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COMMONWEALTH OF KENTUCKY

RECEIVED

BEFORE THE PUBLIC SERVICE COMMISSION

AUG 20 2001

In the Matter of:

PUBLIC SERVICE
COMMISSION

INVESTIGATION CONCERNING THE)
PROPRIETARY OF INTERLATA SERVICES)
BY BELL SOUTH TELECOMMUNICATIONS,)
INC., PURSUANT TO THE)
TELECOMMUNICATIONS ACT OF 1996)

CASE NO. 2001-105

PREFILED SURREBUTTAL TESTIMONY

RECEIVED

OF KAREN KINARD

AUG 21 2001

ON BEHALF OF WORLDCOM, INC.

GENERAL COUNSEL

C. Kent Hatfield
MIDDLETON REUTLINGER
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1 **Q. PLEASE STATE YOUR NAME.**

2 A. My name is Karen Kinard. My business address is 8521 Leesburg Pike, Vienna,
3 Virginia 22182. I am employed by WorldCom, Inc. ("WorldCom") as a Senior
4 Staff Member within the ILEC Performance Advocacy group of WorldCom's
5 National Carrier Policy and Planning organization.

6 **Q. ARE YOU THE SAME KAREN KINARD WHO FILED REBUTTAL
7 TESTIMONY IN THIS DOCKET ON JULY 9, 2001?**

8 A. Yes.

9 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

10 A. The purpose of my testimony is to rebut the Rebuttal Testimony of Alphonso
11 Varner that was filed on July 30, 2001 with respect to BellSouth's Service Quality
12 Measurements ("SQM"). In so doing, I will refer to a recent decision by the
13 Florida Public Service Commission that this Commission should find useful in
14 resolving many of the issues presented in this case.

15 **Q. PLEASE DESCRIBE THE FLORIDA RULING GENERALLY.**

16 A. The Florida Commission undertook a lengthy and thorough examination of
17 BellSouth's proposed performance measurements, which resulted in a 250 page
18 staff recommendation. *Staff Recommendation* issued August 2, 2001, in Florida
19 PSC Docket No. 000121-TP - *Investigation Into The Establishment of Permanent*
20 *Performance Measures For Incumbent Local Exchange Telecommunications*

1 *Companies* ("Florida Staff Recommendation"). In my opinion, the Florida Staff
2 Recommendation is the most careful, detailed and rigorous analysis that has been
3 performed on BellSouth's SQM to date. On August 14, 2001, the Florida
4 Commission voted in favor of the staff's recommendation with relatively few
5 modifications. Frankly, CLECs won some issues and lost some issues. With only
6 a few exceptions, however, I believe CLECs can live with the results of the
7 Florida decision (as it relates to the SQM) for the time being. The parties have
8 agreed to a six month review process in Florida and it probably will be necessary
9 to make adjustments during such reviews, but Florida has established a solid base
10 on which to build. I commend the Florida decision to this Commission for
11 consideration.

12 **Q. WHAT MEASURES DID THE FLORIDA COMMISSION ADD TO**
13 **BELLSOUTH'S SQM?**

14 **A. The Commission added the following measures:**

15 Percent Order Accuracy

16 Percent Completion/Attempts without a Notice or with less than 24 Hours

17 Notice

18 Percent Completion of Timely Loop Modification

19 Percent Billing Errors Corrected in X Days

20 In addition, although the Florida Staff did not accept CLECs' proposed
21 metric for Percent Successful xDSL Loops Cooperatively Tested, it did require
22 the following changes to BellSouth's Cooperative Acceptance Testing-Percent of
23 xDSL Loops Tested measure:

1 In the Definition Portion, add "A loop will be considered
2 successfully cooperatively tested when both the ALEC and ILEC
3 representatives agree that the loop has passed the cooperative
4 testing" and (2) In the SEEM Analog/Benchmark, replace "95%
5 percent of Lines Tested" with "95 percent of Lines Tested
6 Successfully Passing Cooperative Testing.
7

8 Florida Staff Recommendation, p. 20.

9 With respect to Percent Completion of Timely Loop Modification, the
10 staff recommendation provides that BellSouth should either adopt a separate
11 measurement for loop conditioning or provide disaggregated data for its Percent
12 Missed Installation Appointments Measure (as it does for its Order Completion
13 Interval Metric). Florida Staff Recommendation, pp. 22-23.

14 **Q. DID THE COMMISSION ADOPT ANY CHANGES WITH RESPECT TO**
15 **BUSINESS RULES, DISAGGREGATION AND STANDARDS?**

16 A. Yes. The Commission made a number of important changes. It clarified a
17 number of BellSouth's business rules, required additional disaggregation and
18 tightened several standards. These changes substantially improve BellSouth's
19 SQM.

20 **Q. PLEASE DESCRIBE THE FLORIDA STAFF RECOMMENDATION**
21 **REGARDING THE STATISTICAL METHODOLOGY FOR ASSESSING**
22 **PARITY.**

23 A. The Florida Staff Recommendation accepted the recommendation of Z-Tel
24 Economist George Ford. The delta function accepted by the Florida Commission
25 does not carry the balancing of Type I and Type II errors to extremes for large
26 sample sizes, thus making it harder to detect discrimination at these higher

1 activity levels. Both the BellSouth and CLEC plans have this problem but it is
2 not reached as quickly with the CLEC 0.25 parameter. As the Florida Staff states:

3 In staff's opinion, Witness Ford advances the correct principle,
4 namely that balancing should be done in a reasonable fashion
5 in order to minimize the deviation from a true test of parity.
6 (TR 1191-1192) Staff recognizes that BellSouth Witness
7 Mulrow's position that balancing should be done in the same
8 fashion (i.e., fixed delta) across all sample sizes is probably
9 rooted in the idea that since balancing assists ALECs at small
10 sample sizes, it is only fair the balancing disadvantage ALECs
11 at larger sample sizes. Staff does not find this rationale
12 compelling. Far more compelling from staff's perspective is
13 the principle advanced by Witness Ford that the Commission
14 should adhere as closely as possible to a strict test of parity,
15 since BellSouth is required to provide non-discriminatory
16 service under the Telecommunications Act of 1996.

17
18 Staff recommends that Z-Tel Witness Ford's delta function and
19 recommended parameter values be adopted since this approach
20 will do a better job of achieving our objective than any of the
21 other proposals. Through the delta function, the delta value
22 will be inversely related to the ALEC sample size. This will
23 ensure that balancing will have less practical effect as the
24 sample size increases, minimizing the extent to which the
25 statistical test deviates from a true test of parity. Moreover,
26 Witness Ford's delta function covers the range of delta values
27 proposed by the various parties in this proceeding. Finally, and
28 importantly, Witness Ford's proposal is inherently applicable
29 to Tier 1 and Tier 2, since delta is a function of sample size.
30

31 Florida Staff Recommendation, p. 170.

32 **Q. ARE THERE ANY ASPECTS OF THE FLORIDA STAFF**
33 **RECOMMENDATION, WITH RESPECT TO THE SQM, THAT SHOULD**
34 **NOT BE ADOPTED?**

35 **A.** Yes. I can provide a comprehensive list when the Florida Commission issues its
36 final order, but it is clear that there are a few areas where improvements are
37 needed. For example, the Florida Staff Recommendation does not call for

1 geographic disaggregation at this time. Other Bell companies, such as SBC and
2 Verizon, have agreed to geographic disaggregation, and the Louisiana Public
3 Service Commission has required it of BellSouth. Although CLECs are willing to
4 adopt the most sensible approach to geographic disaggregation in each state, it is
5 important to compare different areas of the state to determine whether geography
6 is affecting performance, as may be the case when rural and urban areas are
7 compared.

8 Further, CLECs still need some way to gauge BellSouth's failure to
9 process their change requests in a timely manner. BellSouth's failure to adopt
10 requested changes has resulted in significant OSS problems during MCI's
11 Georgia local residential launch, as Sherry Lichtenberg has explained. If CLECs'
12 currently proposed metric is not adopted, then some other metric must be
13 developed. In this connection, I note that CLECs plan to propose a new change
14 request responsiveness metric in the Georgia review in October. We request that
15 any product of that review be brought into Kentucky quickly, with comments
16 from both sides permitted.

17 The CLECs also desire a Software Error Resolution metric as New York
18 and Texas have adopted, to ensure that BellSouth promptly attends to errors its
19 software changes cause that shut CLECs down or impose burdensome
20 workarounds on them to have their customers' orders submitted.

21 With respect to business rules, the Florida Commission still did not fix the
22 main problem with BellSouth's Average Order Completion Interval metric. As
23 SBC and Verizon metrics require, the time measured should begin with receipt of

1 an error-free order and not with transmission of the Firm Order Confirmation.

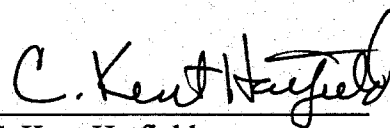
2 This makes BellSouth's intervals look shorter than they actually are.

3 **Q. DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?**

4 **A. Yes.**

Certificate of Service

A copy of the foregoing was served this 20th day of August, 2001, first class,
United States mail, postage prepaid, upon all parties of record.



C. Kent Hatfield