

FIORETTI, SAL (SBC-MSI)

From: Morreale, Carla (BearingPoint) [cmorreale@bearingpoint.net]
Sent: Friday, July 18, 2003 4:53 PM
To: Morreale, Carla (BearingPoint); FIORETTI, SAL (SBC-MSI); HICKS, MATT (SBC-MSI); HUDZIK, JOHN (SBC-MSI)
Cc: Eringis, John E (BearingPoint); Quinn, Mary Ann (BearingPoint); Casey, Christopher R (BearingPoint)
Subject: RE: Metrics Reply Comments Language
Importance: High



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All,

Attached, please find the commentary requested by SBC.

Regards,
Carla

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> <<SBC_Request_July 17 2003.doc>>

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SBC Midwest contacted BearingPoint on July 17, 2003 regarding performance metrics-related concerns cited in the "Evaluation of the U. S. Department of Justice SBC – Michigan III (July 16, 2003)." SBC articulated concern that the DOJ expressed reservations with SBC Midwest's assertion that, due to the fact that the BearingPoint test is not complete, BearingPoint's findings should be considered interim and "were not sufficient to warrant or to preclude the Commission from evaluating compliance based on the totality of the information before it, including the completed E&Y performance audits." Specifically, SBC Midwest expressed concern that in Footnote 64 the DOJ made the following statement: "Thus, the Department shares CLEC commenters' concerns that SBC is mischaracterizing BearingPoint's processes and its findings."

SBC Midwest stated to BearingPoint that it did not believe that it had mischaracterized BearingPoint's processes or its findings in its related filings. SBC Midwest indicated that statements in its filings were consistent with the letter and spirit of the Michigan Master Test Plan (MTP). SBC Midwest cited the following two factors which it believed supported its position:

1. SBC Midwest indicated that it had based its arguments on the Michigan MTP definitions of Observations and Exceptions which are:

- An Observation will be created if KPMG Consulting (BearingPoint) determines that one of Ameritech's (SBC Midwest's) practices, policies, or system characteristics might result in a negative finding in the final report;
- An Exception will be created if KPMG Consulting (BearingPoint) determines that one of Ameritech's (SBC Midwest's) practices, policies, or system characteristics is not expected to satisfy one or more of the evaluation criteria defined for the test.

whereas it appeared to SBC Midwest that the CLECs and the DOJ based their respective arguments on the following definitions which appear on page 10 of the Executive Summary section of BearingPoint's OSS Evaluation Project Report, dated October 30, 2002:

- An Observation was created if BearingPoint determined that a test indicated one of SBC Ameritech's (SBC Midwest's) practices, policies, or system characteristics might result in a negative finding in the evaluation final report;
- An Exception was created if BearingPoint determined that a test indicated one of SBC Ameritech's (SBC Midwest's) practices, policies, or system characteristics did not satisfy one or more of the evaluation criteria defined for the test.

2. SBC Midwest noted that the definitions of the four possible results for each evaluation criterion, which appear on page 10 of the Executive Summary section of BearingPoint's OSS Evaluation Project Report, dated October 30, 2002, were as follows:

- Satisfied: The norm, benchmark, standard, and/or guideline was met or exceeded
- Not Satisfied: The norm, benchmark, standard, and/or guideline was not met
- Indeterminate: Insufficient evidence has been collected to determine a result
- Not Applicable: The evaluation criteria could not be evaluated

SBC Midwest stated that it felt that the use of the past tense in BearingPoint's October 30, 2002 report with respect to the definitions of Observations and Exceptions and the four possible results as well as its use of the term "final report" may have left the CLECs and, more particularly, the DOJ with the impression that the findings and results cited in BearingPoint's October 30, 2002 reports and subsequent reports were, in fact, a final determination, rather than an interim indication of SBC Midwest's results as of a specific date.

SBC Midwest stated that its arguments regarding the amount of weight it feels should be accorded to E&Y's and BearingPoint's respective findings were based on its reading of the MTP and its understanding

that BearingPoint's findings and/or results may change in the future, in some cases without the need for re-testing.

SBC Midwest requested that BearingPoint provide clarification to the language in the MI MTP and the October 30, 2002 test report so that SBC Midwest can address the DOJ's cited concerns. Based on its discussions with SBC Midwest and subsequent review of the MI MTP, the October 30, 2002 report and the DOJ's July 16, 2003 evaluation, BearingPoint is providing the following statement to SBC Midwest:

The MTP and the October 30, 2002 Michigan OSS report both refer to the issuance of Observations and Exceptions. In reference to the language regarding Exceptions, the difference in the description is due to the different time periods in which the two documents were issued. The August 14, 2001 MTP language was written to be prospective in nature; and to indicate that one of SBC Midwest's practices, policies, or system characteristics is expected not to satisfy one or more of the evaluation criteria. Once an Exception is issued, SBC Ameritech's research of the issue may reveal one of the following:

- *This issue identified within the Exception may necessitate a change to one or more of SBC Midwest's practices, policies, or systems. BearingPoint would then re-test the issue to validate SBC Midwest's changes. If re-testing was successful, the Exception would be closed and the associated evaluation criterion(a) would receive a positive result.*
- *The issue identified within the Exception, in SBC Midwest's opinion, does not warrant a change to any of SBC Midwest's practices, policies, or systems. No re-testing would occur and the result would be Not Satisfied for the associated criterion(a).*
- *The issue identified within the Exception was due to a BearingPoint error. BearingPoint would reassess its analysis and if BearingPoint was in agreement that this issue was found to be a BearingPoint error, the Exception would be closed. BearingPoint would then continue with its analysis if necessary.*

The language in the October 30, 2002 Michigan OSS report was written to indicate the results of the test at that time. Those evaluation criteria that were judged to have not met the specified norm, benchmark, standard, and/or guideline at the analysis deadlines, cited in the October 30, 2002 report, received "Not Satisfied" results. Future re-testing and/or BearingPoint's reassessment of its analysis may have resulted in changes to certain results.

In addition, certain issues cited in the data integrity (PMR4) and metrics calculation (PMR5) test reports, identified in Notification Reports, Analysis Reports, and/or Observations, may be satisfactorily addressed by SBC Midwest without requiring re-test activities. Issues addressed in this manner could positively change SBC Midwest's score for an associated evaluation criterion in the PMR4 and PMR5 tests. It is possible that this would also change the result assigned to the evaluation criterion.