

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 97A-540T

IN THE MATTER OF THE APPLICATION OF U S WEST COMMUNICATIONS, INC. FOR
SPECIFIC FORMS OF PRICE REGULATION

DOCKET NO. 90A-665T

THE APPLICATION OF THE MOUNTAIN STATES TELEPHONE AND TELEGRAPH
COMPANY DOING BUSINESS AS U S WEST COMMUNICATIONS, INC., FOR
APPROVAL OF A FIVE YEAR PLAN FOR RATE AND SERVICE REGULATION AND
FOR A SHARED EARNINGS PROGRAM

SECOND AMENDMENT TO STIPULATION AND SETTLEMENT AGREEMENT

Qwest Corporation f/k/a/ U S WEST Communications, Inc. ("Qwest" "Company"), the Staff of the Colorado Public Utilities Commission ("Staff"), and the Colorado Office of Consumer Counsel ("OCC"), collectively referred to as the "Parties," hereby incorporate the following modified terms into the Stipulation and Settlement Agreement ("Original Stipulation") filed with the Commission on October 29, 1998, and the Amendment to Stipulation and Settlement Agreement ("Amendment to Stipulation") filed with the Commission on November 23, 1998 in the above captioned dockets. With certain modifications unrelated to the issues addressed in this Second Amendment to Stipulation and Settlement Agreement, the Commission approved the Original Stipulation and the Amendment to Stipulation on March 10, 1999. See Decision No. C99-222. The Parties agree that the incorporation of these modified terms is just, reasonable, and in the public interest.

1. As part of the Original Stipulation, the Parties included a Service Quality Plan. See Original Stipulation, pp. 15-20. The Service Quality Plan included "prospective, automatic remedies for non-compliance with the specific measures contained in Attachment A" to the Original Stipulation. Original Stipulation, p. 15.

2. The Parties have agreed to change two of the measures and associated penalties contained in Attachment A to the Original Stipulation. Those changes are:

A) Report Rate:

The Benchmark should be changed to five (5) reports per 100 lines for 2004 and four (4) reports per 100 lines for 2005. For any month where the benchmark is exceeded, the penalty is \$20,000 for offices over 20,000 lines and \$10,000 for offices under 20,000 lines. The three-month rolling average is eliminated. Qwest is permitted one free miss (failure) per wire center per year.

B) Out of Service in 24 Hours:

For each Residence and Business out of service ticket, which is not repaired in 24 hours, that customer would receive a bill credit of either \$14.88 (Residence) or \$34.51 (Business). The bill credit would replace the current automated pro-rata credit mechanism. For tickets repaired within the 24 hours, the current pro-rata credit mechanism would remain in place.

(a) Monthly adjustments would be permitted for the following categories based on Qwest's audit response to Staff:

- i) No access provided to Company by the customer;
- ii) Customer requests a repair date longer than 24 hours;
- iii) Fire (where service cannot be repaired due to fire damage or no access by fire department);
- iv) Trouble beyond the network interface device (e.g. repair of a customer's inside wire or equipment), which is a service not regulated by the Commission;
- v) Extraordinary acts of nature such as floods and catastrophic events such as major cable cuts. Extraordinary acts of nature and catastrophic events are intended to represent acts of nature or catastrophes where it is not physically possible to repair service in 24 hours. If Qwest seeks an adjustment under this section, Qwest will provide notice to Staff and the OCC of the exclusions, and Staff and/or the OCC will have thirty (30) days to notify Qwest that they do not

accept the adjustment. In the event of a dispute under this subparagraph (v), Qwest, Staff and/or the OCC will jointly present the matter to the Commission for resolution.

(b) Repeat trouble tickets will be excluded from the bill credit if there is one or more repeat trouble tickets in the same 30-day reporting cycle. A repeat failure in the next and successive reporting cycles, however, would be subject to additional monthly credits. Only one month's credit to a customer's account would be permitted in each reporting cycle.

Attached to this Second Amendment to Stipulation and Settlement Agreement is a revised Attachment A that reflects these changes.

3. This Agreement shall not become effective and shall be of no force and effect until the issuance of a final Commission order approving this Agreement, which Order does not contain any modification of the terms and conditions of this Agreement that are unacceptable to any of the Parties hereto. In the event the Commission modifies this Agreement in a manner unacceptable to any Party hereto, that Party may withdraw from the Agreement and shall so notify the Commission and the other Parties to the Agreement in writing within ten (10) days of the date of the Commission order. In the event a Party exercises its right to withdraw from the Agreement, this Agreement shall be null and void and of no effect and no force in these or any other proceedings.

4. The revised measures and penalties contained in this Second Amendment shall be used by Qwest to calculate any bill credits submitted in its report to the Commission on or before April 1, 2005 and thereafter; and to any bill credits that are actually made beginning on June 1, 2005 and thereafter.

5. In the event this Agreement becomes null and void or in the event the Commission does not approve this Agreement, this Agreement, as well as the negotiations or

discussions undertaken in conjunction with the Agreement, shall not be admissible into evidence in these or any other proceedings.

Dated this _____ day of September, 2004.

Respectfully submitted,

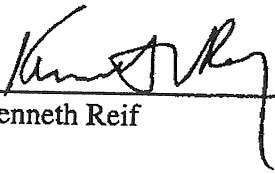
Qwest Corporation:

Approved as to Form:

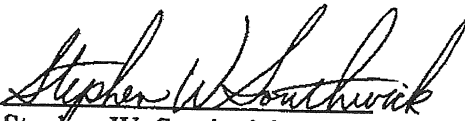
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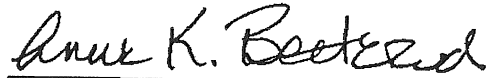
Approved as to Form:

By:



Gerri Santos-Rach
Section Chief, Fixed Utilities
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By:



Anne K. Botterud, No. 20726
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**REVISED ATTACHMENT A
(Redlined Version)**

SQP Measure	Description of Measure	Non-Compliant Performance	Maximum at risk	Source
Held Orders over 150 Working Days	Customer requests for service held over 150 days.	Per occurrence maximum of \$125,000 annual per held order. Amount to be prorated based on the number of months for each held order. ¹	\$6,000,000 per year.	Rule 723-2-24.4.2
Held Orders: Wire center-specific parameters.	Customer requests for service held over 30 days.	>0 wire centers with the lesser of 50 or 5% of the total number of service applications in a wire center in a consecutive 3-month period are held service orders.	\$2,000,000 per year.	Rule 723-2.6.2.3
Access to U S WEST Sales Center	% Time calls to sales office are answered in the first minute.	<85% of Calls Answered in 60 Seconds or Less.	\$250,000 per year.	Rule 723-2-21.2.4
Wire Centers Reports per 100 Lines	A count of wire centers with over 8 five (5) reports per 100 lines during calendar year 2004 and four (4) reports per 100 lines during calendar year 2005. Qwest is permitted one free miss (failure) per wire center per year. a 3-month consecutive period.	> 0 Wire Centers with over five (5) reports per 100 lines during calendar year 2004 and four (4) reports per 100 lines during calendar year 2005. Qwest is permitted one free miss (failure) per wire center per year. 8 reports per 100 lines during a 3-month consecutive period.	For any month where the benchmark is exceeded, the penalty is \$20K for offices over 20,000 lines and \$10,000 for offices under 20,000 lines. Qwest is permitted one free miss (failure) per wire center per year. \$3,500,000 per year.	Rule 723-2-22.1
% Out-of-Service Reports Cleared in 24 Hours	% Out-of-Service trouble reports cleared within 24 hours	>0 wire centers with <85% Cleared Within 24 Hours. (a) Monthly adjustments would be permitted for the following categories based on Qwest's audit response to Staff: i) No access to the Company provided by the customer;	For each Residence and Business out of service ticket, which is not repaired in 24 hours, that customer would receive a bill credit of either \$14.88 (Residence) or \$34.51	Rule 723-2-22.2

¹ The calculation of a held order over 150 days shall be made on a case by case basis. Qwest (f/k/a US WEST) may seek waivers on an individual case by case basis.

SQP Measure	Description of Measure	Non-Compliant Performance	Maximum at risk	Source
		<p><u>ii) Customer requests a date longer than 24 hours;</u> <u>iii) Fire (where service cannot be repaired due to fire damage or no access by fire department);</u> <u>iv) Trouble beyond the network interface device (e.g. repair of a customer's inside wire), which is a service not regulated by the Commission; or</u> <u>v) Extraordinary acts of nature such as fires (where service cannot be repaired due to fire damage or no access by fire department), or floods and catastrophic events such as major cable cuts.</u> <u>Extraordinary acts of nature and catastrophic events are intended to represent acts of nature or catastrophes where it is not physically possible to repair service in 24 hours. If Qwest seeks an adjustment under this section, Qwest will provide notice to Staff and the OCC of the exclusions, and Staff and/or the OCC will have thirty (30) days to notify Qwest that they do not accept the adjustment. In the event of a dispute under this subparagraph (v), Qwest, Staff and/or the OCC will jointly present the matter to the Commission for resolution.</u></p> <p><u>(b) Repeat trouble tickets will be excluded from the bill credit if there is one or more repeat trouble tickets in the same 30-day reporting cycle. A repeat failure in</u></p>	<p><u>(Business).</u> <u>Maximum at risk: \$2,000,000 per year; Maximum of \$75,000 per wire center per year. \$15,000 per wire center per month for wire centers less than 10,000 access lines. \$25,000 per wire center per month for wire centers greater than or equal to 10,000 access lines.</u></p>	

SQP Measure	Description of Measure	Non-Compliant Performance	Maximum at risk	Source
		<p><u>the next and successive reporting cycles, however, would be subject to additional monthly credits. Only one month's credit to a customer's account would be permitted in each reporting cycle.</u></p>		
<p>Access to USWC Repair Center</p>	<p>% Time calls to repair office are answered in the first minute.</p>	<p><85% Calls Answered in 60 Seconds or Less.</p>	<p>\$250,000 per year.</p>	<p>Rule 723-2-21.2.4</p>
<p>Ancillary Services Completion</p>	<p>% of calls to toll and directory assistance answered within 10 seconds.</p>	<p><85% of calls to toll and directory assistance answered within 10 seconds.</p>	<p>\$100,000 per year.</p>	<p>Rule 723-2-21.2.3</p>
<p>Network Reliability-Switch Trunk Toll Network Call Completion</p>	<p>Sufficient central office and interoffice channel capacity plus other necessary facilities to meet minimum requirements during any normal busy hour.</p>	<p>(a) <98% of call attempts receive dial tone within 3 seconds during any normal busy hour. At U S West's option, it may use the call blockage measurement. Call blockage is measured by switch defects per million (DPM) during any normal busy hour.</p> <p>(b) <98% correct termination of properly dialed intraoffice or interoffice calls within an extended service area during any normal busy hour by trunk group.</p> <p>(c) <98% correct termination of properly dialed intraLATA or interLATA when the call is routed entirely over the network of U S WEST during any normal busy hour by trunk group.</p>	<p>(a) Maximum incentive of \$300,000 per year. Maximum incentive of \$15,000 per switch per year. Maximum incentive of \$5000 per switch per month.</p> <p>(b) Maximum incentive of \$200,000 per year. Maximum incentive of \$3000 per year per trunk group. Maximum incentive of \$1000 per trunk group per month.</p> <p>(c) Maximum incentive of \$200,000 per year. Maximum incentive of \$3000 per trunk group per year. Maximum incentive of \$1000 per trunk group per month.</p>	<p>Rule 723-2-21.1.1 (a-c) and Rule 723-2-21.1.2</p>

SQP Measure	Description of Measure	Non-Compliant Performance	Maximum at risk-	Source
		(d) <98% correct termination of properly dialed jurisdictional toll calls during any normal busy hour by trunk group.	(d) Maximum incentive of \$200,000 per year. Maximum incentive of \$3000 per trunk group per year. Maximum incentive of \$1000 per trunk group per month.	
Total			\$13,000,000 per year plus specific individual bill credits pursuant to the Out of Service metric.	

**REVISED ATTACHMENT A
(Clean Version)**

SQP Measure	Description of Measure	Non-Compliant Performance	Maximum at risk	Source
Held Orders: 0 over 150 Working Days	Customer requests for service held over 150 days.	Per occurrence maximum of \$125,000 annual per held order. Amount to be prorated based on the number of months for each held order. ¹	\$6,000,000 per year.	Rule 723-2-24.4.2
Held Orders: Wire center-specific parameters.	Customer requests for service held over 30 days.	>0 wire centers with the lesser of 50 or 5% of the total number of service applications in a wire center in a consecutive 3-month period are held service orders.	\$2,000,000 per year.	Rule 723-2.6.2.3
Access to US WEST Sales Center	% Time calls to sales office are answered in the first minute.	<85% of Calls Answered in 60 Seconds or Less.	\$250,000 per year.	Rule 723-2-21.2.4
Wire Centers Reports per 100 Lines	A count of wire centers with over five (5) reports per 100 lines during calendar year 2004 and four (4) reports per 100 lines during calendar year 2005. Qwest is permitted one free miss (failure) per wire center per year.	> 0 Wire Centers with over five (5) reports per 100 lines during calendar year 2004 and four (4) reports per 100 lines during calendar year 2005. Qwest is permitted one free miss (failure) per wire center per year.	For any month where the benchmark is exceeded, the penalty is \$20K for offices over 20,000 lines and \$10,000 for offices under 20,000 lines. Qwest is permitted one free miss (failure) per wire center per year. \$3,500,000 per year.	Rule 723-2-22.1
% Out-of-Service Reports Cleared in 24 Hours	% Out-of-Service trouble reports cleared within 24 hours	>0 wire centers with <85% Cleared Within 24 Hours. (a) Monthly adjustments would be permitted for the following categories based on Qwest's audit response to Staff: i) No access to the Company provided by the customer;	For each Residence and Business out of service ticket, which is not repaired in 24 hours, that customer would receive a bill credit of either \$14.88 (Residence) or \$34.51	Rule 723-2-22.2

¹ The calculation of a held order over 150 days shall be made on a case by case basis. Qwest (f/k/a US WEST) may seek waivers on an individual case by case basis.

SQP Measure	Description of Measure	Non-Compliant Performance	Maximum at risk-	Source
		<p>ii) Customer requests a date longer than 24 hours; iii) Fire (where service cannot be repaired due to fire damage or no access by fire department); iv) Trouble beyond the network interface device (e.g. repair of a customer's inside wire), which is a service not regulated by the Commission; or v) Extraordinary acts of nature such as floods and catastrophic events such as major cable cuts. Extraordinary acts of nature and catastrophic events are intended to represent acts of nature or catastrophes where it is not physically possible to repair service in 24 hours. If Qwest seeks an adjustment under this section, Qwest will provide notice to Staff and the OCC of the exclusions, and Staff and/or the OCC will have thirty (30) days to notify Qwest that they do not accept the adjustment. In the event of a dispute under this subparagraph (v), Qwest, Staff and/or the OCC will jointly present the matter to the Commission for resolution.</p> <p>(b) Repeat trouble tickets will be excluded from the bill credit if there is one or more repeat trouble tickets in the same 30-day reporting cycle. A repeat failure in the next and successive reporting cycles, however, would be subject to additional monthly credits.</p>	(Business).	

SQP Measure	Description of Measure	Non-Compliant Performance	Maximum at risk	Source
		Only one month's credit to a customer's account would be permitted in each reporting cycle.		
Access to USWC Repair Center	% Time calls to repair office are answered in the first minute.	<85% Calls Answered in 60 Seconds or Less.	\$250,000 per year.	Rule 723-2-21.2.4
Ancillary Services Completion	% of calls to toll and directory assistance answered within 10 seconds.	<85% of calls to toll and directory assistance answered within 10 seconds.	\$100,000 per year.	Rule 723-2-21.2.3
Network Reliability-Switch +Trunk + Toll Network Call Completion	Sufficient central office and interoffice channel capacity plus other necessary facilities to meet minimum requirements during any normal busy hour.	<p>(a) <98% of call attempts receive dial tone within 3 seconds during any normal busy hour. At U S West's option, it may use the call blockage measurement. Call blockage is measured by switch defects per million (DPM) during any normal busy hour.</p> <p>(b) <98% correct termination of properly dialed intraoffice or interoffice calls within an extended service area during any normal busy hour by trunk group.</p> <p>(c) <98% correct termination of properly dialed intraLATA or interLATA when the call is routed entirely over the network of U S WEST during any normal busy hour by trunk group.</p> <p>(d) <98% correct termination of properly dialed jurisdictional toll calls during any normal</p>	<p>(a) Maximum incentive of \$300,000 per year. Maximum incentive of \$15,000 per switch per year. Maximum incentive of \$5000 per switch per month.</p> <p>(b) Maximum incentive of \$200,000 per year. Maximum incentive of \$3000 per year per trunk group. Maximum incentive of \$1000 per trunk group per month.</p> <p>(c) Maximum incentive of \$200,000 per year. Maximum incentive of \$3000 per trunk group per year. Maximum incentive of \$1000 per trunk group per month.</p> <p>(d) Maximum incentive of \$200,000 per year. Maximum incentive</p>	Rule 723-2-21.1.1 (a-c) and Rule 723-2-21.1.2

SQP Measure	Description of Measure	Non-Compliant Performance	Maximum at risk-	Source
		busy hour by trunk group.	of \$3000 per trunk group per year. Maximum incentive of \$1000 per trunk group per month.	
Total			\$13,000,000 per year plus specific individual bill credits pursuant to the Out of Service metric.	