

February 8, 2002

EXCEPTION #9 DISPOSITION REPORT

On December 5, 2001, KPMG Consulting issued Exception #9, which stated that Verizon failed to meet the standard reported on the October 2001 Virginia Carrier-to-Carrier (C2C) report for metric MR-1-06,¹ Average Response Time – Test Trouble (POTS Only). Specifically, KPMG Consulting submitted a total of 2,667 Trouble Ticket test transactions over two volume days that resulted in an average response time of 73.8 seconds, exceeding the standard of 51.09 seconds.²

After this exception was issued, KPMG Consulting analyzed the wholesale results for this metric and found that RETAS errors were included in the metric calculation. To maintain consistency, KPMG Consulting has added the RETAS errors into its average response time of 73.8 seconds, making it 65.29 seconds.

Verizon's response to Exception #9, dated December 11, 2001, stated that KPMG Consulting's Mechanized Loop Test (MLT) transactions were not representative of MLT transactions in production. KPMG Consulting agrees that the responses received on our MLT transactions were not in the same proportions as the responses received for retail. However, in contrast to Verizon's response, KPMG Consulting's test results showed that only 19% of the lines tested had no errors on them.

To conduct further analysis, KPMG Consulting requested one week of retail MLT transaction data from Verizon. Using this data, KPMG Consulting applied our response proportions to the retail data in order to calculate an adjusted retail average response time. This adjusted retail average response time was 67.39 seconds, while KPMG Consulting experienced an average response time of 65.29 seconds.

Because KPMG Consulting's average response time was lower than the adjusted retail average response time, KPMG Consulting has concluded that our test results are in parity with the retail results and considers this exception closed as of February 8, 2002.

¹ Virginia Carrier-to-Carrier Guidelines Performance Standards and Reports, dated August 11, 2000.

² The October 2001 C2C Report showed a parity response time of 44.09 seconds, making the standard 51.09 seconds (parity plus 7 seconds).

This exception report is for discussion purposes only and is subject to change without notice.