Attachment A Docket Nos. 97A-540T & 90A-665T Decision No. C04-1423 December 1, 2004 Page 1 Of 14

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.

Attachment A Docket Nos. 97A-540T & 90A-665T Decision No. C04-1423 December 1, 2004 Page 2 Of 14

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

Attachment A Docket Nos. 97A-540T & 90A-665T Decision No. C04-1423 December 1, 2004 Page 3 Of 14

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

Attachment A Docket Nos. 97A-540T & 90A-665T Decision No. C04-1423 December 1, 2004 Page 4 Of 14

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:

Paul R. Mc Oamil Bv:

Paul R. McDaniel Assistant VP, Regulatory Affairs 1005 17th Street, Suite 200 Denver, CO 80202 303-896-4552

By:

Melissa A. O'Leary, No. 24527 Corbetta & O'Leary, P.C. 1801 Broadway Street, Suite # 500 Denver, CO 80202 720-264-4797

Attachment A Docket Nos. 97A-540T & 90A-665T Decision No. C04-1423 December 1, 2004 Page 5 Of 14

Office of Consumer Counsel:

By: Kenneth Reif

Director 1580 Logan Street, OL-7 Denver, CO 80203 303-894-2121

;

Approved as to Form:

By:

Stephen W. Southwick, No. 30389 First Assistant Attorney General Office of the Attorney General 1525 Sherman Street, 5th Floor Denver, CO 80203 303-866-5225

Attachment A Docket Nos. 97A-540T & 90A-665T Decision No. C04-1423 December 1, 2004 Page 6 Of 14

Staff of the Commission:

By: C Geri Santos-Rach

Section Chief, Fixed Utilities 1580 Logan Street, OL-1 Denver, CO 80203 303-894-2533 Approved as to Form:

Zich By:

Anne K. Botterud, No. 20726 Assistant Attorney General Office of the Attorney General 1525 Sherman Street, 7th Floor Denver, CO 80203 303-866-5226

Attachment A Docket Nos. 97A-540T & 90A-665T Decision No. C04-1423 December 1, 2004 Page 7 Of 14

REVISED ATTACHMENT A (Redlined Version)

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SQP Measure	Description of	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 párameters.	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	% 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 <u>Staff:</u> i) No access to the <u>Company provided by the</u> 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.

Attachment A Docket Nos. 97A-540T & 90A-665T Decision No. C04-1423 December 1, 2004 Page 8 Of 14

SOP	Description of	Non-Compliant	Maximum at risk-
Measure	Measure	Performance	the second
		ii) Customer requests a	(Business).
		date longer than 24 hours;	Maximum at risk:
		iii) Fire (where service	\$2,000,000 per
		cannot be repaired due to	year; Maximum of
		fire damage or no access	\$75,000 per wire
			center per year.
15		by fire department);	\$15,000 per wire
		iv) Trouble beyond the	center per month for
		network interface device	wire centers less
		(e.g. repair of a customer's	than-10,000 access
		inside wire), which is a	lines. \$25,000 per
		service not regulated by the	wire center per
		Commission; or	month for wire
		v) Extraordinary acts	centers greater than
		of nature such as fires	or equal to 10,000
		(where service cannot be	access lines.
		repaired due to fire damage	
		or no access by fire department), or floods and	
		catastrophic events such as	
		<u>major cable cuts.</u>	
		Extraordinary acts of nature	
		and catastrophic events are	
1. Z		intended to represent acts of	
		nature or catastrophes where	
		it is not physically possible	
	·	to repair service in 24 hours.	
A HAR AL		If Qwest seeks an adjustment under this	
	·		
4 C		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	
		Owest 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.	
		TOT TOSVIULION.	
		(b) Repeat trouble tickets	
		will be excluded from the	
		bill credit if there is one or	
and the second second			
		more repeat trouble tickets	
		in the same 30-day reporting	
		cycle. A repeat failure in	

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Attachment A Docket Nos. 97A-540T & 90A-665T Decision No. C04-1423 December 1, 2004 Page 9 Of 14

SQP Méasure	Description of Measure	Non-Compliant	. Maximuhi at risk-	Source
Access to USWC Repair Center Ancillary Services	% Time calls to repair office are answered in the first minute. % of calls to toll and directory assistance	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, <85% Calls Answered in 60 Seconds or Less. <85% of calls to toll and directory assistance	\$250,000 per year. \$100,000 per year.	Rule 723-2-21.2.4 Rule 723-2-21.2.3
Completion Network Reliability- Switch Trunk Toll Network Call Completion	answered within 10 seconds. Sufficient central office and interoffice channel capacity plus other necessary facilities to meet minimum requirements during any normal busy hour.	answered within 10 seconds. (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.	(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.	Rule 723-2-21.1.1 (a-c) and Rule 723-2-21.1.2
	· · ·	(b) <98% correct termination of properly dialed intraoffice or interoffice calls within an extended service area during any normal busy hour by trunk group.	(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.	
		(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.	(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.	

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Attachment A Docket Nos. 97A-540T & 90A-665T Decision No. C04-1423 December 1, 2004 Page 10 Of 14

SOP Measure	Description of States and States	Ron-Compliant Performence	Maximumatolit	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.	
Totel			\$13,000,000 per year plus specific individual bill credits pursuant to the Out of Service metric.	

Attachment A Docket Nos. 97A-540T & 90A-665T Decision No. C04-1423 December 1, 2004 Page 11 Of 14

REVISED ATTACHMENT A (Clean Version)

SQP Mensurg	Description of Measure	Non-Compliant	Maximum ad skiby,	Source
Helf Orderse Oover 150 Worling 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 Orderse Wireconter- gradite 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
AccessioUS 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 Conters 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
% Oneof Servico Reponit Clenred 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.

Attachment A Docket Nos. 97A-540T & 90A-665T Decision No. C04-1423 December 1, 2004 Page 12 Of 14

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SQP Description of	Non-Compliant	Maximum at risk-	Source
Measure Measure	Performance		
	ii) Customer requests a	(Business).	
	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		
1. State 1.	of nature such as floods and		
The second se	catastrophic events such as		
	major cable cuts.		
	Extraordinary acts of nature		
	and catastrophic events are		
A Contraction of the second	intended to represent acts of		
	nature or catastrophes where		
	it is not physically possible		
[[2] 注意的 []	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.		
and the second sec	(b) Repeat trouble tickets		
the first state	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.		
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Attachment A Docket Nos. 97A-540T & 90A-665T Decision No. C04-1423 December 1, 2004 Page 13 Of 14

- SQP	Description of	Non-Compliant	Maximum at risk-	Source
🕬 Measure 🏹	Measure Mainte	Performance		
	· · · ·	Only one month's credit to a		
		customer's account would be permitted in each		
		reporting cycle.		
Access to	% Time calls to repair	<85% Calls Answered in 60	\$250,000 per year.	Rule 723-2-21.2.4
USWC	office are answered in the	Seconds or Less.	4200,000 per your.	Rulo 725-2-21.2.4
Repair	first minute.			
Cénter		C		
Ancillary	% of calls to toll and	<85% of calls to toll and	\$100,000 per year.	Rule 723-2-21.2.3
Services	directory assistance	directory assistance		
Completion	answered within 10	answered within 10 seconds.		
· · · · · · · · · · · · · · · · · · ·	seconds.			
Network	Sufficient central office	(a) <98% of call attempts	(a) Maximum	Rule 723-2-21.1.1
Reliability- Switch	and interoffice channel	receive dial tone within 3	incentive of \$300,000 per year.	(a-c) and Rule 723-2-21.1.2
+Trunk +	capacity plus other necessary facilities to meet	seconds during any normal busy hour. At U S West's	Maximum incentive	123-2-21.1.2
Toll Network	minimum requirements	option, it may use the call	of \$15,000 per	
Gall	during any normal busy	blockage measurement.	switch per year.	
Completion	hour.	Call blockage is measured	Maximum incentive	
		by switch defects per	of \$5000 per switch	
		million (DPM) during any	per month.	
N. C. S.		normal busy hour.		
		(1) 000(a	
3.		(b) <98% correct	(b) Maximum	
		termination of properly dialed intraoffice or	incentive of	
		interoffice calls within an	\$200,000 per year. Maximum incentive	
		extended service area during	of \$3000 per year	
		any normal busy hour by	per trunk group.	
		trunk group.	Maximum incentive	
		U .	of \$1000 per trunk	
			group per month.	
, , , , , , , , , , , , , , , , , , ,				
		(c) <98% correct	(c) Maximum	
		termination of properly dialed intraLATA or	incentive of	
1,		interLATA when the call is	\$200,000 per year. Maximum incentive	
		routed entirely over the	of \$3000 per trunk	·
		network of U S WEST	group per year.	
		during any normal busy	Maximum incentive	
		hour by trunk group.	of \$1000 per trunk	
			group per month.	
			-	
		(d) <98% correct	(d) Maximum	
		termination of properly	incentive of	
		dialed jurisdictional toll	\$200,000 per year.	
••••	L	calls during any normal	Maximum incentive	

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Attachment A Docket Nos. 97A-540T & 90A-665T Decision No. C04-1423 December 1, 2004 Page 14 Of 14

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SOP Measurie	மணரிரின்னி. இன்றாக	Non-Compliant Renformence	Maximum at dsls	Source
		busy hour by trunk group.	of \$3000 per trunk group per year. Maximum incentive of \$1000 per trunk group per month.	
Totel			\$13,000,000 per year plus specific individual bill credits pursuant to the Out of Service metric.	