

**COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND**

COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

**Ex Parte: In the matter of
third-party testing of
Operation Support Systems
for Bell Atlantic-Virginia, Inc.**

CASE NO. PUC000035

**PETITION OF
AT&T COMMUNICATIONS OF VIRGINIA, INC.
TO THE PROJECT LEADER
TO CLARIFY OR AMEND THE KPMG MASTER TEST PLAN**

AT&T respectfully requests that the Project Leader clarify -- or amend if necessary -- the KPMG Master Test Plan ("MTP") for the third-party test of Verizon's OSS to specifically require KPMG to test the timeliness, completeness and accuracy of Verizon's electronic bills ("e-bills") provided to Verizon's wholesale customers. Third-party testing of wholesale e-bills is necessary to ensure that Verizon is providing wholesale billing to CLECs at parity to the billing it provides to itself to service its own retail customers, pursuant to § 251(c) of the Telecommunications Act of 1996 ("Act").¹ Testing and verification of the

¹ "[A] BOC must provide competing carriers with complete and accurate reports on the service usage of competing carriers' customers in substantially the same time and

timeliness, completeness and accuracy of e-bills is also critical if Verizon hopes to enter the long distance market in Virginia, pursuant to § 271 of the Act.²

Verizon provides e-bills in New York and Massachusetts and represents that it provides e-bills in Pennsylvania as well.

Specifically, AT&T seeks clarification of Section 9.0 of the Master Test Plan (*Test TVV9: Functional Carrier Bill Evaluation*). It provides that the “Functional Carrier Bill Evaluation is an analysis of BA-VA’s ability to accurately bill usage plus monthly recurring charges (MRC) and non-recurring charges (NRC) on the appropriate type of bill.”³ An e-bill is an “appropriate type of bill” in Virginia, because Verizon offers BOS BDT billing to CLECs and resellers as an option.⁴ Indeed, Verizon has offered and AT&T has selected this option in

manner that it provides such information to itself, and wholesale bills in a manner that gives competing carriers a meaningful opportunity to compete.” *Application of Verizon New England Inc., Bell Atlantic Communications, Inc. (d/b/a Verizon Long Distance), NYNEX Long Distance Company (d/b/a Verizon Enterprise Solutions) And Verizon Global Networks Inc., For Authorization to Provide In-Region, InterLATA Services in Massachusetts*, CC Docket No. 01-9, FCC 01-130 (“*Massachusetts 271 Order*”) at ¶97.

² The Pennsylvania PUC has recently ruled in a § 271 context that Pennsylvania markets will not be fully open to competition so long as Verizon does not provide “timely and accurate electronic bills” to its wholesale customers, *Consultative Report on Application of Verizon Pennsylvania, Inc. for FCC Authorization to Provide In-Region InterLATA Service in Pennsylvania*, Docket No. M-00001435, Letter dated June 6, 2001 (“*Secretarial Letter*”) at 4. The FCC also made clear in the *Massachusetts 271 Order* that electronic bill transmission problems and other CLEC commercial experiences that document billing problems may warrant a finding that Verizon’s billing systems are not accurate and not prompt, and that Verizon does not provide competing carriers a meaningful opportunity to compete, even when third party OSS testing provides otherwise favorable results. *Id.* at ¶99. That is precisely the situation that could result if KPMG primarily reviews the accuracy of paper bills and not e-bills.

³ MTP, § 9.1, emphasis supplied.

⁴ The e-bill referenced herein is the so-called BOS BDT (Billing Output Specification – Billing Data Tapes) format. It is available to CLECs in Virginia in a tape but not CD-ROM format, see the Verizon CLEC Handbook, § VI, available on-line at http://www.bellatlantic.com/wholesale/html/handbooks/clec/volume_1/c1s8_5_7.pdf.

Virginia. As demonstrated further below, an e-bill is also an “appropriate type of bill” because it is the only workable way for mass market CLECs to reconcile Verizon’s wholesale charges, and because Verizon uses e-bills in its own retail operations. However, at this point it appears that Verizon is unwilling to have its e-bills tested and that therefore KPMG would test only paper versions of wholesale bills.

The Project Leader should clarify that this is unacceptable and not consistent with the terms of the MTP, because the MTP’s “appropriate type of bill” includes BOS-BDT bills.⁵ Alternatively, if the current MTP were to be narrowly construed to exclude the testing of Verizon’s e-bills, then the Project Leader should amend the MTP to specifically include the testing of BOS BDT e-bills and direct KPMG to test those bills in addition to the paper bills, because some CLECs will use paper medium while others will use electronic medium.⁶ There are sound reasons why the Project Leader should so rule.

To begin with, it is clear that voluminous paper wholesale bills are not an adequate means of billing mass market CLECs for the UNEs and services that

BOS BDT e-bills are also available to resellers in Virginia, see the following link: http://www.bellatlantic.com/wholesale/html/handbooks/resale/volume_1/r1s8_3_3.pdf.

⁵ By the same token, the Carrier to Carrier Guidelines Performance Standards and Reports (“Metrics”) to be used as part of the KPMG test should also be modified to eliminate references to paper bills. The affected Metrics are BI-2, BI-3, BI-6, BI-7 and BI-8.

⁶ In Pennsylvania, KPMG tested only 3 boxes of paper bills, which is unrealistic when compared to real world experience. WorldCom, for example, reported that a recent wholesale bill in Pennsylvania for a single month arrived in over 150 boxes. The KPMG test of the paper bill should reflect real world volumes of paper, and should include detecting errors, initiating claims for disputed amounts, and verifying that credits appear on subsequent sets of equal volumes of paper.

Verizon must provide under the requirements of § 251(c) of the Act. There is no question that CLECs are denied a meaningful opportunity to compete when they are denied access to electronic wholesale bills, a fact Verizon itself has acknowledged.⁷ CLECs simply cannot manage their businesses if they are unable to determine whether their wholesale charges are accurate and complete. Without access to electronic billing data, that task becomes unmanageable. CLECs would be forced to devote substantial time and personnel to reviewing mountains of paper bills (for example, WorldCom's 150 boxes for one month in Pennsylvania), or else accept on blind faith that Verizon's paper bills are accurate. That is not a viable business plan.

It is for this reason that the Pennsylvania PUC has recently ruled that Pennsylvania markets will not be fully open to competition so long as Verizon does not provide "timely and accurate electronic bills" to its wholesale customers.⁸ The record demonstrated that Verizon currently is unable to satisfy that requirement in Pennsylvania. However, Verizon promised that the acknowledged deficiencies in its BOS BDT bill would be addressed through

⁷ At the March 7, 2001 Technical Conference in Pennsylvania on Verizon's § 271 application, Verizon billing witness Mr. Geller stated, "I do recognize, and Verizon does recognize, that the volume of paper bills that are generated by Verizon can be somewhat unmanageable by CLECs. We do recognize that an electronic bill is **most assuredly** a desirable media for our customers. Since late 1999, we've been working to render an electronic bill to our customers, wholesale customers rather, in Verizon South. We fully understand the importance of this bill to help facilitate a more expeditious review and settlement of the inter-company charges of the CLEC back to Verizon." Tr. 74-75, emphasis supplied. At that same conference, Mr. Geller confirmed that the BOS BDT mechanized bill that Verizon provided to KPMG as part of the third party test in Pennsylvania contained numerous errors and mistakes, and by Verizon's own admission, "was not commercial grade." Tr. 102.

⁸ Secretarial Letter at 4. See also the *Massachusetts 271 Order* at ¶99.

future systems modifications. In a 3-2 vote the PUC nevertheless agreed to forward a favorable consultative report to the FCC on Verizon's compliance with § 271 if, among other conditions, Verizon agreed to the imposition of interim remedies for violations of certain billing metrics under the Pennsylvania Performance Assurance Plan.

Two of the five Commissioners would have refused a favorable ruling. Particularly cogent are the separate statements of Commissioners Fitzpatrick and Brownell. Commissioner Fitzpatrick stated that:

The problem here is that, despite its efforts over the past two years, Verizon has yet to provide CLECs with an electronic bill which is sufficiently reliable that Verizon will consider it the official "bill of record." The practical effect of this on CLECs is that every month they are required to sort through and read hundreds of boxes of paper bills in order to check the accuracy of their bills. This is an impossible task for the CLECs, and it is ironic that they are forced to endure such a procedure in this high-tech industry.⁹

Similarly, Commissioner Brownell stated that, with respect to electronic billing:

...Verizon must implement adjustments to its electronic billing systems to ensure that CLECs are able to obtain timely and accurate electronic bills. In addition, I believe that the system must successfully complete at least two billing cycles. Without confidence that the billing systems are absolutely able to deliver adequate services and billing support to its customers, I cannot see how the market can work.¹⁰

Given that Verizon's wholesale charges comprise the single largest cost of providing local service to customers, CLECs need to be able to closely scrutinize

⁹ Statement of Commissioner Terrance J. Fitzpatrick Concurring in Part, and Dissenting in Part, at 2, footnote omitted.

¹⁰ Dissenting Statement of Commissioner Nora Mead Brownell, at 1.

Verizon's charges in their efforts to sustain their local telecommunications business. Verizon's failure to provide a reliable and accurate electronic wholesale bill to CLECs means that the CLECs cannot evaluate whether the charges they are incurring from Verizon are accurate. It is essential that Verizon provide commercially viable and accurate electronic wholesale bills to CLECs and resellers, that may be used as the official bill of record for those requesting carriers *before* the Virginia Commission provides any favorable § 271 recommendation to Verizon.¹¹

But Verizon's § 271 ambitions are not the only reasons why the Project Leader should require the testing of Verizon's e-bills. Wholesale customers have the right to expect billing treatment that is at parity with the treatment that Verizon provides to itself for services it provides to its retail customers. Section 251 of the Act prohibits Verizon from discriminating between its wholesale and retail customers. In contrast to its treatment of wholesale customers, Verizon currently provides its own retail customers with retail bills in electronic format (CD ROM, EDI, Internet access and magnetic tape). Verizon's own web site extols the

¹¹ Verizon cannot fall back on either its Massachusetts or New York 271 approvals to mask its electronic billing problems in Virginia. In those states, Verizon uses the Carrier Access Billing System ("CABS") to provide electronic wholesale bills to CLECs. In Pennsylvania and other states in the mid-Atlantic region, including Virginia, Verizon chose to use a different billing system, the Customer Records Information System ("CRIS"), to generate wholesale carrier bills, and Verizon's preparation of bills from the CRIS system had not received previous 271 scrutiny. Nor can Verizon rely on its Pennsylvania third-party test, because e-bills were not meaningfully tested in Pennsylvania, given the numerous errors in those bills, and because expressTRAK was not tested at all. The Virginia Commission should not follow the Pennsylvania Commission's wrong-headed example of relying on Verizon's bare promises that the e-bills will be fixed in the future. Verizon's demonstrated poor performance in carrying through on its promises in Pennsylvania should foreclose this option.

benefits of electronic billing for its large retail customers.¹² The benefits include the customer's ability to manipulate the billing data and tailor it to generate customized reports. These are the same tools that CLECs will want to use to manage their operations when or if Verizon ever successfully implements an accurate and reliable electronic bill for CLECs. Thus, Verizon is currently obligated to provide non-discriminatory billing features and functions to its wholesale customers.

The place to make the showing that will be required by the FCC -- and that is vital to competition in Virginia -- is in the third-party test being conducted by KPMG in Virginia. First, the ground rules established for the KPMG test program call for the testing of all resale and UNE obligations of Verizon. As the Project Leader has ruled, "[w]hether a product or scenario is tested is dependent on whether Bell Atlantic is required to provide the product or service on a wholesale basis in the Commonwealth....Accordingly, I find that KPMG should be required to test only those products and services required by the FCC or are otherwise offered by Bell Atlantic."¹³ Because Verizon offers e-billing to CLECs and to its

¹² Verizon offers e-bills to its retail large business customers, as it advertises at the following link: http://www.bellatlantic.com/largebiz/bill_edi.htm. Verizon also offers e-billing to its retail customers in connection with expressTRAK, the system implemented in Virginia. See the links http://www.bellatlantic.com/largebiz/bill_express.htm, and http://www.bellatlantic.com/largebiz/bill_avail.htm. Furthermore, Verizon's "PowerBill" gives a CD-ROM media version to retail customers, see the link http://www.bellatlantic.com/largebiz/bill_powerbill.htm. The CD-ROM media currently is not available to wholesale customers at all. Verizon makes similar claims of e-bill benefits for small business customers.

¹³ *Project Leader Ruling Adopting Master Test Plan*, May 31, 2000, at 16-17.

own retail customers, there can be no question that it falls squarely into the category of products and services that are required to be tested.

Second, the Virginia Commission's *Initiating Order* clearly contemplated that the third-party testing program is not just a way for Verizon to get its § 271 ticket punched, but should be used as a means of testing, developing and implementing solutions to problems experienced by CLECs:

[I]t is our expectation that third-party testing of BA-VA's OSS will provide a "vehicle" to help clear the many ordering and provisioning obstacles allegedly faced by CLECs. Thus, the Commission regards the proposed third-party testing not just as a means for BA-VA to overcome a federal regulatory hurdle to achieve in-region long distance authority but also as a laboratory to test, develop, and implement solutions.¹⁴

The inclusion of e-bills in the KPMG third-party testing program will help to develop and implement OSS by Verizon that works in Virginia.

Finally, Verizon has avoided meaningful testing in Pennsylvania because by its own admission its BOS BDT e-bills were not ready for prime time, and the clock has run out on testing in Pennsylvania. However, it promised in its Pennsylvania § 271 application proceeding that its billing systems will be fixed on or about June 16, 2001. The Pennsylvania PUC apparently relied on these Verizon representations. Accordingly, Verizon should not be allowed to escape the testing of its e-bills again. To allow that to happen would be to short-change competition in Virginia.

¹⁴ *Order Initiating Testing, Assigning Project Leader and Calling for Proposed Master Test Plan and Performance Standards to be Developed by KPMG Peat Marwick*, February 17, 2000 ("*Initiating Order*") at 2.

KPMG's transaction testing is currently scheduled to begin in the middle of June. Therefore, there is still time before KPMG's report to the Project Leader for KPMG to test Verizon's e-bills along with the paper bills.

WHEREFORE, AT&T respectfully requests that the KPMG Master Test Plan be clarified or amended to include testing of Verizon's electronic billing capabilities in Virginia, as outlined above.

Respectfully submitted,

**AT&T COMMUNICATIONS
OF VIRGINIA, INC.**

By its attorneys

Wilma R. McCarey, Esq.
Mark A. Keffer, Esq.
Ivars V. Mellups, Esq.
3033 Chain Bridge Road
Oakton, VA 22185-0001
703-277-7343

Dated: June 13, 2001