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Sent: Monday, October 11, 2004 4:53 PM
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Subject: RE: 000121A -- CLEC Reply to Action Items from SEEM Workshop



000121A CLEC
tion Item Respc

> Docket No. 000121A-TP -- In re: Investigation into the
> Establishment of Operations Support system Permanent Performance
> Measures for Incumbent Local Exchange Telecommunications Companies
> (BellSouth track)
>
> Attached please find for electronic filing the CLEC Coalition's Reply to
Action Items from the SEEM Workshop in the above-referenced docket. The cover letter,
certificate of service and the CLEC Coalition's Reply are a total of 17 pages. The
attached document should be considered the official version for purposes of the docket
file.
>
> As indicated in the cover letter, copies of the CLEC Coalition's Reply
are being distributed to parties via electronic (in cases where e-mail addresses are
available) and U.S. Mail. Thank you for your assistance in this matter.
>
> <<000121A CLEC Action Item Responses 10-11-04.doc>>

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ORIGINAL



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October 11, 2004

BY ELECTRONIC FILING

Ms. Blanca Bayó, Director
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Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Re: Docket No. 000121A-TP

Dear Ms. Bayó:

Attached please find the CLEC Coalition's Reply to Action Items From SEEM Workshop in the above-referenced docket. Pursuant to the Commission's Electronic Filing Requirements, this version should be considered the official copy for purposes of the docket file. Copies of this document will be served on all parties via electronic and U.S. Mail.

Thank you for your assistance with this filing.

Sincerely yours,

s/ Tracy W. Hatch

Tracy W. Hatch

TWH/las
Attachment
cc: Parties of Record

DOCUMENT NUMBER-DATE
10975 OCT 11 04

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the CLEC's Reply was served by U.S. Mail this 11th day of October 2004 to the following:

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*s/ Tracy W. Hatch*_____

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation into the Establishment)	
of Operations Support System Permanent)	Docket No. 000121A-TP
Performance Measures for Incumbent)	
Local Exchange Telecommunications)	Filed: October 11, 2004
Companies (BellSouth Track))	
_____)	

CLEC COALITION REPLY TO ACTION ITEMS FROM SEEM WORKSHOP

The Competitive Local Exchange Carrier Coalition (“CLEC Coalition”), consisting of ACCESS Integrated Networks Inc. (“AIN”); AT&T Communications of the Southern States, LLC (“AT&T”); Birch Telecom, Inc.; DIECA Communications Company d/b/a Covad Communications Company (“Covad”); ITC^DeltaCom Communications, Inc. (“ITC^DeltaCom/BTI”); MCI metro Access Transmission Services, LLC (“MCI”); and Nuvox Communications Inc. hereby files the following responses to the Florida Public Service Commission Staff’s (“Staff’s”) request that answers be supplied for the following Action Items from the September 28 and 29, 2004 SEEM Workshop:

Action Item 1 – Provide five descriptions of codes for adjustments.

Response: To date, the CLEC Coalition is only aware of changes that impact SEEM results via the Data Notification reports and from regulatory changes resulting from Commission or FCC orders. BellSouth provides Data Notifications each month in compliance with the Georgia Public Service Commission’s Order of July 19, 2002. This Order specifies that when BellSouth proposes making any changes to the methods by which performance data is calculated, it must provide written notice. This notice must be provided on the first business day of the month before the data month in which the change will be made. BellSouth must also provide notification if it is considering making changes to the method of calculating data for the following month.

These changes can result in adjustments to the CLECs penalty payments made under SEEM. Some examples of these adjustment descriptions include the following:

1. Currently, PMAP is overstating the number of retail design lines in service for services => DS1 speed, because records with 'TIE' as part of the circuit ID are being counted. These records are not retail circuits, but are TIE cables between BellSouth and CLEC collocation spaces. These facilities are administered by BellSouth so they appear in the data as BellSouth circuits, merely assigned a circuit ID for inventory management purposes. BellSouth proposes a coding change to exclude these records. (RQ2133)
2. With the implementation of the ENCORE Release 16.0, BellSouth discovered that changes in the tables caused some xDSL, UDC, UCL and EELs orders to be erroneously omitted from this measure. BellSouth proposes correcting the code to include these Partially Mechanized orders. (RQ5687)
3. Currently, BellSouth includes the circuit identifier for the SLC (pair gain) digital pipe, in the line count for retail DS1 service. These circuit identifiers represent BellSouth internal circuits, which should be excluded from the retail line count. BellSouth proposes to exclude these internal records consistent with the SQM. (RQ5435)
4. Currently, escalated Billing Adjustment Requests (BARs) are not included in the calculation of this measure. BellSouth proposes to include the interval from the receipt to the point of escalation as the interval for these records and to include these items in the calculation of the measure. (RQ5358)
5. BellSouth has discovered that Special Access services are erroneously being included in certain of the BellSouth Retail Analog data. BellSouth proposes to remove these records, as they are not retail services. (RQ4550)

Action Item 2 -- Provide a format for an additional PARIS report reflecting statistical results.

Response: See Appendix A for the layout of the proposed report. This proposed report would provide the underlying data that leads to compliance determination calculations.

Action Item 3 -- Provide an explanation of the impact of requiring two consecutive violations on the balancing of Type I and Type II error probabilities.

Response: See Appendix B.

Respectfully submitted this 11th day of October 2004.

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APPENDIX A

Impact of Requiring Two Consecutive Violations on the Balancing of Type I and Type II Error Probabilities

Balancing in a Single Month

Currently, compliance determinations for parity submeasures in the Florida SEEM plan are based on the concept of balancing Type I and Type II error probabilities.¹ Balancing involves the following elements:

- A *null hypothesis*, H_0 , that the processes for providing service to ILEC and CLEC customers are in parity.
- An *alternative hypothesis*, H_a , which quantifies the magnitude of a “material” disparity in the two service processes that favors ILEC customers. In practice, the magnitude of the disparity is specified through a parameter delta, but that detail is tangential to the topic of this document.
- ILEC and CLEC *sample sizes*, which determine the precision of the comparison.
- A *test statistic*, z^T , which has a known distribution for the given sample sizes when either the null or the alternative hypothesis is true. Ideally, the test statistic does well at discriminating between the two hypotheses.² In practice, z^T is the truncated z statistic, but again that detail is tangential to this discussion.

Figure 1 illustrates an example of the above elements. When the null hypothesis H_0 is true, z^T is designed to have a standard normal distribution (mean 0 and standard deviation 1, see dark blue curve). Under the alternative hypothesis H_a in this example, z^T also has a normal distribution with standard deviation 1, but with mean -3.00 (magenta curve).³

Given the above elements, the compliance determination requires specification of a *critical value*, c , to which z^T is compared. If $z^T > c$, the performance is deemed “in parity”; while if $z^T < c$, the performance is deemed “out of parity.”⁴ This leads to two types of errors. A *Type I error* occurs if H_0 is true and $z^T < c$ —i.e., if the process is in parity and the observed performance is deemed to be out of parity. In contrast, a *Type II error* occurs if H_a is true and $z^T > c$ —i.e., if the process is out of parity and the observed performance is deemed to be in parity.

For specified distributions as in Figure 1, choosing a critical value involves trading off the two types of errors. Choosing a smaller (more negative) critical value

¹ *Self-Effectuating Enforcement Mechanism Administrative Plan*, June 16, 2003, Appendix Sections C.1.4 and D.3.

² That is, the distribution of z^T under the alternative hypothesis has minimal overlap with that of z^T under the null hypothesis, producing high statistical “power”.

³ The separation between the two distributions, 3 units in the example, is determined jointly by the values of delta and the two sample sizes.

⁴ For simplicity, I ignore the case $z^T = c$, which can be assumed never to occur.

reduces the probability of a Type I error, but increases the probability of a Type II error. Increasing the critical value produces the opposite tradeoff.

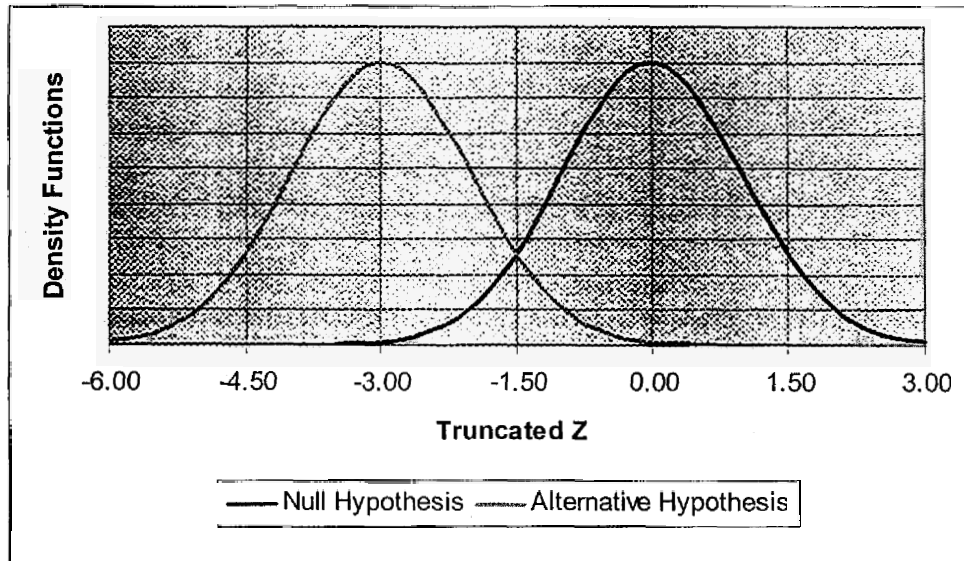


Fig. 1. Example illustrating the distribution of truncated z under the null and alternative hypotheses. The balancing critical value equals -1.50.

Balancing explicitly equalizes the two error probabilities. Specifically, the balancing critical value, bcv , is set such that $P(\text{Type I error}) = P(\text{Type II error})$, i.e.,

$$P(z^T < bcv \mid H_0) = P(z^T > bcv \mid H_a) .^5$$

By the symmetry of the example, it is clear that the balancing critical value equals -1.50. This results in Type I and Type II error probabilities of approximately 0.067.

Requiring Two Consecutive Violations for a Remedy Payment

Under BellSouth's proposed changes to SEEM, the compliance determination for a single month continues to be based on balancing of error probabilities. However, a remedy payment is made only if service is determined to be out of parity in two consecutive months. For example, a remedy payment is made for February if and only if there is a violation in February *and* in one or both of January and March.

What impact would this proposed change have on balancing of errors related to whether remedies are paid? To answer that question, we need to define two new hypotheses and two new types of error that are appropriate for this situation. Specifically:

⁵ The symbol “[|]” stands for “assuming that what follows is true.”

- H_{ooo} is the hypothesis that the process is in parity in all three months. A Type I* error occurs for February if H_{ooo} is true (so that no remedies should be paid), but a remedy is paid in February.
- H_{aaa} is the hypothesis that the process is out of parity in all three months. A Type II* error occurs for February if H_{aaa} is true (so that remedies should be paid), but a remedy is *not* paid in February.

For simplicity, assume that Type I and Type II error probabilities for the single month compliance determinations all equal p . Then (feel free to skip to discussion of Table 1)

$$\begin{aligned} P(\text{Type I}^* \text{ error}) &= P(\text{remedy paid in February} \mid H_{ooo}) \\ &= P(\text{violation in Feb} \mid H_{ooo}) P(\text{violation in Jan or Mar} \mid H_{ooo})^6 \\ &= p(2p - p^2) = 2p^2 - p^3, \end{aligned}$$

while

$$\begin{aligned} P(\text{Type II}^* \text{ error}) &= P(\text{no remedy paid in February} \mid H_{aaa}) \\ &= 1 - P(\text{remedy paid in February} \mid H_{aaa}) \\ &= 1 - P(\text{violation in Feb} \mid H_{aaa}) P(\text{violation in Jan or Mar} \mid H_{aaa}) \\ &= 1 - (1 - p)[2(1 - p) - (1 - p)^2] = p + p^2 - p^3. \end{aligned}$$

Table 1 shows the imbalance between the Type I* and Type II* error probabilities for various values of p . For example, for $p = 0.05$ ($b_{cv} = -1.645$), the probability of a Type II* error is more than ten times larger than the probability of a Type I* error. Note that with true balancing, the ratio of shown in the last column of Table 1 would be 1.0.

Table 1

Imbalance in Type I* and Type II* Error Probabilities Due to Requiring Two Consecutive Months of Violations before Occurrence of Remedy Payments (Alternative Hypothesis is Consistent Disparity)

p	$P(\text{Type I}^* \text{ err})$	$P(\text{Type II}^* \text{ err})$	$\frac{P(\text{Type II}^* \text{ err})}{P(\text{Type I}^* \text{ err})}$
0.20	0.0720	0.2320	3.2
0.10	0.0190	0.1090	5.7
0.05	0.0049	0.0524	10.7

⁶ All probability calculations assume that compliance determinations are independent across months (conditional on the relevant hypothesis), so that the probability of two events occurring equals the product of the individual probabilities.

		0.0101	50.7
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- H_{0ao} is the hypothesis that the process is in parity in January and March, but out of parity in February. Now, a Type II* error occurs for February if H_{0ao} is true and a remedy is *not* paid in February.

In this case, the probability of a Type I* error is the same as above. However, because the alternative hypothesis has changed,

$$\begin{aligned}
 P(\text{Type II}^* \text{ error}) &= 1 - P(\text{violation in Feb} \mid H_{0ao}) P(\text{violation in Jan or Mar} \mid H_{0ao}) \\
 &= 1 - (1-p)(2p-p^2) = 1 - 2p + 3p^2 - p^3.
 \end{aligned}$$

Table 2 has the same format as Table 1, except that it shows the extreme imbalance in error probabilities when the process is disparate in a single month. Table 2 shows remedies are very unlikely to be paid, especially for very small values of p , when the evidence against parity is likely to be overwhelming in the middle month. Any semblance of balancing disappears.

Table 2

Imbalance in Type I* and Type II* Error Probabilities Due to Requiring Two Consecutive Months of Violations before Occurrence of Remedy Payments (Alternative Hypothesis is Disparity in One Month Only)

p	P(Type I* err)	P(Type II* err)	$\frac{P(\text{Type II}^* \text{ err})}{P(\text{Type I}^* \text{ err})}$
0.20	0.0720	0.7120	9.9
0.10	0.0190	0.8290	43.6
0.05	0.0049	0.9074	186.1
0.01	0.0002	0.9803	4926.1

NOTE: Type I* error assumes H_{0oo} .
 Type II* error assumes H_{0ao} .

Summary

Requiring two consecutive months of violations before any remedy payments occur destroys the concept of balancing error probabilities. Doing so increases the probability that no remedy payment will occur given that a material difference exists goes up, while decreasing the probability that that a payment will occur given that the processes are in parity. Tables 1 and 2 show that the imbalance is likely to be severe.

APPENDIX B

Appendix B

FL Tier 1 Remedy Report

Report Date: 9/15/2004
Report Period: 200407

Tier 1

Sub-Metric	Z-Score	Balancing Critical Value	Pass/Fail Indication	BNMK	BST Metric Result	CLEC Metric Result	CLEC Volume	Fee Schedule	Remedy Paid
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