

BEFORE THE WASHINGTON STATE  
UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition for )  
Arbitration of )  
)  
AT&T COMMUNICATIONS OF THE )  
PACIFIC NORTHWEST AND TCG )  
SEATTLE, ) Docket No. UT-033035  
)  
With )  
)  
QWEST CORPORATION )  
)  
Pursuant to 47 U.S.C. Section 252(b) )  
\_\_\_\_\_ )

DIRECT TESTIMONY OF

ROBERT W. HAYES

ON BEHALF OF AT&T COMMUNICATIONS OF THE

PACIFIC NORTHWEST, INC. AND TCG SEATTLE

ON DISPUTED ISSUE 27

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SEPTEMBER 25, 2003

**I. INTRODUCTION**

1 **Q. PLEASE STATE YOUR FULL NAME, PRESENT POSITION AND**  
2 **BUSINESS ADDRESS.**

3 A. My name is Robert W. Hayes. I am a manager in the Access Billing Management  
4 group in AT&T Business Services. My business address is 600 North Point  
5 Parkway, Alpharetta, Georgia 30202.

6 **Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?**

7 A. I attended Cabrillo Junior College from 1976 –1977 majoring in Business  
8 Management.

9 **Q. WHAT IS YOUR EXPERIENCE IN THE TELECOMMUNICATIONS**  
10 **INDUSTRY?**

11 A. I joined AT&T in 1987 as a Supervisor in the Network Services Division. From  
12 1987 to 1993, I was responsible for several assignments including implementing  
13 and managing the Future Optimum State (“FOS”) between AT&T and Pacific  
14 Bell for the Financial Assurance Division and settlement negotiations between  
15 AT&T and the Western Region Bell Operating Companies (U S WEST and  
16 Pacific Bell) for Switched Access Usage. From 1993, I have worked in the  
17 Access Billing Management (“ABM”) group in several supervisory and  
18 managerial positions. For example, from September 1994 to October 1995, I was  
19 responsible for managing the FOS interface between AT&T and Ameritech and  
20 from 1995 to 1997, for managing the FOS between AT&T and NYNEX.  
21 Additional responsibilities during this time included Bill Period Closure

1 negotiation, Process Improvement/Project Plan (“PIPP”) management and  
2 statistical process control development. From 1997 to March 2003, I provided  
3 management support for the Local Financial Assurance team within Access  
4 Billing Management, which had developmental responsibilities for bill receipt,  
5 bill processing, and financial assurance processes for all local expenses. Since  
6 March 2003, my primary area of responsibility has involved providing  
7 management support for Access Billing Management – Local Operations  
8 interface with Qwest, SBC and Sprint Ltd., in addition to other responsibilities  
9 including providing local expense financial assurance process support.

10 **Q. PLEASE DESCRIBE THE SCOPE OF YOUR TESTIMONY.**

11 A. My testimony pertains to Issue 27 related to CABS Compliant Billing. AT&T is  
12 reliant on industry standard CABS format to assure that it can efficiently and  
13 correctly process and submit its bills. The parties have been able to work out a  
14 majority of the issues related to CABS billing. However, there is one seminal  
15 issue that still remains related to whether certain CABS parameters should be  
16 included in the Interconnection Agreement or whether they can be addressed  
17 exclusively in the change management forum.

18 **II. ISSUE 27. CABS COMPLAINT BILLING**

19 **Q. PLEASE EXPLAIN WHAT CABS BILLING IS, INCLUDING THE**  
20 **INDUSTRY GROUP AND PROCESS THAT WAS INVOLVED IN**  
21 **DEVELOPING CABS BILLING GUIDELINES.**

1 A. CABS (Carrier Access Billing System) BOS (Billing Output Specifications)  
2 guidelines were developed by the Ordering and Billing Forum (“OBF”) of the  
3 Alliance for Telecommunications Industry Solutions (“ATIS”) to bring uniformity  
4 to access billing in the post-divestiture environment. CABS has evolved to be an  
5 industry-accepted and industry-supported format for billing of access, as well as  
6 local interconnection charges. The CABS guidelines provide a uniform format  
7 for billing UNE charges.<sup>1</sup>

8 Compliance with CABS guidelines allows AT&T and other LECs to receive the  
9 same billing elements, values and record layouts as it does from all other bill  
10 providers. No special, company-specific programming for data conversion and  
11 scrubbing is needed. CABS BOS Guidelines are developed by the Technical  
12 Review Group (“TRG”), a subcommittee of OBF and published by Telcordia on  
13 behalf of the TRG.<sup>2</sup>

14 The process for developing these CABS guidelines follows a defined procedure.  
15 Companies bring billing related issues to the OBF for resolution where it can be  
16 reviewed and commented upon by industry participants in the OBF. The OBF  
17 industry wide forum then issues “Resolution Statements” documenting what  
18 needs to be done in order to implement the proposed change in standards. Once  
19 voted upon by industry participants, the issue is placed in Final Closure status by

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<sup>1</sup> The OBF has been identified as “a forum for customers and providers in the telecommunications industry to identify, discuss and resolve national issues which affect ordering, billing, (and) provisioning...” See *www.atis.com*

1 the OBF, and is referred to the TRG for implementation in the CABS Guidelines.

2 The OBF Guidelines encourage OBF member companies to comply with OBF  
3 guidelines (EMI, ASOG, LSOG, MECAB) and resolution statements but  
4 compliance is voluntary. In addition, compliance with the CABS Guidelines is  
5 voluntary for the TRG member companies.

6 **Q. PLEASE DESCRIBE HOW CABS DEVELOPED FOR LOCAL BILLING.**

7 A. After its long history as a standard for access billing, the industry began to see  
8 CABS as the preferential manner for billing local services between large carriers,  
9 such as unbundled network elements and interconnection (smaller low volume,  
10 non mass market carriers probably may not need such a comprehensive billing  
11 system). In a step-by-step process, CABS guidelines were developed for these  
12 local elements. Provisions for billing Unbundled Network Elements (“UNEs”)  
13 were first included in CABS Version 31, which was implemented on March 1,  
14 1999.

15 **Q. WHY IS IT IMPORTANT FOR AT&T AS A COMPETITIVE LOCAL**  
16 **EXCHANGE CARRIER TO RECEIVE ELECTRONIC CABS**  
17 **FORMATTED BILLS FROM QWEST?**

18 A. By utilizing existing, established industry-wide billing guidelines, a barrier to  
19 entry is removed for new local entrants in the Washington local  
20 telecommunications market. Without billing standards to drive economies of  
21 scale and reduced operating costs for potential local mass market entrants, fewer  
22 companies would be enticed to compete in the local market using unbundled  
23 services, limiting the local service provider choices available to most consumers.

1 By receiving CABS formatted billing electronically, AT&T would have the data  
2 available in the proper format and medium to assure that AT&T's customers are  
3 billed correctly for the services the customers ordered and are using. AT&T  
4 could electronically compare the details of its inventory/provisioning systems to  
5 the details on the Qwest wholesale bill and identify in detail potential billing  
6 discrepancies. Furthermore, with the number of transactions between Qwest and  
7 AT&T currently, and with that potential number increasing once AT&T gains a  
8 foothold in the local market, the ability to conduct business utilizing a paper bill is  
9 next to impossible. Accordingly, the result of utilizing an electronic CABS  
10 billing format would be a higher quality end-user bill for AT&T local customers.

11 In addition, AT&T needs this type of electronic CABS billing in order to manage  
12 its expenses. Since AT&T is not able to verify the billing received from Qwest  
13 with any degree of accuracy because its electronic billing format is so deviant  
14 from the norm and AT&T cannot possibly manually inspect every paper bill, it is  
15 as if Qwest expects AT&T to simply accept whatever charges Qwest assesses and  
16 blindly write a check. The lack of mechanized data also restricts Qwest's ability  
17 to respond to the limited claims AT&T is capable of filing given the paper  
18 validation environment. This makes it very difficult to manage a business.

19 **Q. WHAT IS THE CURRENT STATUS OF QWEST'S DEVELOPMENT OF**  
20 **ITS CABS BILLING SYSTEM?**

21 A. Qwest's development of CABS formatted electronic billing would best be  
22 described as a work in progress. However, the progress is unacceptably slow and

1 uncertain, given Qwest's unwillingness to commit to correcting all of the  
2 deficiencies AT&T has identified in a timely manner. Given the multitude of  
3 issues that exist, even Qwest currently does not consider the CABS formatted  
4 electronic invoice as the "bill of record". Qwest requires complete reliance on the  
5 CRIS "paper" invoice. In Washington AT&T receives a plethora of paper bills  
6 from Qwest for UNE-P customers each month. Multiply this by the number of  
7 Qwest states in which AT&T has UNE-P customers, and one can see the  
8 problems that AT&T is facing with Qwest paper billing. AT&T's number of  
9 UNE customers in the Qwest states is increasing and the number of bill pages will  
10 increase as well.

11 **Q. WHAT IS A "DIFFERENCES" LIST TO THE CABS GUIDELINES AND**  
12 **HOW DOES IT IMPACT THE USABILITY OF THE CABS FORMATTED**  
13 **BILL?**

14 A. The CABS guidelines provide for deviations from the standard guidelines through  
15 documentation on the CABS BOS "differences" list. Such a differences list  
16 publicizes how a company's CABS versions may not be in compliance with the  
17 official versions. It is extremely difficult to utilize a system that has been  
18 designed with standard formats and specifications, but then differs in certain  
19 significant respects. AT&T then must in effect chase and re-work its systems to  
20 accommodate each incumbent carriers differences, or must revert to manual  
21 processing to account for these differences. These differences, I might add, can  
22 change over time.

1 **Q. HAS QWEST PRODUCED A DIFFERENCES LIST FOR ITS CABS**  
2 **FORMATTED BILLS?**

3 A. Yes and this is the crux of the current Interconnection Agreement dispute between  
4 AT&T and Qwest. The differences Qwest has identified are so fundamental to  
5 CABS billing that they make it impossible for AT&T to electronically process  
6 Qwest CABS formatted bills. Accordingly, Qwest can hardly argue that its  
7 billing is currently CABS compliant. This is why Qwest bills cannot be used as  
8 the bill of record. This has forced AT&T to continue to use Qwest CRIS bills in  
9 paper. This is unworkable with large numbers of end user customers.

10 **Q. DOES AT&T CURRENTLY HAVE THIS ISSUE WITH ANY OTHER**  
11 **BOC?**

12 A. No.

13 **Q. PLEASE EXPLAIN THE ITEMS FROM THE QWEST DIFFERENCES**  
14 **LIST ENUMERATED IN SECTION 21.1.1.1 AND HOW THEY RELATE**  
15 **TO THE LANGUAGE THAT AT&T PROPOSED?**

16 A. The following is a sample listing and description of the items from the differences  
17 list that Qwest has published on its web site and that AT&T has requested to be  
18 corrected. AT&T has requested these changes in the Qwest Change Management  
19 Process forum.<sup>3</sup> However, it was only when AT&T initiated arbitration that  
20 Qwest even agreed to implementation dates in the CMP. As I explain below,  
21 AT&T's proposed language requires that these fundamental "differences" be  
22 fixed by a time certain so that Qwest's billing product is CABS compliant with

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<sup>3</sup> Attached as **Exhibit RWH-2** are the Change Requests (CRs) that AT&T has submitted in the Qwest CPM to have Qwest address its CABS billing deficiencies.

1 ramification for its non-compliance. Qwest, on the other hand, will only agree to  
2 “work with” CLECs in the CMP process to “address” the fundamental  
3 differences.  
4 Qwest has only recently established target implementation dates for many of these  
5 deficiencies, however, the various fixes AT&T has been promised month after  
6 month often seem to come up short. Accordingly, AT&T cannot agree to  
7 language that would not require Qwest to do anything but “work with” CLECs on  
8 “addressing” the fundamental flaws of Qwest’s purported CABS billing system.  
9 For many of these deficiencies, Qwest has, only out of the threat of losing this  
10 issue in arbitrations, agreed to even provide a CMP implementation date.  
11 Furthermore, nothing happens if Qwest misses the implementation date or reneges  
12 on its commitment to become CABS complaint. The bottom line is that, in  
13 AT&T’s experience, Qwest is currently the only BOC that is not fundamentally  
14 CABS compliant and must become CABS compliant forthwith.

15 **Q. PLEASE GIVE EXAMPLES OF WHAT AT&T IS REQUESTING IN ITS**  
16 **PROPOSAL FOR 21.1.1.1.**

17 A. Examples of the fundamental requirements that Qwest is non-complaint with and  
18 AT&T would require forthwith-implemented changes are as follows:

- 19 1. For UNE accounts that are processed through Qwest Central and  
20 Eastern regional offices, the data may not be processed on the  
21 same day as the bill data. As a result, the amount reflected in  
22 Monthly Charges Total line item received from Qwest may not  
23 match the Local Total on the same bill. The amount shown in the  
24 Monthly Charges Total only matches the amount present on the  
25 paper bill, so this requires manual intervention for audit. AT&T

- 1 has requested through CMP that the bill data and CSR data be  
2 processed on the same day.
- 3 2. AT&T has requested that Qwest perform all standard CABS BOS  
4 edits on the UNE bills. The CABS BOS edits were created to  
5 ensure that fields on the mechanized records are populated with  
6 valid values; amounts round, sum and balance appropriately;  
7 required records are included on the bill, etc. When Qwest does  
8 not perform the Standard CABS BOS edits on the UNE bill, there  
9 are many potential problems. Performing the standard CABS BOS  
10 edits on the UNE bills could eliminate most of the out of balance  
11 bills that AT&T has experienced. The out of balance conditions  
12 could be identified and corrected by Qwest before the bill is  
13 transmitted to AT&T.
- 14 3. Another difference is that the Bill Processing Date (same day each  
15 month when a bill is processed) is used to populate the Activity  
16 Date (the date on which service is established, modified or  
17 discontinued). AT&T cannot accurately validate the charges on  
18 the bill because AT&T cannot match charges on the bill posted to a  
19 bill processing date to AT&T ordering/provisioning activity, which  
20 corresponds to the activity date. AT&T has requested that Qwest  
21 populate the Activity Date on the bill with the actual date of the  
22 activity associated with the charge.
- 23 4. In the bill rendered by Qwest the audit number is populated by  
24 zeros rather than the audit number and AT&T has requested that  
25 Qwest place the appropriate audit tracking number in the field as  
26 opposed to zeros. AT&T cannot accurately validate the charges on  
27 the bill if it is unable to determine the amount of claims and  
28 adjustments made to the bill since the Audit Number is a reference  
29 number provided by AT&T for tracking of specific adjustments or  
30 claims.
- 31 5. Qwest's differences list states that the Recurring/Non-recurring  
32 Charge indicator will always contain the value of 1, indicating a  
33 recurring charge. It will never be correctly populated to indicate a  
34 charge is related to a non-recurring item. AT&T has asked that  
35 Qwest populate the indicator field with the correct values of 1 or 2  
36 where a value of '1' would be for monthly recurring charges and a  
37 value of '2' for non-recurring charges. Without the change  
38 request, AT&T cannot accurately validate the charges on the bill  
39 because it is impossible to distinguish between monthly recurring  
40 charges and non-recurring charges.

1           6.     As a final example from the list AT&T has provided, AT&T has  
2           requested that Qwest begin to separate taxes and surcharges and  
3           populate the appropriate records per the CABS Guidelines. AT&T  
4           cannot accurately validate the specific charges on the bill as the  
5           amount is combined for taxes and surcharges. Surcharges and  
6           taxes must be separated for validation by the bill auditors and for  
7           proper and accurate accounting.

8           I would like to emphasize that none of the above-requested corrections are above  
9           and beyond the normal industry expectations for CABS formatted billing; nor  
10          does any other industry player suffer these problems. To perform simple standard  
11          BOS edits before releasing an invoice to the customer is a generally expected  
12          practice in the industry. Populating the date service started (activity date) is a  
13          generally expected practice in every industry rendering invoices to customers.  
14          Separating taxes and surcharges into a unique incurred bucket is a generally  
15          expected practice in the industry.

16       **Q.     HAS AT&T MODIFIED ITS PROPOSAL FOR ISSUE 27 SINCE THE**  
17       **FILING OF ITS PETITION IN THIS MATTER?**

18       A.     Yes. AT&T's modified proposal reads as follows (the underlined text represents  
19       language added to AT&T's proposal; the dates are the dates Qwest has identified  
20       in the CMP for completion of these tasks, except that the highlighted dates are six  
21       months earlier than projected by Qwest):

22                   **21.1.1.1.1**     Differences and deficiencies in CABS billing that  
23                   are not permitted under this Agreement after the dates specified  
24                   below, include, but are not limited to, the following: (i) Qwest's  
25                   failure to process bill data and CSRs on the same date (July 21,  
26                   2003); (ii) Qwest's failure to perform all standard CABS BOS  
27                   edits on the UNE bills (July 21, 2003); (iii) Qwest failure to  
28                   populate activity date with the date of the activity associated with  
29                   the charges (June 2004); (iv) Qwest's failure to populate the

1 adjustment thru date with the date through which the adjustment  
2 applies (June 2004); (v) Qwest's failure to populate adjustment  
3 from the date with the date from which the adjustment applies  
4 (June 2004); (vi) Qwest's failure to populate an audit number with  
5 the reference number provided by AT&T, which a reference  
6 number is included in the transaction (December 2003); (vii)  
7 Qwest's failure to populate recurring/non-recurring charge  
8 indicator with a value of "1" for monthly recurring access charges  
9 and a value of "2" for non-recurring charges (June 2004); (viii)  
10 Qwest's failure to populate service established dates with the date  
11 on which service was established (June 2004); (ix) Qwest's failure  
12 to separate taxes and surcharges and populate on the appropriate  
13 records per the CABS guidelines (September 2004); (x) Qwest's  
14 failure to establish and use more descriptive local use phrase codes  
15 for UNE charges and adjustments (December 2003). In the event  
16 that Qwest fails to properly implement the corrections to any of the  
17 foregoing deficiencies by any of the dates specified, CLEC may  
18 withhold payment of all charges reflected on affected CABS bills  
19 rendered by Qwest after any such date. Withheld amounts shall  
20 not be subject to escrow requirements or late payment charges, and  
21 shall not otherwise be treated as a failure to pay under the terms of  
22 this Agreement. Once such deficiencies are corrected and  
23 confirmed in a CABS bill received by CLEC, CLEC shall pay all  
24 amounts withheld in connection with such deficiencies. In  
25 addition, anytime Qwest fails to meet the dates specified above,  
26 Qwest must demonstrate to the Commission why it has failed to  
27 meet such dates and the Commission may consider such other  
28 remedies as may be appropriate.

29 **Q. HOW DOES AT&T'S PROPOSAL DIFFER FROM QWEST'S?**

30 A. AT&T has inserted required completion dates for each deficiency in its proposed  
31 language. For most of these, AT&T has accepted the Qwest targeted dates for  
32 implementation. AT&T has proposed earlier dates where the Qwest targeted  
33 implementation dates are scheduled too far into the future. The highlighted dates  
34 in AT&T's proposal are, in each case, earlier than the Qwest targeted  
35 implementation dates by six months. The other aspect of AT&T's proposal is that  
36 if Qwest fails to meet any of these dates there will be consequences (delayed

1 payment of affected CABS bills). AT&T is hopeful that contractual  
2 consequences will provide Qwest with a strong enough incentive to complete the  
3 necessary work on its CABS billing system by the dates provided in AT&T's  
4 proposal.

5 Qwest on the other hand does not even offer implementation dates, merely  
6 indicating that it would address the issue in CMP.

7 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

8 A. Yes.