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COMMISSION CLERK

DATE: December 5, 2003
TO: Kay Flynn, Chief, Records and Reporting
FROM: Linda H. Dodson, Attorney, Office of the General Counsel
RE: Docket No. 000121A-TP

Handwritten initials: fls

Please place the attached document in the docket file.

cc: Lisa Harvey
Jerry Hallenstein

- List of distribution codes: #US, CAF, CMP, COM (with handwritten '5'), CTR, ECR, GCL, OPC, WMS, SEC (with handwritten '1'), OTH.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK



BellSouth Telecommunications, Inc

December 4, 2003

To: Lisa Harvey

From: Nancy Sims 

Subject: Proposed fee amount for Percent Billing Errors Connected in "X" Business Days (B-10)

We have conducted a thorough analysis of the CLEC wholesale bill adjustment requests BellSouth has received for the three-month period, June through August 2003, to determine the appropriate fee amount to apply to a failure for this measure. The analysis period did not extend beyond August because disputes received in late September would not have been resolved by the most recent reporting month of October 2003.

BellSouth is proposing a Tier 1 Fee amount of \$20 and a Tier 2 Fee amount of \$30 for B-10.

Discussion

This analysis, including the significant data points listed below, support BellSouth's proposal.

- For the three-month period (June-August 2003), 50% of the disputes resolved had disputed amounts of \$7 or less.
- 70% of disputes resolved had disputed amounts of \$20 or less.
- One-third of the Billing Adjustment Requests resulted in no billing error. Thus the dispute was resolved with no adjustment. However, BellSouth still had to perform the analysis and resolution, even though there was not a billing error.

The results of the dispute analysis showed that a large number of the disputes involved a low monetary value with little effect on the CLEC. And where there are billing errors, the billing adjustments are made on the CLEC's bill and penalties would be captured in the Invoice Accuracy (B-1) measurement. Thus the only effect to the CLEC in a late resolution of a bill is the timing of the resolution, of a dispute, which is, in reality, very small.

Performance

The performance analysis done since Florida's new SQM became effective in July 2003 shows that BellSouth met the benchmark of '90% resolved within 45 Business' days for 2 of the 4 months (July through October) for Resale Billing, missing the benchmark where the performance result was 85% in July and August. BellSouth did achieve the benchmark all 4 months for UNE billing and achieved the benchmark for 3 of the 4 months for Interconnection where the result for July was 85%. For the last two months, September and October, BellSouth has achieved the 90% performance standard for Resale, UNE and Interconnection billing.

Recommendation

Since there is little monetary impact on the CLEC as noted above, and since BellSouth's performance has shown a very positive trend and, in fact, is good in recent months, the penalty should reflect a reasonable incentive for BellSouth to maintain good performance. BellSouth recommends that the fee amount for Tier 1 be \$20. This amount is approximately 3 times the value of the typical dispute (\$7 as

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noted above), which should provide the necessary incentive to continue to meet the performance standard.

You'll recall that when the existing Fee Schedule amounts were derived, they were based on a conversion of per-transaction amounts into a per-measurement amount, based on history for each measurement. We had some history for the Invoice Accuracy (B-1) metric and that history was one of the inputs into the current fee of \$450 for the metric. In contrast, we had no history for the metric B-10 nor did we have a per-transaction fee amount for this metric from which to derive a per-measurement fee amount. However, another way of supporting the proposed \$20 fee for measurement B-10 is to examine the fee scheduled for Invoice Accuracy, \$450, and the percentage of disputes BellSouth did not resolve within the 45-day period. For the performance period July through October 2003, BellSouth did not resolve approximately 4% of the disputes within 45 days. This percentage of the Invoice Accuracy, B-1 fee schedule is \$18, approximately the \$20 BellSouth proposes as a reasonable amount. Additionally, it represents much more than any harm to the CLEC that could possibly be caused by resolving a dispute one or more days late.

To summarize, the proposed Tier 1 fee schedule is \$20. Tier 2 fee would be \$30 dollars. The Tier 2 amount is 150% above Tier 1 and this is approximately the same relationship as the Tier 1 and Tier 2 fees for the Invoice Accuracy measurement.

If you have questions, please call me at 850-222-1201 or Dave Coon at 404-927-8460.