
Proposed Changes To Verizon New York, Inc. Performance Assurance Plan (PAP)

Case 99-C-0949

Technical Conference - June 7, 2006

DPS Staff
3 Empire State Plaza
3rd Floor Conference Room
Albany, New York 12223

Proposed 2006 PAP Overview

Background

- PAP first adopted in November 1999 to ensure Verizon maintains market opening performance.
- Annual review of all aspects of PAP to be made.
- Last annual review concluded January, 2003.
- Subsequent reviews delayed/postponed due to federal developments (e.g., TRO & TRRO).
- Current review initiated by notice inviting comments issued May 4, 2005.

Process To Date

- 6/05 - Staff analyzed comments and replies submitted by various interested parties.
- 7/05 - 5/06 – Staff met with Verizon regarding how PAP should be changed.
- 5/24/06:
 - Staff posted proposed changes to PAP to PSC website (www.dps.state.ny.us/case_99c0949.htm).
 - Notice of technical conference and solicitation of comments issued.

Primary Goals

- Ensure Verizon maintains market opening performance.
- Realign metrics and at risk dollars to reflect Verizon wholesale market obligations going forward.
- Simplify the PAP.

Summary of Major Proposed Changes

- Reflected TRO/TRRO modifications.
- Eliminated special provision/change control categories but kept relevant protections.
- Changed performance scoring methodology.
- Modified mode of entry (MOE) category.
- Modified critical measures (CM) category.
- Modified required PAP report formatting to ASCII.
- Modified audit and wholesale quality assurance program (WQAP) provisions.

Changes to PAP Structure & Dollar Allocations

Reflected TRO/TRRO Modifications

- Removed line sharing, line splitting and UNE-P metrics from MOE and CM consistent with changes already adopted to the Carrier-to-Carrier (C2C) guidelines.
- Reduced overall at-risk dollars from \$293M to \$99M.

Eliminated Special Provision & Change Control Categories

- Simplifies PAP.
- Special Provisions metrics deemed still necessary moved to CM.

MOE Modifications

- Combined categories.
- Modified deadband calculation for benchmark metrics.
- Modified initial MOE credit.

MOE – Categories

- Categories reduced from five to three: resale, loop-based and trunks.
 - DSL and UNE-P eliminated.
 - Loop include POTS, 2 wire digital & 2 wire xDSL loops.

- Overall at-risk dollars reduced to \$50M to reflect significant decrease in UNE product volumes.
 - Doubling provision maintained.
 - Penalties allocated as follows:
 - Loop-based - \$30M
 - Resale - \$10M
 - Trunks - \$10M

CM Modifications

- Reduced overall metrics.
- Modified UNE-Specials metrics and increased dollars allocated to UNE-Specials.
- Added BI-9 metric.
- Modified Individual Rule.

CM – Reduced Metrics

- Number
 - Current – 115
 - Proposed – 44
- Dollars at risk

\$Millions	Current	Proposed
UNEP	\$50.0	\$0.0
UNE Loop Based	21.0	16.0
Resale	10.0	10.3
Trunks	12.0	9.6
Specials	3.0	6.5
Other (includes BI-9)	3.0	6.6
Total	\$99.0	\$49.0

Scoring and Methodological Changes

Changed Performance Scoring Method

- Eliminated -1 recapture provision.
 - Statistical confidence levels kept as originally intended.
 - Modified z-score thresholds associated with -1 and -2 scoring for parity metrics.
- Eliminated domain clustering provision.

Changed Performance Scoring Method

NY PAP			Current Plan	Revised Plan
Mode of Entry:	<i>CLEC Aggregate Scoring</i>	-1 Recapture	Yes	No
		-1 Score (Parity Z score)	-0.8225	-1.645
		-1 Score (Benchmark)	C2C Standard	
		-2 Score (Parity Z Score)	-1.645	-3.29
		-2 Score (Benchmark)	C2C Standard less 5%*	
	<i>Deadband:</i>	Benchmarks included in calculation	No	Yes
		MOE Starting Increment (% of Max)	20%	10%
		UNE Loop	-0.18293	-0.11385
		Resale	-0.24715	-0.13278
		Trunk	-0.21429	-0.17857
Critical Measures:	<i>CLEC Aggregate Scoring</i>	-1 Recapture	Yes	No
		-1 Score (Parity Z score)	-0.8225	-1.645
		-1 Score (Benchmark)	C2C Standard	
		-2 Score (Parity Z Score)	-1.645	-3.29
		-2 Score (Benchmark)	C2C Standard less 5%*	
	<i>"Individual Rule" Scoring</i>	Number of Months considered	2	1
		Miss (Parity Z score)	-0.8225	-4.935
		Miss (Benchmark)	C2C Standard	C2C less 10% *

* Typical Standard

MOE – Deadband & Initial Credit

- Modified statistical "cushion" for tripping an MOE by allowing dead-band calculation for benchmark metric failures.
- Initial credit for MOE failure to start at 10% (versus 20% now) of maximum penalty allocated to each MOE.
- Considers impact on penalties resulting from elimination of -1 recapture.

CM – Individual Rule

- Credits individual CLECs for poor service when aggregate CLEC performance deemed good.
- Current - 2 months @ “-1”
- Proposed - 1 month @ “-3”

Other Noteworthy Changes

- Modified audit provision.
 - Staff may conduct an inquiry at any time.
 - Staff may continue metric replication.
 - CLECs can challenge accuracy of data and/or scores.
- Modified quality assurance program provision.
 - Annual reports to be provided to staff.
 - Most recent copy of WQAP audit plan to be kept on PSC web site.

Next Steps

- Comments:
 - Initial due June 21, 2006.
 - Replies due June 28, 2006.
 - Include implementation concerns, if any.
- Staff analyzes comments and makes final recommendations to the Commission.