COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

CASE NO. PUC000035

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

Project Leader Ruling On AT&T's Request To Clarify Or Amend The Master Test Plan Regarding Electronic Billing

August 10, 2001

On February 17, 2000, the Commission established this proceeding to conduct third-party testing of the operation support systems ("OSS") for Bell Atlantic-Virginia, Inc., now Verizon-Virginia, Inc. ("Verizon"). Pursuant to the Commission's directives, on May 31, 2000, the Project Leader adopted a Master Test Plan. The Project Leader revised the Master Test Plan on November 28, 2000 and April 6, 2001.

On June 13, 2001, AT&T Communications of Virginia, Inc. ("AT&T") requested clarification or amendment of the Master Test Plan regarding electronic bills provided by Verizon to its wholesale customers. AT&T seeks to have the timeliness, completeness, and accuracy of such bills tested by KPMG in this proceeding pursuant to the Master Test Plan. In support, AT&T asserts that § 251(c) of the Telecommunications Act of 1996 requires Verizon to provide its wholesale customers the same billing features and functions Verizon offers to its retail customers. Because Verizon offers several electronic billing options to its retail customers, such options must be made available to CLECs and should be tested by KPMG.

On June 19, 2001, the Commission's Project Leader issued a ruling seeking comments from interested persons concerning AT&T's requested clarification or modification of the Master Test Plan. As of July 9, 2001, comments supporting AT&T's request were received from MCI WorldCom Communications of Virginia, Inc. and MCImetro Access Transmission Services of Virginia, Inc. (jointly referred to as "WorldCom"); Z-Tel Communications of Virginia, Inc. ("Z-Tel); and Covad Communications Company ("Covad"). Also, on July 9, 2001, Verizon filed comments opposing AT&T's request.

The Virginia Master Test Plan and Virginia Metrics are intended to test and to track the performance of the OSS systems utilized by Verizon to provide wholesale services to CLECs operating in Virginia. Because Verizon's official bills to CLECs are available only in paper form, the Virginia Master Test Plan focuses solely on paper bills. CLECs may request and receive electronic bills. However, only the paper bills remain the bills of record. Thus, there is no assurance that the electronic bills are correct or that they reflect amounts included in the official paper bill.

The paper/electronic bill issue was not a part of the New York and Massachusetts 271 proceedings as Verizon offered official electronic bills in those states. The paper/electronic bill issue was a part of the Pennsylvania 271 proceeding. In Pennsylvania, KPMG's test focused on the accuracy of the official paper bill.[1] Outside of KPMG's Pennsylvania test, Verizon implemented changes to its billing systems designed to improve the accuracy of its electronic bills and in April 2001, began a manual review and adjustment process.[2] In addition, Verizon hired PricewaterhouseCoopers LLC ("PwC") to review the comparability of the paper and electronic paper bills.[3] On May 22, 2001, approximately one month before its Pennsylvania 271 filing with the FCC of June 21, 2001, Verizon notified CLECs in Pennsylvania that it would treat either electronic or paper bills as bills of record to CLECs.[4] Though the Pennsylvania Commission endorsed Verizon's 271 application for Pennsylvania, concerns over billing issues caused two of the five Pennsylvania Commissioners to dissent.[5]

Before the FCC, the U. S. Department of Justice focused on the electronic billing issue in its evaluation of Verizon's Pennsylvania 271 application.

> Verizon filed its Pennsylvania application with the FCC without sufficient evidence to show that numerous problems with its wholesale billing systems have been corrected. As a general matter, the Department notes that adequate billing support is important to successful entry, and a failure to resolve billing problems could impede such entry. Consequently, the Department is unable fully to endorse Verizon's application based upon the current record because insufficient time has elapsed to determine whether Verizon's proposed fixes to its billing problems will be effective. The Department realizes, however, that the Commission is likely to have further information prior to reaching a decision in this matter. Accordingly, we do not foreclose the possibility that the Commission may be able to approve Verizon's application at the culmination of these proceedings.[6]

In its petition, AT&T maintains that testing and verification of the timeliness, completeness and accuracy of electronic bills is necessary to ensure Verizon is providing billing service to CLECs in parity with the billing service it provides to itself and to its own retail

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[1] Evaluation of the U.S. Department of Justice, *In re: Application by Verizon Pennsylvania, Inc., Verizon Long Distance, Verizon Enterprise Solutions, Verizon Global Networks, Inc., and Verizon Select Services, Inc., for Authorization to Provide In-Region, InterLATA Services in Pennsylvania*, FCC CC Docket No. 01-138, 9-10 (July 26, 2001) ("DOJ Report").
[2] *Id.*
[3] *Id.*
[4] *Id.*
[5] *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").
[6] DOJ Report at 3.

customers.[7] In addition, AT&T contends that proof that Verizon provides timely and accurate electronic bills will be critical to Verizon's Virginia 271 application.[8] AT&T argues that the place for Verizon to make such a showing is in KPMG's third-party test.[9] In support, AT&T points to prior rulings by the Project Leader directing testing to include products and services required by the FCC or are otherwise offered by Bell Atlantic.[10] AT&T further points out that when the Commission initiated third-party testing it stated that the test should be a vehicle or laboratory to test, develop, and implement solutions to obstacles faced by CLECs.[11] Therefore, AT&T asks that the Virginia Master Test Plan "be clarified or amended to include testing of Verizon's electronic billing capabilities in Virginia."[12]

WorldCom, Z-Tel, and Covad all support AT&T's petition. Based on the electronic billing problems it continues to experience in Pennsylvania, WorldCom recommends that KPMG's test include, at a minimum, the manual adjustment process Verizon uses to adjust electronic wholesale bills and the ability of CLECs to audit such bills thoroughly.[13] Z-Tel describes the confusion that existed in Pennsylvania concerning KPMG's test findings and submits that KPMG should be directed to test the quality of electronic bills actually received by CLECs in Virginia.[14] Finally, Covad points out that because Verizon aggressively markets electronic billing functions to its retail customers, Verizon is obligated to provide the same service to its wholesale customers in a nondiscriminatory manner.[15]

In its comments, Verizon argues that shortcomings in its carrier bills do not deny CLECs a meaningful opportunity to compete and that the KPMG test is not the appropriate place for it to "make[] whatever showing may be required regarding electronic carrier billing."[16] More specifically, Verizon contends that the electronic bills in question are the bills rendered to CLECs by Verizon for the purchase of unbundled network elements and resold service.[17] They do not contain billing information CLECs use to charge their end users.[18] Such billing information is already provided in an electronic format as the Daily Usage Files ("DUF").[19] DUF testing is part of KPMG's test.[20]

Furthermore, Verizon acknowledges that it bears the burden of proof in its 271 application.[21] Consequently, Verizon claims that it should have the choice of determining when

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[7] AT&T Petition at 1.
[8] *Id.* at 2.
[9] *Id.* at 7.
[10] *Id.* at 8.
[11] *Id.*
[12] *Id.* at 9.
[13] WorldCom Comments.
[14] Z-Tel Comments at 2.
[15] Covad Comments.
[16] Verizon Comments at 3.
[17] *Id.* at 2.
[18] *Id.*
[19] *Id.*
[20] *Id.*
[21] *Id.* at 3.

and how it makes a showing concerning its electronic billing.[22] Though it claims that it is not under any obligation to provide an electronic bill of record in Virginia, Verizon is making changes to its billing system to accomplish this.[23] However, this process of change will not be completed in time to permit testing by KPMG within the test's current time frame.[24]

The paper/electronic bill of record issue likely will be an important and contentious issue during Verizon's 271 application in Virginia. Nonetheless, based on Verizon's comments, an electronic bill as the bill of record in Virginia is a question of "when" rather that "if." Thus, during Verizon's 271 proceeding in Virginia the issue related to electronic billing likely will focus on the quality of such bills. Ideally, quality related issues should be explored during KPMG's third-party testing.

However, there are two reasons for not changing the Virginia Master Test Plan to include the testing of electronic bills. First, because the system required to provide an electronic bill as the bill of record is not in place, and will not be in place until after the test is scheduled to be completed, testing at this time would not be meaningful. If KPMG were to conduct a test of Verizon's current electronic billing system, it likely would find a number of errors or problems that Verizon is in the process of correcting. Verizon does not deny that such problems exist with its current system for generating electronic bills. Presumably, that is why an electronic bill is not offered as the bill of record. It is doubtful that KPMG testing of Verizon's electronic bills would speed or otherwise benefit the system improvement process already underway at Verizon. Therefore, until Verizon makes the necessary changes to its system, KPMG testing is unlikely to provide any new or useful information concerning electronic billing.

Further delaying the test to await deployment of a system to produce an electronic bill as the bill of record would be counterproductive at this stage. KPMG has completed thorough tests of: (i) Verizon's CLEC test environment ("CTE"), which permits CLECs to test their connectivity with Verizon's OSS, and (ii) Verizon systems' readiness, which was designed to uncover system problems in advance of more rigorous production testing. In addition to providing a preliminary view or test of Verizon's OSS, these tests have helped KPMG design testing tools and procedures to ensure that any problems encountered in its production tests are problems with Verizon's OSS and not simply an artifact of testing. Thus, considerable cost and effort has been expended to prepare for production testing, which is scheduled to begin during the second week of August. A delay in testing at this point would jeopardize some of the effort that has already gone into the test. Most of the benefits envisioned for the test should accrue during production testing. A delay in testing at this time may adversely affect those CLECs that are competing actively at this time or are awaiting the completion of KPMG's test before entering the market. On the other hand, the test continues to be a military-style, or test-until-pass test. Problems may be discovered during production testing that may cause the test to be extended. Consequently, as with line-splitting and other planned system changes, if the test is extended and Verizon has implemented its system changes for electronic billing, then electronic billing may be added to the scope of the test.

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[22] *Id.*
[23] *Id.*
[24] *Id.* at 4.

Second, Verizon should and does have a degree of control over the scope of third-party testing. As it argues, Verizon bears the burden of proof in its 271 proceeding. It should retain some control over when and how it makes this showing. If Verizon is willing to risk a negative 271 finding by this Commission or the FCC because it failed to subject its electronic bills to third-party testing, then it should be allowed to assume such risk.

Accordingly, I find that the Virginia Master Test Plan does not provide for the testing of Verizon's electronic carrier bills. Furthermore, I find that the Virginia Master Test Plan should not be amended at this time to include such testing. All issues regarding electronic carrier bills, including need and adequacy, should be addressed in Verizon's 271 application.

Alexander F. Skirpan, Jr.
Hearing Examiner/Project Leader

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