouth should treat the application with a level of security and procedures needed to ensure that the data entered into the application is valid. The CLEC Coalition recommends that BellSouth provide an action plan to secure this application.

5. The Unit Sizing Report details how BellSouth determines the magnitude of the changes requested via the Change Control Process. PwC's examination of the Unit Sizing Process identifies BellSouth deviations from the documented processes. These deviations are outlined in Attachment C of the document, attached hereto. It is the recommendation of the CLEC Coalition that the Commission require BellSouth to provide a remediation report for each of the issues in Attachment C discussed herein. The CLEC Coalition needs assurance that the PwC findings will be used to improve and further hold BellSouth accountable to the agreed upon processes as well as to establish controls so that the processes required are adhered to month to month, quarter to quarter, and year to year.

- **Attachment C, Item 1:** BellSouth vendors utilize multiple processes (i.e. not a single consistent process) to generate unit sizing.

The CLEC Coalition questions how any type of valid sizing reports can be produced when the root process is not consistent. Having different vendors does not mean that BellSouth has to have different sizing processes. The CLECs pay OSS charges with every LSR sent to BellSouth; therefore, the Commission must remedy this issue by requiring the establishment of a consistent unit sizing process among vendors.

- **Attachment C, Item 2:** In performing its unit sizing testing procedures, BellSouth did not report to the correct information to the CLECs. The variance reported ranged from .18 to 166.17 units with the median value of 1.93 units.

The CLEC Coalition is concerned that a root cause analysis or explanation of variances was not conducted. For example, PwC notes that 14 CRs (of the 104) had a variance range from .18 units to 166.15. Using the median number of 1.93 appears to have softened the impact of the variance. Most disturbing is the fact that a review of the first quarter 2004 change requests reveals that BellSouth continues to fail to establish consistent unit sizing estimates.

- **Attachment C, Item 3:** PwC found that BellSouth again was at fault for a process out of control.

The application team compilation of data was inaccurate and incomplete and no documentation existed to support the initial unit sizing. BellSouth should be directed to explain what caused this process to fail and its plans to make sure this failure does not happen in the future.

- **Attachment C, Item 4:** BellSouth completely excluded a work activity from its process.

The documented methodology requires a Rough Order of Magnitude. PwC noted that this was not conducted for any change requests. Again, this is a complete gap in the unit sizing process; yet, the report provides no information regarding why BellSouth chose not to have the Rough Order of Magnitude conducted on the Change Requests. The CLEC Coalition is entitled to know the basis upon which BellSouth eliminated this step and whether this will continue or whether the 'magnitude' assessment will be put back in the process.

- **Attachment C, Item 6:** PwC identified that BellSouth has documented in the Change Control Process (CCP) Guide that Flow-Through Change Requests (Type II) should be included along with Type IV and V change requests in the estimated release capacity report. However, the CCP Form used to conduct the summation process does not include the Flow-Through CRs. PwC stated that BellSouth's practice is to not include these flow through requests.

The Commission should require BellSouth to provide an explanation as to why CRs for flow-through are not included in the summation process. The Type II designation is a result of a Georgia Flow-Through task force effort that resulted in improved processing times for CRs that will improve the ability for CLEC orders to move through the BellSouth systems without reject or manual handling. However, this does not mean that these changes should be held out of the summation for the estimated release capacity. BellSouth should be required to remedy this deficiency by including those CRs in the estimated release capacity.

- **Attachment C, Item 7:** For nine defects, BellSouth was unable to provide the initial unit sizing estimate sizing forms.

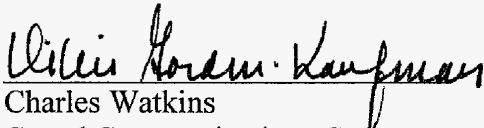
BellSouth's management of defects is critical to the overall success of the Change Control Process. No defect should go without proper documentation. Nine defects not documented on the standard form must be addressed by BellSouth. BellSouth should be directed to explain what caused these defects to not be documented; which defects were they, and how did that impact getting the defects resolved. The CLEC Coalition needs to understand what happened and what BellSouth controls will be implemented to avoid this in the future.

- **Attachment C, Item 8.** BellSouth has not completed a root cause analysis nor provided BellSouth management an explanation for variances where the total units increased or decreased by 25% for the most recent quarter of March 2004.

In order to improve how CLECs conduct and better manage their business, root cause analyses must be conducted at certain points in the process to bring the process back under control. PwC's finding that such analyses have not been done should be remedied. Root cause analyses are valuable as CLECs continue to improve the unit sizing processes. Without BellSouth conducting analyses on these variances, BellSouth will continue to provide incorrect sizing and will impact the CLECs' ability to make decisions regarding the prioritization of these change requests. The Commission should require BellSouth to provide a report for change requests that exceed the variance threshold after each release.

### CONCLUSION

6. The CLEC Coalition requests the Florida Commission to require BellSouth to address and remedy the items listed in Attachments B and C. BellSouth should be required to provide the specific steps it will take to improve the processes reviewed and to establish controls around those processes. This will allow both the CLECs and the Commission to be assured of consistent, accurate, and complete Change Management Reporting and application of BellSouth's Unit Sizing Process.

  
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For: ITC^DeltaCom Communications, Inc.

**CERTIFICATE OF SERVICE**

**I HEREBY CERTIFY** that a true and correct copy of the foregoing CLEC Coalition's Comments on PwC to Audit has been provided by (\*) hand delivery and U.S. Mail this 1<sup>st</sup> day of September 2004, to the following:

(\*) Felicia Banks  
Division of Legal Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

(\*) Lisa Harvey  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

(\*) John Duffy  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Nancy White  
c/o Nancy Sims  
BellSouth Telecommunications, Inc.  
150 South Monroe Street, Suite 400  
Tallahassee, Florida 32301-1556

The following issues have been numbered sequentially and have not been prioritized based on the significance of the issue:

1. BellSouth implemented two features in the second quarter 2003 that added new functionality and corrected a defect. BellSouth was unable to allocate the number of units expended for the implementation of these features between creating new functionality and addressing the defect. BellSouth categorized all implementation units for these features as Type IV. However, an unknown percentage of units should have been categorized as a Type VI.
2. During our assessment of the first quarter 2004, PwC selected all maintenance CRs for analysis. PwC identified five maintenance items that were CLEC impacting and should have been categorized as Type IV or VI. The five items represented a total of 1.87 units.
3. BellSouth compares time reported by Telcordia for Appendix I features to the amounts invoiced and to final estimates received to ensure that actual hours reported by vendors are accurate. However, BellSouth did not compare defect hours reported by Telcordia for Appendix I to final estimates received for the first quarter 2004. Additionally, BellSouth did not compare feature and defect hours reported by Accenture for Appendix I to final estimates received for the first quarter 2004.
4. BellSouth utilizes the Harvest application to document an audit trail of the category assessments for features and defects, including an analysis of the CLEC impact. PwC noted that for 58% of features and defects implemented in the first quarter 2004, BellSouth did not provide a full explanation of the CLEC impact and its impact on the category assignment.
5. PwC noted the following weaknesses related to Harvest application security:
  - Gaining access to the BellSouth Harvest application does not require authorization by business unit team leaders prior to individuals obtaining access.
  - Harvest Security Administrators are not notified of users who have been terminated or changed job positions and should have Harvest access revoked.
  - There are no periodic reviews of access granted to ensure that existing access is appropriate.
  - Users can have multiple user ids.
  - Users are assigned a default password that matches their User ID. The Harvest application does not require that users change their passwords immediately upon initial logon.

The following issues have been numbered sequentially and have not been prioritized based on the significance of the issue:

1. BellSouth's vendors utilize multiple processes (i.e., not a single consistent process), to generate unit sizing. The majority of Accenture Application Teams utilize modeling techniques and guidelines, however some Accenture Application Teams and Telcordia Teams develop unit sizing estimates based on team members' knowledge and experience with similar features and defects.
2. BellSouth distributes Appendix H, Appendix IA and the Detailed Capacity Report to the Competitive Local Exchange Carriers (CLECs). These documents should reflect BellSouth's initial unit sizing estimates for features and defects. PwC performed initial unit sizing testing procedures for a sample of 104 features and defects. PwC noted that for fourteen CRs, the Appendix H, Appendix IA or the Detailed Capacity Reports did not accurately reflect the BellSouth initial unit sizing estimate. Of the fourteen CRs, the variance reported ranged from .18 units to 166.15 units, with a median value of 1.93 units. In addition, PwC noted the following regarding the third quarter 2003, fourth quarter 2003 and first quarter 2004 Detailed Capacity Reports:
  - BellSouth could not provide sufficient detail to verify that two maintenance items were accurately included in the Detailed Capacity Report. The two maintenance items represented a total of .14 units.
  - The initial unit sizing estimates for specific features and defects in Releases 16.0 and 17.0 differed between the third quarter 2003, and Detailed Capacity Reports for subsequent quarters. The initial unit sizing estimates for specific features and defects should be consistent from quarter to quarter.
  - For twenty-eight Change Requests, BellSouth had inaccurately reported the Final Estimates on the Detailed Capacity Report. Of the twenty-eight CRs, the variances ranged from .07 units to 56.04 units, with a median value of 1.09 units.
3. PwC noted three instances where the initial unit sizing estimates from various application teams were aggregated inaccurately or incompletely, which resulted in a misstatement of the initial unit sizing. Additionally, there were two instances where BellSouth was unable to provide documentation regarding the initial unit sizing estimates from various application teams to support these initial unit sizing estimates.
4. BellSouth's documented methodology requires a Rough Order of Magnitude to be completed for each CLEC change request. However, PwC noted that BellSouth did not complete a Rough Order of Magnitude for one change request.
5. BellSouth's documented methodology requires BellSouth to accept or reject a change request within ten days of acknowledgement if no clarification is needed. PwC noted one instance where BellSouth accepted a change request and did not request clarification until twenty-eight days later. Subsequently, BellSouth notified the CLECs that they would be unable to support a portion of the change request.
6. In the BellSouth Change Control Process (CCP) Guide, Appendix IA section, PwC noted that the estimated release capacity for the Type IIs (flow-through), IVs, and Vs fields will be summed from the individual feature sizing information provided in Appendix H, thereby indicating that an Appendix H form will be completed for Type II (flow-through) Change Requests. However, in the Change Control Process (CCP) Guide, Appendix H section, PwC noted that Appendix H forms are only created for Features with a CCP Type of IV (BST Initiated) or V (CLEC Initiated). PwC noted that it is BellSouth's practice to only complete an Appendix H form for Type IV and V Change Requests.
7. BellSouth utilizes a standard form for initial unit sizing estimates. For nine defects, BellSouth was unable to provide the initial unit sizing estimate sizing forms.
8. BellSouth has not completed root cause analysis nor provided to management an explanation for variances where total units have increased or decreased greater than 25% for the quarter ended March 31, 2004. PwC noted that root cause analysis was not completed for features and defects that exceeded the variance threshold.