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January 12, 2005

DELIVERED BY HAND

Mr. Reece McAlister
Executive Secretary
Georgia Public Service Commission
244 Washington Street, S.W.
Atlanta, Georgia 30334-5701

Re: *Performance Measurements for Telecommunications Interconnection,
Unbundling and Resale; Docket No. 7892-U*

*Investigation into Development of Electronic Interfaces for BellSouth's
Operations Support Systems; Docket No. 8354-U*

Dear Mr. McAlister:

In October 2000, the Commission ordered an audit of the Self-Effectuating Enforcement Mechanisms ("SEEM") Plan for BellSouth Telecommunications, Inc. ("BellSouth"). In a letter dated August 18, 2003, the Commission postponed that audit and further directed BellSouth to file a proposal for a "new and more focused audit plan." On September 16, 2003, BellSouth submitted a new audit plan proposal to the Commission that was comprehensive in scope and scale. The Staff recommended various changes to the plan, and at the June 17, 2004 Administrative Session, the Commission adopted the Staff's modified version of BellSouth's final Request for Proposal ("RFP") for the SEEM Audit Plan. In an Order dated September 13, 2004, the Commission approved PricewaterhouseCooper LLP ("PwC") to conduct the audit of BellSouth's SEEM Plan.

PwC completed the audit in December 2004, and BellSouth herein respectfully submits PwC's Report of BellSouth's Georgia SEEM Penalty Payment Reporting Process and Third Party Open Exceptions and the Affidavit of Paul M. Gaynor of PwC, dated December 21, 2004.

Mr. Reece McAlister
January 12, 2005
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Please find an original and seventeen (17) copies, as well as an electronic version, of the enclosed for filing in the above-referenced proceedings. I would appreciate your returning the two (2) extra copies stamped "filed" in the enclosed stamped, self-addressed envelopes.

Yours very truly,

A handwritten signature in black ink that reads "Lisa Foshee". The signature is written in a cursive style with a large, prominent "L" and "F".

Lisa S. Foshee

LSF:nvd
Enclosures

cc: Mr. Leon Bowles (via electronic mail)
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BellSouth Telecommunications, Inc.

**Report of BellSouth's Telecommunications' Georgia SEEM Penalty
Payment Reporting Process and Third Party Test Open Exceptions**

December 21, 2004

BellSouth Telecommunications, Inc.
SEEM Penalty Payment Reporting Process

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Report of Independent Accountants

To Management of BellSouth Telecommunications, Inc.:

We have examined management's assertion, included in the accompanying *Management Assertions on BellSouth Telecommunications' SEEM Penalty Payment Reporting Process*, that BellSouth Telecommunications, Inc. (BellSouth) has accurately applied business rule and exclusion criteria included within the BellSouth Service Quality Measurement Plan (SQM) for Georgia Performance Metrics, dated March 1, 2003, to the November 2003, December 2003, and January 2004 transaction data interfaced from the SNAPRADS system to the PMAP Warehouse used to calculate the Performance Metrics included in Attachment A, and to transaction data interfaced from the SNAPRADS system to the PMAP Data Marts used to calculate the *P-13D: LNP Average Disconnect Timeliness Interval & Disconnect Timeliness Interval Distribution (Non-Trigger)* Performance Metric; and that BellSouth has accurately calculated and disbursed penalty payment amounts, based on PMAP Warehouse transaction file performance metric results, according to the Georgia SEEM Administrative Plan, dated July 22, 2003, for November 2003, December 2003, and January 2004 for the Performance Metrics included in Attachment B. Management is responsible for the Company's assertion. Our responsibility is to express an opinion based on our examination.

Our examination of the BellSouth SQM business rules and exclusions applied to Georgia Performance Metrics was completed based on data that resides within the SNAPRADS system and did not include an assessment of the process to input data into the BellSouth Operational Source Systems and the interface of this data to the SNAPRADS system.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting management's assertion and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Our examination identified certain instances where BellSouth deviated from the criteria defined in the accompanying *Management Assertions on BellSouth Telecommunications' SEEM Penalty Payment Reporting Process* and are presented in Attachment C.

In our opinion, except for the deviations from the criteria presented in Attachment C, BellSouth, in all material respects, has accurately applied business rule and exclusion criteria included within the BellSouth SQM for Georgia Performance Metrics, dated March 1, 2003, to the November 2003, December 2003, and January 2004 transaction data interfaced from the SNAPRADS system to the PMAP Warehouse used to calculate the Performance Metrics included in Attachment A, and to transaction data interfaced from the SNAPRADS system to the PMAP Data Marts used to calculate the *P-13D: LNP Average Disconnect Timeliness Interval & Disconnect Timeliness Interval Distribution (Non-Trigger)* Performance Metric; and that BellSouth has accurately calculated and disbursed penalty payment amounts, based on PMAP Warehouse transaction file performance metric results, according to the Georgia SEEM Administrative Plan, dated July 22, 2003, for November 2003, December 2003, and January 2004 for the Performance Metrics included in Attachment B, based on the criteria defined in the accompanying *Management Assertions on BellSouth Telecommunications' SEEM Penalty Payment Reporting Process*.

This report is intended solely for the information and use of BellSouth Corporation and BellSouth Telecommunications, Inc. and the Georgia Public Service Commission and is not intended to be and should not be used by anyone other than these specified parties.



PricewaterhouseCoopers LLP
December 17, 2004



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William N. Stacy
Network Vice President

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*Report of Management Assertions on BellSouth Telecommunications'
SEEM Penalty Payment Reporting Process*

Management of BellSouth Telecommunications (BellSouth) asserts that as of December 17, 2004:

- BellSouth has accurately applied business rule and exclusion criteria, with the exception of those items included in Attachment C, included within the BellSouth Service Quality Measurement Plan (SQM) for Georgia Performance Metrics, dated March 1, 2003, to the November 2003, December 2003, and January 2004 transaction data interfaced from the SNAPRADS system to the PMAP Warehouse used to calculate the Performance Metrics included in Attachment A, and to transaction data interfaced from the SNAPRADS system to the PMAP Data Marts used to calculate the *P-13D: LNP Average Disconnect Timeliness Interval & Disconnect Timeliness Interval Distribution (Non-Trigger)* Performance Metric; and that
- BellSouth has accurately calculated and disbursed penalty payment amounts, with the exception of those items included in Attachment C, based on PMAP Warehouse transaction file performance metric results, according to the Georgia SEEM Administrative Plan, dated July 22, 2003, for November 2003, December 2003, and January 2004 for the Performance Metrics included in Attachment B.

The following describes the terms “accurately applied” and “accurately calculated” criteria:

As it relates to the assertion, “accurately applied” will be assessed according the following:

- Transaction data has been processed from SNAPRADS to the PMAP Warehouse for the Performance Measurements included in Exhibit A, according to the business rules and exclusions included within the BellSouth SQM for Georgia Performance Metrics, dated March 1, 2003.
- Transaction data has been processed from SNAPRADS to the PMAP Data Marts for the *P-13D: LNP Average Disconnect Timeliness Interval & Disconnect Timeliness Interval Distribution (Non-Trigger)* Performance Metric, according to the business rules and exclusions included within the BellSouth SQM for Georgia Performance Metrics, dated March 1, 2003.

As it relates to the assertion, “accurately calculated” will be assessed according the following:

- Performance sub-metric cell (i.e., like to like) aggregation for penalty payments do not result in a shift in the performance in the aggregate from an “in parity” condition to an “out of parity” condition.
- There is less than a 2% deviation in penalty payment amounts at the sub-metric level for performance sub-metric calculations with benchmarks that are in an “out of parity” condition.
- There is less than a .5 change in the z-score at the sub-metric level for performance sub-metric calculations with retail analogues that are in an “out of parity” condition.

William Stacy
Network Vice President
Interconnection Services

Attachment A

The following seven Georgia Performance Metrics have been included in Management's Assertion regarding the completeness and accuracy of transaction data processed from SNAPRADS to the PMAP Warehouse/Data Marts for November 2003, December 2003 and January 2004.

- O-9: Firm Order Confirmation Timeliness
- O-11: Firm Order Confirmation and Reject Response Completeness
- P-13D: LNP Average Disconnect Timeliness Interval & Disconnect Timeliness Interval Distribution (Non-Trigger)
- M&R – 1: Missed Repair Appointments
- M&R – 2: Customer Trouble Report Rate
- M&R – 3: Maintenance Average Duration
- M&R – 4: Percent Repeat Troubles within 30 Days

Attachment B

The following fourteen Georgia Performance Metrics have been included in Management's Assertion regarding the accuracy of BellSouth's Penalty Payment calculations for November 2003, December 2003 and January 2004. Note: For Performance Measurement P-11, only the Tier II Penalty Payment was assessed.

- O-9: Firm Order Confirmation Timeliness
- O-11: Firm Order Confirmation and Reject Response Completeness
- P-3: Percent Missed Installation Appointments
- P-4: Average Completion Interval (OCI) & Order Completion Interval Distribution
- P-7A: Coordinated Customer Conversions – Hot Cut Timeliness% Within Interval and Average Interval
- P-7C: Hot Cut Conversions - % Provisioning Troubles Received Within 7 days of a completed Service Order
- P-8: Cooperative Acceptance Testing - % of xDSL Loops Successfully Passing Cooperative Testing
- P-9: % Provisioning Troubles within 30 days of Service Order Completion
- P-11: Service Order Accuracy (Mechanized Process)
- P-13C: Percent Out of Service < 60 Minutes
- M&R – 1: Missed Repair Appointments
- M&R – 2: Customer Trouble Report Rate
- M&R – 3: Maintenance Average Duration for Interconnection Trunks
- M&R – 4: Percent Repeat Troubles within 30 Days for Interconnection Trunks

Attachment C

Item #1 relates to the Management's Assertion regarding the completeness and accuracy of transaction data processed from SNAPRADS to the PMAP Warehouse for November 2003, December 2003 and January 2004. Items #2 through #6 relate to Management's Assertion regarding the accuracy of BellSouth's Penalty Payment calculations for November 2003, December 2003 and January 2004.

1. BellSouth excludes records from the P-13D Performance Metric that have a wireless indicator of 'No'. These records should be included in the metric calculation. This exclusion impacted 2 and 5 transactions for December 2003 and January 2004, respectively (there was no impact for November 2003). The impact of this exclusion is as follows:
 - The percentage of transactions that completed in less than 12 hours for December 2003 would change from 97.85% to 97.86%, which surpassed the benchmark requirement.
 - The percentage of transactions that completed in less than 12 hours for January 2004 would change from 85.14% to 84.81% which did not meet the benchmark requirement. The reported impact volume was 11 and should have been 12. BellSouth has raised an RQ to address this issue which is planned to be implemented in February 2005.
2. For November 2003, December 2003 and January 2004, BellSouth utilized inconsistent date criteria to identify the reporting month for Provisioning transactions. For the P-4 UNE EELs, P-8, and P-11 metrics, BellSouth used the Service Order Completion Date; for the P-7A and P-7C metrics, BellSouth used the Cut-over Completion Date and Time; and for the P-3, P-4 (for all products except UNE EELs) and P-9 metrics, BellSouth used the First CPX Status Date and Time. Thus, the date criteria for inclusion were inconsistent across the Provisioning metrics. BellSouth implemented numerous RQs in the third quarter 2004 to address this inconsistency and ensure that provisioning metrics use the First_CPX_Status date as the criteria for inclusion in a given month.
3. BellSouth does not maintain copies of historical penalty payment reports. For example, as BellSouth posts new Penalty Payment Reports in October to the PMAP website, September Penalty Payment Reports will be over-written. However, all the data used to create the web Penalty Payment Reports is maintained within the PARIS system and is available via query. BellSouth has opened an RQ to address this issue which is planned to be implemented in January 2005.
4. For certain Provisioning and Maintenance and Repair measures, the SEEM Retail Analog for the UNE Loops product is "Retail Residence and Business Dispatch." BellSouth includes both dispatch and non-dispatch orders / trouble tickets in the retail comparison for this product for the P-3, P-9, and MR-1 metrics. Thus, the retail analog reported for this product was not in compliance with the SQM SEEM Disaggregate Reporting Requirements.
5. During November 2003, December 2003 and January 2004, the penalty payments for the P-4 (OCI) UNE EEL performance metric were manually calculated because PARIS was incorrectly setting the consecutive failure month count. Two incorrect penalty payment calculations were made as a result of these manual processes, which are included below:
 - BellSouth under-paid a CLEC by \$800 in the month of December 2003 (BellSouth paid \$17,600 but should have paid \$18,400).
 - BellSouth over-paid the Tier-2 penalty payment for December 2003 by \$10,500 (BellSouth paid \$59,500 but should have paid \$49,000).

6. The penalty payment calculation of P-4 requires a permutation test to be completed. For situations where both the ILEC and CLEC variances are zero and the ILEC and CLEC means are equal, BellSouth sets the cell weight, alternative mean, and alternative variance equal to zero. The Georgia SEEM Administrative Plan Appendix D does not address any of these conditions. As a result of setting these variables to zero, the cell weight, alternate mean and alternate variance are ignored in the calculation of the balancing critical value.

The cell weight, alternative mean, and alternative variance should be part of the balancing critical value calculation. PwC completed an impact analysis that included the cell weight, alternative mean, and alternative variance as part of the balancing critical value. PwC determined that BellSouth overcompensated one CLEC \$4,400 for November 2003 and \$4,950 for December 2003. There was no impact on January 2004 penalty payments.

Report of Independent Accountants

To Management of BellSouth Telecommunications, Inc.:

We have examined management's assertion, included in the accompanying *Management Assertions on BellSouth Telecommunications' Third Party Open Exceptions*, that BellSouth Telecommunications, Inc (BellSouth) has addressed the Exceptions and Draft Exceptions identified during the Section 271 Third Party Test (Third Party Test) completed in Georgia. Management is responsible for the Company's assertion. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting management's assertion and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Our examination identified certain instances where BellSouth has not addressed Exceptions and Draft Exceptions identified during the Third Party Test and are presented in Attachment D.

In our opinion, except for the instances where BellSouth has not addressed Exceptions and Draft Exceptions identified during the Third Party Test that are presented in Attachment D, BellSouth, in all material respects, has addressed each Exception and Draft Exception identified during the Section 271 Third Party Test completed in Georgia, based on the criteria defined in the accompanying *Management Assertions on BellSouth Telecommunications' Third Party Open Exceptions*.

This report is intended solely for the information and use of BellSouth Corporation and BellSouth Telecommunications, Inc. and the Georgia Public Service Commission and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
December 17, 2004



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*Report of Management Assertions on BellSouth Telecommunications'
 Third Party Open Exceptions*

Management of BellSouth Telecommunications (BellSouth) asserts that as of December 17, 2004:

Bearing Point had conducted the Third Party Testing of BellSouth's Wholesale Operation Support Systems in relation to the Georgia Public Service Commission Docket 7892-U. Bearing Point has raised the following Exceptions and Draft Exceptions:

- Exception 175	- Exception 207	- Draft Exception 272
- Exception 176	- Exception 208	- Draft Exception 273
- Exception 181	- Exception 209	- Draft Exception 285
- Exception 193	- Exception 211	- Draft Exception 293
- Exception 195	- Exception 212	- Draft Exception 295
- Exception 196	- Exception 213	- Draft Exception 296
- Exception 198	- Exception 214	- Draft Exception 297
- Exception 205	- Exception 215	- Draft Exception 299
- Exception 206		

Subsequent to Bearing Point's Third Party Testing, BellSouth has addressed each of the following Exceptions and Draft Exceptions:

- Exception 175	- Exception 198	- Exception 212
- Exception 176	- Exception 205	- Exception 213
- Exception 181	- Exception 206	- Exception 214
- Exception 193	- Exception 208	- Exception 215
- Exception 195	- Exception 209	- Draft Exception 293
- Exception 196	- Exception 211	- Draft Exception 295

Refer to Attachment D for Exceptions and Draft Exceptions that have not been completely addressed.

As it relates to the assertion, "addressed" will be assessed utilizing the following as applicable:

- Documentation provided to the GA Public Service Commission (PSC) regarding remedy payments includes the opening balance, current month penalty amounts and ending balance.
- Georgia Penalty Payment interest amounts were properly calculated for adjustments made to November 2003, December 2003, and January 2004 penalty payment results.
- BellSouth has created or enhanced existing documentation to include the following:
 - BellSouth has documented policies and procedures for notifying stakeholders of changes to penalty payment results.
 - BellSouth has policies and procedures in place for making adjustments in Parity Analysis and Remedy Information System (PARIS) for errors found during the Monthly Validation and Authorization Process.

- BellSouth has implemented the following system changes to specifically address the Exceptions and Draft Exceptions:
 - BellSouth modified Service Quality Measurement (SQM) and Self-Effectuating Enforcement Mechanism (SEEM) business rules and exclusions to ensure they are consistently applied for P-7A and P-8 for November 2003, December 2003 and January 2004.
 - BellSouth modified the calculation of interval durations for O-9 fully mechanized service requests for November 2003, December 2003 and January 2004.
 - BellSouth modified the calculation of penalty payment amounts for the MR-3 Performance Measurements for November 2003, December 2003 and January 2004.
 - BellSouth modified Georgia O-11 SEEM and SQM numerator and denominator calculations to ensure they were consistently reported for November 2003, December 2003 and January 2004.
 - BellSouth modified cell comparison rules for SEEM Product Groups "UNE Analog Loops Non-Design" and "UNE Analog Loops and other Design Products" to compare UNE dispatch to retail dispatch and UNE non-dispatch to retail non-dispatch for November 2003, December 2003 and January 2004 MR-1, MR-3, MR-4, P-3, P-4 and P-9 SEEM results.
 - Modifications were made to the O-9 Performance Measurement to ensure that Local Interconnection Trunks were interfaced to PMAP for November 2003, December 2003 and January 2004.
 - BellSouth modified the O-9 penalty payment to exclude transactions with product IDs of 996 and 5999 (these values are applied when SEEM is unable to correctly identify the product).
 - BellSouth modified its P-13C numerator to only include transactions that are out of service for less than 60 minutes (instead of less than or equal to 60 minutes) for November 2003, December 2003 and January 2004.
 - BellSouth modified product assignments for Digital Loop < DS1 Services for November 2003, December 2003 and January 2004.
 - BellSouth made modifications to O-9 to ensure that there were no negative intervals for Local Interconnection Trunks for November 2003, December 2003 and January 2004.
 - Where system changes caused an increase in payment amounts to CLECs or the Georgia PSC, penalty payment calculations were rerun/reposted.



William Stacy
 Network Vice President
 Interconnection Services

Attachment D

The following have been numbered sequentially based on Exception number:

1. Exception 198 identified that Interconnection Trunk transactions with negative durations were being incorrectly included in the O-9 SQM results for May 2002 data. BellSouth implemented RQ 2686 to address this issue. RQ 2686 modified the business rules used to calculate Interconnection Trunk transaction durations and therefore required BellSouth to provide notification to the CLECs. Per the PMAP 4.0 Data Notification Process, BellSouth must "Quantify the overall impact of the change." However, an impact assessment was not provided by BellSouth in the Data Notification Document for March 2003 which reported RQ 2686 to the CLECs and Georgia PSC. In addition, since the impacted volume of service requests with negative intervals is not available in Exception 198 or the March 2003 Data Notification Document, it cannot be verified whether the impact of RQ 2686 would shift the O-9 performance metric results from an "in parity" condition to an "out of parity" condition. A modification from an "in parity" condition to an "out of parity" condition would require BellSouth to rerun/repost the SQM results.
2. Exception 207 identified that BellSouth did not complete testing for an Interim Solutions Change Request prior to implementation. Since a majority of performance metrics have been automated since the Bearing Point Third Party Test and are no longer calculated in Interim Solutions, PwC conducted testing for Change Requests implemented in the PARIS system. PwC selected a sample of 9 change requests implemented in PARIS during November 2003, December 2003, and January 2004. PwC requested documentation surrounding the testing that was performed for those change requests prior to implementation. PwC obtained testing documentation for 3 of the 9 change requests, however, testing documentation was not available for the other 6 change requests.
3. Draft Exception 272 identified that BellSouth did not use the retail analog specified in the Georgia SQM Plan for the calculation of remedy payments for M&R – 2: CTRR - UNE Loops. The SQM states that the retail analog for UNE Loops should be "Retail Residence and Business Dispatch." However, BellSouth uses the "Retail Residence and Business" retail analog for this comparison, regardless of dispatch vs. non-dispatch.
4. Draft Exception 273 identified that BellSouth does not consistently update the version numbering and version history of the PARIS Calculations Document. Per BellSouth's response to Draft Exception 273, a versioning policy was to be created by BellSouth to ensure that future releases of the PARIS Calculations Document were versioned properly. Subsequent to the Third Party Test, the SEEM Replication Manual (SRM) replaced the PARIS Calculations Document. However, PwC has not been able to obtain a versioning policy associated with this document.
5. Exception 285 identified that BellSouth does not formally document decisions on whether or not to undertake production reruns for performance metric change requests. PwC tested a number of BellSouth change requests and was able to obtain documentation that described the change and the potential impact of the change on the performance measurement results. However, BellSouth does not formally document decisions on whether or not to undertake production reruns or to provide notifications to third parties.
6. Draft Exception 296 identified that BellSouth does not maintain final versions of its SEEM reports. BellSouth does not maintain copies of historical penalty payment reports. For example, as BellSouth posts new SEEM reports in October to the PMAP website, September reports will be over-written and are no longer available to CLECs.
7. Draft Exception 297 identified that BellSouth did not include records with a "Work Type ID" of 3, 12, or 13 in the calculation of P-7C. BellSouth implemented a system change in June 2004 to include Work Type 3 in the calculation of P-7C. However, the system changes associated with the inclusion of Work Types 12 (Unbundled Copper Loop, Coordinated, Non-Time Specific) and 13 (Unbundled Copper Loop, Non-Coordinated) have not yet been implemented.

8. Draft Exception 299 identified that BellSouth does not accurately identify all service orders that had been completed for a month in the penalty payment calculation of P-11: Service Order Accuracy. BellSouth does not include deny/restore service orders in their calculation of P-11: Service Order Accuracy.

AFFIDAVIT OF PAUL M. GAYNOR

State of Georgia)
)
County of Fulton)

Paul Gaynor, having first been duly sworn, hereby states as follows:

1. I am a Principal in PricewaterhouseCoopers LLP's (PwC's) Telecommunications Industry Practice. In this capacity, I am responsible for providing information technology assurance services to PwC's telecommunications clients. I have over 16 years of relevant experience including performing audits of financial statements and attestations in a variety of industries. In addition, I have spent 3 years as an internal auditor in the financial services and manufacturing industries. I have 2 years experience working in the telecommunications industry for a Competitive Local Exchange Carrier (CLEC), where I was responsible for all systems and operations.
2. I directed and coordinated PwC's performance of an attestation examination of the BellSouth Telecommunications, Inc. Management assertions regarding the accuracy of the business rules and exclusion criteria applied based on the BellSouth Service Quality Measurement Plan for Georgia Performance Metrics; BellSouth's accurate calculation and disbursement of penalty payment amounts, according to the Georgia SEEM Administrative Plan; and the completeness of addressing each Exception and Draft Exception identified during the Section 271 Third Party Test completed in Georgia.

3. This affidavit was prepared to provide additional detail of the types of procedures PwC utilized in our attestation examination on BellSouth's management assertions described within our reports dated December 17, 2004, included as Attachment A.
4. A total of 18 PwC professionals spent over 3,100 hours performing the work described in this affidavit. The PwC professionals included 3 Partners, 3 Directors and 3 Managers. Our Partners, Directors and Managers led all aspects of the fieldwork. The PwC Partners, Directors, Managers, and Staff who worked on this engagement have extensive telecommunications industry and telecommunications business process and/or systems experience.
5. The attestation examination discussed herein was conducted in accordance with the attestation standards of the American Institute of Certified Public Accountants (AICPA). An attestation examination is one in which a practitioner is engaged to issue a written communication that expresses a conclusion about the reliability of a written assertion that is the responsibility of another party. An attestation examination is the highest level of assurance that can be provided on a written assertion under these standards. PwC's conclusions regarding its attestation examination of BellSouth's management assertions are set forth in the "Report of Independent Accountants" which is appended hereto as Attachment A. Also, a copy of BellSouth's Management Assertion is appended hereto as Attachment A.
6. BellSouth Management has made the following two assertions:

Data Integrity and Penalty Payment Replication
7. BellSouth has accurately applied business rule and exclusion criteria, with the exception of those items included in Attachment C, included within the BellSouth

Service Quality Measurement Plan for Georgia Performance Metrics, dated March 1, 2003, to the November 2003, December 2003, and January 2004 transaction data interfaced from the SNAPRADS system to the PMAP Warehouse used to calculate the Performance Metrics included in Attachment A, and to transaction data interfaced from the SNAPRADS system to the PMAP Data Marts used to calculate the *P-13D: LNP Average Disconnect Timeliness Interval & Disconnect Timeliness Interval Distribution (Non-Trigger)* Performance Measurement; and that

8. BellSouth has accurately calculated and disbursed penalty payment amounts, with the exception of those items included in Attachment C, based on PMAP Warehouse transaction file performance measurement results, according to the Georgia SEEM Administrative Plan, dated July 22, 2003, for November 2003, December 2003, and January 2004 for the Performance Metrics included in Attachment B.

Exception Assessment

9. Bearing Point had conducted the Third Party Testing of BellSouth’s Wholesale Operation Support Systems in relation to the Georgia Public Service Commission Docket 7892-U. Bearing Point had raised the following Exceptions and Draft Exceptions:

- | | | |
|-----------------|-----------------|-----------------------|
| - Exception 175 | - Exception 207 | - Draft Exception 272 |
| - Exception 176 | - Exception 208 | - Draft Exception 273 |
| - Exception 181 | - Exception 209 | - Draft Exception 285 |
| - Exception 193 | - Exception 211 | - Draft Exception 293 |
| - Exception 195 | - Exception 212 | - Draft Exception 295 |
| - Exception 196 | - Exception 213 | - Draft Exception 296 |
| - Exception 198 | - Exception 214 | - Draft Exception 297 |
| - Exception 205 | - Exception 215 | - Draft Exception 299 |
| - Exception 206 | | |

10. Subsequent to Bearing Point's Third Party Testing, BellSouth has addressed each of the following Exceptions and Draft Exceptions:

- | | | |
|-----------------|-----------------|-----------------------|
| - Exception 175 | - Exception 198 | - Exception 212 |
| - Exception 176 | - Exception 205 | - Exception 213 |
| - Exception 181 | - Exception 206 | - Exception 214 |
| - Exception 193 | - Exception 208 | - Exception 215 |
| - Exception 195 | - Exception 209 | - Draft Exception 293 |
| - Exception 196 | - Exception 211 | - Draft Exception 295 |

11. Refer to Attachment D for Exceptions and Draft Exceptions that have not been completely addressed.

Assertion Criteria

12. As it relates to the Data Integrity and Penalty Payment Replication assertion,

“accurately applied” will be assessed according to the following:

- Transaction data has been processed from SNAPRADS to the PMAP Warehouse for the Performance Measurements included in Exhibit A, according to the business rules and exclusions included within the BellSouth Service Quality Measurement Plan for Georgia Performance Metrics, dated March 1, 2003.
- Transaction data has been processed from SNAPRADS to the PMAP Data Marts for the *P-13D: LNP Average Disconnect Timeliness Interval & Disconnect Timeliness Interval Distribution (Non-Trigger)* Performance Metric, according to the business rules and exclusions included within the BellSouth Service Quality Measurement Plan for Georgia Performance Metrics, dated March 1, 2003.

13. As it relates to the Data Integrity and Penalty Payment Replication assertion,

“accurately calculated” will be assessed according to the following:

- Performance sub-metric cell (i.e., like to like) aggregation for penalty payments do not result in a shift in the performance in the aggregate from an “in parity” condition to an “out of parity” condition.
- There is less than a 2% deviation in penalty payment amounts at the sub-metric level for performance sub-metric calculations with benchmarks that are in an “out of parity” condition.
- There is less than a .5 change in the z-score at the sub-metric level for performance sub-metric calculations with retail analogues that are in an “out of parity” condition.

14. As it relates to the Exception Assessment assertion, “addressed” will be assessed utilizing the following as applicable:

- Documentation provided to the GA Public Service Commission (PSC) regarding remedy payments includes the opening balance, current month penalty amounts and ending balance.
- Georgia penalty payment interest amounts were properly calculated for adjustments made to November 2003, December 2003, and January 2004 penalty payment results.
- BellSouth has created or enhanced existing documentation to include the following:
 - BellSouth has documented policies and procedures for notifying stakeholders of changes to penalty payment results.

- BellSouth has policies and procedures in place for making adjustments in Parity Analysis and Remedy Information System (PARIS) for errors found during the Monthly Validation and Authorization Process.
- BellSouth has implemented the following system changes to specifically address the Exceptions and Draft Exceptions:
 - BellSouth modified Service Quality Measurement (SQM) and Self-Effectuating Enforcement Mechanism (SEEM) business rules and exclusions to ensure they are consistently applied for P-7A and P-8 for November 2003, December 2003 and January 2004.
 - BellSouth modified the calculation of interval durations for O-9 fully mechanized service requests for November 2003, December 2003 and January 2004.
 - BellSouth modified the calculation of penalty payment amounts for the MR-3 Performance Measurements for November 2003, December 2003 and January 2004.
 - BellSouth modified Georgia O-11 SEEM and SQM numerator and denominator calculations to ensure they were consistently reported for November 2003, December 2003 and January 2004.
 - BellSouth modified cell comparison rules for SEEM Product Groups “UNE Analog Loops Non-Design” and “UNE Analog Loops and other Design Products” to compare UNE dispatch to retail dispatch and UNE non-dispatch to retail non-dispatch for November 2003, December 2003 and January 2004 MR-1, MR-3, MR-4, P-3, P-4 and P-9 SEEM results.

- Modifications were made to the O-9 Performance Measurement to ensure that Local Interconnection Trunks were interfaced to PMAP for November 2003, December 2003 and January 2004.
- BellSouth modified the O-9 penalty payment to exclude transactions with product IDs of 996 and 5999 (these values are applied when SEEM is unable to correctly identify the product).
- BellSouth modified its P-13C numerator to only include transactions that are out of service for less than 60 minutes (instead of less than or equal to 60 minutes) for November 2003, December 2003 and January 2004.
- BellSouth modified product assignments for Digital Loop < DS1 Services for November 2003, December 2003 and January 2004.
- BellSouth made modifications to O-9 to ensure that there were no negative intervals for Local Interconnection Trunks for November 2003, December 2003 and January 2004.
- Where system changes caused an increase in payment amounts to CLECs or the Georgia PSC, penalty payment calculations were rerun/reposted.

Engagement Timing

15. The subject matter of Management's assertions required PwC to complete workstreams for various time periods. Refer to the *PwC Testing* section below for details of testing completed. Based on Management's assertions, PwC performed testing according to the following time periods:

- PwC completed testing over the accuracy of the application of the exclusions and business rule criteria for transaction data interfaced from the SNAPRADS system

to the PMAP Warehouse for the data months of November 2003, December 2003, and January 2004. The SNAPRADS system contains a 'snapshot' of all data received from legacy OSS systems. The PMAP Warehouse is BellSouth's performance measurement application.

- PwC completed testing over the accuracy of the calculation and disbursement of penalty payments for the data months of November 2003, December 2003, and January 2004.
- PwC completed the vast majority of testing for each open Exception and Draft Exception identified during the Section 271 Third Party Test completed in Georgia for the data months of November 2003, December 2003, and January 2004. However, where not feasible, alternative timeframes were tested as noted in the Assertion criteria.

Engagement Planning

16. PwC completed several walkthroughs of the BellSouth process to apply the exclusions and business rules included within the BellSouth Service Quality Measurement Plan for Georgia Performance Metrics. This process included detailed interviews to gain an understanding of the requirements within the Service Quality Measurement Plan and of the processes to apply the appropriate exclusions, business rules, and numerator and denominator criteria to SNAPRADS transactions files.
17. PwC conducted walkthroughs of BellSouth's process to calculate and disburse the penalty payments based on the Georgia Self-Effectuating Enforcement Mechanism Plan. This included gaining an understanding of the BellSouth PARIS calculation, statistical analysis and penalty payment disbursement processes.

18. Next, PwC developed detailed test plans that included testing of BellSouth's SNAPRADS to PMAP Warehouse processing, PARIS penalty payment calculations and penalty payment disbursement processes. Refer to the *PwC Testing -- Data Integrity and Penalty Payment Replications* section of this affidavit for a complete description of the key activities tested by PwC.

19. PwC created an independent test plan to determine whether BellSouth had implemented solutions that address each open Exception and Draft Exception. PwC met with the Georgia Public Service Commission Staff to discuss our test plan for each open Exception and Draft Exception. Refer to the *PwC Testing -- Exceptions Assessment* section of this affidavit for a complete description of the key activities tested by PwC.

20. PwC reviewed the following documentation to gain an understanding of the BellSouth Data Integrity and Penalty Payment Replication processes:

- BellSouth Service Quality Measurement Plan for Georgia Performance Metrics.
- Georgia SEEM Administrative Plan.
- Requirements Definition Documentation.
- SEEM Replication Manual.
- PMAP and PARIS System Documentation.
- PMAP, PARIS and S+ Source Code.

21. PwC reviewed the following documentation to gain an understanding of BellSouth's process to address the Exceptions and Draft Exceptions noted:

- BellSouth Service Quality Measurement Plan for Georgia Performance Metrics.
- Georgia SEEM Administrative Plan.

- BellSouth PMQAP
- BellSouth Change Control Documentation
- Requirements Definition Documentation.
- BellSouth System Configuration Management
- PMAP and PARIS System Documentation
- PMAP, PARIS and S+ Source Code
- BellSouth Supporting User Data Manual (SDUM)
- BellSouth SEEM Replication Manual (SRM)
- BellSouth Validation Procedures Guide
- BellSouth Data Notification Process document
- PARIS and SQM Reports posted for CLECs and the GA PSC

22. PwC assessed the threshold for exception reporting based on our understanding of the processes to apply the exclusions and business rules, to calculate and disburse the penalty payments, and to address the Exceptions and Draft Exceptions previously identified. Refer to our report dated December 17, 2004, which has been included in Attachment A, for a description of all issues that exceeded the exception threshold.

The exception reporting threshold had been established according to the following:

- PwC identified a reportable exception where transactions are not completely and accurately processed per the business rules and exclusions defined in the BellSouth Service Quality Measurement Plan for Georgia Performance Metrics that resulted in an over or under payment to CLECs or the GA Public Service Commission.

- PwC identified a reportable exception regarding the Penalty Payment Replications where performance sub-metric cell (i.e., like to like) aggregation for penalty payments result in a shift in the performance in the aggregate from an in parity condition to an out of parity condition (i.e., in parity is obtained when service levels provided to CLECs equal or exceed service levels provided to BellSouth's retail operations).
- PwC identified a reportable exception regarding the Penalty Payment Replications where there is greater than a 2% deviation in penalty payment amounts at the sub-metric level for performance sub-metric calculations with benchmarks that are in an out of parity condition.
- PwC identified a reportable exception regarding the Penalty Payment Replications where there is greater than a .5 change in the z-score at the sub-metric level for performance sub-metric calculations with retail analogues that are in an out of parity condition.
- PwC identified a reportable exception regarding the Exception Assessment where BellSouth agreed to implement formal processes and procedures to address an Exception identified by BearingPoint, but those processes and procedures have not been implemented or are not acting as intended.
- PwC identified a reportable exception regarding the Exception Assessment where a BellSouth system change designated to address an open exception has not been implemented yet or does not completely address an issue identified by BearingPoint.

- PwC identified a reportable exception regarding the Exception Assessment where BellSouth did not complete a prior month impact analysis for a system change or the impact of the system change fell outside the thresholds established in the SEEM Administrative Plan but a rerun/reposting of SEEM results was not performed.
- In addition, PwC applied professional judgment to determine exceptions that do not meet the criteria above. However, due to the criticality of key findings within the performance metric, penalty payment and exception assessment processes, PwC has held these transactions to a “Higher Standard”. Refer to the *Exceptions* section of this affidavit for a description of all exceptions identified.

23. PwC established weekly status conference calls with the Georgia Public Service Commission Staff to provide updates on the progress of our work, discuss engagement findings to date and provide an explanation of any modifications to our testing procedures.

PwC Testing

Data Integrity and Penalty Payment Replications

24. In examining management’s assertion that BellSouth has accurately applied business rule and exclusion criteria, with the exception of those items included in Attachment C, included within the BellSouth Service Quality Measurement Plan for Georgia Performance Metrics, dated March 1, 2003, to the November 2003, December 2003, and January 2004 transaction data interfaced from the SNAPRADS system to the PMAP Warehouse used to calculate the Performance Metrics included in Attachment A, and to transaction data interfaced from the SNAPRADS system to the PMAP Data

Marts used to calculate the *P-13D: LNP Average Disconnect Timeliness Interval & Disconnect Timeliness Interval Distribution (Non-Trigger) Performance*

Measurement, PwC conducted numerous test steps. PwC tested the exclusions and business rules applied for the period November 2003, December 2003, and January 2004 for a sample of transactions for the following Georgia Performance Metrics:

- O-9: Firm Order Confirmation Timeliness
- O-11: Firm Order Confirmation and Reject Response Completeness
- P-13D: LNP Average Disconnect Timeliness Interval & Disconnect Timeliness Interval Distribution (Non-Trigger) Performance Measurement
- M&R – 1: Missed Repair Appointments
- M&R – 2: Customer Trouble Report Rate
- M&R – 3: Maintenance Average Duration
- M&R – 4: Percent Repeat Troubles within 30 Days

Sample Size Determination for Data Integrity

25. PwC employed the following sampling techniques to determine the number of transactions to be tested for each performance metric:

- Total population: >300
- Confidence Factor: 95%
- Tolerable Rate: 5%
- Expected Error Rate: 1%

26. PwC loaded the sampling criteria into Audit Command Language (ACL) and used the Sampling Size function to determine the sample size should be employed. Based on this criterion, our test population was identified to be 95 transactions for each performance metric.

27. PwC obtained SNAPRADS and PMAP Warehouse data files which contained transactions for BellSouth's nine-state region for November 2003, December 2003 and January 2004 for each of the performance metrics from BellSouth. PwC validated that all data files were completely and accurately received by ensuring the record counts of the files received match the record counts of corresponding data files in BellSouth's SNAPRADS production environment.
28. PwC obtained and inspected BellSouth SNAPRADS and PMAP data dictionary and requirement documents.
29. PwC inquired of BellSouth Business Analyst regarding SNAPRADS and PMAP data files.
30. For each transaction file received, PwC identified Georgia transactions based on state identifiers.
31. From the Georgia SNAPRADS transactions files, PwC selected sample transactions for testing by utilizing the ACL random sampling function to identify 95 transactions for each performance metric.
32. PwC applied business rules and exclusions as defined in the BellSouth Service Quality Measurement Plan for Georgia Performance Metrics to our sample transactions.
33. PwC independently assigned an 'expected outcome' to each of our sample transactions. For example, the 'expected outcomes' could have included the following:
 - Transaction excluded from measurement.
 - Transaction included in the numerator and denominator.

- Transaction included in the denominator only.
 - Expected intervals for each line item.
34. PwC reconciled our independent 'expected outcome' to BellSouth's performance metric indicators in the PMAP Warehouse.
35. PwC obtained and inspected BellSouth SQM reports presented on the PMAP website for the performance metrics that were included in our sample for November 2003, December 2003 and January 2004.
36. PwC independently replicated BellSouth SQM reports by applying business rule and exclusion criteria to PMAP Warehouse data for the performance metrics that were included in our sample.
37. PwC reconciled our independently replicated SQM reports to BellSouth SQM reports available on the PMAP website.
38. In examining management's assertion that BellSouth has accurately calculated and disbursed penalty payment amounts, based on PMAP Warehouse transaction file performance measurement results, according to the Georgia SEEM Administrative Plan, dated July 22, 2003, for November 2003, December 2003, and January 2004; PwC tested the following performance metrics:
- O-9: Firm Order Confirmation Timeliness
 - O-11: Firm Order Confirmation and Reject Response Completeness
 - P-3: Percent Missed Installation Appointments
 - P-4: Average Completion Interval (OCI) & Order Completion Interval Distribution
 - P-7A: Coordinated Customer Conversions – Hot Cut Timeliness% Within Interval and Average Interval

- P-7C: Hot Cut Conversions - % Provisioning Troubles Received Within 7 days of a completed Service Order
- P-8: Cooperative Acceptance Testing - % of xDSL Loops Successfully Passing Cooperative Testing
- P-9: % Provisioning Troubles within 30 days of Service Order Completion
- P-11: Service Order Accuracy (Mechanized Process) – Tier II Only
- P-13C: Percent Out of Service < 60 Minutes
- M&R-1: Missed Repair Appointments
- M&R-2: Customer Trouble Report Rate
- M&R-3: Maintenance Average Duration for Interconnection Trunks
- M&R-4: Percent Repeat Troubles within 30 Days for Interconnection Trunks

39. PwC obtained PMAP Warehouse data files for November 2003, December 2003 and January 2004 for each of the performance metrics from BellSouth. PwC validated that all data files were completely and accurately received by ensuring the record counts of the files received match the record counts of corresponding data files in BellSouth's PMAP Warehouse production environment.

40. PwC obtained and examined BellSouth's requirements documents and source code for PARIS and S+.

41. PwC independently replicated numerator and denominator values based on PMAP Warehouse transaction file performance metric results. PwC completed replications by utilizing an independent SQL environment, creating proprietary source code based on SQM business rules and reconciling our results to those of BellSouth.

42. PwC independently replicated proportion, rate and mean performance measurement z-scores, t-scores and permutation tests based on PMAP Warehouse transaction file

performance metric results. PwC completed statistical analysis by utilizing an independent S+ environment, creating proprietary source code based on the Georgia SEEM Administration Plan statistical rules and reconciling our results to those of BellSouth.

43. PwC independently assigned an 'in parity/out of parity' for each benchmark performance metric based on stated benchmarks in the Georgia SQM.
44. PwC independently assigned an 'in parity/out of parity' for each proportion, rate and mean performance metric based on BellSouth retail analog values.
45. PwC independently calculated penalty payment amounts based on impacted volumes.
46. PwC reconciled our independently calculated penalty payment amounts to penalty payment amounts reported by BellSouth.
47. PwC summed penalty payment amounts by month for CLECs and the Georgia PSC and validated that BellSouth disbursed payments appropriately.

Exceptions

48. PwC identified the following instances where transactions were not completely and accurately processed per the business rules and exclusions defined in the BellSouth Service Quality Measurement Plan for Georgia Performance Metrics. PwC measured these instances against the criteria developed during the Engagement Planning process to assess whether they are reportable.
 - PwC noted that BellSouth excludes records from the P-13D Performance Measurement that have a wireless indicator of 'No'. These records should be included in the measurement calculation. This exclusion impacted 2 and 5

transactions for December 2003 and January 2004, respectively (there was no impact for November 2003). The impact of this exclusion is as follows:

- The percentage of transactions that completed in less than 12 hours for December 2003 would change from 97.85% to 97.86%, which surpassed the benchmark requirement.
- The percentage of transactions that completed in less than 12 hours for January 2004 would change from 85.14% to 84.81% which did not meet the benchmark requirement. The reported impact volume was 11 and should have been 12. BellSouth has raised an RQ to address this issue which is planned to be implemented in February 2005.
- For certain Provisioning and Maintenance and Repair measures, the SEEM Retail Analog for the UNE Loops product is "Retail Residence and Business Dispatch." BellSouth was including both dispatch and non-dispatch orders / trouble tickets in the retail comparison for this product for the P-3, P-9, and MR-1 metrics. Thus, the retail analog reported for this product was not in compliance with the SQM SEEM Disaggregate Reporting Requirements.
- During November 2003, December 2003 and January 2004, the penalty payments for the P-4 (OCI) UNE EEL performance metric were manually calculated because PARIS was incorrectly setting the consecutive failure month count. Two incorrect penalty payment calculations were made as a result of these manual processes, which are included below:

- BellSouth under-paid a CLEC by \$800 in the month of December 2003 (BellSouth paid \$17,600 but should have paid \$18,400).
- BellSouth over-paid the Tier-2 penalty payment for December 2003 by \$10,500 (BellSouth paid \$59,500 but should have paid \$49,000).
- The penalty payment calculation of P-4 requires a permutation test to be completed. For situations where both the ILEC and CLEC variances are zero and the ILEC and CLEC means are equal, BellSouth sets the cell weight, alternative mean, and alternative variance equal to zero. The Georgia SEEM Administrative Plan Appendix D does not address any of these conditions. As a result of setting these variables to zero, they are ignored in the calculation of the balancing critical value.

The cell weight, alternative mean, and alternative variance should be part of the balancing critical value calculation. PwC completed an impact analysis that included the cell weight, alternative mean, and alternative variance as part of the balancing critical value. PwC determined that BellSouth overcompensated one CLEC \$4,400 for November 2003 and \$4,950 for December 2003. There was no impact on January 2004 penalty payments.

49. Certain instances were noted that did not meet the reporting thresholds defined by PwC in the Engagement Planning process. However, based on the nature of the Performance Measurement Process and the importance to all parties involved, these exceptions warranted reporting to provide greater transparency to all readers. The following issues have been deemed reportable by PwC:

- For November 2003, December 2003 and January 2004, BST utilized inconsistent date criteria to identify the reporting month for Provisioning transactions. For the P-4 UNE EELs, P-8, and P-11 metrics, BellSouth used the Service Order Completion Date; for the P-7A and P-7C metrics, BellSouth used the Cut-over Completion Date and Time; and for the P-3, P-4 (for all products except UNE EELs) and P-9 metrics, BellSouth used the First CPX Status Date and Time. Thus, the date criteria for inclusion were inconsistent across the Provisioning metrics. BellSouth implemented numerous RQs in the third quarter 2004 to address this inconsistency and ensure that provisioning metrics use the First_CPX_Status date as the criteria for inclusion in a given month. (#9)
- BellSouth does not maintain copies of historical penalty payment reports. For example, as BellSouth posts new Penalty Payment Reports in October to the PMAP website, September Penalty Payment Reports will be over-written. However, all the data used to create the web Penalty Payment Reports is maintained within the PARIS system and is available via query. BellSouth has opened an RQ to address this issue which is planned to be implemented in January 2005.

50. PwC identified an instance where BellSouth had applied an interpretation to the SQM business rules for P-13D. PwC did not include the performance metric interpretation in its report because its impact did not meet the reporting thresholds defined in the Engagement Planning section and did not impact penalty payment amounts. However, PwC has included a description below of the interpretation to provide transparency to all parties:

- In reviewing the business rules related to P-13D, PwC noted that 6 transactions had a negative duration (i.e., the telephone number was released in BellSouth's switch prior to receiving the NPAC notification) for November 2003, December 2003 and January 2004. BellSouth included these transactions in its calculation of the P-13D metric as zero duration intervals. PwC assessed the impact of these 6 transactions on the metrics results by removing them from the calculation and replicating the metric. PwC noted that if the transactions were removed, the metric results for November 2003 would have shifted from 36.05% of transactions taking greater than 12 hours to 36.90% of transactions taking greater than 12 hours. Based on a transaction volume of 172, there would have been no modification to the impacted volume. For December 2003, the metric results would have shifted from 2.46% of transactions taking greater than 12 hours to 2.47% of transactions taking greater than 12 hours. Based on a transaction volume of 285, there would have been no modification to the impacted volume. PwC noted that there were no negative duration intervals for January 2004.

Exception Assessment

51. In examining management's assertion that BellSouth has addressed each of the open Exceptions and Draft Exceptions subsequent to Bearing Point's Third Party Testing, PwC conducted numerous tests. Prior to commencing our testing, PwC provided the Georgia Public Service Commission Staff details of our testing procedures for each Exception and Draft Exception. PwC completed the following testing for all Exceptions and Draft Exceptions:

52. PwC obtained documentation related to the open Bearing Point Exceptions and Draft Exceptions from the Third Party Test.
53. PwC inquired of BellSouth and the Georgia Public Service Commission Staff personnel regarding open exceptions.
54. Specifically for Exceptions 175 and 176, PwC performed the following:
- PwC obtained and examined PARIS reports and verified that, where credit balances exist, BellSouth provides existing balance information to ensure that third parties have access to their current remedies balance.
 - PwC obtained and examined PARIS reports, including the PARIS Transmitted Payment Report, PARIS Transmitted Balance Report and PARIS Triple Damages Report.
 - PwC inquired of the Georgia Public Service Commission Staff regarding the amounts of penalty payment funds received from BellSouth.
55. Specifically for Exception 181, PwC performed the following:
- PwC obtained and inspected all BellSouth RQs (change control documentation) that were implemented to address Exception 181.
 - PwC inquired of BellSouth personnel regarding all BellSouth RQs that were implemented to address Exception 181.
 - PwC examined the O-9 SQM reports and the impacted volume identified by Bearing Point in the Exception documentation and assessed whether a performance metric rerun was required based on the BellSouth rerun/reposting policy in the Georgia SEEM Administrative Plan.

- PwC obtained and examined the PMAP and PARIS source code prior to and after the implementation of BellSouth system change requests.
- PwC traced a sample of transactions from SNAPRADS to PMAP to SQM reports to ensure they were processed according to SQM business rules.

56. Specifically for Exception 193, PwC performed the following:

- PwC obtained and inspected all BellSouth RQs (change control documentation) that were implemented to address Exception 193.
- PwC inquired of BellSouth personnel regarding all BellSouth RQs that were implemented to address Exception 193.
- PwC examined Bearing Point's results as stated in the Exception documentation and assessed whether a performance metric rerun was required based on the BellSouth rerun/reposting policy in the Georgia SEEM Administrative Plan.
- PwC obtained and examined the PMAP and PARIS source code prior to and after the implementation of BellSouth system change requests.
- PwC performed analysis on PMAP Warehouse, SDUM, and PARIS data files to ensure that SQM and PARIS business rules and exclusions are consistent.
- PwC obtained and examined the BellSouth Supporting Data User Manual (SDUM) and verified that updates were made by BellSouth for issues identified in the Exception.
- PwC obtained and examined the transactions that made up SEEM and SQM results and verified that those transactions reflected system changes implemented by BellSouth.

57. Specifically for Exception 195, PwC performed the following:

- PwC obtained and examined the Georgia SEEM Administrative Plan, Appendix F.
- PwC examined BellSouth's policies to rerun/repost performance metrics and penalty payment results.
- PwC inquired of the Georgia Public Service Commission Staff regarding BellSouth's rerun/reporting policy.

58. Specifically for Exception 196, PwC performed the following:

- PwC obtained and inspected all BellSouth RQs (change control documentation) that were implemented to address Exception 196.
- PwC inquired of BellSouth personnel regarding all BellSouth RQs that were implemented to address Exception 196.
- PwC obtained and examined the metric rerun results associated with MR-3 and compared them to Bearing Point's results as stated in the Exception documentation.
- PwC obtained and examined the PARIS source code after the implementation of BellSouth system change requests.
- PwC independently replicated the 'CELL_H0_THEO_MEAN' and 'AGGR_ZT_SCRE' for MR-3 for November 2003, December 2003 and January 2004. PwC reconciled our independently replicated result to BellSouth's results.

59. Specifically for Exception 198, PwC performed the following:

- PwC obtained and inspected all BellSouth RQs (change control documentation) that were implemented to address Exception 198.

- PwC inquired of BellSouth personnel regarding all BellSouth RQs that were implemented to address Exception 198.
- PwC obtained RQ impact analysis completed by BellSouth and assessed whether a performance metric rerun was required based on the BellSouth rerun/reposting policy in the Georgia SEEM Administrative Plan.
- PwC obtained and examined the PMAP and PARIS source code after the implementation of BellSouth system change requests.
- PwC traced a sample of transactions from SNAPRADS to PMAP to SQM reports to ensure they were processed according to SQM business rules.

60. Specifically for Exception 205, PwC performed the following:

- PwC inquired of BellSouth regarding the Change Management Process and decisions surrounding whether to rerun/repost SEEM results as the result of the implementation of system changes.
- PwC obtained and inspected all BellSouth RQs (change control documentation) associated with Exception 205.
- PwC examined Bearing Point's results as stated in the Exception documentation and evaluated the impact of rerun/reposting on penalty payment amounts. Where additional penalty payments were required, PwC validated that the adjustment payments were disbursed to CLECs or the GA Public Service Commission.
- PwC inquired of BellSouth personnel regarding instances where performance metric reruns/reposting were completed. PwC validated that the rerun results matched results documented in Exception 205.

61. Specifically for Exceptions 206, 209, 211, 214, 215, 295, 297 and 299, PwC

performed the following:

- PwC obtained and inspected all BellSouth RQs (change control documentation) that were implemented to address Exceptions 206, 209, 211, 214, 215, 295, 297 and 299.
- PwC inquired of BellSouth personnel regarding all BellSouth RQs that were implemented to address Exceptions 206, 209, 211, 214, 215, 295, 297 and 299.
- PwC obtained RQ impact analysis completed by BellSouth and assessed whether a performance metric rerun was required based on the BellSouth rerun/reposting policy in the Georgia SEEM Administrative Plan as applicable to each Exception item.
- PwC examined Bearing Point's results as stated in the Exception documentation and assessed whether a performance metric rerun was required based on the BellSouth rerun/reposting policy in the Georgia SEEM Administrative Plan as applicable to each Exception item.
- PwC obtained and examined the metric rerun results and compared them to Bearing Point's results as stated in the Exception documentation as applicable to each Exception item.
- PwC obtained and examined the PARIS source code prior to and after the implementation of BellSouth system change requests as applicable to each Exception item.

- PwC independently replicated the penalty payment results for November 2003, December 2003 and January 2004. PwC reconciled our independently replicated results to BellSouth's results.
- PwC validated product IDs reported in the numerator and denominator values for November 2003, December 2003 and January 2004.

62. Specifically for Exception 207, PwC performed the following:

- PwC selected a sample of change requests for the PARIS application for testing for November 2003, December 2003 and January 2004.
- PwC obtained and examined change request documentation including descriptions of changes, impact assessments, notifications and testing documentation.

63. Specifically for Exception 208, PwC performed the following:

- PwC obtained and inspected all BellSouth RQs (change control documentation) that were implemented to address Exception 208.
- PwC inquired of BellSouth personnel regarding all BellSouth RQs that were implemented to address Exception 208.
- PwC obtained and examined the P-7A results from PARIS for the period identified by Bearing Point in the Exception documentation and assessed whether a performance metric rerun was required based on the BellSouth rerun/reposting policy in the Georgia SEEM Administrative Plan.
- PwC obtained and examined the PMAP and PARIS source code prior to and after the implementation of BellSouth system change requests.

- PwC performed analysis on PMAP Warehouse, Data Marts, SDUM, and PARIS data files to ensure that SQM and PARIS business rules and exclusions are consistent.
64. Specifically for Exception 212, PwC performed the following:
- PwC obtained and tracked Local Interconnection Trunk transactions from EXACT to SNAPRADS.
 - PwC traced a sample of transactions from SNAPRADS to PMAP to SQM reports to ensure they were processed according to SQM business rules.
65. Specifically for Exception 213, PwC performed the following:
- PwC obtained and examined 2003 interest payments associated with adjustments made by BellSouth to SEEM results.
 - PwC independently recalculated 2003 interest payments and reconciled these amounts to BellSouth interest payments paid.
 - PwC validated that interest was paid to CLECs and the Georgia Public Service Commission for adjustments identified with Exception 213.
66. Specifically for Exception 272, PwC performed the following:
- PwC obtained and examined the Georgia SQM.
 - PwC obtained and examined the cell to cell comparisons utilized by BellSouth to compare CLEC performance to BellSouth Retail performance.
67. Specifically for Exception 273, PwC performed the following:
- PwC obtained and examined the BellSouth SEEM Replication Manual. PwC requested SEEM Replication Manual versioning policy.
68. Specifically for Exceptions 285, 293 and 296, PwC performed the following:

- PwC inquired of BellSouth personnel regarding policies and procedures to manage the rerun or reposting of performance metric and penalty payment results.
- PwC obtained and examined BellSouth's Notification Process, Validation Procedures Guide and Reposting Policy.
- PwC examined documentation available to CLECs on BellSouth's PMAP website.
- PwC examined BellSouth's process for making adjustments to PARIS.
- PwC selected a sample of RQs and examined supporting documentation including change request descriptions, impact assessments, and notification documentation.
- PwC inquired of BellSouth personnel regarding policies and procedures surrounding the tracking of performance metric reruns/repostings.
- PwC inquired of BellSouth regarding the maintenance of historical PARIS reports.

Exceptions

69. PwC identified instances where BellSouth did not fully address Exceptions and Draft Exceptions. PwC measured these instances against the criteria developed during the Engagement Planning process to assess whether they are reportable. PwC identified the following instances where BellSouth agreed to implement formal processes and procedures to address an Exception identified by Bearing Point, but those processes and procedures have not been implemented yet or are not acting as intended:

- Draft Exception 273 identified that BellSouth does not consistently update the version numbering and version history of the PARIS Calculations Document. Per BellSouth's response to Draft Exception 273, a versioning policy was to be

created by BellSouth to ensure that future releases of the PARIS Calculations Document were versioned properly. Subsequent to the Bearing Point Third Party Test, the SEEM Replication Manual (SRM) replaced the PARIS Calculations Document. However, PwC has not been able to obtain a versioning policy for the SRM.

- Exception 285 identified that BellSouth does not formally document decisions on whether or not to undertake production reruns for performance metric change requests. PwC tested a number of BellSouth change requests and was able to obtain documentation that described the change and the potential impact of the change on the performance measurement results. However, BellSouth does not formally document decisions on whether or not to undertake production reruns or to provide notifications to third parties.

70. PwC identified the following instance where a BellSouth system change designated to address an open exception has not been implemented or does not completely address an issue identified by Bearing Point:

- Draft Exception 297 identified that BellSouth did not include records with a “Work Type ID” of 3, 12, or 13 in the calculation of P-7C. BellSouth implemented a system change in June 2004 to include Work Type 3 in the calculation of P-7C. However, the system changes associated with the inclusion of Work Types 12 (Unbundled Copper Loop, Coordinated, Non-Time Specific) and 13 (Unbundled Copper Loop, Non-Coordinated) have not yet been implemented.

71. PwC identified the following instance where BellSouth did not complete a prior month impact analysis for a system change or the impact of the system change fell outside the thresholds established in the SEEM Administrative Plan and a rerun/reposting of SEEM results was not performed:

- Exception 198 identified that Interconnection Trunk transactions with negative durations were being incorrectly included in the O-9 SQM results for May 2002 data. BellSouth implemented RQ 2686 to address this issue. RQ 2686 modified the business rules used to calculate Interconnection Trunk transaction durations and therefore required BellSouth to provide notification to the CLECs in a Data Notification Document. Per the PMAP 4.0 Data Notification Process, BellSouth must “quantify the overall impact of the change.” This impact assessment was not provided by BellSouth in the Data Notification Document for March 2003 which reported RQ 2686 to the CLECs and GA PSC. In addition, since the impacted volume of service requests with negative intervals is not available in Exception 198 or the March 2003 Data Notification Document, it cannot be verified whether the impact of RQ 2686 would shift the O-9 performance metric results from an “in parity” condition to an “out of parity” condition. A modification from an “in parity” condition to an “out of parity” condition would require BellSouth to rerun/repost the SQM results.

72. Certain instances were noted that did not meet the reporting thresholds defined by PwC in the Engagement Planning process. However, based on the nature of the Performance Measurement Process and the importance to all parties involved, these

exceptions warranted reporting to provide greater transparency to all readers. The following issues have been deemed reportable by PwC:

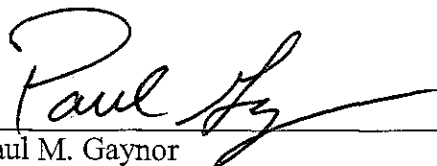
- Exception 207 identified that BellSouth did not complete testing for an Interim Solutions Change Request prior to implementation. Since a majority of performance metrics have been automated since the Bearing Point Third Party Test and are no longer calculated in Interim Solutions, PwC conducted testing for Change Requests implemented in the PARIS system. PwC selected a sample of 9 change requests implemented in PARIS during November 2003, December 2003, and January 2004. PwC requested documentation surrounding the testing that was performed for those change requests prior to implementation. PwC obtained testing documentation for 3 of the 9 change requests; however, testing documentation was not available for the other 6 change requests.
- Draft Exception 272 identified that BellSouth did not use the retail analog specified in the GA SQM Plan for the calculation of remedy payments for M&R – 2: CTRR - UNE Loops. The SQM states that the retail analog for UNE Loops should be "Retail Residence and Business Dispatch." However, BellSouth uses the "Retail Residence and Business" retail analog for this comparison, regardless of dispatch vs. non-dispatch.
- Draft Exception 296 identified that BellSouth does not maintain final versions of its SEEM reports. BellSouth does not maintain copies of historical penalty payment reports. For example, as BellSouth posts new SEEM reports in October to the PMAP website, September reports will be over-written and are no longer available to CLECs.

- Draft Exception 299 identified that BellSouth does not accurately identify all service orders that had been completed for a month in the penalty payment calculation of P-11: Service Order Accuracy. BellSouth does not include deny/restore service orders in their calculation of P-11: Service Order Accuracy.

73. Our conclusion is included within our reports dated December 17, 2004, which has been included as Attachment A.

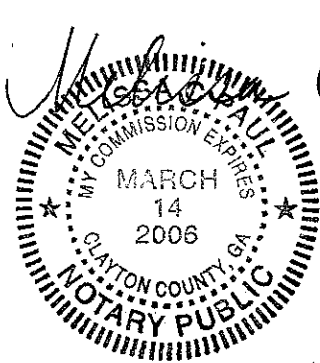
I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Executed on December 21, 2004



Paul M. Gaynor
Principal, PricewaterhouseCoopers LLP

Subscribed and sworn to before me this 21st day of December 2004.



Notary Public, Clayton County, Georgia
My Commission Expires March 14, 2006

Attachment A

BellSouth Telecommunications, Inc.

**Report of BellSouth's Telecommunications' Georgia SEEM Penalty
Payment Reporting Process and Third Party Test Open Exceptions**

December 21, 2004

BellSouth Telecommunications, Inc.
SEEM Penalty Payment Reporting Process

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Report of Independent Accountants

To Management of BellSouth Telecommunications, Inc.:

We have examined management's assertion, included in the accompanying *Management Assertions on BellSouth Telecommunications' SEEM Penalty Payment Reporting Process*, that BellSouth Telecommunications, Inc. (BellSouth) has accurately applied business rule and exclusion criteria included within the BellSouth Service Quality Measurement Plan (SQM) for Georgia Performance Metrics, dated March 1, 2003, to the November 2003, December 2003, and January 2004 transaction data interfaced from the SNAPRADS system to the PMAP Warehouse used to calculate the Performance Metrics included in Attachment A, and to transaction data interfaced from the SNAPRADS system to the PMAP Data Marts used to calculate the *P-13D: LNP Average Disconnect Timeliness Interval & Disconnect Timeliness Interval Distribution (Non-Trigger)* Performance Metric; and that BellSouth has accurately calculated and disbursed penalty payment amounts, based on PMAP Warehouse transaction file performance metric results, according to the Georgia SEEM Administrative Plan, dated July 22, 2003, for November 2003, December 2003, and January 2004 for the Performance Metrics included in Attachment B. Management is responsible for the Company's assertion. Our responsibility is to express an opinion based on our examination.

Our examination of the BellSouth SQM business rules and exclusions applied to Georgia Performance Metrics was completed based on data that resides within the SNAPRADS system and did not include an assessment of the process to input data into the BellSouth Operational Source Systems and the interface of this data to the SNAPRADS system.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting management's assertion and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Our examination identified certain instances where BellSouth deviated from the criteria defined in the accompanying *Management Assertions on BellSouth Telecommunications' SEEM Penalty Payment Reporting Process* and are presented in Attachment C:

In our opinion, except for the deviations from the criteria presented in Attachment C, BellSouth, in all material respects, has accurately applied business rule and exclusion criteria included within the BellSouth SQM for Georgia Performance Metrics, dated March 1, 2003, to the November 2003, December 2003, and January 2004 transaction data interfaced from the SNAPRADS system to the PMAP Warehouse used to calculate the Performance Metrics included in Attachment A, and to transaction data interfaced from the SNAPRADS system to the PMAP Data Marts used to calculate the *P-13D: LNP Average Disconnect Timeliness Interval & Disconnect Timeliness Interval Distribution (Non-Trigger)* Performance Metric; and that BellSouth has accurately calculated and disbursed penalty payment amounts, based on PMAP Warehouse transaction file performance metric results, according to the Georgia SEEM Administrative Plan, dated July 22, 2003, for November 2003, December 2003, and January 2004 for the Performance Metrics included in Attachment B, based on the criteria defined in the accompanying *Management Assertions on BellSouth Telecommunications' SEEM Penalty Payment Reporting Process*.

This report is intended solely for the information and use of BellSouth Corporation and BellSouth Telecommunications, Inc. and the Georgia Public Service Commission and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
December 17, 2004



BellSouth Telecommunications, Inc.
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Atlanta, GA 30375

William.Stacy@BellSouth.com

William N. Stacy
Network Vice President

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*Report of Management Assertions on BellSouth Telecommunications'
SEEM Penalty Payment Reporting Process*

Management of BellSouth Telecommunications (BellSouth) asserts that as of December 17, 2004:

- BellSouth has accurately applied business rule and exclusion criteria, with the exception of those items included in Attachment C, included within the BellSouth Service Quality Measurement Plan (SQM) for Georgia Performance Metrics, dated March 1, 2003, to the November 2003, December 2003, and January 2004 transaction data interfaced from the SNAPRADS system to the PMAP Warehouse used to calculate the Performance Metrics included in Attachment A, and to transaction data interfaced from the SNAPRADS system to the PMAP Data Marts used to calculate the *P-13D: LNP Average Disconnect Timeliness Interval & Disconnect Timeliness Interval Distribution (Non-Trigger)* Performance Metric; and that
- BellSouth has accurately calculated and disbursed penalty payment amounts, with the exception of those items included in Attachment C, based on PMAP Warehouse transaction file performance metric results, according to the Georgia SEEM Administrative Plan, dated July 22, 2003, for November 2003, December 2003, and January 2004 for the Performance Metrics included in Attachment B.

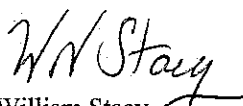
The following describes the terms "accurately applied" and "accurately calculated" criteria:

As it relates to the assertion, "accurately applied" will be assessed according the following:

- Transaction data has been processed from SNAPRADS to the PMAP Warehouse for the Performance Measurements included in Exhibit A, according to the business rules and exclusions included within the BellSouth SQM for Georgia Performance Metrics, dated March 1, 2003.
- Transaction data has been processed from SNAPRADS to the PMAP Data Marts for the *P-13D: LNP Average Disconnect Timeliness Interval & Disconnect Timeliness Interval Distribution (Non-Trigger)* Performance Metric, according to the business rules and exclusions included within the BellSouth SQM for Georgia Performance Metrics, dated March 1, 2003.

As it relates to the assertion, "accurately calculated" will be assessed according the following:

- Performance sub-metric cell (i.e., like to like) aggregation for penalty payments do not result in a shift in the performance in the aggregate from an "in parity" condition to an "out of parity" condition.
- There is less than a 2% deviation in penalty payment amounts at the sub-metric level for performance sub-metric calculations with benchmarks that are in an "out of parity" condition.
- There is less than a .5 change in the z-score at the sub-metric level for performance sub-metric calculations with retail analogues that are in an "out of parity" condition.


William Stacy
Network Vice President
Interconnection Services

Attachment A

The following seven Georgia Performance Metrics have been included in Management's Assertion regarding the completeness and accuracy of transaction data processed from SNAPRADS to the PMAP Warehouse/Data Marts for November 2003, December 2003 and January 2004.

- O-9: Firm Order Confirmation Timeliness
- O-11: Firm Order Confirmation and Reject Response Completeness
- P-13D: LNP Average Disconnect Timeliness Interval & Disconnect Timeliness Interval Distribution (Non-Trigger)
- M&R – 1: Missed Repair Appointments
- M&R – 2: Customer Trouble Report Rate
- M&R – 3: Maintenance Average Duration
- M&R – 4: Percent Repeat Troubles within 30 Days

Attachment B

The following fourteen Georgia Performance Metrics have been included in Management's Assertion regarding the accuracy of BellSouth's Penalty Payment calculations for November 2003, December 2003 and January 2004. Note: For Performance Measurement P-11, only the Tier II Penalty Payment was assessed.

- O-9: Firm Order Confirmation Timeliness
- O-11: Firm Order Confirmation and Reject Response Completeness
- P-3: Percent Missed Installation Appointments
- P-4: Average Completion Interval (OCI) & Order Completion Interval Distribution
- P-7A: Coordinated Customer Conversions – Hot Cut Timeliness% Within Interval and Average Interval
- P-7C: Hot Cut Conversions - % Provisioning Troubles Received Within 7 days of a completed Service Order
- P-8: Cooperative Acceptance Testing - % of xDSL Loops Successfully Passing Cooperative Testing
- P-9: % Provisioning Troubles within 30 days of Service Order Completion
- P-11: Service Order Accuracy (Mechanized Process)
- P-13C: Percent Out of Service < 60 Minutes
- M&R -- 1: Missed Repair Appointments
- M&R -- 2: Customer Trouble Report Rate
- M&R -- 3: Maintenance Average Duration for Interconnection Trunks
- M&R -- 4: Percent Repeat Troubles within 30 Days for Interconnection Trunks

Attachment C

Item #1 relates to the Management's Assertion regarding the completeness and accuracy of transaction data processed from SNAPRADS to the PMAP Warehouse for November 2003, December 2003 and January 2004. Items #2 through #6 relate to Management's Assertion regarding the accuracy of BellSouth's Penalty Payment calculations for November 2003, December 2003 and January 2004.

1. BellSouth excludes records from the P-13D Performance Metric that have a wireless indicator of 'No'. These records should be included in the metric calculation. This exclusion impacted 2 and 5 transactions for December 2003 and January 2004, respectively (there was no impact for November 2003). The impact of this exclusion is as follows:
 - The percentage of transactions that completed in less than 12 hours for December 2003 would change from 97.85% to 97.86%, which surpassed the benchmark requirement.
 - The percentage of transactions that completed in less than 12 hours for January 2004 would change from 85.14% to 84.81% which did not meet the benchmark requirement. The reported impact volume was 11 and should have been 12. BellSouth has raised an RQ to address this issue which is planned to be implemented in February 2005.
2. For November 2003, December 2003 and January 2004, BellSouth utilized inconsistent date criteria to identify the reporting month for Provisioning transactions. For the P-4 UNE EELs, P-8, and P-11 metrics, BellSouth used the Service Order Completion Date; for the P-7A and P-7C metrics, BellSouth used the Cut-over Completion Date and Time; and for the P-3, P-4 (for all products except UNE EELs) and P-9 metrics, BellSouth used the First CPX Status Date and Time. Thus, the date criteria for inclusion were inconsistent across the Provisioning metrics. BellSouth implemented numerous RQs in the third quarter 2004 to address this inconsistency and ensure that provisioning metrics use the First_CPX_Status date as the criteria for inclusion in a given month.
3. BellSouth does not maintain copies of historical penalty payment reports. For example, as BellSouth posts new Penalty Payment Reports in October to the PMAP website, September Penalty Payment Reports will be over-written. However, all the data used to create the web Penalty Payment Reports is maintained within the PARIS system and is available via query. BellSouth has opened an RQ to address this issue which is planned to be implemented in January 2005.
4. For certain Provisioning and Maintenance and Repair measures, the SEEM Retail Analog for the UNE Loops product is "Retail Residence and Business Dispatch." BellSouth includes both dispatch and non-dispatch orders / trouble tickets in the retail comparison for this product for the P-3, P-9, and MR-1 metrics. Thus, the retail analog reported for this product was not in compliance with the SQM SEEM Disaggregate Reporting Requirements.
5. During November 2003, December 2003 and January 2004, the penalty payments for the P-4 (OCI) UNE EEL performance metric were manually calculated because PARIS was incorrectly setting the consecutive failure month count. Two incorrect penalty payment calculations were made as a result of these manual processes, which are included below:
 - BellSouth under-paid a CLEC by \$800 in the month of December 2003 (BellSouth paid \$17,600 but should have paid \$18,400).
 - BellSouth over-paid the Tier-2 penalty payment for December 2003 by \$10,500 (BellSouth paid \$59,500 but should have paid \$49,000).

6. The penalty payment calculation of P-4 requires a permutation test to be completed. For situations where both the ILEC and CLEC variances are zero and the ILEC and CLEC means are equal, BellSouth sets the cell weight, alternative mean, and alternative variance equal to zero. The Georgia SEEM Administrative Plan Appendix D does not address any of these conditions. As a result of setting these variables to zero, the cell weight, alternate mean and alternate variance are ignored in the calculation of the balancing critical value.

The cell weight, alternative mean, and alternative variance should be part of the balancing critical value calculation. PwC completed an impact analysis that included the cell weight, alternative mean, and alternative variance as part of the balancing critical value. PwC determined that BellSouth overcompensated one CLEC \$4,400 for November 2003 and \$4,950 for December 2003. There was no impact on January 2004 penalty payments.

Report of Independent Accountants

To Management of BellSouth Telecommunications, Inc.:

We have examined management's assertion, included in the accompanying *Management Assertions on BellSouth Telecommunications' Third Party Open Exceptions*, that BellSouth Telecommunications, Inc. (BellSouth) has addressed the Exceptions and Draft Exceptions identified during the Section 271 Third Party Test (Third Party Test) completed in Georgia. Management is responsible for the Company's assertion. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting management's assertion and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Our examination identified certain instances where BellSouth has not addressed Exceptions and Draft Exceptions identified during the Third Party Test and are presented in Attachment D.

In our opinion, except for the instances where BellSouth has not addressed Exceptions and Draft Exceptions identified during the Third Party Test that are presented in Attachment D, BellSouth, in all material respects, has addressed each Exception and Draft Exception identified during the Section 271 Third Party Test completed in Georgia, based on the criteria defined in the accompanying *Management Assertions on BellSouth Telecommunications' Third Party Open Exceptions*.

This report is intended solely for the information and use of BellSouth Corporation and BellSouth Telecommunications, Inc. and the Georgia Public Service Commission and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
December 17, 2004



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William N. Stacy
 Network Vice President

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*Report of Management Assertions on BellSouth Telecommunications'
 Third Party Open Exceptions*

Management of BellSouth Telecommunications (BellSouth) asserts that as of December 17, 2004:

Bearing Point had conducted the Third Party Testing of BellSouth's Wholesale Operation Support Systems in relation to the Georgia Public Service Commission Docket 7892-U. Bearing Point has raised the following Exceptions and Draft Exceptions:

- Exception 175	- Exception 207	- Draft Exception 272
- Exception 176	- Exception 208	- Draft Exception 273
- Exception 181	- Exception 209	- Draft Exception 285
- Exception 193	- Exception 211	- Draft Exception 293
- Exception 195	- Exception 212	- Draft Exception 295
- Exception 196	- Exception 213	- Draft Exception 296
- Exception 198	- Exception 214	- Draft Exception 297
- Exception 205	- Exception 215	- Draft Exception 299
- Exception 206		

Subsequent to Bearing Point's Third Party Testing, BellSouth has addressed each of the following Exceptions and Draft Exceptions:

- Exception 175	- Exception 198	- Exception 212
- Exception 176	- Exception 205	- Exception 213
- Exception 181	- Exception 206	- Exception 214
- Exception 193	- Exception 208	- Exception 215
- Exception 195	- Exception 209	- Draft Exception 293
- Exception 196	- Exception 211	- Draft Exception 295

Refer to Attachment D for Exceptions and Draft Exceptions that have not been completely addressed.

As it relates to the assertion, "addressed" will be assessed utilizing the following as applicable:

- Documentation provided to the GA Public Service Commission (PSC) regarding remedy payments includes the opening balance, current month penalty amounts and ending balance.
- Georgia Penalty Payment interest amounts were properly calculated for adjustments made to November 2003, December 2003, and January 2004 penalty payment results.
- BellSouth has created or enhanced existing documentation to include the following:
 - BellSouth has documented policies and procedures for notifying stakeholders of changes to penalty payment results.
 - BellSouth has policies and procedures in place for making adjustments in Parity Analysis and Remedy Information System (PARIS) for errors found during the Monthly Validation and Authorization Process.

- BellSouth has implemented the following system changes to specifically address the Exceptions and Draft Exceptions:
 - BellSouth modified Service Quality Measurement (SQM) and Self-Effectuating Enforcement Mechanism (SEEM) business rules and exclusions to ensure they are consistently applied for P-7A and P-8 for November 2003, December 2003 and January 2004.
 - BellSouth modified the calculation of interval durations for O-9 fully mechanized service requests for November 2003, December 2003 and January 2004.
 - BellSouth modified the calculation of penalty payment amounts for the MR-3 Performance Measurements for November 2003, December 2003 and January 2004.
 - BellSouth modified Georgia O-11 SEEM and SQM numerator and denominator calculations to ensure they were consistently reported for November 2003, December 2003 and January 2004.
 - BellSouth modified cell comparison rules for SEEM Product Groups "UNE Analog Loops Non-Design" and "UNE Analog Loops and other Design Products" to compare UNE dispatch to retail dispatch and UNE non-dispatch to retail non-dispatch for November 2003, December 2003 and January 2004 MR-1, MR-3, MR-4, P-3, P-4 and P-9 SEEM results.
 - Modifications were made to the O-9 Performance Measurement to ensure that Local Interconnection Trunks were interfaced to PMAP for November 2003, December 2003 and January 2004.
 - BellSouth modified the O-9 penalty payment to exclude transactions with product IDs of 996 and 5999 (these values are applied when SEEM is unable to correctly identify the product).
 - BellSouth modified its P-13C numerator to only include transactions that are out of service for less than 60 minutes (instead of less than or equal to 60 minutes) for November 2003, December 2003 and January 2004.
 - BellSouth modified product assignments for Digital Loop < DS1 Services for November 2003, December 2003 and January 2004.
 - BellSouth made modifications to O-9 to ensure that there were no negative intervals for Local Interconnection Trunks for November 2003, December 2003 and January 2004.
 - Where system changes caused an increase in payment amounts to CLECs or the Georgia PSC, penalty payment calculations were rerun/reposted.



William Stacy
Network Vice President
Interconnection Services

Attachment D

The following have been numbered sequentially based on Exception number:

1. Exception 198 identified that Interconnection Trunk transactions with negative durations were being incorrectly included in the O-9 SQM results for May 2002 data. BellSouth implemented RQ 2686 to address this issue. RQ 2686 modified the business rules used to calculate Interconnection Trunk transaction durations and therefore required BellSouth to provide notification to the CLECs. Per the PMAP 4.0 Data Notification Process, BellSouth must "Quantify the overall impact of the change." However, an impact assessment was not provided by BellSouth in the Data Notification Document for March 2003 which reported RQ 2686 to the CLECs and Georgia PSC. In addition, since the impacted volume of service requests with negative intervals is not available in Exception 198 or the March 2003 Data Notification Document, it cannot be verified whether the impact of RQ 2686 would shift the O-9 performance metric results from an "in parity" condition to an "out of parity" condition. A modification from an "in parity" condition to an "out of parity" condition would require BellSouth to rerun/repost the SQM results.
2. Exception 207 identified that BellSouth did not complete testing for an Interim Solutions Change Request prior to implementation. Since a majority of performance metrics have been automated since the Bearing Point Third Party Test and are no longer calculated in Interim Solutions, PwC conducted testing for Change Requests implemented in the PARIS system. PwC selected a sample of 9 change requests implemented in PARIS during November 2003, December 2003, and January 2004. PwC requested documentation surrounding the testing that was performed for those change requests prior to implementation. PwC obtained testing documentation for 3 of the 9 change requests, however, testing documentation was not available for the other 6 change requests.
3. Draft Exception 272 identified that BellSouth did not use the retail analog specified in the Georgia SQM Plan for the calculation of remedy payments for M&R -- 2: CTRR - UNE Loops. The SQM states that the retail analog for UNE Loops should be "Retail Residence and Business Dispatch." However, BellSouth uses the "Retail Residence and Business" retail analog for this comparison, regardless of dispatch vs. non-dispatch.
4. Draft Exception 273 identified that BellSouth does not consistently update the version numbering and version history of the PARIS Calculations Document. Per BellSouth's response to Draft Exception 273, a versioning policy was to be created by BellSouth to ensure that future releases of the PARIS Calculations Document were versioned properly. Subsequent to the Third Party Test, the SEEM Replication Manual (SRM) replaced the PARIS Calculations Document. However, PwC has not been able to obtain a versioning policy associated with this document.
5. Exception 285 identified that BellSouth does not formally document decisions on whether or not to undertake production reruns for performance metric change requests. PwC tested a number of BellSouth change requests and was able to obtain documentation that described the change and the potential impact of the change on the performance measurement results. However, BellSouth does not formally document decisions on whether or not to undertake production reruns or to provide notifications to third parties.
6. Draft Exception 296 identified that BellSouth does not maintain final versions of its SEEM reports. BellSouth does not maintain copies of historical penalty payment reports. For example, as BellSouth posts new SEEM reports in October to the PMAP website, September reports will be over-written and are no longer available to CLECs.
7. Draft Exception 297 identified that BellSouth did not include records with a "Work Type ID" of 3, 12, or 13 in the calculation of P-7C. BellSouth implemented a system change in June 2004 to include Work Type 3 in the calculation of P-7C. However, the system changes associated with the inclusion of Work Types 12 (Unbundled Copper Loop, Coordinated, Non-Time Specific) and 13 (Unbundled Copper Loop, Non-Coordinated) have not yet been implemented.

8. Draft Exception 299 identified that BellSouth does not accurately identify all service orders that had been completed for a month in the penalty payment calculation of P-11: Service Order Accuracy. BellSouth does not include deny/restore service orders in their calculation of P-11: Service Order Accuracy.