

TI 908
OBSERVATION 3108 – SECOND RESPONSE
 Qwest OSS Evaluation

Initial Release Date: May 13, 2002
 First Response Date: May 18, 2002
 Second Response Date: May 22, 2002

OBSERVATION REPORT

An observation has been identified as a result of the evaluation of the Performance Indicator Definitions (PIDs) PO-9 (timely jeopardy notices).

Observation:

No decision could be reached as to whether Qwest is in parity with respect to the PID PO-9 for Resale and UNE-P.

Background:

For PO-9, Qwest is required to provide parity service in terms of its percentage of timely jeopardy notices. KPMG Consulting measured these PIDs, by region, for Resale and UNE-P. In accordance with the Qwest OSS Evaluation Project Master Test Plan, Appendix G, KPMG Consulting measured compliance with this PID using the Dual Hypothesis Test (“Dual Test”). In the Dual Test, two hypotheses are tested. The first hypothesis assumes Qwest is meeting the parity standard, and the second hypothesis assumes Qwest is not meeting the parity standard.

The data collected for this analysis consists of P-CLEC observations collected from May 2001 through April 2002. However, the only Resale and UNE-P delayed orders, and thus the only Resale and UNE-P opportunities for jeopardies, occurred in the May through August 2001 timeframe. Thus, the retail comparative used is May through August 2001.

Issue:

The Dual Test produced a conflicting result for each region for both Resale and UNE-P products. The following table summarizes the results of the test and shows the retail comparatives for each product and region:

PO-9 Results by Region for Resale and UNE-P

Product	Region	Test Average	Retail Average	Test Sample Size	Retail Sample Size	p-value test 1	p-value test 2	Pass/Fail Decision	Dual test Hypothesis Retail Average
Resale	Eastern	0%	17%	4	9,867	0.4694	1.0000	No Decision	7%
Resale	Central	0%	24%	4	17,592	0.3263	1.0000	No Decision	12%
Resale	Western	0%	14%	1	10,683	0.8572	1.0000	No Decision	5%
UNE-P	Eastern	0%	17%	1	9,867	0.8277	1.0000	No Decision	7%
UNE-P	Central	0%	24%	6	17,592	0.1864	1.0000	No Decision	12%
UNE-P	Western	0%	14%	4	10,683	0.5398	1.0000	No Decision	5%
Total		0%	20%	20	38,142				

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Impact:

The conflicting result of the Dual Hypothesis for PO-9 indicates that not enough information is available to determine whether Qwest is meeting the parity standard.

Qwest's Response (05/16/02):

Qwest has reviewed the 20 orders for UNE-P and Resale products between May and August, 2001 that KPMG provided as confidential information. Qwest's research, documented in a confidential spreadsheet, indicates that 14 of the orders are not eligible to be counted as PO-9 misses. Five orders were cancelled, three had due dates changed at subscriber request and six orders were not delayed. The remaining six orders did miss their due date and should be counted in PO-9. Qwest requests that KPMG review the confidential spreadsheet to determine if additional information is required.

KPMG Consulting's First Response (05/18/02):

KPMG Consulting reviewed the 14 orders where Qwest indicated in its reply comments that they didn't agree with KPMG Consulting. In Qwest's opinion these 14 orders were not misses and therefore should not count against Qwest when measuring the PO-9 PID. KPMG Consulting's review of the data shows that we are in complete agreement on one of these 14 orders in question. This order had a customer initiated SUPP to change the due date and it therefore should not count against Qwest when measuring this PID. In addition, there is one other order that may have been included incorrectly by KPMG Consulting. A discussion of this order with Qwest is needed to determine whether it should be excluded or not. However, KPMG Consulting completely disagrees with Qwest on the other 12 orders that they indicated should be excluded. KPMG Consulting's review of the data shows that these orders were Qwest missed due date commitments without jeopardy notices and should count against Qwest when measuring the PO-9 PID as it is currently defined.

For the purposes of Monday's discussion on the dual test "no decision" outcome for the PO-9 PID, reducing the number of due date misses from 20 to 18 (note:Qwest only contended 14 of the original 20 misses associated with this observation) does not change the status of this observation following the discussion at the VTC. To recap, when measuring the PID as designed for this test which is to disaggregate it by product/by region, the results are a "no decision". When combining the regions, but keeping the product disaggregation it remains a "no decision" for each of the two products involved (resale and UNE-P). However, when combining the results with no disaggregation at all the results of the dual test are a fail.

KPMG Consulting recommends that this observation remain open.

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Qwest's Supplemental Response (05/19/02):

In order to facilitate closure of this observation to be discussed on the scheduled May 20th, focused O/E call, Qwest provides the following supplemental information supporting the conclusion that “not enough information is available” to determine that Qwest is *not* providing parity due to low PO-9 volumes and it is not appropriate to attempt to achieve statistically significant conclusions. Additionally low volumes of jeopardy notices available during the May to August 2001 timeframe for the timeliness of notifications assessed in PO-9 are highly correlated to high commitments met as measured in OP-3. Similarly, more recent information resulting from a significant volume of retest Resale and UNE-P LSRs provides virtually no information for use in calculating the PO-9 PID and should not be ignored. Qwest notes that the regional OP-3 results for the kinds of orders captured in this observation were 99.3% for Resale/Non-designed and 99.2% for UNE-P (POTS) – extremely good by any standard.¹ As a result, with so few orders as candidates for receiving jeopardy notices and due to such high commitments met results, there is no ability for data from test transactions to achieve an accurate result nor is there a need for the test to give further attention to PO-9. As such, even though there appears to be some remaining disagreement on order details,² no further work should be performed on this observation, and it should be closed, because those disagreements do not affect this overarching conclusion.

Given the PID-defined rules for the order types included in various measurements, it was clearly understood – and, therefore, did not need to be spelled out as such in the MTP – as to which measurements would *capture the full volumes* defined in the MTP to be statistically significant, which measurements would *capture only a predictable subset of the full volumes* (e.g., due to inclusion/exclusion rules), which measurements would *capture only incidental volumes* (e.g., due to performance factors affecting volumes), and which measurements would *not capture any* test transactions. PO-9 fits into the third category, namely, those that would capture only volumes incident to performance factors (in this case, incident to performance problems). This, in fact, has proven out in the test with the low PO-9 volumes observed.

Hence, it is clear that, for measurements like PO-9, no statistically-significant conclusions are required – particularly where, as in this case, low volumes are desirable, because they represent good performance in commitments met. In other words, in addition to “pass” or “fail” alternatives as outcomes of this observation, if sufficient data existed to support such conclusions, it is also possible and permissible to have a conclusion of “not enough information” from the test, where sufficient information does not exist. The MTP does not require KPMG to try to achieve sufficient levels of jeopardy notices. Therefore, appropriately, the test does not expect KPMG to apply

¹ Based on 4-month averages for May – Aug 2001. Results for the most recent four months are even better, by about 0.1%.

² Coming from old orders (approaching a year old), some of which are complicated by the “disorderly order” issues that already have been identified, re-tested, and successfully resolved.

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statistical analysis and any particular mix of order types that would otherwise be required to insure “apples to apples” comparisons in planning test transactions.

The reason the order mix is important is that, otherwise, the test could cause false “misses” by including a disproportionate number of orders that typically do not or cannot receive jeopardy notifications. PO-9 jeopardy percentages from commercial volumes are typically less than 20 percent, both for CLECs and for retail. The reason is not necessarily poor performance, but rather, normal circumstances which adversely affect the ability to provide jeopardy notices and are beyond Qwest’s control.³ Orders with no facility issues and short intervals provide virtually no opportunity for advance jeopardy notifications that would count as a “met” under PO-9 – particularly order types with a standard interval of zero or one day(s). With zero day intervals, there is *no* opportunity available or expected, at all, to meet PO-9 if the commitment is missed. With other short intervals, and with no facility issues involved, there is no pre-check possible (as there might be, for example, when facility issues are involved) to determine whether an order will be in jeopardy. The reason is that non-facility misses come from situations that typically cannot be known until the due date. If a disproportionate number of such orders are included in the test transactions, the reason for a PO-9 miss will be due to that fact, rather than Qwest’s performance. Nevertheless, again, the MTP does not call for PO-9 to be evaluated in this manner.

It follows that, because the MTP does not require statistical significance for PO-9, the dual test is not required, strictly speaking, and no statistically-significant conclusions are required. The dual test was originally created in the context of establishing statistical significance to indicate (1) whether the volumes of 140 did, indeed, achieve the level statistical significance desired, or (2) if 140 was not achievable, whether the null and alternative hypotheses still agreed. Thus, for measurements not designated for statistically-significant volumes, there is no requirement for the dual test. Nevertheless, a dual test has been run, and its unsurprisingly-conflicting results confirm that there is not enough information to make a conclusion. More recently, in the combined dual test results, which KPMG provided during third vendor technical conference on 15 May 02, the results continue to indicate “not enough information,” except when the product reporting for non-designed and UNE-P(POTS) is rolled together into a combined regional result. In this latter instance, since the PID does not call for the products to be rolled up in this manner, it is not appropriate for that result to be considered in test evaluations and, in any event, doing so could compound the order-mix problem discussed above.

However, even if the dual tests had no conflicting indications as to a “pass” or a “fail,” again, the test design was not required to include consideration of the proper mix of order types that would be required for a correct, apples-to-apples, comparison with retail

³ Some time ago, Qwest discussed in workshops and with the TAG the possibility of pursuing a way to avoid this problem, by having the PID focus only on orders with facilities reasons for missing commitments. However, receiving no support for this, the proposal was not pursued. As a result, the PO-9 PID depends on the presumption that volumes of short-interval orders in wholesale and retail results are similar. In a test, however, that is not true unless designed into the test.

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results. As the MTP does not require a conclusion for PO-9, all that is required is to make note of what has been observed and state what conclusions can be made, if any. In this case, where the test transactions in the observation are nearly a year old (May-Aug 01) – some of which are complicated by the “disorderly order” issues that have already been identified, re-tested, and successfully resolved – the only conclusion that can be made is that there is not enough of the right kind of information to say whether Qwest is, or is not, providing advance notice of jeopardies at parity. Moreover, in the context that the low volumes are accompanied by extremely good OP-3 results, there is no need for the test to pursue this matter further.

KPMG Consulting’s Second Response (05/22/02):

The result of the 5/20/02 focus call to discuss this observation was an impasse with AT&T suggesting that there was enough evidence to indicate that Qwest was leaning toward a failure on this PID. Qwest’s position was that there was not enough information to make a determination and therefore the outcome should be an unable to determine in the final report for the resale and UNE-P PO-9 results.

In its regularly scheduled meeting on May 20th, the Steering Committee addressed this impasse. The Steering Committee voted by a margin of 7-3 to declare the resale/UNE-P PO-9 PID as a fail outcome for the purposes of the ROC OSS test.

Therefore, KPMG Consulting recommends closing Observation 3108 as Closed/Unresolved.