

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held in the City of
New York on March 16, 2005

COMMISSIONERS PRESENT:

William M. Flynn, Chairman
Thomas J. Dunleavy
Leonard A. Weiss
Neal N. Galvin

CASE 99-C-0949 - Petition filed by Bell Atlantic-New York for
Approval of a Performance Assurance Plan and
Change Control Assurance Plan, filed in
C 97-C-0271.

CASE 02-C-1425 - Proceeding on Motion of the Commission to
Examine the Process and Related Costs of
Performing Loop Migrations on a More
Streamlined (e.g., Bulk) Basis.

ORDER ESTABLISHING MODIFICATIONS TO THE
PERFORMANCE ASSURANCE PLAN AND CHANGE CONTROL ASSURANCE PLAN
FOR HOT CUT MEASUREMENTS AND STANDARDS

(Issued and Effective March 17, 2005)

BY THE COMMISSION:

In November 1999, we adopted the Performance Assurance
Plan and Change Control Assurance Plan (PAP or the Plan) which
are designed to ensure that Verizon New York Inc. (Verizon)
provides just and reasonable wholesale service to its

competitors.¹ Amendments have been made to the PAP from time to time since its adoption.² On August 25, 2004, we issued an Order which, among other things, called for the adoption of incentive mechanisms for certain metrics and standards related to hot cuts performed by Verizon under the PAP.³ The actual development of these metrics and standards was referred to the Carrier Working Group (CWG) in Case 97-C-0139. We ultimately issued an order in that case adopting certain metrics and standards for hot cuts on December 16, 2004.⁴

On October 25, 2004, in Cases 97-C-0139 and 02-C-1425, we issued a Notice Soliciting Comments (Notice) on: (1) the metrics and standards related to hot cuts that should be added to the PAP, and (2) the potential reallocation of bill credits

¹ Case 99-C-0949, Order Adopting the Amended Performance Assurance Plan and Amended Change Control Plan (issued November 3, 1999). The PAP provides for competitive local exchange carriers (CLECs) to receive remedies in the form of bill credits if Verizon fails to meet established performance standards and measures.

² Case 99-C-0949, Order Amending Performance Assurance Plan, (issued December 15, 2000); Order Granting Modification of December 15, 2000 Order and Amending Performance Assurance Plan (issued May 8, 2001); and, Order Amending Performance Assurance Plan (issued January 24, 2003).

³ Case 02-C-1425, Order Setting Permanent Hot Cut Rates (issued August 25, 2004) (Hot Cut Order).

⁴ Case 97-C-0139, Order Establishing Modifications to the Inter-carrier Service Quality Guidelines for Hot Cut Measurements and Standards (issued December 16, 2004) (C2C Hot Cut Order).

to these metrics and standards.⁵ Initial comments were submitted by Verizon, MCI, Inc. (MCI), and the following five CLECs who submitted comments jointly: AT&T Communications of New York, Inc., BridgeCom International, Inc., Broadview Networks, Inc., Covad Communications Company, and MetTel (the Joint CLECs). Reply comments were submitted by Verizon, MCI and the Joint CLECs on January 13, 2005.

Notice of our intent to modify the PAP for the inclusion of hot cut metrics and standards and potential bill credit reallocation was provided in SAPA 97C0949SA12, published on September 29, 2004. No comments in response to the SAPA were received.

OVERVIEW OF COMMENTS

Verizon contends only modest changes should be made to the PAP to reflect the new hot cut processes approved in Case 02-C-1425.⁶ Verizon proposes that five of the new measures adopted in the C2C Hot Cut Order be included in the PAP, along with the current hot cut metrics.

Verizon contends the PAP currently attributes a significant amount of bill credits to its hot cut performance and there is no need to reallocate bill credits to the new hot

⁵ Initial comments were originally due November 22, 2004 with reply comments due December 6, 2004. By letter dated November 15, 2004, Verizon, supported by various CLECs requested an extension of the comment deadline until after the issuance of the Carrier Service Guidelines Order relating to hot cuts. The request was granted and the deadline for initial comments was revised to January 6, 2005, with replies due by January 13, 2005. We reminded the parties of this in another Notice issued December 22, 2004.

⁶ Among other things, the Hot Cut Order approved two processes that do hot cuts in bulk - the Large Job (or Project) and Batch processes. The Hot Cut Order also approved a Basic Hot Cut process, which processes orders individually.

cut metrics from other metrics or sections of the PAP. Instead, Verizon urges a reallocation of the current amounts in the PAP for hot cuts among the new and previous hot cut measures, and elimination of the Special Provision for hot cuts, which requires Verizon to pay up to an additional \$24 million of remedies if certain conditions are met. Verizon claims it has provided excellent service on hot cuts and, thus, the Special Provision for hot cuts is no longer needed. Verizon also argues that it is not clear how many CLECs will be using any of its hot cut processes in the new world of Voice Over Internet Protocol (VoIP) communications.⁷ Finally, Verizon requests a number of "administrative clarifications" be made to the PAP that it contends are the result of observations from PAP audits and proceedings in other States that warrant inclusion in New York.

MCI and the Joint CLECs agree that the five metrics proposed by Verizon should be included in the PAP. However, these CLECs disagree with most of Verizon's proposals as to how the new metrics should be considered in determining the amount of PAP remedies for which Verizon is liable, and strongly object to Verizon's proposal to eliminate the Special Provision for hot cuts. Further, the CLECs propose that certain metrics, not among the five proposed by Verizon, be added to the PAP as well as other modifications to the Plan.

The Joint CLECs maintain their proposed modifications accurately reflect the significance of certain hot cut metrics, and would reallocate the dollars currently at risk from metrics addressing the Unbundled Network Element (UNE) Platform (UNE-P) market entry strategy to those addressing the UNE-Loop (UNE-L)

⁷ Verizon notes many CLECs have publicly announced they will be using VoIP to provide service and, thus, will not need to hot cut lines to their switches. Verizon Initial Comments at p. 5.

entry strategy as the market moves in that direction.⁸ MCI notes further revisions to the entire PAP regime will likely be needed after the Federal Communications Commission (FCC) issues its Remand Order in the Triennial Review Order (TRO) proceeding to reflect the increased importance of the UNE-L strategy, and the potentially greater use of resale services when UNE-L is not an economically viable entry strategy.⁹ On February 4, 2005, the FCC issued its TRO Remand Order.¹⁰

Below we address each change proposed by the parties. A summary of all of the proposed changes is provided in the Appendix, including our expectations as to what the key revised spreadsheets underlying the monthly PAP reports should look like.¹¹ Except for Verizon's proposed "administrative clarifications," the proposals are generally organized as the PAP is organized; however, some issues overlap various sections in the Plan.

PARTIES' PROPOSALS

VERIZON'S "ADMINISTRATIVE CLARIFICATIONS"

Parties' Positions

Verizon urges us to adopt numerous "administrative clarifications."¹² Verizon contends that these changes are necessary to make the PAP methodologies easier to understand,

⁸ Joint CLEC Initial Comments at p. 7.

⁹ MCI Initial Comments at p. 8.

¹⁰ CC Docket No. 01-338, Order on Remand (released February 4, 2005). (TRO Remand Order)

¹¹ The revised model spreadsheet printouts are presented for illustrative purposes only, and reflect Staff's preliminary estimate of the impacts of the decisions made in this Order.

¹² Verizon Initial Comments at pp. 6-14.

and that none of these changes would have a substantive effect on the overall Plan.

Without addressing the merits of the clarifications, the CLECs submit that Verizon's "administrative clarifications" are not appropriately within the scope of our Notice, and thus, should not be considered here. Moreover, the CLECs argue that they have not been given sufficient time to review the proposed changes, and have not been afforded an opportunity to propose their own changes. The CLECs believe that these issues are better raised in the next PAP Annual Review.

Discussion

We agree with the CLECs, and we do not adopt Verizon's "administrative clarifications" to the PAP at this time. The proposed clarifications are not specifically related to the inclusion of hot cut metrics under the PAP. The Hot Cut Order specifically required the inclusion of hot cut metrics and standards under the PAP.¹³ It did not acknowledge an intention to broaden the scope to include unrelated changes. The Notice supports this conclusion.

Verizon's clarifications are more appropriately raised in the context of the next PAP Annual Review, which we anticipate will begin shortly after this Order is issued.¹⁴

¹³ Hot Cut Order at pp. 6 and 68-69.

¹⁴ The petition for reconsideration of the Hot Cut Order filed by many CLECs urged that the inclusion of hot cut metrics under the PAP be done expeditiously and not be delayed until the next PAP Annual Review is commenced. See Case 02-C-1425, Petition for Reconsideration on behalf of Bridgecom International, Inc., AT&T Communications Of New York, Inc., MCI, Inc., Broadview Networks, Inc., and Conversent Communications Of New York, LLC (filed: October 15, 2004) at pp. 59-60.

MODE OF ENTRY

PR-1: Average Interval Offered

The PR-1 metrics measure the average interval offered for completed and cancelled orders. The C2C Hot Cut Order adopted PR-1-13, a new metric for non-dispatched Basic Hot Cut orders greater than 20 lines, and for all Batch Hot Cut orders. However, PR-1-13 was adopted for monitoring purposes only, and does not include a performance standard.

Parties' Positions

The Joint CLECs recommend that PR-1-13 be used to monitor Verizon's performance, but not be added to the PAP at this time. Neither Verizon nor MCI commented on any of the PR-1 metrics or responded to the Joint CLECs' recommendation not to add PR-1-13.

Discussion

The Joint CLECs proposal is adopted. The recommendation we accepted in the C2C Hot Cut Order to adopt PR-1-13 without a performance standard was a consensus proposal that was made by the entire Carrier Working Group (CWG). We agree that the time is not ripe for considering its inclusion here.

PO-2-02-6010 - % OSS Availability Prime Time - WPTS

In the PAP, there are currently three submetrics for PO-2-02 that measure the availability of three types of computer interfaces - Electronic Data Interchange (EDI), Common Object Request Broker Architecture (CORBA) and WebGUI. The C2C Hot Cut Order adopted a new metric, PO-2-02-6010, to measure the availability of Verizon's Wholesale Provisioning Tracking System (WPTS), which is not yet in the PAP. WPTS was developed in

recent years to be a communication and coordination tool that automates the information flow between Verizon and the CLECs.¹⁵

Parties' Positions

The CLECs and Verizon agree that the PO-2-02-6010 submetric should be included in the PAP, but disagree as to how much weight it should be accorded to determine the level of PAP remedies Verizon credits to CLECs. Verizon proposes PO-2-02-6010 be accorded a weight of 2, obtained by reducing the weights assigned to the three other PO-2-02 metrics from 5 to 4.¹⁶ As a result, the total weight for PO-2-02 metrics would be very close (14) to what it is now (15). Verizon argues that the new PO-2-02 submetric for WPTS should not be given the same weight or value as the other PO-2-02 submetrics because WPTS was developed to streamline the hot cut process and when WPTS is not available, it does not stop a hot cut order from being received or flowed through to Verizon's downstream systems.

The Joint CLECs find Verizon's proposal defective as it accords the new submetric insufficient weight and reduces the weight of the current interfaces. The Joint CLECs, supported by MCI, would give PO-2-02-6010 a weight of 5, like the other interfaces. The Joint CLECs argue WPTS is as important as the other interfaces, and given the expected increase in hot cut volumes, may be even more important going forward.

¹⁵ Case 02-C-1425, Ruling Concerning Scope of the Proceeding and Scheduling a Further Conference, June 10, 2003, pp. 3-4 and 5.

¹⁶ Each metric in the Mode of Entry sections of the PAP is assigned a weight that is used in combination with the metric scores to determine if Verizon must provide the CLECs with bill credits.

Discussion

The CLECs proposed weighting for PO-2-02-6010 of 5 is adopted. In Case 02-C-1425, WPTS was held to be an innovative system technology that allowed Verizon to perform hot cuts more efficiently and at lower costs. Indeed, Verizon's panel of experts testified that WPTS "helps to ensure that all key steps of the hot cut process are properly completed and that all necessary communications between the CLEC and Verizon work teams occur effectively and at a minimum cost."¹⁷ It is clear WPTS' availability impacts CLEC operations and it is important that it receive sufficient weighting in the PAP. Further, we see no reason to give the WPTS submetric less weight than the submetrics for the other computer interfaces given it is expected that CLECs will opt to use WPTS for the vast majority of their hot cut orders.

OR-5: Percent Flow Through

The OR 5 metrics measure the percent of valid orders received through Verizon's electronic ordering interface that are processed directly through to its legacy Service Order Processor system and are confirmed without human intervention. The C2C Hot Cut Order disaggregated the OR-5 metrics from just "UNE-Total" to "UNE-P," "UNE-L" and "UNE-Other."

Parties' Positions

MCI would carry the disaggregation of the OR-5 metrics adopted in the C2C Hot Cut Order over to the PAP, but only for UNE-P and UNE-L. The Joint CLECs propose periodically revising the dollars at risk allocated to UNE-P and UNE-L by reapplying

¹⁷ Case 02-C-1425 at Tr. 47.

the methodology the Commission used to recalculate the weights accorded all metrics.

Verizon opposes any change to the OR-5 metrics, noting that the OR-5 UNE-L submetric also measures non-hot cut orders, which can mask the flow through rate on hot cut orders. As a result, Verizon argues that the OR-5 UNE-L submetric is neither a reliable indicator of flow through performance for hot cut orders nor helps accomplish the Commission's goal in this proceeding.¹⁸ Verizon also argues disaggregating OR-05 metrics is illogical since UNE-P will soon be phased-out as a result of the TRO Remand Order and proposes that OR-5 retain the weight it has now for "UNE-Total."¹⁹

Verizon further objects to the Joint CLECs proposal to use the number of UNE-P and UNE-L lines in service each month to develop a "weighted average flow through performance" to calculate remedies in the Mode of Entry (MOE) and Special Provisions, claiming it makes no sense since any sort of weighted estimate would be less representative of the actual Platform/Loop order mix.

Discussion

The C2C Hot Cut Order's disaggregation of the OR-5 metrics from just "UNE-Total" to "UNE-P," "UNE-L" and "UNE-Other" is carried forward in full to all the PAP's MOEs. Isolating UNE-L provides a more representative reflection of

¹⁸ Verizon proposes addressing issues related to UNE-L and the declining volumes of UNE-Ps in the next PAP Annual Review.

¹⁹ On January 18, 2005, Verizon petitioned for reconsideration of the C2C Hot Cut Order opposing the disaggregation of the OR-5 metrics in light of the TRO Remand Order, which was announced the same day the C2C Hot Cut Order was issued. The Commission will address that issue in the Order on Reconsideration of the C2C Hot Cut Order.

Verizon's flow-through performance on hot cut orders, and gives Verizon more incentive to not backslide from its current hot cut performance level during the transition off UNE-P.

The Joint CLECs' proposal to periodically revise the dollars at risk allocated to UNE-P and UNE-L is rejected. We agree with Verizon that it should be analyzed before being adopted. It is premature to consider the proposal before the practical effects of the TRO Remand Order are realized.

PR-3: % Completed within Specified Number of Days; PR-6: Installation Quality; and PR-9: Hot Cut Loop Metrics

As the parties' comments on the following three metrics were intertwined, we address them together.

- PR-3 - measures the completion of wholesale orders (including hot cuts) in a certain number of days from the date of order application.
- PR-6 - measures troubles reported within a certain number of days for various wholesale products.
- PR-9 - measures on-time hot cut order completion within a window on the date the hot cut is due.

Parties' Positions

The Joint CLECs begin by highlighting the following changes made to the PR-3 metrics, adopted in the C2C Hot Cut Order:

- PR-3-08 - Completed in Five Days, One to Five Lines - No Dispatch - modified to make applicable to basic hot cuts with a standard of 95%.
- PR-3-11 - Completed in 10 Days (11-20 lines) - adopted with a 95% standard.
- PR-3-13 - % Completed in 15 Business Days - adopted for Large Job Hot Cuts with no standard.
- PR-3-14 - % Completed in 26 Business Days - adopted for Large Job Hot Cut orders with a 98% standard.

The Joint CLECs would not add these metrics to the PAP, but would address them by modifying PR-6-02 (% Installation

Troubles Reported Within Seven Days), and PR-9-01 (% On Time Performance - Hot Cut, in the PAP). These metrics are now joined with a combined weight of 15. The Joint CLECs would separate them, giving PR-6-02 and PR-9-01 weights of 20 and 15, respectively. The Joint CLECs argue that the other MOE measures are treated independently, and that this change will place appropriate emphasis on all the types of hot cuts performed by Verizon. Although the C2C Hot Cut Order disaggregated PR-6-02 and PR-9-01 to measure the Basic, Batch, and Large Job hot cuts separately, the Joint CLECs would recombine them in a weighted average to implement its proposal.

MCI proposes that PR-3-08 and PR-3-11 be added to the UNE-L MOE section of the PAP at a weight of 15. MCI claims that this is appropriate because timely hot cut provisioning is important, and CLECs need assurances that hot cut orders are provisioned quickly, with minimum delay. MCI would also add PR-9-04 (% On Time Batch Due Date) to the UNE-L MOE section because creating the batch in a timely fashion with adequate notice to the CLEC is essential to the success of a Batch hot cut, as it allows the CLEC to better prepare for the hot cut on its end. MCI claims this also financially impacts CLECs because the sooner Verizon creates the batch and provisions the hot cut, the fewer costs CLECs incur.

Verizon agrees that PR-6-02-3523 (% Installation Troubles Reported Within 7 days), and PR-9-01-3523 (% On Time), should be added to the UNE-L MOE section of the PAP for Large Job and Batch hot cuts, but in a manner, elaborated below, that would not increase the total weight assigned to the UNE-L MOE.

Verizon initially challenges the legitimacy of the additional metrics MCI proposes given the little experience MCI has had with Verizon's hot cut processes and that MCI has not yet indicated it will ever use Verizon's Large Job or Batch Hot

Cut processes. Verizon notes that the Joint CLECs, who have substantially more experience with Verizon's hot cut processes, do not indicate they believe the additional metrics MCI proposes should be included in the UNE-L section.

Verizon argues that MCI's concerns about "timely hot cut provisioning" will be satisfied by including PR-9-01, which measures on time performance, in the UNE-L MOE section. Verizon claims that there is no evidence to suggest it will not be able to satisfy its hot cut interval obligations, and notes that for the last three C2C report months, its performance for PR-3-08 (Completed in Five Days) was perfect. Verizon also questions if there will be many hot cuts captured in PR-3-11 since only rarely does it receive hot cut orders with as many lines as that metric covers (11-20 lines).

Verizon finds MCI's proposed inclusion of PR-9-04 (% On Time Batch Due Date) particularly unwarranted, claiming the Batch Hot Cut process has been in place since September 2004, and that no CLEC has indicated any interest in using it. Verizon notes that it has not received any Batch Hot Cut orders even though the FCC's Remand Order will eliminate UNE-P in about one year. In response to MCI's concerns regarding the financial impacts of inadequate notice, Verizon notes that MCI does not explain these impacts, and MCI ignores the fact that missed Batch Hot Cuts also has significant financial impacts on Verizon.

Regarding the Joint CLECs' proposals, Verizon opposes recombining PR-6-02 and PR-9-01 and would give the submetrics weights of no more than 9 and 6, respectively, so that the combined weight of the submetrics remains at the weight it is now, 15.

Discussion

As the PR 9 metrics more completely capture the on time performance for hot cuts, we find no reason to include the two PR-3 metrics proposed by MCI in the PAP. However, PR-9-04, % On Time Batch Due Date, should be included in the UNE-L MOE section and accorded a weight of 5. Although it is not clear whether any CLEC will be using the Batch hot cut process,²⁰ it is still relatively new and some CLECs may decide to use Verizon's Batch hot cut process in the future, especially as the volume of hot cuts increase. Additionally, many CLECs have informed Staff that they plan to use Verizon's Large Job hot cut process. Thus, we reject the Joint CLECs proposal to recombine the PR-6-02 and PR-9-01 submetrics to determine PAP remedies, but will increase the overall weights assigned to hot cuts.

In addition to the 5 weight adopted for PR-9-04, the weightings in the table below will be given to the disaggregated submetrics for PR-6 and PR-9 commensurate with our current expectations regarding future hot cut volumes, including the higher volume expected as a result of the TRO Remand Order, and the mitigation of those volumes as a result of the advent of VoIP.²¹

Basic Hot Cut	10
Large Job Hot Cut	20
Batch Hot Cut	5

MCI's proposal to allocate more dollars from UNE-P to the hot cut metrics in the UNE-L MOE category is premature in light of the forthcoming PAP Annual Review.

²⁰ Verizon Initial Comments at p. 5.

²¹ These weightings should be used to reflect our decisions in the Critical Measures and Special Provision sections to disaggregate certain metrics into Basic, Project and Batch hot cuts.

No party seeks to include the new PR 9-02 (% Early Cuts - Lines) and PR 9-03 % of Large Job Hot Cut Project Negotiations Completed) metrics in the PAP's MOE section, and we find no basis for their inclusion. Also, no party opposes Verizon's proposal to de-link the PR-6-02 and PR-9-01 metrics. Continuing to link these metrics would unreasonably increase the likelihood of Verizon's liability for a remedy in light of the greater number of submetrics. Thus the proposal is adopted.

Finally, Verizon is correct that the MOE thresholds must be revised to correspond to the final number of metrics and assigned weights.²² Accordingly, Verizon should appropriately revise the UNE-L MOE threshold in its compliance filing.

CRITICAL MEASURES

Critical Measure No. 1 - OSS Interface Availability

As noted, there are currently three submetrics for PO-2-02 that measure the availability of three types of computer interfaces - EDI, CORBA and WebGUI. Currently, \$266,667 is allocated to the PO-2-02 metrics in Critical Measures No. 1 that is sub-allocated to the submetrics at one-third each or \$88,889 per metric.

Parties' Positions

Verizon, MCI and the Joint CLECs agree that PO-2-02-6010, the new submetric measuring WPTS' availability, should be added to Critical Measure No. 1. However, Verizon and the Joint CLECs submitted diverging proposals as to how the dollars at risk for Critical Measure No. 1 should be revised.

Verizon proposes spreading the maximum \$266,667 now at risk among the amended PO-2-02 products in proportion to the

²² Verizon Initial Comments at p. 4.

assigned weights. The Joint CLECs would allocate an additional one-third of the total PO-2-02 dollars currently at risk or \$88,889 to the new submetric for WPTS and leave the dollars at risk for the remaining interfaces at \$88,889. However, the Joint CLECs would limit the dollars Verizon must pay to the maximum \$266,667 currently at risk which, they argue, is consistent with several existing portions of the PAP. Verizon criticizes the Joint CLECs for not explaining how this allocation methodology would work.

Discussion

The Joint CLECs proposal is adopted. As noted above, WPTS' availability clearly impacts CLEC operations as it allows Verizon to perform hot cuts more efficiently, and helps ensure that all key steps of the hot cut process are properly completed and all necessary communications between the CLEC and Verizon work teams occur effectively. Further, Verizon has not addressed why it is appropriate to reduce the dollars at risk for the current interfaces at this time.²³

Critical Measure No. 5 - Hot Cut Performance Parties' Positions

Verizon proposes to add the following new metrics to Critical Measure No. 5, and spread the dollars at risk among the six metrics in Critical Measure No. 5 in proportion to the assigned weights.

- PR-6-02-3523 - % Installation Troubles reported within 7 days - POTS Loop - Large Job - Hot Cut
- PR-6-02-3525 - % Installation Troubles reported within 7 days - POTS Loop - Batch Hot Cut

²³ As a result of our changes to Critical Measure No. 5 elaborated below, the impact will be that \$74,074 is allocated to each submetric.

- PR-9-01-3523 - % On Time - Hot Cut - Loop - Large Job Hot Cut
- PR-9-01-3525 - % On Time - Hot Cut - Loop - Batch Hot Cut

The Joint CLECs would reallocate the dollars currently at risk for Critical Measure No. 5 to emphasize hot cuts and retain the existing overall amount, by reducing dollars at risk for ordering and installation to increase the dollars at risk for hot cuts from \$266,667 to \$840,000 per month. The Joint CLECs would also treat the two hot cut metrics in Critical Measure No. 5 separately and would evenly divide the \$840,000 per month between PR-6-02 and PR-9-01 (\$420,000 each).²⁴

MCI would retain PR-9-01, as revised by the C2C Hot Cut Order, and remove PR-6-02 from Critical Measures. MCI would also add PR-9-03, which requires that Verizon respond to a CLEC request for a Large Job Hot Cut with a proposed schedule within four business days, 98% of the time.

Verizon notes that while MCI would add PR-9-03 to Critical Measure No. 5, MCI does not request that the amounts at risk be changed, nor does MCI recommend how the amounts at risk for this measure should be distributed among the metrics in Critical Measure No. 5. In opposing the CLECs' proposals, Verizon reiterates that the amount at risk for Critical Measure need not be increased, as the current amounts have proven sufficient to result in excellent hot cut service.

In advocating that PR-6-02 be retained as a Critical Measure, Verizon refers to it as a "bellwether metric," and argues that PR-6-02 has demonstrated the high quality of hot cut

²⁴ Consistent with its proposals for MOE section described above, the Joint CLECs would recombine the PR-9 metrics disaggregated by the C2C Hot Cut Order using a weighted average.

service Verizon provides. In opposing the addition of PR-9-03, Verizon reiterates that MCI has much less experience with Verizon's hot cut processes than the Joint CLECs, which agree it does not make sense to dedicate PAP dollars at risk for tasks that are not likely to be performed.

Discussion

PR-6-02 continues to be an important measure of Verizon's hot cut performance, and it should not be removed as a Critical Measure. Further, MCI has not adequately justified adding PR-9-03 to Critical Measures. No party has proposed adding and we find no reason to include PR-9-03 in the MOE section at this time and currently all metrics in the Critical Measures are also in the MOE section. However, the parties can more fully evaluate whether or not PR-9-03 should be included in the PAP in the upcoming Annual Review.

We agree with the Joint CLECs that the current environment warrants increasing the dollars at risk in Critical Measure No. 5 for hot cuts, but believe their proposal does not adequately consider, if it all, Verizon's position that the advent of VoIP will mitigate the volume of hot cuts previously expected.²⁵ As a result, we adopt one-half the Joint CLECs reallocation, which has the impact of increasing the total dollars at risk in Critical Measures for hot cuts from \$266,667

²⁵ In the its Remand Order, the FCC rejected a proposal by various ILECs, including Verizon, that access to UNEs for the provision of local exchange service be denied to intermodal competition and VoIP. The FCC noted that customers seeking to use VoIP as a substitute for traditional landline service must first subscribe to broadband service and while broadband penetration rates are increasing, broadband service today is far from ubiquitous. TRO Remand Order, ¶39, fn. 118.

to \$444,444.²⁶ Consistent with our decision adopting Verizon's proposal to de-link the PR-6-02 and PR-9-01 metrics in the MOE section, we adopt the Joint CLECs' proposal to treat the two hot cut metrics in Critical Measure No. 5 separately.

SPECIAL PROVISIONS

The Special Provision for Hot Cuts currently includes two metrics, PR-6-02 and PR-9-01, for Basic Hot Cuts, and provides for bill credits of up to \$24 million if Verizon's performance falls below levels invoking credits under the MOE and Critical Measures Sections.²⁷

Verizon's Proposed Elimination

Parties' Positions

Verizon proposes that the Special Provision for Hot Cuts be eliminated from the PAP because the Commission has stated such provisions are only for metrics with a history of poor service and/or that need additional incentives to ensure improvement, and that Verizon's recent hot cut performance has been excellent.

The Joint CLECs insist that Verizon's proposal is clearly inappropriate in light of the TRO Remand Order's transition away from UNE-P, occurring twice as fast as envisioned when Case 02-C-1425 was being litigated. Further, reducing Verizon's PAP exposure for hot cuts, just as the phase-out of UNE-P is about to begin in earnest, is simply an attempt

²⁶ The Joint CLECs did not indicate which specific ordering and installation metrics the additional dollars to be allocated to hot cuts would come from. We believe the Critical Measure dollars for UNE-L should be allocated based on the weights of the various metrics on a pro rata basis.

²⁷ In the PAP, the Special Provision for Hot Cuts is also referred to as "Additional Hot Cut Performance Measures."

to manufacture an imbalanced "middle" ground. The Joint CLECs contend that eliminating the Special Provision for Hot Cuts will make many of the hot cut metrics and standards meaningless. They argue that Verizon's claim that the Special Provision for Hot Cuts is not needed since it has provided excellent hot cut service is disingenuous and ill-timed. The Joint CLECs note that until the C2C Hot Cut Order, the PAP's hot cut metrics ignored most hot cuts done by Verizon because a hot cut was defined much more narrowly for metric purposes than for rate purposes. As a result, the Joint CLECs claim that Verizon's actual historic performance based on metric results provides little insight, and is devalued even more by the much higher volume of hot cuts over the next year that is expected to result from the TRO Remand Order. Finally, the Joint CLECs contend that Verizon's proposal indicates a fear of failure. If Verizon really felt it would pass these metrics in the future, the Joint CLECs argue that Verizon would have no reason to want the Special Provision for Hot Cuts eliminated.

MCI echoes many of the Joint CLECs arguments and further argues that Verizon's proposal is based on the flawed assumption that since hot cut service is not "terribly problematic today,"²⁸ it will remain so tomorrow. MCI maintains that Verizon ignores this provision, which lends assurance to Verizon meeting the performance standards for the hot cuts that the existing metrics do not cover. MCI explains that enforcement mechanisms, like the self-effecting remedies under the PAP, have proven to be a necessary, effective means of encouraging Verizon to provide quality, non-discriminatory service.

²⁸ MCI Reply Comments at p. 2.

Discussion

Verizon's proposal to eliminate the Special Provision for Hot Cuts is rejected. In describing the special provisions, the PAP states:

. . . this Plan contains a "Special Provisions" section that focuses on a number of UNE measures that have been viewed as measuring key aspects of Verizon NY's performance after it gains entry into the interLATA market. In order to assure that Verizon NY will provide satisfactory service in these key areas, e.g., flow through, hot cuts and ordering, Verizon NY has made \$34 million in addition to the \$174 million available in MOE and Critical Measures for bill credits for these measures. In addition, \$24 million in unused bill credits will be available for certain UNE measures.²⁹

Thus, even if Verizon is correct and the Special Provisions were originally created to address metrics that had proven troublesome, that is not their stated purpose in the PAP. As noted by MCI, Verizon's hot cut performance is extremely critical to CLECs, to the extent that the CLECs move significant numbers of UNE-P customers to UNE-L. While Verizon's performance on hot cut metrics has met expectations, we believe that the Special Provisions for Hot Cuts provide much needed assurance that Verizon will not backslide from its current level of performance during the transition off of UNE-P.

CLEC Proposed Modifications

Parties' Positions

The Joint CLEC's proposed modifications to the Special Provision for Hot Cuts follow:

²⁹ PAP at pp. 3-4.

the tiers . . . remain unchanged, but . . . the thresholds for PR-9-01 % On Time be increased from 90% to 95% for Tier I, and from 85% to 90% for Tier II. With regard to PR-6-02, the threshold for % Installation Troubles within 7 days should be increased from $\geq 3\%$ to $\geq 2\%$ for Tier I, and from $\geq 4\%$ to $\geq 3\%$ for Tier II.³⁰

The Joint CLECs agree hot cuts are a manual process, and that Verizon's performance scores have recently been well above associated performance standards. However, the Joint CLECs contend that it is critical Verizon have the "meaningful and immediate incentive" that their proposals provide so as to adequately staff and manage the 12-month transition from UNE-P.³¹ The Joint CLECs note that the 24 month transition predicted in Case 02-C-1425 has been cut in half, effectively doubling the hot cuts performed per month, and providing a much taller order than Verizon said it could meet in Case 02-C-1425.

As noted, OR-5 measures the percent of orders flowing through Verizon's Operational Support Systems (OSS). Consistent with its position discussed in the MOE section above regarding the importance of flow through to CLECs, MCI proposes including OR-5, as modified by the C2C Hot Cut Order, in the Special Provision for Hot Cuts. MCI would also disaggregate OR-5 for UNE-L and UNE-P, and revise the PAP so that Verizon would be liable for remedies if it fails to meet the 95% standard for either UNE-P or UNE-L over a three-month period. Finally, MCI would reallocate the current level of remedies based on the changing volumes expected in the future.

Emphasizing the importance of Verizon's hot cut performance on the CLECs' ability to effectively compete, MCI also proposes that PR-9-08 (Average Duration of Hot Cut

³⁰ Joint CLEC Initial Comments at pp. 5-6.

³¹ Ibid. at p. 7.

Installation Troubles) be added to the Special Provision for Hot Cuts, and that PR-6-02 (Installation Quality) be modified to reflect the change to that metric adopted in the C2C Hot Cut Order. MCI argues that PR-6-02 currently does not cover all types of hot cuts in the PAP, and that it should be disaggregated consistent with the revised PR-6-02 metric adopted in the C2C Hot Cut Order. MCI proposes that substantial bill credits be associated with Verizon's failure to meet the standards for these metrics, and would move the threshold for remedies for PR-6 from 3% to 2% at the first level of remedies, and from 4% to 3% at the second level trigger. Finally, MCI would remove PR-9-01 (% On-Time Performance - Hot Cuts) from the Special Provision for Hot Cuts but that it be kept as a Critical Measure.

Verizon claims MCI is proposing standards as difficult as those for MOE and Critical Measures' metrics. Verizon further notes the proposal does not include a "recapture" provision, as currently exists for MOE and Critical Measure metrics, and eliminates Verizon's ability to satisfy either of the two metrics in a quarter. Verizon states that MCI's proposals are clearly contrary to the intent of the Special Provisions in the PAP, which was to provide an extra layer of protection for specific problematic metrics, not to provide more difficult standards than are in the MOE and Critical Measures sections.

Discussion

As noted, the Special Provisions are intended to ensure that Verizon provides satisfactory service in key areas. The additional metrics proposed by MCI, and the disaggregation adopted in the C2C Hot Cut Order, will help ensure Verizon has

the necessary incentive to perform high quality hot cuts during the accelerated transition from UNE-P to UNE-L.³² Thus, PR-9-08 will be added to the Special Provision for hot cuts; PR-6-02 will be modified to reflect the changes adopted in the C2C Hot Cut Order; and OR-5 will be revised from "UNE-Total" to "UNE-P," "UNE-L" and "UNE-Other." In so doing, we accept in part, MCI's proposal to revise the PAP so Verizon is liable for remedies if it fails to meet the 95% standard for either UNE-P or UNE-L over a three-month period. As a result, this special provision will be triggered if any one of the "UNE-P," "UNE-L" or "UNE-Other," OR 5-03 flow through achieved submetrics fail, and the corresponding OR-5-01 flow through total submetric fails. This will ensure that each individual product will be maintained at acceptable levels as opposed to allowing sub-standard service quality in one product area be masked by good service quality in another.

Further, MCI's proposal to increase the threshold standard for remedies in PR-6 is denied. As indicated, the Special Provision section of the PAP is to ensure adequate service continues in key areas. Accordingly, we do not see this as the appropriate section of the PAP to address service improvements through increasing the quality standards.

As PR-9-01 continues to be an important measure of Verizon's hot cut performance, we reject MCI's proposal to remove PR-9-01 from the Special Provision for hot cuts. We also reject the proposals of MCI and the Joint CLECs to reallocate additional dollars at risk and reconfigure thresholds for the Special Provision for hot cuts. We believe it is premature to make such determinations until the potential impacts of the

³² As illustrated in the Appendix, the market adjustment in the Special Provision for hot cuts will be disaggregated consistent with the measures.

change have been fully analyzed on the record. The upcoming Annual Review is the proper forum to address such changes. We do note that the PAP allows the Commission to reallocate the monthly distribution of bill credits on fifteen days notice, should the situation warrant.³³

CONCLUSION

The revisions to Verizon's Performance Assurance Plan and Change Control Assurance Plan discussed herein are adopted consistent with this Order.

The Commission orders:

1. The metrics and standards discussed in this Order and appended to it should be implemented in the Performance Assurance Plan.

2. Within 30 days of the date this Order is issued, Verizon New York Inc. shall file with the Secretary (20 copies) and serve upon each party the ordered corrections, changes and additions to Verizon's Performance Assurance Plan and Change Control Assurance Plan.

3. These proceedings are continued.

By the Commission,

(SIGNED)

JACLYN A. BRILLING
Secretary

³³ PAP at p. 4.

APPENDIX

UNE LOOP MODE OF ENTRY

UNE PLATFORM MODE OF ENTRY

CRITICAL MEASURES

SPECIAL PROVISIONS

**Verizon New York
Performance Assurance Plan Report**

UNE LOOP

2005 Model

PO	Pre-Ordering	Performance		Observations		Perf.		Wgtd.				
		VZ	CLEC		CLEC	Diff.	Score		Score			
PO-1-01-6020	Customer Service Record - EDI	1.00	7.10		18,758	6.1000	-2	2	-0.016			
PO-1-03-6020	Address Validation -EDI	1.00	7.10		51,976	6.1000	-2	2	-0.016			
PO-2-02-6020	OSS Interface Availability - Prime - EDI		97.90				-2	5	-0.041			
PO-1-01-6030	Customer Service Record - CORBA	1.00	7.10		31,628	6.1000	-2	2	-0.016			
PO-1-03-6030	Address Validation - CORBA	1.00	7.10		88,721	6.1000	-2	2	-0.016			
PO-2-02-6030	OSS Interface Availability - Prime - CORBA		97.90				-2	5	-0.041			
PO-1-01-6050	Customer Service Record - Web GUI	1.00	7.10		50,619	6.1000	-2	2	-0.016			
PO-1-03-6050	Address Validation - Web GUI	1.00	7.10		30,405	6.1000	-2	2	-0.016			
PO-1-03-6050	OSS Interface Availability - Prime - Web GUI		97.90				-2	5	-0.041			
PO-2-02-6010	OSS Interface Availability - Prime - WPTS		97.90				-2	5	-0.041			
OR Ordering												
OR-1-02-3331	% On Time LSRC - Flow Thru - Loop/Pre-Qual - 2hrs		89.90		22,726		-2	10	-0.081			
OR-2-02-3331	% On Time LSR Reject - Flow Thru - Loop/Pre-Qual		89.90		5,359		-2	5	-0.041			
OR-4-11-3000	% Completed Orders with Neither a PCN or BCN Sent		1.01		300		-2	2	-0.016			
OR-4-16-3000	% On Time PCN - 1 Business Day		89.10		215,762		-2	2	-0.016			
OR-4-17-3000	% On Time BCN - 2 Business Day		89.00		215,762		-2	2	-0.016			
OR-5-03-xxxx	% Flow Through - Achieved - POTS - UNE-L		89.00		262,714		-2	5	-0.041			
OR-6-03-3331	% Accuracy - LSRC - Loop		10.01		24,296		-2	5	-0.041			
OR-1-04-3331	% OT LSRC - No Facility Check - Loop/LNP		89.90		6,987		-2	5	-0.041			
OR-1-06-3331	% OT LSRC/ASRC - Facility Check - Loop/LNP		89.90		2,020		-2	2	-0.016			
OR-2-04-3331	% OT LSR Rej - No Facility Check - Loop/LNP		81.25		16		-2	2	-0.016			
OR-2-06-3331	% OT LSR/ASR Rej - Facility Check - Loop/LNP		89.90		467		-2	2	-0.016			
PR Provisioning												
PR-4-02-3100	Average Delay Days - Total - POTS	2.00	2.25	8,518	4,000	6.72	0.13	-1.9409	-2	5	-0.041	
PR-4-04-3113	% Missed Appointment - VZ - Dispatch - Loop-New	10.00	12.00	71,031	708		1.13	-1.7651	-2	20	-0.163	
PR-5-01-3112	% Missed Appointment - Facilities - Loop	3.00	4.50	71,031	708		0.64	-2.3281	-2	5	-0.041	
PR-5-02-3112	% Orders Held for Facilities > 15 days - Loop	0.50	1.00	71,031	708		0.27	-1.8769	-2	5	-0.041	
PR-6-01-3112	% Installation Troubles within 30 days - Loop	5.00	5.50	496,054	18,244		0.16	-3.0433	-2	10	-0.081	
PR-6-02-3520	% Installation Troubles w/in 7 days - Basic Hot Cut		3.01		11,685				-2	10	-0.081	
PR-6-02-3523	% Installation Troubles w/in 7 days - Large Job HC		3.01		3,333				-2	20	-0.163	
PR-6-02-3525	% Installation Troubles w/in 7 days - Batch Hot Cut		3.01		4,444				-2	5	-0.041	
PR-9-01-3520	% On Time Performance - Basic Hot Cut		89.00		11,564				-2	10	-0.081	
PR-9-01-3523	% On Time Performance - Large Job Hot Cut		89.00		3,456				-2	20	-0.163	
PR-9-01-3525	% On Time Performance - Batch Hot Cut		89.00		4,561				-2	5	-0.041	
PR-9-04-3525	% On Time Batch Due Date		89.00		5,071				-2	5	-0.041	
MR Maintenance & Repair												
MR-1-01-2000	Avg. Response Time - Create Trouble	2.00	8.10		12,078			6.1000	-2	2	-0.016	
Stat. Score												
MR-3-01-3550	% Missed Repair Appointments - Loop - Loop	16.00	17.50	115,654	2,115		0.80	-1.8647	-2	10	-0.081	
MR-4-02-3550	Mean Time to Repair - Loop Trouble - Loop	25.00	26.50	115,654	2,115	33.81	0.74	-2.0219	-2	5	-0.041	
MR-4-07-3550	% Out of Service > 12 Hours - Loop	65.00	67.00	108,690	2,086		1.05	-1.8970	-2	5	-0.041	
MR-4-08-3550	% Out of Service > 24 Hours - Loop	29.00	31.00	108,690	2,086		1.00	-1.9940	-2	5	-0.041	
MR-5-01-3550	% Repeat Reports w/in 30 days - Loop	17.50	19.00	133,924	2,722		0.74	-2.0390	-2	10	-0.081	
MR-3-02-3550	% Missed Repair Appointments - CO - Loop	12.00	15.00	18,270	607		1.34	-2.2376	-2	10	-0.081	
MR-4-03-3550	Mean Time to Repair - CO Trouble - Loop	14.00	16.00	18,270	607	20.88	0.86	-2.3216	-2	5	-0.041	
									Totals	-82	246	-2.000

Under the Plan, -1 performance scores are subject to further adjustment based on two additional month's performance.
For demonstration purposes, metric performance has been failed to show financial results

**Verizon New York
Performance Assurance Plan Report**

UNE Platform

2005 Model

PO	Pre-Ordering	Performance		Observations		Diff.	Perf. Score	Wgt.	Wgtd. Score			
		VZ	CLEC	CLEC								
PO-1-01-6020	Customer Service Record - EDI	1.00	7.10		18,758	6.1000	-2	2	-0.016			
PO-1-03-6020	Address Validation - EDI	1.00	7.10		51,976	6.1000	-2	2	-0.016			
PO-2-02-6020	OSS Interface Availability - Prime - EDI		97.90				-2	5	-0.039			
PO-1-01-6030	Customer Service Record - CORBA	1.00	7.10		31,628	6.1000	-2	2	-0.016			
PO-1-03-6030	Address Validation - CORBA	1.00	7.10		88,721	6.1000	-2	2	-0.016			
PO-2-02-6030	OSS Interface Availability - Prime - CORBA		97.90				-2	5	-0.039			
PO-1-01-6050	Customer Service Record - Web GUI	1.00	7.10		50,619	6.1000	-2	2	-0.016			
PO-1-03-6050	Address Validation - Web GUI	1.00	7.10		30,405	6.1000	-2	2	-0.016			
PO-2-02-6080	OSS Interface Availability - Prime - Web GUI		97.90				-2	5	-0.039			
OR Ordering												
OR-1-02-3143	% On Time LSRC - Flow Through - Platform - 2hrs		89.00		234,285		-2	10	-0.078			
OR-2-02-3143	% On Time LSR Reject - Flow Through - Platform		89.90		27,882		-2	5	-0.039			
OR-4-11-3000	% Completed Orders with Neither a PCN or BCN Sent		1.01		215,762		-2	5	-0.039			
OR-4-16-3000	% On Time PCN - 1 Business Day		89.10		215,762		-2	5	-0.039			
OR-4-17-3000	% On Time BCN - 2 Business Day		89.00		215,762		-2	5	-0.039			
OR-5-03-xxxx	% Flow Through - Achieved - POTS - UNE-P		89.00		262,714		-2	5	-0.039			
OR-6-03-3143	% Accuracy - LSRC - Platform		10.10		22,740		-2	5	-0.039			
OR-1-04-3143	% OT LSRC - No Facility Check - Platform		89.90		18,140		-2	5	-0.039			
OR-1-06-3143	% OT LSRC/ASRC - Facility Check - Platform		70.00		10		-2	2	-0.016			
OR-2-04-3143	% OT LSR Rej. - No Facility Check - Platform		89.90		7,560		-2	2	-0.016			
OR-2-06-3143	% OT LSR/ASR Rej. - Facility Check - Platform		89.90		636		-2	2	-0.016			
PR Provisioning												
PR-3-01-3140	% Completed in 1 Day (1-5 Lines - No Disp) - Platform	75.00	73.50	10,000	10,000	0.61	-2.4495	-2	5	-0.039		
PR-4-05-3140	% Missed Appointment- VZ - No Dispatch - Platform	0.10	0.12	470,229	162,265	0.01	-2.1978	-2	20	-0.156		
PR-4-04-3140	% Missed Appointment - VZ - Dispatch - Platform	1.00	1.25	71,031	6,804	0.13	-1.9799	-2	10	-0.078		
PR-4-02-3100	Average Delay Days - Total - POTS	2.00	2.25	8,518	4,000	6.72	0.13	-1.9409	-2	15	-0.117	
PR-5-01-3140	% Missed Appointment - Facilities - Platform	3.00	3.50	71,031	6,804		0.22	-2.3096	-2	5	-0.039	
PR-5-02-3140	% Orders Held for Facilities > 15 days - Platform	0.30	0.45	71,031	6,804		0.07	-2.1612	-2	5	-0.039	
PR-6-01-3121	% Installation Troubles within 30 days - Platform	5.00	5.15	496,054	167,865		0.06	-2.4374	-2	10	-0.078	
MR Maintenance & Repair												
Performance Observations VZ Std Sampling Perf. Wgtd.												
VZ CLEC VZ CLEC Deviation Error Score Wgt. Score												
MR-1-01-2000	Avg. Response Time - Create Trouble	2.00	8.10		12,078			6.1000	-2	2	-0.016	
MR-1-06-2000	Avg. Response Time - Test Trouble (POTS only)	2.00	8.10		35,262			6.1000	-2	2	-0.016	
Stat. Score												
MR-3-01-3144	% Missed Repair Appointments - Loop - Platform - Bus	20.00	22.00	21,998	1,799	0.98	-2.0390	-2	10	-0.078		
MR-3-02-3144	% Missed Repair Appointments - CO - Platform - Bus	17.00	21.00	5,275	330	2.13	-1.8766	-2	10	-0.078		
MR-4-02-3144	Mean Time to Repair - Loop Trouble - Platform - Bus	20.00	21.50	21,998	1,799	27.83	0.68	-2.1980	-2	5	-0.039	
MR-4-03-3144	Mean Time to Repair - CO Trouble - Platform - Bus	14.00	16.50	5,275	330	22.38	1.27	-1.9686	-2	5	-0.039	
MR-4-06-3144	% Out of Service >4 Hours - Platform - Bus	77.00	79.00	23,000	1,705		1.06	-1.8935	-2	5	-0.039	
MR-4-07-3144	% Out of Service >12 Hours - Platform - Bus	55.00	57.50	23,000	1,705		1.25	-2.0021	-2	5	-0.039	
MR-4-08-3144	% Out of Service > 24 Hours - Platform - Bus	25.00	27.00	23,000	1,699		1.09	-1.8372	-2	5	-0.039	
MR-3-01-3145	% Missed Repair Appointments - Loop - Platform - Res	15.00	15.50	93,117	19,028		0.28	-1.7601	-2	10	-0.078	
MR-3-02-3145	% Missed Repair Appointments - CO - Platform - Res	10.00	11.50	12,915	1,495		0.82	-1.8302	-2	10	-0.078	
MR-4-02-3145	Mean Time to Repair - Loop Trouble - Platform - Res	25.00	25.50	93,117	19,028	27.52	0.22	-2.2837	-2	5	-0.039	
MR-4-03-3145	Mean Time to Repair - CO Trouble - Platform - Res	13.00	14.00	12,915	1,495	20.16	0.55	-1.8157	-2	5	-0.039	
MR-4-06-3145	% Out of Service >4 Hours - Platform - Res	85.00	85.60	85,156	16,613		0.30	-1.9812	-2	5	-0.039	
MR-4-07-3145	% Out of Service >12 Hours - Platform - Res	70.00	71.00	85,156	16,613		0.39	-2.5728	-2	5	-0.039	
MR-4-08-3145	% Out of Service > 24 Hours - Platform - Res	29.00	30.00	85,156	16,598		0.39	-2.5974	-2	5	-0.039	
MR-5-01-3140	% Repeat Reports w/in 30 days - Platform	18.00	18.50	133,924	22,652		0.28	-1.8115	-2	10	-0.078	
BI Billing												
BI-1-02-2030	% DUF in 4 Business Days		89.90		651,317,092				-2	5	-0.039	
"NA" - no activity "UD" - under development "SS" - Small Sample												
									Totals	-90	257	-2.000

Under the Plan, -1 performance scores are subject to further adjustment based on two additional month's performance.
For demonstration purposes, metric performance has been failed to show financial results

Verizon New York				2005 Model							
CRITICAL MEASURES				UNE-Platform	UNE-Loop	Resale	DSL	Trunks	Specials	Other	Total
PRE-ORDERING											
1	OSS Interface			\$937,500	222,222	\$208,333	\$208,333				\$1,576,389
	PO-1-06	Mechanized Loop Qualification - EDI					69,444				
	PO-1-06	Mechanized Loop Qualification - CORBA					69,444				
	PO-1-06	Mechanized Loop Qualification - Web GUI					69,444				
	PO-2-02	OSS Interface Availability - Prime - EDI		312,500	55,556	104,167					
	PO-2-02	OSS Interface Availability - Prime - CORBA		312,500	55,556						
	PO-2-02	OSS Interface Availability - Prime - Web GUI		312,500	55,556	104,167					
	PO-2-02	OSS Interface Availability - Prime - WPTS			55,556						
ORDERING											
2	% On Time Ordering Notification			\$937,500	\$222,222	\$208,333	\$208,333	\$200,000	\$40,761		\$1,817,150
	OR-1-02	% On Time LSRC -Flow Through		625,000	185,185	138,889					
	OR-1-04	%OT LSRC - No Facility Check - 2Wdig-UNE/Rsl					23,148				
	OR-1-04	%OT LSRC - No Facility Check - 2W xDSL Loops					57,870				
	OR-1-04	%OT LSRC - No Facility Check - Ln Share/Split					57,870				
	OR-1-12	% On Time FOC						50,000			
	OR-1-13	% On Time Design Layout Record						100,000			
	OR-1-19	% OT Resp. -Req. for Inbound Aug. (<=192)						50,000			
	OR-2-04	%OT LSR Rej - No Facility Check - 2Wdig-UNE/Rsl					23,148				
	OR-2-04	%OT LSR Rej - No Facility Check - 2W xDSL Loops					23,148				
	OR-2-04	%OT LSR Rej - No Facility Check - Ln Share/Split					23,148				
	OR-4-16	% On Time PCN - 1 Bus. Day		312,500	37,037	69,444					
	OR-1-04	%OT LSRC - No Facility Check - All Spcls-UNE/Rsl							13,587		
	OR-1-06	%OT LSRC/ASRC - Facility Check - All Spcls-UNE/Rsl							13,587		
	OR-2-04	%OT LSR Rej - No Facility Check - UNE/Resale							6,793		
	OR-2-06	%OT LSR/ASR Rej - Facility Check - UNE/Resale							6,793		
PROVISIONING											
3	Installation Performance			\$937,500	\$222,222	\$208,333	\$208,333	\$200,000	\$154,891		\$1,931,280
	PR-3-01	% Completed in 1 Day (1-5 lines No Disp.)		78,125		16,026					
	PR-4-02	Average Delay Days - Total		234,375	31,746	48,077					
	PR-4-02	Average Delay Days - Total - 2W Digital					5,020				
	PR-4-02	Average Delay Days - Total - 2W xDSL Loop					25,100				
	PR-4-02	Average Delay Days -Total -Line Share/Split					25,100				
	PR-4-04	Missed Appointments -Dispatch		156,250	126,984	32,051					
	PR-4-04	Missed Appts - Disp - 2W Digital UNE/Resale					5,020				
	PR-4-04	Missed Appts - Disp - Line Share/Split					12,550				
	PR-4-05	Missed Appointments - No Dispatch		312,500		64,103					
	PR-4-05	% Missed Appt -No Disp -2W Digital -UNE/Resale					5,020				
	PR-4-05	% Missed Appt -No Disp -Line Share/Split					25,100				
	PR-4-14	% Completed On Time - 2W xDSL Loops					25,100				
	PR-4-15	% On Time Provisioning - Trunks						133,333			
	PR-6-01	Installation Troubles w/in 30 Days		156,250	63,492	48,077		66,667			
	PR-6-01	% Install Trbls w/in 30 Days -2W Digital Loop -UNE/Resale					5,020				
	PR-6-01	% Install Trbls w/in 30 Days -2W xDSL Loops					37,651				
	PR-6-01	% Install Trbls w/in 30 Days -Line Share/Split					37,651				
	PR-4-01	% Missed Appointment -VZ -DSO -UNE/Resale							6,793		
	PR-4-01	% Missed Appointment -VZ -DS1 -UNE/Resale							6,793		
	PR-4-01	% Missed Appointment -VZ -DS3 -UNE/Resale							6,793		
	PR-4-01	% Missed Appointment -VZ -Other -UNE/Resale							6,793		
	PR-4-02	Average Delay Days - Total -UNE/Resale							6,793		
	PR-5-01	% Missed Appointment - Facilities -UNE/Resale							27,174		
	PR-5-02	% Orders Held for Facilities > 15 days -UNE/Resale							27,174		
	PR-6-01	% Installation Troubles within 30 days -UNE/Resale							13,587		
	PR-8-01	% Open Orders in Hold Status>30 Days-UNE/Resale							6,793		
	PR-4-01	% Missed Appointment - VZ - Total - EEL							13,587		
	PR-4-02	Average Delay Days - Total - EEL							6,793		
	PR-8-01	% Open Orders in a Hold Status >30 Days -EEL							2,717		
	PR-4-01	% Missed Appointment - VZ - Total - IOF							13,587		
	PR-4-02	Average Delay Days - IOF							6,793		
	PR-8-01	% Open Orders in a Hold Status >30 Days -IOF							2,717		
4	PR-4-07	% On Time Performance - LNP							\$200,000		\$200,000

Under the Plan, -1 performance scores are subject to further adjustment.

For demonstration purposes, metric performance has been failed to show financial results

Verizon New York			2005 Model							
CRITICAL MEASURES (Cont.)			UNE-Platform	UNE-Loop	Resale	DSL	Trunks	Specials	Other	Total
5	Hot Cut Performance			\$444,444						\$444,444
	PR-6-02	% Installation Troubles w/in 7 days - Basic Hot Cut		63,492						
	PR-6-02	% Installation Troubles w/in 7 days - Large Job HC		126,984						
	PR-6-02	% Installation Troubles w/in 7 days - Batch Hot Cut		31,746						
	PR-9-01	% On Time Performance - Basic Hot Cut		63,492						
	PR-9-01	% On Time Performance - Large Job Hot Cut		126,984						
	PR-9-01	% On Time Performance - Batch Hot Cut		31,746						
MAINTENANCE										
6	Maintenance Performance		\$ 937,500	\$222,222	\$208,333	\$208,333	\$200,000	\$54,348		\$1,830,737
	MR-3-01	Missed Repair Appointments - Loop - Bus.	234,375		52,083					
	MR-3-01	Missed Repair Appointments - Loop - Res.	234,375		52,083					
	MR-3-01	Missed Repair Appointments - Loop		88,889						
	MR-3-01	% Missed Repr Appt -Loop-2W Digit-UNE/Resale				9,058				
	MR-3-01	% Missed Repr Appt -Loop -2W xDSL Loops				22,645				
	MR-3-01	% Missed Repair Appoint -Loop -Line Share/Split				22,645				
	MR-4-04	% Cleared(all trbls) w/in 24hrs-2W Dig-UNE/Resale				9,058				
	MR-4-04	% Cleared (all trbls) w/in 24hrs-2W xDSL Loops				22,645				
	MR-4-04	% Cleared (all troubles) w/in 24 Hours -Line Share/Split				22,645				
	MR-4-08	Out of Service >24Hrs. - Bus.	117,188		26,042					
	MR-4-08	Out of Service >24Hrs. - Res.	117,188		26,042					
	MR-4-08	Out of Service >24Hrs. - Total		44,444			66,667			
	MR-5-01	% Repeat Reports within 30 Days	234,375	88,889	52,083		133,333			
	MR-5-01	% Repeat Reports w/in 30 Days-2w Digital-UNE/Resale				9,058				
	MR-5-01	% Repeat Reports w/in 30 Days -2W xDSL Loops				45,290				
	MR-5-01	% Repeat Reports w/in 30 Days -Line Share/Split				45,290				
	MR-4-01	Mean Time to Repair - nonDS0 & DS0 -UNE/Resale						6,793		
	MR-4-01	Mean Time to Repair - DS1 & DS3 -UNE/Resale						6,793		
	MR-4-06	% Out of Service>4 Hrs - nonDS0 & DS0 -UNE/Resale						6,793		
	MR-4-08	%Out of Service>24 Hrs - nonDS0 & DS0 -UNE/Resale						6,793		
MR-4-06	% Out of Service > 4 Hours - DS1 & DS3 -UNE/Resale						6,793			
MR-4-08	% Out of Service > 24 Hours - DS1 & DS3 -UNE/Resale						6,793			
MR-5-01	% Repeat Reports w/in 30 days -Specials -UNE/Resale						13,587			
NETWORK PERFORMANCE										
7	NP-1-04	Final Trunk Groups Blocked					\$200,000			\$200,000
8	Collocation								\$166,667	\$166,667
	NP-2-01/2	% OT Response to Request for Collocation - Total							23,810	
	NP-2-05/6	% On Time - Physical Collocation - Total							95,238	
	NP-2-07/8	Average Delay Days - Total							47,619	
RESOLUTION PROCESS										
9	Resolution Process								\$83,333	\$83,333
	OR-10-01	% PON Exceptions Resolved w/in 3 Bus Days							14,368	
	OR-10-02	% PON Exceptions Resolved w/in 10 Bus Days							5,747	
	BI-3-04	% CLEC Billing Claims Acknwdgd w/ 2 Bus Days							5,747	
	BI-3-05	%CLEC Billing Claims Rslvd w/in 28 Cal. Days after Ack.							57,471	
Month Total			\$3,750,000	\$1,333,333	\$833,333	\$833,333	\$1,000,000	\$250,000	\$250,000	\$8,250,000

Under the Plan, -1 performance scores are subject to further adjustment.

For demonstration purposes, metric performance has been failed to show financial results

Verizon New York Performance Assurance Plan Report Special Provisions Report

Special Provision - UNE Ordering 2005 Model

		% On Time	Observations	Market Adj.
OR-1-04	% OT LSRC - No Facility Check - POTS	89.90	25,127	\$ 500,000
OR-1-06	% OT LSRC/ASRC - Facility Check - POTS	89.80	2,030	\$ 500,000
OR-2-04	% OT LSR Rej. - No Facility Check - POTS	89.88	7,576	\$ 500,000
OR-2-06	% OT LSR/ASR Rej. - Facility Check - POTS	89.90	1,103	\$ 500,000

May not have enough \$\$'s in current month to fund market adjustment!!

Total Market Adj*	\$ 2,000,000
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* For allocation, any UNE Ordering market adjustment is combined with the MOE UNE market adjustment allocation.

UNE Platform allocation	81.82%	\$ 1,636,364
UNE Loop allocation	18.18%	\$ 363,636

Special Provision - UNE Flow Through

OR-5-01-xxxx % Flow Through - Total - POTS & Specials				OR-5-03-xxxx % Flow Through - Achieved - POTS - UNE-P			
Month	%	Observations		Month	%	Observations	
		Gross #	Flow-thru			Gross #	Flow-thru
<Prior Prior>	79.00	210,000	165,900	<Prior Prior>	94.00	198,354	186,453
<Prior>	79.00	181,000	142,990	<Prior>	94.00	178,965	168,227
<Current>	79.00	195,000	154,050	<Current>	94.00	189,253	177,898
Overall	79.00	586,000	462,940	Overall	94.00	566,572	532,578

Market Adjustment OR-5-01-xxxx / OR-5-03-xxxx UNE-P * \$ 1,868,499

OR-5-01-xxxx % Flow Through - Total - POTS & Specials				OR-5-03-xxxx % Flow Through - Achieved - POTS - UNE-L			
Month	%	Observations		Month	%	Observations	
		Gross #	Flow-thru			Gross #	Flow-thru
<Prior Prior>	79.00	37,000	29,230	<Prior Prior>	94.00	35,000	32,900
<Prior>	79.00	50,123	39,597	<Prior>	94.00	49,543	46,570
<Current>	79.00	86,243	68,132	<Current>	94.00	82,490	77,541
Overall	79.00	173,366	136,959	Overall	94.00	167,033	157,011

Market Adjustment OR-5-01-xxxx / OR-5-03-xxxx UNE-L* \$ 552,789

OR-5-01-xxxx % Flow Through - Achieved - POTS -Other				OR-5-03-xxxx % Flow Through - Achieved - POTS -Other			
Month	%	Observations		Month	%	Observations	
		Gross #	Flow-thru			Gross #	Flow-thru
<Prior Prior>	79.00	11,029	8,713	<Prior Prior>	94.00	10,895	10,241
<Prior>	79.00	9,953	7,863	<Prior>	94.00	9,523	8,952
<Current>	79.00	4,862	3,841	<Current>	94.00	4,268	4,012
Overall	79.00	25,844	20,417	Overall	94.00	24,686	23,205

Market Adjustment OR-5-01-xxxx / OR-5-03-xxxx Other* \$ 78,713

* For allocation, UNE-P and Other will be included with any UNE-P MOE market adjustment allocation and UNE-L with any UNE-L MOE market adjustment allocation.

Special Provision - Hot Cut - Loop Performance

		%Troubles Current Month		%Troubles Prior Month	
PR-6-02-3520	% Installation Troubles w/in 7 days - Basic Hot Cut	3.01	11685	3.01	8166
PR-6-02-3523	% Installation Troubles w/in 7 days - Large Job HC	4.01	3333	3.01	2543
PR-6-02-3525	% Installation Troubles w/in 7 days - Batch Hot Cut	3.01	4444	3.01	3984
		% On Time Current Month		% On Time Prior Month	
PR-9-01-3520	% On Time Performance - Basic Hot Cut	84.00	11564	98.90	3220
PR-9-01-3523	% On Time Performance - Large Job Hot Cut	89.00	3456	98.90	3214
PR-9-01-3525	% On Time Performance - Batch Hot Cut	84.00	4561	98.90	4012

	Greater of - Tier I (2 mo) or Tier II (1mo)	Total
Market Adjustment for PR-6-02-3520/PR-9-01-3250 *	\$ 285,714 \$ 571,429	\$ 571,429
Market Adjustment for PR-6-02-3523/PR-9-01-3523 *	\$ 571,429 \$ 1,142,857	\$ 1,142,857
Market Adjustment for PR-6-02-3525/PR-9-01-3525 *	\$ 142,857 \$ 285,714	\$ 285,714

* For allocation purposes, any Hot Cut market adjustment is combined with the Critical measure market adjustment allocation.