

1 (Whereupon, the following was had
2 out of camera.)

3 BY MR. CONNOLLY:

4 Q. We'll go to our general questions
5 beginning with AT&T Question 25, please.

6 Will we also, Mr. Kern, attach our
7 written questions?

8 MR. KERN: (Nodding.)

9 Considering the volume of questions we'd
10 like to get through today, it'd be helpful if you
11 didn't read them. Just kind of plow on through.

12 MR. BRIAN HORST: In response to No. 25 as
13 indicated in the report, the company has not
14 implemented corrective action for this issue.

15 Section 4 is titled Exceptions in Which
16 No Corrective Action Is Planned by the Company.

17 BY MR. CONNOLLY:

18 Q. Great. Thanks.

19 26?

20 MR. BRIAN HORST: You take 26, definitions.

21 MR. KEVIN GRAY: Source system: The key
22 systems in which transactions may be collected,

1 processed and maintained for operational
2 reporting needs.

3 Definition for reporting system: Key
4 systems in by PM data is processed to be
5 reported. This includes the intermediate systems
6 which apply the business rules and the back-end
7 systems which summarize or report to PM results.

8 Intermediate applications: Intermediate
9 applications (systems) collect operational
10 transaction-level data and apply the PM business
11 rules.

12 Judgmental selection process:
13 Judgmental selection process, historically, it's
14 a nonstatistical sampling. It was called
15 judgment sampling. The judgmental selection
16 process we use to focus on a particular area.

17 Next definition was raw data: Data that
18 has not -- has not had the PM business rules
19 applied.

20 MR. DANIEL DOLAN: Yet.

21 MR. KEVIN GRAY: Critical controls:
22 Activities that help ensure the proper handling

1 of a process in accordance with the process goals
2 and objectives.

3 Significant application: Generically, a
4 significant application would be an application
5 in a process in which the application is a
6 critical component to accomplish the processes,
7 goals and objectives.

8 Q. Thank you.

9 27, please.

10 MR. BRIAN HORST: The following
11 interpretations disclosed in Attachment B had no
12 business rule change agreed to between SBC and
13 the CLECs:

14 Interpretation 9, 12, 13, 14, 15, 21,
15 22, 24, 25, 27, 29, 30, 37, 48, 49 and 50.

16 MR. REIDY: Okay.

17 BY MR. CONNOLLY:

18 Q. That list, Brian, that's your company,
19 Ernst and Young's understanding of the
20 interpretations that did not require business
21 rule changes?

22 MR. BRIAN HORST: No, that's a list of

1 interpretations where the business rules were not
2 changed in the current draft of the business, you
3 know, the new version, the redline business rules
4 that are being submitted for approval.

5 Q. So from the list of interpretations?

6 MR. BRIAN HORST: Right.

7 Q. 50 or so?

8 MR. BRIAN HORST: Right.

9 Q. These are the ones that did not match up
10 with some element of the new redline business
11 rules?

12 MR. BRIAN HORST: That's correct.

13 Q. This is the redline business rules that
14 were translated into the tariff that Ameritech
15 just filed; is that your understanding?

16 MR. BRIAN HORST: What we compared them to
17 was the redline copy of the business rules that
18 the company provided to us on January 6th, 2003.
19 We've not been made aware of any changes since
20 then.

21 Q. Okay. Great.

22 AT&T Question 28, please.

1 MR. BRIAN HORST: Okay. This statement is in
2 reference to our explanation of the scope of the
3 engagement.

4 What we intended to communicate was that
5 that the scope of our examination was to report
6 on the accuracy and completeness of performance
7 measurements, not on whether the company's actual
8 performance was acceptable or not acceptable.

9 The accuracy statement relates to the
10 actual performance measurements and not to the
11 processes. Our materiality standard utilized to
12 measure accuracy of the performance measurements
13 is disclosed in our report.

14 So what we're telling you there is our
15 wording in these supplemental report could have
16 been better.

17 Q. Okay. So my way I read that and
18 interpreted accurate process doesn't
19 necessarily --

20 MR. BRIAN HORST: That's true. It doesn't
21 apply.

22 Q. You're talking about the results are

1 accurate?

2 MR. BRIAN HORST: Right.

3 MR. DANIEL DOLAN: Hm-hmm.

4 Q. The materiality standard in the -- in your
5 report is -- has two components.

6 MR. BRIAN HORST: Yes.

7 Q. One is the error, if corrected, would
8 change the original reported performance
9 measurement result by five percent or more?

10 MR. BRIAN HORST: Right.

11 Q. And the second part is the error, if
12 corrected, would cause the PM's original reported
13 parity attainment/failure or benchmark
14 attainment/failure to change?

15 MR. BRIAN HORST: Correct.

16 Q. Now, on the percent calculation, if -- is
17 it the percent of that measure that changes or is
18 it merely five points change on the -- on
19 statistics?

20 MR. BRIAN HORST: No, it's not 500 basis
21 points.

22 If you're changing from -- let's say the

1 reported result was one and it should have been
2 two percent -- one percent and it should have
3 been two percent, we would consider that I guess
4 -- well, I don't know if this is a good example
5 because that one comes out the same either way.

6 But if it changes -- basically, what we
7 did is we took the old percent -- the old result,
8 and say it's .5 and the new result is .6, that is
9 greater than a five percent change. It's not a
10 500 basis points change. It's -- actually, you
11 take the new result minus the old result divided
12 by the old result to come up with the percentage.

13 So it's actually a very small
14 materiality standard.

15 Q. Okay. If the retail result changed such
16 that the -- such that its component switched by
17 five percent or more, would that be reportable?

18 MR. BRIAN HORST: Yes.

19 Q. But only if -- well, isn't it true that
20 the retail results that you calculate are used
21 just for parity evaluations?

22 MR. BRIAN HORST: I'm not sure I understand

1 your question.

2 Q. Did you do any audit of retail results for
3 measures that did not have parity as the
4 standard?

5 MR. BRIAN HORST: No. We audited the
6 accuracy and completeness of what was reported.

7 So if there's a measure where you're not
8 reporting retail, we're not going out and testing
9 retail, if that's your question.

10 So if it's a straight benchmark measure,
11 we're not testing retail transactions.

12 Q. Correct. So I think we're agreeing with
13 one another without --

14 MR. BRIAN HORST: Yeah, I think so, but I'm
15 not sure.

16 Q. -- without finding the words to say that.

17 It's my understanding that you would
18 have calculated retail results for measures that
19 have a retail component, and the only ones that
20 I'm familiar with that have a retail component
21 are those that have parity as a standard.

22 MR. BRIAN HORST: That's correct.

1 Q. So if the retail result changed by five
2 percent -- let's say 10 percent for an example.

3 MR. BRIAN HORST: Okay.

4 Q. But it didn't change the outcome to fail
5 from passing on that parity evaluation, that
6 would not have been reported --

7 MR. BRIAN HORST: No, that would have been
8 reported.

9 Q. -- is that right?

10 MR. BRIAN HORST: The materiality standard is
11 plus or minus five percent or -- and it's not
12 and; it's or -- changes from parity attainment.

13 Q. Okay. But you're -- as you have in
14 Footnote 3 on your report of independent
15 accountants to the company, January 17th, I read
16 A, which is the five percent change and/or parity
17 change?

18 MR. BRIAN HORST: Right.

19 Q. So in my example where it's 10 percent
20 change in the retail value and it didn't change,
21 you'd still report that?

22 MR. BRIAN HORST: Yes.

1 Q. I don't recall any of the audit findings
2 stating that there was noncompliance with the
3 calculation of the retail results.

4 Do you have any of those that you can
5 identify for us?

6 MR. KEVIN GRAY: I guess can you clarify what
7 you mean by recalculation?

8 BY MR. CONNOLLY:

9 Q. I'm -- you tested compliance in the
10 business rules for retail calculations as well as
11 for the wholesale?

12 MR. KEVIN GRAY: Right. Similar transaction
13 testing, coder view, those types of things?

14 MR. BRIAN HORST: Yeah.

15 MR. KEVIN GRAY: Yeah.

16 Q. And you reported the results in -- in your
17 supplemental report, you identify the errors that
18 you found in compliance.

19 MR. KEVIN GRAY: Right.

20 Q. Appendix B, transaction testing results.

21 I don't recall any of those stating that
22 there was a miscalculation or noncompliance with

1 the retail aspect of the measure?

2 MR. BRIAN HORST: There's quite a few of
3 these that apply to the retail.

4 I think there's some of them that,
5 unless -- I know there's examples of them that
6 are just retail only. Some of them would apply
7 to both retail and wholesale, specifically if
8 you're excluding things in the code to both the
9 retail and wholesale side.

10 So it's just not limited to wholesale.

11 Q. Okay. AT&T Question 29, please?

12 MR. BRIAN HORST: The answer to that question
13 is, yes, it would be included in Attachment A.

14 Q. But that's where we'll find all of them.
15 They're not anyplace else?

16 MR. BRIAN HORST: You may also have issues
17 disclosed in Attachment B, if they're considered
18 interpretations. But if they're clearly
19 considered exceptions, they're in Attachment A.

20 Q. So some might be in B?

21 MR. DANIEL DOLAN: Hm-hmm.

22 Q. Or some are in B?

1 MR. BRIAN HORST: Well, only interpretations
2 are in B. Exceptions are in A.

3 Q. So code reviews caused audit findings and
4 code reviews caused interpretations to be
5 documented?

6 MR. BRIAN HORST: Yes. Absolutely.

7 Q. AT&T Question 30, please.

8 MR. BRIAN HORST: Process flows and activity
9 dictionaries are the methodology utilized by
10 Ernst and Young to gain an understanding of the
11 processes utilized by the company to generate
12 each performance measurement.

13 The use of process flows and activities
14 dictionaries is not expressly mentioned in the
15 Illinois master test plan.

16 Q. So because it's methodology, that's what
17 you refer to in the master test plan where the
18 master test plan establishes the content of these
19 tests, PMR 1, PMR 4 and 5, your way of conducting
20 those tests is to develop the process flows and
21 activity dictionaries?

22 MR. BRIAN HORST: That's correct -- that's

1 one way of -- yeah, one of our methodologies.

2 Q. That's just one, one of many.

3 Okay. AT&T Question 31, please.

4 MR. BRIAN HORST: E&Y met with a variety of
5 company subject matter experts primarily in the
6 following three areas:

7 The PM process owners. These are
8 company personnel who are responsible for the
9 business processes to generate specific
10 performance measures.

11 The technical owners. Company
12 representatives who are responsible for
13 maintaining and updating computer program logic
14 associated with the processing and reporting
15 performance measurement data. And the long
16 distance compliance group, which is company
17 personnel with overall responsibility for the
18 performance measures.

19 Q. So the technical owner, could you help me
20 understand that term better, please?

21 I'm not sure I have a grasp of what that
22 means in the context of --

1 MR. KEVIN GRAY: You have PM process owners
2 are referred to as functional -- people
3 non-IT-oriented personnel. When you go to the
4 technical owners, these are the guys that are
5 actually implementing the program code, changing
6 the program code, yeah, system engineers, IT --

7 Q. Analysts?

8 MR. KEVIN GRAY: Right.

9 Q. But -- so the -- the technicians who write
10 down the trouble ticket code that closes that
11 trouble ticket, those people are not the
12 technical owners or the process owners or the
13 company reps or the LD compliance people; is that
14 right?

15 MR. KEVIN GRAY: Hm-hmm.

16 MR. BRIAN HORST: We need to add a category,
17 which would be the operational folks when we
18 conducted our site visits to test any corrective
19 action.

20 Q. And folks is a -- something that you'll
21 expand upon?

22 MR. BRIAN HORST: What did I say?

1 MR. DANIEL DOLAN: Human beings.

2 MR. BRIAN HORST: Thank you.

3 Q. In the section -- this is not in advance
4 question that I have.

5 In the transaction testing corrective
6 action steps which you took, I understand about
7 the transaction testing approach that you did for
8 the audit and -- well, is it -- isn't true -- is
9 it true that the audit is finished?

10 Is that correct?

11 MR. DANIEL DOLAN: As of our opinion date.

12 MR. BRIAN HORST: Yeah, as of our opinion
13 date, that engagement is complete. Yes.

14 Q. So the work that you're doing now is
15 observing, monitoring compliance with Ameritech's
16 efforts to get in compliance according to your
17 PMR findings?

18 MR. BRIAN HORST: Yeah -- yes.

19 In Michigan, the order that came out
20 approving their long distance application
21 required that our engagement be seen through to
22 completion. So that's a piece of work that we

1 will continue to do.

2 For the corrective action that the
3 company has yet to implement, which would be the
4 items in Section 5 of our report, we will have to
5 test those once they are implemented as part of
6 that order.

7 At this stage, we've not been requested
8 to do anything for any of the other states
9 related -- or for Illinois, I guess, related to
10 this report.

11 Q. Hm-hmm.

12 MR. BRIAN HORST: A lot of that work we're
13 doing in Michigan will also cover issues in this
14 report.

15 Q. Right.

16 MR. DANIEL DOLAN: Because they're similar.

17 Q. The audit findings are the same; isn't
18 that right?

19 MR. DANIEL DOLAN: (Nodding.)

20 Q. And corrective action through systems that
21 are essentially the same would logically require
22 compliance evaluation of those activities?

1 MR. BRIAN HORST: That's correct.

2 MR. DANIEL DOLAN: That's correct.

3 Q. But -- so the audit engagement here for
4 Illinois, that was the major program that you did
5 for all five states; do I understand that right?

6 The March to May audit examination, that
7 was it? That was the audit?

8 MR. BRIAN HORST: That was the audit. That
9 was the engagement, yes.

10 Q. And there's not other audits for other
11 periods?

12 MR. BRIAN HORST: At this point, we've not
13 been requested to do any other engagements for
14 Illinois.

15 MR. DANIEL DOLAN: But the report that we
16 issued as of January did include -- addressed
17 that corrective action had been taken with
18 respect to any errors identified through the date
19 of that report.

20 Q. I think I understand. I think --

21 MR. DANIEL DOLAN: Yeah.

22 Q. Let me ask a clarifying question.

1 In Michigan, we had -- you issued a
2 November report?

3 MR. DANIEL DOLAN: October. We issued an
4 October report, which was the completion of our
5 audit and our identified errors as a result of
6 auditing the evaluation period.

7 Q. Correct.

8 MR. DANIEL DOLAN: Okay.

9 Q. And then a November report?

10 MR. DANIEL DOLAN: It was -- well, we issued
11 a November report that indicated that we had just
12 done some program code review, but no testing of
13 any corrective action had been -- was in process.

14 And then in December, we issued another
15 attestation report relative to their assertions
16 relating to the corrective actions they had or
17 had not taken with respect to the errors that
18 were identified in the October report.

19 Q. Right.

20 MR. DANIEL DOLAN: So it was a -- we would
21 call it a subsequent events-type engagement where
22 we audited only those assertions that --

1 regardless of the assertions, we audited the
2 assertion and the related corrective action that
3 they indicated they had taken.

4 So that was the basis of our December
5 report.

6 Q. Okay.

7 MR. DANIEL DOLAN: So the benefit -- the
8 results of the work of both those engagements are
9 encompassed in the Illinois report, but there's
10 also additional Illinois procedures that we
11 performed in order to be able to issue our
12 opinion as of January with respect to the
13 Illinois business rules.

14 Anything else, Brian?

15 MR. BRIAN HORST: (Shaking head.)

16 Q. What of the December reported compliance
17 evaluations that you conducted are reflected in
18 the January report for here in Illinois?

19 MR. DANIEL DOLAN: All of them.

20 MR. BRIAN HORST: All of them.

21 Q. Because is that -- is that because the
22 nature of your work is to report -- eventually

1 report on all of the implementations of
2 corrective actions to bring the business rules
3 into compliance?

4 MR. BRIAN HORST: What we did in Illinois is
5 we issued a report saying here are the
6 noncompliance items, and the company made an
7 assertion saying here's the status of our
8 corrective action related to those issues of
9 noncompliance, and so we have audited through
10 January 17th all of those assertions that the
11 company has made.

12 We have not been engaged by the company
13 as of today, if the items in Section 5 are
14 corrected, to issue another report.

15 Now, they may come to us and say we
16 would like you guys to audit or fix and issue a
17 separate report in Illinois. We are doing that
18 in Michigan as a result of the order that came
19 out.

20 Q. Well, did Ernst and Young prepare
21 Attachment A to your report?

22 MR. BRIAN HORST: Ernst and Young prepared

1 Attachment A as it relates to the findings. The
2 company prepared the assertions in Attachment A.

3 So we -- in Michigan, Attachment A was
4 to our report, which was all the findings that
5 were there. We communicated those same findings
6 to the company in Illinois. They attached those
7 to their assertions along with their assertion
8 regarding their corrective action.

9 Q. So as we see Attachment A, it's filed as
10 an Ernst-and-Young-prepared Attachment A and not
11 an SBC Attachment A prepared by them and
12 forwarded to you?

13 MR. DANIEL DOLAN: Columns --

14 MR. BRIAN HORST: Column -- the column
15 regarding corrective action is certainly a column
16 they prepared. That's their wording and we
17 tested that wording to make sure it was correct.

18 MR. DANIEL DOLAN: Our opinion is attesting
19 to those assertions.

20 Q. As stated by SBC?

21 MR. DANIEL DOLAN: Yes.

22 Q. So --

1 MR. BRIAN HORST: Yes.

2 Q. Maybe the confusion is on my reading of
3 the title of that being the report of management.

4 MR. DANIEL DOLAN: Yes.

5 Q. It seemed to me that that was SBC's
6 report.

7 MR. BRIAN HORST: Yeah, in -- the way we
8 tried to address that and it's the way we address
9 them in the FCC engagements is if you read our
10 opinion, it states that we're reporting directly
11 on the company's compliance with the business
12 rules as well as their assertion. So we're
13 reporting on both.

14 So if there was an item that they didn't
15 put in their attachment related to noncompliance
16 with the business rules.

17 Q. Hm-hmm.

18 MR. BRIAN HORST: We would have made sure
19 that they added it.

20 Q. All right. As you're progressing through
21 the compliance phase, there were another error or
22 two that you had found that were not reflected in

1 the original audit; is that --

2 MR. BRIAN HORST: In the Michigan audit?

3 Q. Michigan, right?

4 MR. BRIAN HORST: That's correct.

5 Q. Are those additional errors reflected in
6 the Illinois report now?

7 MR. BRIAN HORST: To the extent they impact
8 March, April and May, yes, they are.

9 Q. The restatement work that you're watching
10 or observing SBC make is to -- is part of it to
11 get March through May results fully restated?

12 MR. BRIAN HORST: That is a question you
13 probably need to direct to the company. We don't
14 tell them what months they need to restate.
15 That's their decision.

16 Q. In the testing that you've done on
17 compliance where the company says they've
18 restated September, for example --

19 MR. BRIAN HORST: Correct.

20 Q. -- you are reviewing -- you're attesting
21 that they -- that they have done that properly --

22 MR. BRIAN HORST: Yes.

1 Q. -- is that right?

2 MR. BRIAN HORST: What we do and -- would you
3 like to get into a discussion on corrective
4 action testing as to --

5 Q. Yeah, I think -- yeah, because I think
6 we're in there.

7 MR. BRIAN HORST: Okay. What we do is when
8 the company makes a correction, after they have
9 implemented the correction, the first thing we do
10 is we obtain the company's program code, and we
11 sit down and we analyze the program code and say
12 is this change that the company put in effective
13 at fixing the issue that was noted.

14 So the first thing we do is we look at
15 the code. We sit down with their programmers.
16 We walk through it. We understand.

17 The second thing we do is we do
18 transaction testing. And Patrick can walk you
19 through a transaction testing, but basically
20 we're picking a month subsequent that's been
21 corrected and we're going through -- and the
22 majority of it is comparing, you know, the source

1 files to the reporting files and say if you
2 excluded something, we're saying, okay. Is it
3 now included? And so we're looking at those
4 files and we're saying, yes, we see them
5 included.

6 In addition to that, if there were any
7 that were excluded for a particular reason, we
8 take a small sample just as additional assurance
9 that the fix went in place and make sure that
10 those exclusions are being made for some
11 legitimate reason that's allowed by the business
12 rules.

13 So we make sure it's in there. And for
14 the items that, you know, that aren't in there,
15 we're going to take a small judgmental sample and
16 just confirm that, yes, this just looks like
17 normal application of the business rules.

18 In addition to that, we're doing
19 analytic reviews on the statements, taking a look
20 at those results making sure that the
21 restatements were made in the months they're
22 saying.

1 We have now reviewed the new code and we
2 go back, and we've looked at the company's
3 control process over restatements and it's simply
4 a process of running old data through new code.

5 Q. Code through -- SBC's new code?

6 MR. BRIAN HORST: Right.

7 MR. DANIEL DOLAN: Hm-hmm.

8 Q. When you say -- in your transaction
9 testing compliance work --

10 MR. BRIAN HORST: Yes.

11 Q. -- you say that the -- you test the entire
12 population of transactions of a selected month?

13 MR. BRIAN HORST: Yes.

14 Q. Can you explain what that means? Is that
15 like on a specific measure?

16 MR. PATRICK GREEN: Yeah, we would take a
17 measure and a month. For example, you know,
18 PM 27, they were excluding projects improperly.

19 We would take the entire PM 27 source
20 data file and then we would identify just
21 projects and trace that through to the reporting
22 file to verify that it was properly treated after

1 the corrective action was implemented.

2 Q. Hm-hmm. So if you had -- if you were
3 involved with one of the measures that was trunk
4 blocking, for example, what sort of transactions
5 would you run through that?

6 And I don't know that there's been a
7 problem with one of those. It just strikes me as
8 an example of one where there's an awful lot of
9 transactions?

10 MR. PATRICK GREEN: Yeah, if you could point
11 me to an issue, I could tell you more
12 specifically on trunk blocking.

13 Q. That's fair. I don't think there is one,
14 but it just seemed to me that when you are
15 talking about all the -- the entire body of
16 transactions, that's a lot of data to go through
17 this code.

18 Corrective action on the processes and
19 procedures, that obviously -- that obviously
20 doesn't involve code reviews?

21 MR. BRIAN HORST: That's correct.

22 Q. That's where you look at newly issued

1 methods or procedures or redline versions of
2 methods and procedures prior to their being
3 released to the field?

4 MR. BRIAN HORST: Yes, we look at the new
5 processes in place. They may or may not have had
6 a written formal M and P, I guess, when we're
7 looking at methods and procedures, we're looking
8 at what are the methods and procedures you're
9 utilizing.

10 So what we would do is we would go out
11 and sit down with them, understand the process,
12 and we do some transaction testing of that as
13 well.

14 Q. If you don't -- what do you use for your
15 test controls on those transaction types that are
16 process oriented? I mean, how do you do a
17 control test on that?

18 MR. BRIAN HORST: How do we do a control
19 test?

20 Q. Right. To make sure, for example, that on
21 the entry of the proper closure codes for trouble
22 tickets, that you've got enough of a variety of

1 trouble tickets to be sure that there is some in
2 there that were being no trouble found or delayed
3 maintenance company access?

4 How do you control that you've got
5 representative data to look at the outputs?

6 MR. KEVIN GRAY: Well, what you're describing
7 there, I'm not sure that there's an example of
8 that particular issue, but it -- I guess a
9 process issue usually is around some kind of
10 manual operation not happening or happening
11 incorrectly.

12 One item was from the billing
13 perspective where the -- what was it -- the bill
14 audits, any errors in the bill audits was not
15 being reported to the appropriate people who then
16 reported that information on to the performance
17 measurement reporting system.

18 What they did was as they were doing
19 these audits, there wasn't a column on the spread
20 sheet to say here's an error, here's an error,
21 here's an error. And so when it got to the
22 performance measurement reporting people, they

1 didn't see any errors.

2 So what we physically did is we went
3 back out there and looked at that. There was a
4 column added. We observed the bill audits being
5 done and observed, yeah, here's an error. Here's
6 what the error was, that data then processing on
7 through. So we actually observed the change for
8 those -- for that process which caused the error.

9 Q. But your audit process, your compliance
10 review process doesn't allow you to tap somebody
11 on the shoulder and say put in 15
12 no-trouble-found tickets and we'll see how they
13 get reported out?

14 You don't employ that sort technique, do
15 you?

16 MR. BRIAN HORST: Well, I know in the bill
17 audit, Brad, you expand on this, but didn't you
18 go out and sit down with the people, look over
19 their shoulder and say show me that you can go
20 back --

21 MR. BRADLEY SHEPHERD: This is talking about
22 PM 15.

1 MR. DANIEL DOLAN: Brad, identify yourself.

2 MR. BRADLEY SHEPHERD: Brad Shepherd.

3 Initially -- as he was saying, this is
4 the bill format performance metric. Initially,
5 even if -- when the -- found an error, they were
6 putting them into to developers to be fixed, but
7 that wasn't getting to the performance metric
8 people because the spread sheet they give the
9 performance metric people just didn't have a
10 column on it that said we found an error.

11 They're corrective action was we went
12 back out and verified that the column was in
13 place and that it was being utilized by the
14 validators and subsequently reported the
15 performance metric reported.

16 MR. DANIEL DOLAN: That's an example.

17 Q. There were -- okay. In the -- Item 42,
18 which I believe is in Roman II, exceptions
19 corrected, but March, April, May results were not
20 restated. This involves billing measure 14.

21 Is this part of what you were just
22 talking about? I didn't get your name.

1 MR. BRADLEY SHEPHERD: Brad Shepherd.

2 Q. Brad?

3 Is this part of that correction that you
4 were just describing?

5 MR. BRADLEY SHEPHERD: I'm not even sure what
6 you're referring back to, honestly.

7 No, that's not -- this is 14 you're
8 speaking of now.

9 Q. Were you on 15? So it was your
10 explanation on -- I was speaking of?

11 MR. BRADLEY SHEPHERD: Item 14, is that
12 you're asking?

13 Q. On Line 4 -- I asked you 42 and you said,
14 no, it was so 43?

15 MR. BRADLEY SHEPHERD: That's accurate.

16 MR. DANIEL DOLAN: Section 2, Item 43.

17 Q. 43. That's the correction Brad was just
18 talking about.

19 MR. BRIAN HORST: Right. The item I was
20 thinking about was 241. This is where they
21 didn't maintain the information to do the bill
22 audits effectively for the proper period.

1 And what we did is when we went out
2 there, we actually looked over their shoulder and
3 said, Okay. Show us that you can pull up the
4 appropriate month's information while they were
5 actually doing the audits. So that is an example
6 how we would have done that.

7 Q. Was this -- when we look at your
8 corrective actions for process, you talk about
9 samples being taken, are there samples taken for
10 these billing process changes?

11 MR. BRADLEY SHEPHERD: From our perspective
12 or from --

13 MR. BRIAN HORST: From billing.

14 From E&Y's testing or -- obviously, the
15 bill audit's a sample, but --

16 MR. BRADLEY SHEPHERD: 14 -- which you're
17 speaking of, which is PM 14, we actually -- which
18 is the USOC accuracy. We actually performed
19 samples as well to verify that the USOCs were
20 accurate from the bill to the rate -- master rate
21 tables.

22 Q. So you sampled the sample that is --

1 MR. BRADLEY SHEPHERD: That's correct.

2 Q. -- used by SBC in coming up with the
3 results that are reported in PM 14?

4 MR. BRADLEY SHEPHERD: That's correct.

5 Q. When you -- the corrective action for the
6 issues involving performance measure 14, was
7 there transaction testing done as described in
8 the -- in your report as what is corrective
9 action transaction?

10 MR. BRIAN HORST: To my understanding, for PM
11 15 --

12 Q. 14.

13 MS. HAMILL: 14.

14 MR. BRIAN HORST: -- 14, what we would have
15 done is looked over a person's shoulder and made
16 sure that they're retaining the appropriate
17 information.

18 So the specific error was you weren't
19 retaining the information long enough to do the
20 testing. So we would have looked over their
21 shoulder to do that.

22 For the second item, my understanding is

1 that we've selected a sample to test, and we're
2 tying from the billing information back to the
3 rate tables.

4 Q. Okay. I'd like to go forward now, please,
5 to AT&T Question 32.

6 MR. BRIAN HORST: The programming code within
7 DSS was adjusted to reflect the change made.
8 AEMS was not affected by the change, which is the
9 OSS system.

10 Q. That's A-E-M-S.

11 MR. BRIAN HORST: AEMS, yes.

12 The enhancement request numbers are 1258
13 and 1258-R. And then please indicate the system
14 that was used by the CLEC to place the queries.
15 I guess in terms of the system used on the CLEC
16 side, we don't have access into that. We know
17 what interfaces were used.

18 Q. Well, that's -- that's probably a better
19 way to ask my question.

20 MR. BRIAN HORST: Okay. Do you have that
21 specific --

22 Q. -- ask for the conduit.

1 A VOICE: We can give you a list of our
2 transactions tested, but we --

3 MR. BRIAN HORST: Yeah, we'll get back to
4 you --

5 Q. Let me simplify my question.

6 Are we talking about LASR? I'm not even
7 giving you the right system. Verigate and EDI
8 CORBA; is that what we're talking about?

9 A VOICE: Right. I don't believe Verigate
10 can be used for LSOG-1. This is only LSOG-1
11 transactions. It could be TCnet. It could be
12 EDI or CORBA. I could give you a comprehensive
13 list, if you'd like.

14 MR. BRIAN HORST: So your question is related
15 to the interfaces?

16 Q. Yes.

17 MR. BRIAN HORST: Okay.

18 Q. Are you familiar with how the ER numbers
19 are assigned?

20 MR. KEVIN GRAY: Yeah.

21 Q. Can you explain what?

22 MR. KEVIN GRAY: What do you mean, how

1 they're assigned or --

2 Q. Yeah. Does 1258-R immediately follow
3 1258?

4 MR. KEVIN GRAY: Yeah. Typically, there are
5 two -- there's an ER for a change going forward.
6 And then if they're going to restate data, then
7 there'll be 1258-R which means it's a
8 restatement. And sometimes there's a 1258-RA
9 which means they restated a certain period of
10 time, and then the RA would be another period of
11 time that they restated.

12 Q. I see.

13 MR. KEVIN GRAY: So it -- the 1258 relates to
14 the change. It's just usually if there's not a
15 letter after that, that means it's -- we made the
16 change as of that date and went prospectively,
17 and then they go back and rerun the data through.

18 Q. Okay. So is it a sequential numbering of
19 the ERs, like 1258 was the last one we did and
20 1259 is the first one we do tomorrow; is that to
21 your understanding?

22 MR. KEVIN GRAY: Yeah, I mean, there are --

1 that's typically how -- I mean, there's an
2 assignment process and it's numerical. As far as
3 where at in the process they get assigned a
4 number, I'm not -- I guess I couldn't tell you in
5 detail.

6 Q. But in this example, 1258 doesn't mean
7 something that deals with December?

8 MR. KEVIN GRAY: No, absolutely not.

9 MR. DANIEL DOLAN: It's a chronological,
10 isn't it?

11 Q. It's chronological incrementally one?

12 MR. KEVIN GRAY: Right.

13 Q. Okay. 33, please?

14 MR. BRIAN HORST: The computer code within
15 DSS was adjusted to properly count LSOG-4
16 transactions only once. The ER numbers are 1263
17 and 1263-R. The OSS, which is the OBF adapter,
18 was in the affected by the change.

19 And, again, under CLEC system, we'll
20 need to get back to you with the interfaces in
21 more detail because we were responding to the --
22 you know, what systems the CLECs used.

1 Q. And I'm sorry. I didn't ask it very well.

2 34, please?

3 MR. BRIAN HORST: Two transactions were
4 excluded from results due to an error in the
5 ICS/AEMS database load process where it dropped
6 preorder transactions that the program had
7 identified as duplicates.

8 The program was dropping transactions
9 that should be included in the AEMS database and
10 in the AEMS LSOG-1 version of the preorder
11 measures. ER 1297 addressed this issue, and we
12 will get you the interfaces.

13 Q. All right. 35, please?

14 MR. BRIAN HORST: It's the same response.

15 Q. As to 34?

16 MR. BRIAN HORST: Right, except they're
17 related to three transactions instead of two.

18 Q. Yes, sir. 36, please?

19 MR. BRIAN HORST: The source systems, i.e.,
20 MOR or LASR, were identified by observing the
21 process and interviewing SBC/Ameritech subject
22 matter experts to fully understand the ordering

1 and PM reporting process.

2 E&Y obtained a population of ordering
3 transactions directly from the respective source
4 systems and selected our samples from those
5 respective systems. A specified field on each
6 local service request within MOR and LASR
7 identifies the transaction type.

8 Q. How -- is there something placed in those
9 transactions that indicate that they were
10 processed -- processed by MOR and not LASR,
11 L-A-S-R?

12 MR. AARON TERRY: There's a database for MOR.
13 There's a database for LASR. This is Aaron
14 Terry, and we got our extractions from the MOR
15 database and then the LASR database. So from our
16 testing forward, we understand which application
17 it comes from depending on where we actually
18 requested it from.

19 Q. I see. When you go into the reporting
20 system for these transactions, does it -- is
21 there something in the transaction as it's being
22 reported reflect its origin in that MOR database?

1 COMMISSIONER HARVILL: They described or they
2 detailed the naming conventions for their
3 reporting files based upon which system it
4 originated from.

5 So it'll be a code or a reporting
6 process for a MOR transaction and there'll be a
7 file name for that reporting process, and
8 there'll be a similar process that they'll follow
9 for the LSOG-5 or the LASR transaction.

10 And then there's also a different
11 reporting entities which are responsible
12 depending on what period we tested. There's
13 different entities that are responsible for the
14 reporting of those databases or those source
15 systems.

16 Q. So that -- is that file identity appended
17 to each one of the records?

18 MR. AARON TERRY: It's -- the naming
19 convention is attached to the file. So the file
20 would only contain transactions that are
21 originated from that source system.

22 Q. I see. I see. Thanks, sir.

1 Okay. AT&T 37, please?

2 MR. BRIAN HORST: In Appendix B to our
3 supplemental report, the two bullet points in the
4 ordering section titled Service Order Sales
5 Transactions relate only to PM Michigan 12.

6 E&Y selected transactions from the
7 SO-Sales, Service Order Sales File, which is a
8 part of the ASON/ACIS system. All service orders
9 will be included in this SO-Sales file. This
10 file was used to calculate PM MI 12, since it has
11 the ability to track the number of cycles an
12 order was in error status.

13 Q. That's -- A-S-O-N for A-S-O-N and A-C-I-S
14 for ACIS; is that correct?

15 MR. BRIAN HORST: That's correct.

16 Q. Is there -- can you explain the difference
17 between a service order and a service order sales
18 transaction?

19 MR. AARON TERRY: The service order sales
20 file is just the name of the file. The
21 transaction itself is just the service order.
22 That's -- I'd have to get back to you with the

1 specific reason why they call it the SO-Sales
2 file, but the transactions that are in the
3 SO-Sales file are just service orders.

4 Q. Okay. Thanks.

5 AT&T 38, please?

6 MR. BRIAN HORST: The one interface was
7 related to transactions processed through LASR.
8 The issue was related to the logic in the DSS
9 reporting system. The corrective action was also
10 taken in the DSS reporting system.

11 The referenced ER is ER 1027 effective
12 June 2002 results reported in July 2002 is when
13 the correction went in.

14 Q. In AT&T 39, please?

15 MR. BRIAN HORST: The existing code was
16 revised. The ER number is 1027. The code review
17 was performed to evaluate the corrective action
18 taken to update the existing code. Transaction
19 testing was performed.

20 E&Y joined the LASR source data file and
21 the DSS reporting file and identified mechanical
22 two-hour benchmarks with a FOC duration between a

1 121 and 300 minutes that had been marked as a
2 made instead of a miss in the DSS reporting file.

3 E&Y did not note any exceptions for
4 mechanical two-hour benchmarks having a FOC
5 duration between 121 and 300 minutes.

6 Q. Just noting your sample?

7 MR. AARON TERRY: This wasn't a sample from
8 the reporting file. We identified all the
9 transactions that were impacted by this going
10 back to our testing methodology. We would meet
11 with the actual subject matter experts and
12 identify these transactions. And then we
13 recalculated these results -- or we didn't
14 recalculate them, but we identified the ones that
15 should have been -- yeah, the whole file.

16 Q. So this was March to May data that that
17 you looked at?

18 MR. AARON TERRY: No, I'd have to get back to
19 you on the reporting month, but it was not March
20 to May. We're talking about corrective action.

21 MR. DANIEL DOLAN: Might have been some
22 subsequent months when you put the corrective

1 action in.

2 Q. Is there something -- because it's the
3 same problem. First part of our question was on
4 the involvement and the second part was on the
5 correction. I'm sorry.

6 AT&T question 40, please.

7 MR. BRIAN HORST: This issue is related to
8 the logic in the DSS reporting system. The
9 corrective action was also taken in the DSS
10 reporting system. The ER referenced is 1490. A
11 code review was performed to evaluate the
12 corrective action taken to update the existing
13 code. Transaction testing was also performed.

14 E&Y recalculated the intervals in the
15 reporting files between the start and stop times.

16 Q. This was a modification to existing coding
17 DSS; is that right?

18 MR. BRIAN HORST: That's right.

19 MR. AARON TERRY: Yes.

20 MR. REIDY: Was that a yes?

21 MR. AARON TERRY: Yes.

22 BY MR. CONNOLLY:

1 Q. AT&T 41, please?

2 MR. BRIAN HORST: E&Y reviewed the CLEC web
3 site posting of PM 6 for March, April and May
4 data. E&Y noted that the electronic requested
5 residential and business L&P, electronic
6 request/electronic processing and electronic
7 requested residential business L&P, electronic
8 request/manual processing disaggregations had
9 been appropriately segregated and reported on the
10 web site posted results for March, April and May
11 2002.

12 This was just simply a web site posting
13 issue.

14 Q. So no -- when I was looking through some
15 other material you provided to us --

16 MR. REIDY: We're going to refer to a
17 document that's been provided to us as
18 confidential, but we're only going to refer to it
19 by an attachment letter and the document number.

20 We can go in camera if you'd like, but
21 were you going to refer in any great detail to
22 it?

1 Well, we probably better go in camera
2 then for this question.

3 JUDGE MORAN: Okay. Let's into the
4 in-camera.

5 MR. REIDY: Thank you.

6 (Whereupon, the following
7 proceedings were had in-camera;
8 to wit:)

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