BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Gregory Scott	Chair
Edward A. Garvey	Commissioner
Marshall Johnson	Commissioner
LeRoy Koppendrayer	Commissioner
Phyllis A. Reha	Commissioner

In the Matter of Qwest Corporation's Alternative Form of Regulation (AFOR) Service Quality Plan

ISSUE DATE: October 2, 2001

DOCKET NO. P-421/AR-97-1544

ORDER SETTING 2000 PENALTY AMOUNTS AND DIRECTING DISBURSEMENT OF FUNDS

PROCEDURAL HISTORY

On December 11, 1998, the Commission issued its order approving an alternative form of regulation plan[1] for US West Communications Inc (USWC). The plan includes, among other things, service quality standards and corresponding penalties for failures to meet the standards. The plan requires the company to provide monthly data (reported quarterly) on held orders, installation data for design and non-design services, out-of-service repair rates, missed repair appointments, trouble and repeat trouble rates, response times, and complaints. While some penalty monies are paid directly to affected customers, others are paid into a fund to promote telecommunications projects.

On January 11, 1999, USWC filed its Modified Alternative Form of Regulation Plan for the State of Minnesota (AFOR Plan), with a retroactive effective date of January 1, 1999.

On May 16, August 17 and November 22, 2000, and February 16, 2001, USWC and its successor Qwest Corporation (Qwest) filed service quality reports for the first, second, third and fourth quarters of 2000, respectively. Qwest filed revised data on June 22, 2001.

On July 20, 2001, the Department of Commerce filed comments on the service quality reports.

This matter came before the Commission on September 4, 2001.

[1] FINAL ORDER REGARDING USWC'S ALTERNATIVE REGULATION PLAN, PURSUANT TO MINN. STAT. § 237.764, SUBD.2.

FINDINGS AND CONCLUSIONS

This docket addresses two questions. First, has Qwest fulfill its service quality obligations, and if not, what penalties has Qwest incurred? Second, who should receive any penalty monies that Qwest must pay?

I. Service Quality Evaluation, and Resulting Penalties

The AFOR Plan's eight performance measurements, and corresponding penalties, are discussed below:

A. Held Orders

The AFOR Plan establishes consequences for delays in installing new phone lines (held orders). Specifically, it establishes circumstances under which the company must provide cellular phones or credits directly to the affected customers. In addition, it requires the company to pay penalties to the telecommunications fund if the average number of requests for a new primary phone line – a line that Qwest causes to remain unfulfilled for more than 30 days – exceeds 0.005% of all working access lines.

Throughout 2000, Qwest averaged 70 held orders and 2,243,204 access lines. That is, Qwest had an average held order rate of 0.003%. Because Qwest kept its held order rate within the 0.005% benchmark, it has incurred no penalties for this measure.

B. Installation of Designated Services

The AFOR Plan provides that customers receive credits on their bills if the company fails to provide designed services such as DDS, DS1, DS3, or ISDN-BRI[2] on a timely basis (as defined in the AFOR Plan). In addition, it requires the company to pay penalties to the state fund if the company fails to install service on a timely basis 85% of the time.

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[2] Designed services refer to means for transmitting large quantities of data quickly, and which require some engineering "tailoring" for implementation. DDS refers to "Dataphone Digital Service," a means to transmit large quantities of data quickly over lines that are not part of the public switched telecommunications network (private lines). DS1 refers to "Digital Signal level 1," a technology capable of transmitting 1.544 million bits of information per second, the equivalent of 24 standard voice communications. DS3 refers to "Digital Signal level 3," a technology capable of transmitting 28 DS1s. And ISDN-BRI refers to "Integrated Digital Systems Network - Basic Rate Interface," a way of combining the capacities of two standard phone lines to enhance transmission capability.

In 2000, Qwest failed to meet the standard in each month except December. As a result, Qwest has incurred penalties of $149,400.

C. Installation of Non-Designated Services

The AFOR Plan says that the company should complete installation of service other than designed service within two days, unless the customer specifies a later date. If the company fails to comply, customers are entitled to receive additional services and credits on their bills. Additional penalties accrue if, within an exchange, the company fails to complete timely installations 95% of the time for three or more months out of the year. In that case, the company must provide bill credits of $0.25 per access line per month for twelve months to subscribers in the underachieving exchange.

Qwest reports that it failed to meet this installation standard in eleven wire centers, with an aggregate 45,820 access lines. As a result, Qwest has incurred a penalty of $137,460 (45,820 lines x $0.25/month/line x 12 months).

D. Trouble Reports

The AFOR Plan says that the company should not have more than 2.5 trouble reports per hundred access lines. If, within an exchange, the company fails to meet this standard for at least three months out of the year, the company must provide bill credits of $0.25 per access line per month for twelve months to subscribers in the underachieving exchange.

Initially Qwest excluded consideration of trouble reports for which no trouble was found. But that practice is inconsistent with the definition of "trouble reports" under Minnesota Rules part 7810.0100, subp. 13. Qwest corrected its report, and found that it had failed to meet the trouble report requirement in 28 exchanges, with an aggregate 165,206 access lines. As a result, Qwest has incurred a penalty of $495,618 (165,206 lines x $0.25/month/line x 12 months).

E. Repeat Trouble Reports

The AFOR Plan says that, for all customers that report trouble on their lines, no more than 9% should report more trouble within 30 days of having the first trouble resolved. Because Qwest kept its repeat trouble report rate within the 9% benchmark, it has incurred no penalties for this measure.

F. Repair

The AFOR Plan says that the company should, during the Plan's second year, resolve 90% of out-of-service trouble reports within 24 hours. In 2000 Qwest resolved 84% of out-of-service trouble reports. As a result, Qwest has incurred a penalty of $119,000.

G. Missed Repair Appointments

The AFOR Plan says that the company should, during the Plan's second year, fulfill 85% of its repair appointments in each exchange. If, within an exchange, the company fails to meet this standard for at least three months out of the year, the company must provide bill credits of $0.25 per access line per month for twelve months to subscribers in the underachieving exchange.

Qwest reports that it failed to meet this appointment standard in 17 exchanges, with an aggregate 38,845 access lines. As a result, Qwest has incurred a penalty of $116,535 (38,845 lines x $0.25/month/line x 12 months).

H. Service Center Answer Times

The AFOR Plan says that the company should answer 90% of the calls to its service centers within 20 seconds. In 2000 Qwest answered only 84% of its calls within 20 seconds. As a result, Qwest has incurred a penalty of $67,000.

II. Use of Penalty Monies

The AFOR Plan states –

> Penalties for failure to comply with service quality standards vary depending on whether the standard is exchange specific or statewide. If the Company fails to comply with an exchange specific standard for three months out of twelve months, determined in 12 month increments after the Effective Date of the Plan, each customer located within that exchange shall receive a $0.25 credit per access lien per month for 12 months. Failure to comply with a statewide standard results in payment to a telecommunications fund to be used to primarily benefit [the Company's] customers in the State of Minnesota through telecommunications project or project in [the Company's] local service territory.

AFOR Plan, Appendix B (Service Quality Settlement), § IV.

As discussed above, Qwest's total service quality penalties for calendar year 2000 are as follows:

Standards	Penalties to pay to customers	Penalties to pay to fund	Total penalties
Held Orders		$0	$0
Missed Installations - Designed		$149,400	$149,400
Missed Installations - Other	$137,460		$137,460
Trouble Reports	$495,618		$495,618
Repeat Trouble Reports		$0	$0

Missed Repair Appointments	$116,535		$116,535
Out-of-Service Trouble		$119,000	$119,000
Service Center Answer Times		$67,000	$67,000
TOTAL	**$749,613**	**$335,400**	**$1,085,013**

The Commission will direct Qwest to issue bill credits amounting to $749,613 to customers in the relevant exchanges, as discussed above. The Commission will also direct Qwest to add $335,400 to the telecommunications fund.

ORDER

1. Qwest shall issue bill credits amounting to $749,613 to customers in the relevant exchanges as discussed herein, and add $335,400 to the telecommunications fund.

2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

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