

BellSouth Telecommunications, Inc.  
Kentucky PSC Case No. 2001-105  
Informal Request No. 2

REQUEST: Please provide a comparison of the SEEM plans in Georgia with the plan proposed in Kentucky.

RESPONSE:

Please see Attachment I which describes the Georgia SEEM plan and notes the similarities and differences with the plan BellSouth is proposing in Kentucky.

In addition to a description of the SEEM plans , Attachment I also includes estimated Tier I penalties for each measurement that would be paid for actual results in Kentucky, based on the proposed KY plan.

BellSouth Telecommunications, Inc.  
 Kentucky PSC Case No. 2001-105  
 Informal Request No. 3

REQUEST: Please provide an example of the amounts of penalties that would be paid under the plan proposed in Kentucky compared to the amounts that would be paid under the Georgia SEEMS plan.

RESPONSE: BellSouth does not have a complete calculation of penalties that would be paid for Kentucky results under either the SEEMS plan proposed in Kentucky or under the Georgia SEEMS plan using Kentucky results. The main reason for the absence of this information is that the design and programming of the KY enforcement plan, should one be necessary, would typically not be done until after the Commission issues an Order specifying the details of the enforcement plan.

However, for the activity months of May through July, BellSouth has calculated the amounts of penalties that would be paid under the SEEMS plan proposed in Kentucky for the measurements under Tier 1. BellSouth has also estimated the amount of Tier 1 penalties that would be paid for this same period under the Georgia SEEM plan. Both amounts are based on actual performance results in Kentucky. BellSouth does not have a calculation of the amounts that would be paid for Tier 2 measurements under either of the two plans.

The following table shows Tier 1 penalty payments in Kentucky for the 3 month period May through July, 2001.

	<b>Estimate of SEEM payments in KY for May-July. 3 month total. \$000</b>	
	<b>Proposed KY Plan</b>	<b>GA Plan</b>
Tier 1 measurements. Same between both plans	263.1	263.1
Tier 1 measurement differences between plans. Estimated		134.6
<b>Total</b>	<b>263.1</b>	<b>397.7</b>

Attachment I lists the differences between the two plans – measurements that are in the Georgia plan that are not proposed in the Kentucky plan. This is primarily due to measurements that are both Tier 1 and Tier 2 SEEM measurements in the Georgia plan but only Tier 2 in the plan proposed in Kentucky. Examples include measurements in the Ordering category such as Percent Flow Through Service Requests, Firm Order Confirmation Timeliness, Firm Order and Reject Response Completeness and Reject Interval. These metrics measure the effectiveness of our ordering processes. If there are

failures in this process, it would affect all CLECs. As a result, BellSouth believes the proper incentive for these measurements should be only a Tier 2 penalty. Having these measurements in both Tier 1 and Tier 2 is essentially a double penalty for the same failure: One to the individual CLEC in the form of Tier 1 penalties and another to the Commission in the form of Tier 2 penalties. Under the plan BellSouth proposes in Kentucky, there would be no Tier 1 payment for these measurements in Kentucky.

For these measures, Kentucky volumes are approximately 15% of Georgia volumes. Therefore, the \$134.6K in the table above is approximately 15% of the Georgia penalties on these measures and is a reasonable estimate of the Tier I penalties that Kentucky would pay under the Georgia penalty plan. Note that this analysis excludes the LNP Disconnect Timeliness measure which generated significant penalties in May in Georgia but has since been under review by the Georgia Commission and is excluded from the Kentucky penalty plan. After the month of May, penalty payments for this measurement were stopped by the Georgia PSC.

One other difference in the two plans is the value of the statistical parameter 'delta.' BellSouth proposes a value of Delta of 1.0 for the KY plan for Tier 1 measurements; in the Georgia Plan, delta is 0.5 for Tier 1 measurements. As explained on Attachment 1, delta is an indicator of materiality. At a delta value of 1.0, statistical differences of  $\frac{1}{2}$  standard deviation or more are considered material. With Georgia's delta value of 0.5,, statistical differences of  $\frac{1}{4}$  standard deviation or more are considered material. BellSouth believes 1.0 is more than sufficient to incent performance. The numbers above do not include the impact of the difference in the delta value due to the design and programming reasons cited above.